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# Rethinking the Foundations of Trademarks

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# RETHINKING THE FOUNDATIONS OF TRADEMARKS

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## I.
## INTRODUCTION: THE VALUE OF TRADEMARK THEORY

The current foundations of existing trademark systems employ a utilitarian and economic model for the justification of trademarks. Such attempts aim to widen the scope of protection accorded to trademarks on the premise that this is essential to recognize the maximum of protection to trademarks owners. This is to provide them with the incentive to produce high quality products. Therefore, this deployment of the utilitarian and economic model has led to the introduction of the dilution concept, which monopolizes rights in trademarks and prevents any public access to trademarks. This contradicts the constitutional clause in the United States which permits the adoption of a utilitarian, economic justification as the basis for protection of copyrights and patents only. Thus a trademark system should not be based on utilitarian and economic grounds in order to comply with this constitutional requirement.[2]

Since a theoretical approach is used by current existing trademark systems for legitimizing new concepts in the area of trademarks, it seems evident that revisiting the philosophical foundations of trademarks is crucial in challenging the existing protection of trademarks. Therefore, this article aims to discuss the theoretical framework for trademarks. It stresses the need to rethink an alternative theoretical framework which would recognize the rights of the owner, but at the same time prevent trademarks from becoming ugly monopolistic tools. Rather, trademark systems should aim to foster the culture of societies through their main function as identifiers of sources and origins. Thus, a theoretical approach which shall recognize the rights of trademark owners and allow more public access to trademarks, especially in cultural and expressive contexts, and recognizing the rights of other rivals in the marketplace to promote an environment of free and fair competition, will be seen as a suitable theoretical framework for justifying trademark systems. As a result, the aim of this article is not to envision a formula for trademarks protection. Rather, it aims to achieve a suitable theoretical justification for trademarks, leaving the translation of this theory within trademark systems to further scholarship.

The aim of this article is to tackle the theories that might be able to justify trademarks. Its purpose is to answer some fundamental questions such as: Is theory really necessary to trademarks justification? To what extent does the value of theory influence trademark systems? Are these theories eligible and capable of justifying trademarks? Should only one

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[2] U.S. CONST. art. I, § 8, cl. 8; *see also* The Trademark Cases, 100 U.S. 82 (1879); *infra* note 133 and accompanying text.

theory be adopted from amongst such theories that could justify trademarks? Or is it probable that a mixture of two or more theories could be an ideal formula for the philosophical justification of trademarks?

In particular, this article is devoted to arguing and stressing the fact that theory is vital and essential in regards to trademarks.[3] It is, indeed, a suitable framework to achieve a balance between the rights of the owner and the rights of the consuming public. The importance of trademark justification derives from its ability to shape the appropriate legal system for trademarks and to identify its boundaries and limits.

Legal scholarship is divided as regards the importance of theory relating to intellectual property rights. Some scholars argue that from a practical point of view, it is not necessary to tackle the appropriate justification for trademarks or intellectual property rights in general.[4] However, it is important to study the philosophical foundations of trademarks and intellectual property rights because this philosophy is crucial to understanding the policy behind any piece of legislation. More specifically, it is important because it is the guideline that determines the rights granted and to legitimize their grant, as well as to determine the obligations imposed and the reasons for this. In the context of trademarks, such a philosophical justification is vital to admit the right of the public, which is an ignored right for a long period of time, and to provide a balance between rights holders' rights and interests.

Amongst the theories that justify trademarks are theories that have been formulated a long time ago.[5] It could be questioned whether it is appropriate to justify current and modern trademark systems according to such ancient theoretical frameworks. I believe that historical background and theories are relevant to trademarks justification for two reasons. First,

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[3] William Fisher argues that the study of theories has considerable value, because they "can help identify nonobvious attractive resolutions of particular problems . . . they can [also] foster valuable considerations among the various participants in the lawmaking process." He concludes that another reason "why intellectual-property theory retains value is that it can catalyze useful conversations among the various people and institutions responsible for the shaping of the law." *See*, William Fisher, *Theories of Intellectual Property* in NEW ESSAYS IN THE LEGAL AND POLITICAL THEORY OF PROPERTY 168, 194, 198 (Stephen R. Munzer ed., 2001), *available at* http://www.law.harvard.edu/Academic_Affairs/coursepages/tfisher/iptheory.html (last visited May 23, 2006).

[4] Andreas Rahmatian, *Copyright and Commodification*, 27 EUR. INTELL. PROP. REV. 371, 374 (2005). Rahmatian's argument is regarding copyright justification, but this argument could also be applicable to trademarks, because when it comes to justifications, the same theoretical background could be discussed in most of intellectual property rights. However, Rahmatian argues that "[f]rom a strictly positivist view, these justifications of copyright as a property right are not (or no longer) necessary. One could say that copyright is a property right because Parliament said so."

[5] Such as Locke's labour theory, and Hegel's personality theory.

studying inadequacies of such old justifications is important because it opens the way for further theoretical argument, which shall, in turn, lead to more arguments regarding trademarks resulting in finding the appropriate justification thereof. Second, "history may be useful in the study of intellectual property law-related topics,"[6] because when any study of history is tackled, it emphasizes the points that are uncovered in a particular theory strengthening the argument because it supports why the adopted framework is most appropriate.

Scholars do not agree on the suitable theoretical framework for intellectual property justification. Some argue that "intellectual property is either labor or personality, *or* it is theft."[7] Others divide intellectual property justification in accordance with their own criteria. For example, Peter Menell divides intellectual property theories into utilitarian and non-utilitarian theories; in the latter he provides a list of eight theories of intellectual property theories.[8] Others find it appropriate to provide an open ended list, but essential name and discuss six major theories.[9]

This article uses a number of the most cited theories for the justification of tangible property, and a couple of which are used by some scholars to justify intangible properties; these are the Labour and Personhood theories. It also considers utilitarian and economic theories which are relied upon by the majority of existing legal regimes to justify trademark systems. Last but not least, the emphasis shall be directed towards the Social-Planning theory which, I shall argue, is the ideal foundation for trademark protection. In sum, I shall discuss four theories: Labour theory, Personhood theory, utilitarian and economic theory, and finally the Social-Planning theory.

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6 Jeremy Phillips & Ilanah Simon, *Going Down in History: Does History Have Anything to Offer Today's Intellectual Property Lawyer*, 3 INTELL. PROP. Q. 225, 233 (2005).

7 Justin Hughes, *The Philosophy of Intellectual Property*, 77 Geo. L.J. 287, 290 (1988).

8 Peter S. Menell, *Intellectual Property: General Theories*, in ENCYCLOPEDIA OF LAW & ECONOMICS: VOLUME II, 129, 156-163 (Boudewijn Bouckaert & Gerrit de Geest eds., Edward Elger, Cheltenham UK 2000). Menel's division is based on the rationale of supporting a utilitarian justification of intellectual property. Hence, in the first section he discusses the utilitarian argument in depth, then comes the second section, in which he refers to the following theories: Natural Rights/Labor Theory, Unjust Enrichment, Personhood Theory, Libertarian Theories, Distributive Justice, Democratic Theories, Radical/Socialist Theories and the Ecological Theories.

9 Lior Zemer, *On the Value of Copyright Theory*, 1 INTELL. PROP. Q. 55, 56 (2006). Zemer provides a list of six major theories of intellectual property rights, these being: the utilitarian approach, the labour theory of property, the personhood theory, the social-institutional-planning, the traditional proprietarianism and the authorial constructionism. This is an open ended list, and opens the gate for further theories and sub-theories which shall foster the efforts in the search of philosophical clarity.

## II.
## LABOR BASED JUSTIFICATION

### *A. Locke's theory*

Locke's labor theory is part of a larger theoretical framework, upon which property could be justified. Locke's theory, as well as other theories, could be referred to under the title of "Natural Rights." For example, the notion of the "Occupancy Theory" is found in the legal literature based on Roman law. According to the "Occupancy Theory," the first person to physically possess and occupy an object obtains a natural right to possess it and acquires property rights upon it, on condition that this object is in the commons and is eligible for appropriation.[10] However, the argument in this article will be restricted to Locke's labor theory, as it is the best manifestation of natural rights theories.

A labor based justification of property rights finds its origins in John Locke's *Two Treatises of Government*, a text written almost three centuries ago. When Locke stated his ideas about property, it was intended to cover only real tangible property and was not intended by any means to cover intellectual property rights such as trademarks rights.[11]

Locke started his treatise of property by describing the state of nature; he believed that God had given the earth to the children of man, and this earth had been given to them in common.[12] In such a situation it is impossible for any man to have any property, however, earth has been given to man to make the best advantage of life, and to support and comfort their being.[13] God grants this bounty to humanity for its enjoyment, but goods held in common could not be enjoyed in their natural state.[14] Despite the premise that no one shall posses any property, Locke argued that:

[t]hough the earth, and all inferior Creatures be common to all Men, yet every Man has a property in his own Person. This no Body has any

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10 Kenneth L. Port, *The "Unnatural" Expansion of Trademark Rights: Is a Federal Dilution Statute Necessary?*, 85 TRADEMARK REP. 525, 559-560 (1995).

11 PETER DRAHOS, A PHILOSOPHY OF INTELLECTUAL PROPERTY 47 (1996). *See also* Seana V. Shiffrin, *Lockean Arguments for Private Intellectual Property*, *in* NEW ESSAYS IN THE LEGAL AND POLITICAL THEORY OF PROPERTY 138, 154 (Stephen Munzer ed., 2001).

12 JOHN LOCKE, TWO TREATISES OF GOVERNMENT 304 (Peter Laslett ed., Cambridge Univ. Press 1964) (1690).

13 *Id.*

14 Hughes, *supra* note 7, at 297. Abraham Bell and Gideon Parchomovsky argue that Locke's treatise is based on the idea that the person who removes an object from the state of nature can claim private property over it. They argue that "Locke also added a utilitarian dimension by claiming that objects could not be beneficial to mankind until reduced to private property." Abraham Bell & Gideon Parchomovsky, *A Theory of Property*, 90 CORNELL L. REV. 531, 542 (2005).

Right to bit himself. The Labour of his Body, and the Work of his Hands, we may say are properly his. What so ever then he removes out of the State that Nature hath provided, and left it in, he hath mixed his labour with, and joyned to it something that is his own, and thereby makes it his property.[15]

The applicability of the labor theory on intellectual property rights is certainly appealing. In some instances one may say that it applies to intangible property in general and to intellectual property rights in particular more than it does to real property, upon which Locke presented his theory of property.[16] Some commentators argue that the notion of owning one's self embraces the ownership of one's mind, hence mixing labor of intellect or mind entitles the laborer to private ownership.[17] "A person's labour and its product are inseparable, and so ownership of one can be secured only by owning the other."[18] However, in the field of trademarks, Locke's theory of property is not applicable, even though I believe that a labor based justification is most appropriate to justify other types of intellectual property rights such as patents,[19] but not trademarks.

Locke's theory is subject to a number of restrictions and conditions; these are known as the "no harm principle."[20] This principle means that after the appropriation of objects held in common, commoners suffer due to such acquisition.[21] This principle ensures that the natural right of acquisition through labor does not conflict with the common good.[22] The "no harm principle" consists of two conditions: the "enough and as good condition" and the "non-waste condition."[23]

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15 LOCKE, *supra* note 12, 305-06.

16 Carys J. Craig, *Locke, Labour and Limiting the Author's Right: A Warning Against a Lockean Approach to Copyright Law*, 28 QUEEN'S L.J. 1, 23 (2002). *See also* Shiffrin, *supra* note 11, at 139.

17 Horacio M. Spector, *An Outline of a Theory Justifying Intellectual and Industrial Property Rights*, 11 EUR. INTELL. PROP. REV. 270, 271 (1989).

18 Edwin C. Hettinger, *Justifying Intellectual Property*, 18 PHIL. & PUB. AFF. 31, 37 (1989).

19 For example, patents could be justified upon labor theory. The effort devoted to the production of a new invention, which involves an inventive step and contributes in the development of pervious art, is – in my opinion – an ideal manifestation for Locke's notion of labor and its entitlement for private ownership. *See* Port, *supra* note 10, at 562.

20 Zemer, *supra* note 9, at 63.

21 Fisher, *supra* note 3, at 188.

22 Zemer, *supra* note 9, at 63.

23 Locke, *supra* note 12, at 309-314. *See also* Adam D. Moore, *A Lockean Theory of Intellectual Property* 21 HAMLINE L. REV. 65, 78 (1997); Zemer, *supra* note 9, at 63; Hughes, *supra* note 7, at 297-298.

### *B. The "enough and as good condition"*[24]

Locke's treatise of property stipulates that ownership of one's self entitles mankind to the fruits of his/her labor, and "[a]s much Land as Man Tills, Plants, Improves, Cultivates, and can use the Product of, so much is his Property."[25] This view of Locke includes a natural limit of one's property, and indicates that work is a requirement and prerequisite for property and ownership.

In Locke's common and primitive state, there are sufficient objects to satisfy the needs of all commoners. "[I]n this primitive state there are enough unclaimed goods so that everyone can appropriate the objects of his labour without infringing upon goods that have been appropriated by someone else."[26]

However, if "the appropriation of an unowned object worsens the situation of others,"[27] then such an ownership is prohibited. Individual possession should not involve prejudice to other men.[28] Locke explains that a man is entitled to private property as long as there is enough and as good left to others. In Locke's words: "[n]or was the appropriation of any parcel of Land, by improving it, any prejudice to any other Man, since there was still enough, and as good left; and more than the yet unprovided could use."[29]

Introducing such a restriction over the right to appropriate arose for various reasons; Locke intended to ensure that other commoners did not complain about such appropriation because, after the appropriation, there would still remain objects of similar quality and quantity, i.e. that the situation of others would not be worse.[30] Locke also intended to assert that his view did not embody any kind of immoral inequality,[31] and safeguarded the right of access to common materials for all individual commoners.[32]

### *C. The "non-waste condition"*[33]

Some commentators regard the non-waste condition "as an ugly step-

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24 Also known as the "enough and as good proviso", others name this condition as "the sufficiency limitation". JEREMY WALDRON, THE RIGHT TO PRIVATE PROPERTY 210 (1988); and others name it as the "no loss to others precondition". Hettinger, *supra* note 18, at 44.

25 *See* LOCKE, *supra* note 12, at 308.

26 Hughes, *supra* note 7, at 297.

27 ROBERT NOZICK, ANARCHY, STATE, AND UTOPIA 175 (1974).

28 Walton H. Hamilton, *Property - According to Locke*, 41 YALE L.J. 864, 867 (1932).

29 *See* LOCKE, *supra* note 12, at 309; *see also* NOZICK, *supra* note 27, at 175.

30 Spector, *supra* note 17, at 270.

31 Hughes, *supra* note 7, at 297.

32 GOPAL SREENIVASAN, THE LIMITS OF LOCKEAN RIGHTS IN PROPERTY 113 (1995).

33 Also known as the "no spoilation proviso", Craig, *supra* note 16, at 11.

sister of the enough and as good condition,"[34] while others have questioned the need of this condition in the presence of the "enough and as good" condition.[35]

For Locke, "[n]o one was entitled to more than was necessary for [his/her] subsistence, . . . because the excess would spoil before it could be consumed."[36] He considered this as an offence "against the common Law of Nature."[37] Hence, no person should appropriate more than the amount he/she can use. Locke demonstrates this limitation by stating that: "[a]s much as any one can make use of to any advantage of life before it spoils; so much he may by his labour fix a Property in. . . . Nothing was made by God for Man to spoil or destroy."[38]

This condition, if applied to trademarks, means that not using the mark is a waste, according to Locke's non-waste limitation. Thus, one shall not be able to appropriate a mark if one is not intending to use it. Although trademarks are not literally perishable and could not be spoiled, not using a mark is indeed true waste. The trademark owner shall have monopoly rights over his/her mark, and if it is not used then this is waste because others could have made use out of it.

This condition is not intended to limit the amount which one can appropriate, as the amount of labor one is capable of expending determines one's property. Rather this condition provides that one can appropriate as much as one can labor, but one should "not let anything perish uselessly in [one's] possession."[39] However, a spoiled object is wasted because it "might be the Possession of any other,"[40] and others could have benefited from it. The solution, from a Lockean perspective, is the transformation to a money economy. Every individual could exchange whatever is more than what he can consume with money: a lasting, unspoilable object.[41] By its very nature, "money is imperishable and thus unaffected by the spoilage limitation," because it could be accumulated indefinitely without violating the non-waste condition.[42]

### *D. Critiques to a labor based justification to trademarks*

A point of crucial importance is assessing the applicability of a labor

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34 Hughes, *supra* note 7, at 325.

35 NOZICK, *supra* note 27, at 175-76.

36 Donna M. Byrne, *Locke, Property, and Progressive Taxes*, 78 NEB. L. REV. 700, 706 (1999).

37 LOCKE, *supra* note 12, at 313.

38 *Id.* at 308.

39 WALDRON, *supra* note 24, at 209.

40 LOCKE, *supra* note 12, at 313.

41 *Id.* at 318-20.

42 SREENIVASAN, *supra* note 32, at 35.

based justification of trademarks. Clearly, Locke's theory of property relies upon exerting labor, which means that labor is the basis for ownership entitlement. It is a matter of conjecture whether the rationale for the labor theory of property applies to trademarks; whether producing a trademark requires any kind of labor and whether the rights accorded to the laborer are equivalent to the amount of mental labor exerted in creating a trademark. A starting point is to assess Locke's original theory insofar as it was intended to be applied to tangible property and citing some important theoretical inadequacies in it, and then to question Locke's notions of "commons" and "mixing labour" as related to trademark. The purpose of this is to assess Locke's conditions or limitations. Finally, it will be concluded that this theory falls short of the mark in justifying trademarks.

First, as mentioned earlier, Locke's labor theory was formulated to cover and deal with tangible physical property. It was not, by any means, directed at justifying or legitimizing intangibles or intellectual property rights in general, or trademarks in particular. The case of tangible property is, indeed, different from intangible property.

The difference between tangible and intellectual property is that, in the first case, the law attaches rights to material things which exist in the physical world independently from the law . . . while in case of intellectual property, the law creates an abstract object and, additionally, confers rights over that abstract object . . .[43]

Another difference between tangible property and intangible property is that in the former, when others are using someone's tangibles, they are depriving the owner of exercising his/her rights over the property, whereas in the latter, using intangibles of others will not cause any harm to the owner because such use will not affect the owner's enjoyment.[44] This might be a starting point from which to assess the premises of this theory, and whether this difference between tangible and intangible properties could affect their legitimizing.

The premises that Locke started with prevent its applicability to trademarks. He started from the proposition that no person is entitled to any

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[43] Rahmatian, *supra* note 4, at 373. Stephen Carter, argues that "it is so difficult to justify intellectual property rules with the same arguments used to justify a system of property rights in things that you can hold in your hands or hide from your neighbor or fence off." Stephen L. Carter, *Owning What Doesn't Exist*, 13 HARVARD J.L. & PUB. POL'Y 99 (1990). Contrary to this vision, Frank Easterbrook argues that "[i]ntellectual property is no less the fruit of one's labor than is physical property." Frank H. Easterbrook, *Intellectual Property is Still Property*, 13 HARVARD J.L. & PUB. POL'Y 108, 113 (1990).

[44] ADAM D. MOORE, INTELLECTUAL PROPERTY AND INFORMATION CONTROL 103, 105-06 (2d ed. 2006). Spyros Maniatis argues that unlike physical property, "[i]deas are not destroyed by consumption, therefore property rights in them do not need to be, and cannot be, absolutely exclusive." Spyros M. Maniatis, *Trade Mark Rights- A Justification Based on Property*, 2 INTELL. PROP. Q. 123, 150 (2002).

kind of property rights, but to his/her own person. Such ownership of one's body or self entitles a person to labor, and the outcome of this labor is the property and the private right of the laborer. Locke's rationale is that objects in the commons "are not useful to anyone, [thus,] an individual exerts labour upon the object and transforms it into something useful and worthy of property ownership."[45] However, this rationale is not convincing. For example, in the case of trademarks, if the commons in the trademarks context are words, then their existence before someone labors on a mark and transforms it into property, as Locke's theory suggests, are useful as a means of communication amongst individuals.[46]

Moreover, the premise that in the state of nature everything belongs to men and that they share everything therein seems to be undermined by the fact that if "one takes a particular item from the common, one violates the right of other commoners, to whom this particular item also belongs"[47] because in Locke's commons everything belongs to all individuals. It seems that Locke has implicitly acknowledged this problem, and in solving it he argues that "taking any part of what is common . . . does not depend on the express consent of all the Commoners."[48] The appropriation of objects in Locke's common in real property is different than the appropriation of ideas and cultural property in intellectual property rights in that the former does not depend on the express consent of all the commoners, but by contrast, the latter does.[49] Hence, the "appropriation of real property commons can take place without the assent of others[, whereas a]cquiring cultural property requires consent."[50]

Locke has stated that property is justified when someone mixes his/her labor with objects from the commons. This rationale has been a matter of criticism. First, in the context of trademarks, what is the "commons?"[51] Is it the words already existing in the language? If this is the case, then this could not be applied to trademarks for various reasons, mainly because this

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45 Port, *supra* note 10, at 561.

46 It is also unclear why Locke would have wished to start from the premise that no individual is entitled to ownership, then make the exclusion that mixing labor with objects grants the laborer an entitlement over the object. Alternatively, he could have simply argued that in the state of nature nothing belongs to anyone, and mixing labor is the base for ownership.

47 Zemer, *supra* note 9, at 62. *See also* Shiffrin, *supra* note 11, at 144-145; SREENIVASAN, *supra* note 32, at 24.

48 LOCKE, *supra* note 12, at 307. *See also* Lior Zemer, *The Making of a New Copyright Lockean*, 29 HARVARD J.L. & PUB. POL'Y 891, 915 (2005-2006).

49 Steven Wilf, *Who Authors Trademarks?*, 17 CARDOZO ARTS & ENT. L.J. 1, 30 (1999).

50 *Id.*

51 It is worth noting that Locke did not define the meaning for the expression "commons." It remains unclear what these commons in Locke's original work was making it more difficult to define it regarding trademarks.

"common" does not exist; in many instances the trademark owner creates a word that has never existed before, such as the KODAK trademark. This example demolishes Locke's argument about the commons, simply because this word (KODAK) is an invented word and did not exist in the commons; hence no one could labor on it and appropriate it for him/herself out of the commons because it never existed in the commons. Or could this common be any new invented word? When Locke was referring to the commons, he meant objects that already existed, at least as raw materials, and in order for someone to deserve owning them he/she should mix his/her labor with them. Furthermore, it is questionable whether a trademark could be considered an object *per se*; a trademark is more a right and entitlement of rights than an object because trademarks are intangibles and they could not be objects. Thus trademark legislations grant the owners rights over their trademarks such as the right of using the mark and preventing others from using it for the same class of goods and/or services.

Commentators have also questioned the premise about the commons and the mixing of labor. For example, Jeremy Waldron questions the Lockean premise that mixing one's labor over an object entitles the laborer to appropriate this object. He refuses the idea that labor could be mixed from the outset with an object, and argues that "the only things that can be mixed with objects are other objects. But labour consists of actions not objects."[52] He concludes that "the ordinary notion of mixing seems quite inappropriate to the case Locke is describing."[53] This mixing rationale seems to be somewhat vague in Locke's argument.

However, if we agree for the sake of argument that the commons of words exists, and one could mix one's labor with words in the common, still Locke's theory cannot justify why this mixing could justify owning this object. Nor does it justify why the efforts and labor exerted did not go in vain, or that they have not been lost. Nozick has posed an important question: he wonders why mixing one's labor with an object held in common entitles a person to actually own this object,[54] and furthermore asks why mixing one's labor in something is not a way of losing what one owns: (his/her labor).[55] He goes on to suggest that "labouring on something

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52 WALDRON, *supra* note 24, at 185.

53 *Id.* at 186.

54 SREENIVASAN, *supra* note 32, at 142 (arguing that Locke did not explain the reason why "the appropriation of particular things is legitimated by one's labouring on them."); Spector, *supra* note 17, at 272 (arguing that the assumption that "the mixing of an unowned object with something that has an owner results in the owner's acquiring ownership over the whole thing . . . lacks a plausible deontological justification.").

55 NOZICK, *supra* note 27, at 174-75 (giving an example illustrating his idea, providing: "If I own a can of tomato juice and spill it in the sea so that its molecules . . . mingle evenly throughout the sea, do I thereby own the sea, or have I foolishly dissipated my tomato juice?"). *See also* WALDRON, *supra* note 24, at 188 (arguing that the labour exerted upon an

improves it and makes it more valuable."[56] This is called the "value added" labor principle.[57] This principle argues that labor produces a social value; such a value deserves reward by granting property rights.[58] The "value added" principle has been subject to opposition, because "even if one assumes that the value of these products is entirely the result of human labor, this value is not entirely attributable to *any particular laboror*."[59] However, the argument of the "value added" labor principle contradicts the fact that in the case of trademarks, property rights are granted before the trademark is in actual use. Most trademark legislations require the intention of using marks in the field of trade. This leads to the fact that property rights are granted before any social value has resulted from the mark, and it shall be argued that it is the consuming public who add this value, not the laborer. Hence, it may be concluded that the "value added" theory does not justify the granting of property rights over trademarks.

Other scholars have sought to determine what kind of labor is necessary to satisfy the labor theory content,[60] and some of them demonstrate that the production of ideas does come from somewhere; it needs a certain amount of labor.[61] Others have argued that in some instances the idea occurs to the owner without any kind of labor or innovative thought, while in other instances it comes by way of coincidence. This occurs, for example, when one trader uses his/her family name as a trademark, where the exertion of labor could not be truly claimed, i.e. when the labor exerted in the creation of the mark is not consistent with Locke's notion of labor exertion, or when the trademark owner simply takes an existing word and uses it as a trademark without exerting labor in its creation. One example is the use of a word in a different

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object 'is to all intents and purposes lost in the object.'); Shiffrin, *supra* note 11, at 148 (asking "Why does one thereby gain the property by presumptuous expenditure instead of losing one's labor.").

56 NOZICK, *supra* note 27, at 175. *See also* Hettinger, *supra* note 18, at 37-38 (It is argued that –in a Lockean context– the purpose of mixing labour is to conclude something useful, this argument is similar to Nozick's argument). *See* Alex Kozinski, *Trademarks Unplugged*, 84 TRADEMARK REP. 441, 447 (1994) ("John Locke is credited with the observation that he who takes something out of a state of nature to create something useful thereby makes it his property.").

57 NOZICK, *supra* note 27, at 175; *see also* Hughes, *supra* note 7, at 305 (Also called the "labor-desert" principle).

58 Hughes, *supra* note 7, at 305.

59 Hettinger, *supra* note 18, at 38. Hettinger also argues that the separation of the creator's contribution from the "historical/social component is no easy task," and such a separation ignores the vast contribution of others. He stipulates that all those who contributed in the creation of the work should receive their share from the market value of the work, and the fact that they may not be present does not entitle the labourer who provided the "added value" to the entire market value.

60 Maniatis, *supra* note 44, at 142-45; *see also* Hughes *supra* note 7, at 300-05.

61 Hughes, *supra* note 7, at 300-01.

context: for instance using the word "Table" as a trademark for computers.

Maniatis argues that "[t]he production of innovative ideas, for example, may not be the hard form of labouring that deserves reward by the allocation of property rights."[62] Afterwards, he reaches a different conclusion: he divides applying the labor theory to trademarks into three steps. First, he examines if there is any labor in trademarks. He argues that labor in this context is manifested in the plan of choosing a mark, putting it into circulation and the investment in building up goodwill. Second, he examines the common of marks. Although he acknowledges that commons of trademarks could be limited, he argues that the subject matter of property is the linkage between the mark and the product, not the mark itself, which does not affect the commons. Third, he discusses the commons and Locke's two conditions, and reaches the conclusion that trademarks fulfill the labor theory requirements![63]

However, there should be a distinction between the production of the trademark itself and producing the article to which the mark is attached. This is because the labor theory when applied to trademarks discusses the labor used to create the mark, not the labor for producing the product or article itself. It seems that Maniatis mixes the two. It could be argued that the production of trademarks does not include any kind of labor, in the sense of Locke's theory. According to such an argument, the mere act of choosing a name from the common of words or symbols and affixing it to goods or services does not include labor. Trademarks are examples of things that are made effortlessly.[64] Perhaps, the best emphasis of the argument that trademarks lack labor in their creation is in the words of the U.S. Supreme Court: "Trademarks do not depend upon novelty, invention, discovery, or any work of the brain. It requires no fancy or imagination, no genius, no laborious thought. Trademarks are simply founded on priority of appropriation."[65]

However, contrary to this argument, the production of trademarks includes some kind of mental labor. The hurdle that faces the applicability of the Lockean approach over trademarks is that the amount of labor exerted in the production of a trademark could not be compared with the extent of rights and entitlements that the proprietor of a trademark enjoys. Trademarks owners have the exclusive right to enjoy a monopoly over their marks, and to exclude others from using them – a right that could potentially last forever. It is hard to imagine that such rights could be

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62 Maniatis, *supra* note 44, at 142.

63 *Id.* at 145-53.

64 *See generally* NOZICK, *supra* note 27, at 175.

65 Kenneth L. Port, *Foreword: Symposium on Intellectual Property Law Theory*, CHI.-KENT L. REV. 585, 594 (1992-1993) (citing The Trademark Cases, 100 U.S. 82 (1879)).

justified upon the mental effort of creating the mark according to the Lockean justification of property. However, "[a]lthough intellectual laborers often deserve rewards for their labor, [intellectual property systems] may give the labourer much more or much less than is deserved."[66] I believe that the amount of rights a trademark owner holds is much more than could be justified as a result of a Lockean based justification. According to Locke, when a person exerts labor on an object then he/she gains property rights over this object, but in the context of trademarks the owner is granted more rights than what Locke intended. A trademark owner secures a monopoly over the mark, and thus, his/her rights are more than the rights conferred under Locke's theory.

### *E. Locke's limitations and trademarks*

When it comes to Locke's "enough and as good condition", one might suggest that applying this condition to intellectual property rights, and in particular, to trademarks does not create any hurdle or difficulty;[67] the commons of words are infinite and inexhaustible[68] and there will always remain enough and as good left to others.[69]

On the contrary, if Locke's condition is to be applied strictly, then if someone labors on a mark from the commons and turns it to his/her property, and then he/she has a monopoly over this mark. In this sense, others would be worse off due to the fact that his/her appropriation left a loss in the commons in which others could have made use. Thus, in the field of trademarks, there will not be enough and as good for others to appropriate. Moreover, when someone appropriates a trademark then logically he/she has improved their situation; consequently, all other commoners are worse off. Hence "a person's situation is prima facie made worse by his losing the opportunity to appropriate"[70] what others have already appropriated. Lessig has provided a similar argument in the field of copyright, but it also supports this idea in trademarks. He describes the situation of Walt Disney, who created a motion picture character based on a character from the commons. The commons were then open to creators to develop because legislation then did not impose restrictions on their use by others. Lessig then compares the situation of first comers (such as Walt Disney) and second comers; whereas the former were free to use the commons and make great use of it, the second comers were not able to use

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66 Hettinger, *supra* note 18, at 51.

67 Maniatis, *supra* note 44, at 149 (arguing that the common of trademarks is inexhaustible, which fulfills Locke's condition).

68 Shiffrin, *supra* note 11, at 140.

69 Hughes, *supra* note 7, at 315.

70 WALDRON, *supra* note 24, at 215.

the commons in the same sense that was available to first comers. Thus, they could not have the benefit of the commons. He argues that "the new creators, the new Walt Disneys, must fight this system of legal regulation to find a right to speak."[71] In this context, Zemer provides an interesting example. He argues that

[i]f I pick strawberries from a wild field, it is obvious that the amount of strawberries available for others has been reduced, and no one will be able to pick *exactly* the same strawberry. But in the next season there will be more strawberries because I did not destroy the field . . . but unless I uproot the strawberry bushes and leave no potential for future growth, I did not violate the condition.[72]

Based on Zemer's example, if a word is taken from the common of words, to which its appropriator is granted property rights which are exclusive in their nature, then this amounts to "uprooting" the mark because the "potential future growth" of this word is hindered. That is, other traders will not be allowed to use similar marks on dissimilar products, and the public would be prevented from their rights in terms of the meaning-making of cultural signs. "Therefore, granting an unconditional monopoly-type right for one's [trademark] works resembles a situation where one destroys the strawberry field."[73] Thus Locke's condition is not applicable.

This means that the "enough and as good" condition cannot be applied to trademarks because even if ideas are inexhaustible, they are not always under the common's grasp.[74] This is because an idea stems from a former idea, and the new idea is the gateway for further ideas.[75] Thus, granting monopolistic property rights over an idea will affect the common of marks and will not leave as good and as enough to others. This will inevitably harm the situation of second comers because first comers have enjoyed more resources than others.

As regards Locke's limitation of "non-waste", this condition is different from the "enough and as good condition" regarding its applicability to trademarks. Trademark legislations contain rules that are similar in their content to the non-waste condition, which is the cancellation of the trademark registration for non-use.[76] The cancellation for non-use

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71 Lawrence Lessig, *The Creative Commons*, 65 MONT. L. REV. 1,9 (2004).

72 Zemer, *supra* note 48, at 931-32.

73 *Id.* at 933.

74 Craig, *supra* note 16, at 24.

75 *Id.*; *see also* Lessig, *supra* note 71, at 12 (arguing that providing a balance in the grant of proprietary rights "will enable a different kind of creativity: creativity built upon a tradition of building upon the works of others, freely. A free culture, not the permission culture that our law has produced.").

76 *See e.g.*, Trademarks (Lanham) Act § 45, 15 U.S.C. § 1127 (2004); Trade Marks Act, 1994, ch. 26, §46(1) (Eng.).

concept provides that if the trademark is not used in the course of trade for a certain period of time, it is subject to cancellation upon request from any party with interest. Hence, this condition, as applied to trademarks, does conflict with Locke's argument.

In conclusion, because of the inadequacies in Locke's theory, and because it is not designed to justify intangible property, the labor theory does not apply to nor justify the trademark system. There is no sufficient amount of mental labor available to the granting of property rights, according to Locke's notion. The high level of protection of trademarks cannot be justified by the mental labor of creating the mark. Moreover, the mental labor of creating a trademark cannot be justified on the basis of Locke's rationale and his "enough and as good proviso", because the commons of words will be affected due to the fact that if one appropriates a mark then he/she gains a monopoly that could potentially last forever. Hence, other commoners will be worse off, which contradicts Locke's rationale.

## III.
## THE PERSONHOOD THEORY

### *A. Hegel's theory*

The personhood approach to property finds its roots in the writings of Georg Wilhelm Hegel. In his work *Natural Law and Political Science in Outline; Elements of the Philosophy of Right*, Hegel embodies his treatise of property.

Hegel avoids a historical argument about the primitive state of nature.[77] Rather, the Hegelian theory derives from the premise that "private property rights are crucial to the satisfaction of some fundamental human needs,"[78] such as "self-actualisation and recognition of an individual person."[79] According to Hegel, "[a] person must translate his freedom into an external sphere in order to exist as Idea."[80] This freedom is best expressed and translated into the acquisition of property rights.[81] Hegel also intended to avoid a utilitarian argument for property rights, according to which properties are not means to satisfy our needs, rather they are "the first

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77 Peter G. Stillman, *Hegel's Analysis of Property in the Philosophy of Right*, 10 CARDOZO L. REV. 1031, 1033 (1989).

78 Fisher, *supra* note 3, at 171.

79 Port, *supra* note 10, at 563; *see also* Bell & Parchomovsky, *supra* note 14, at 542.

80 GEORG WILHELM HEGEL, PHILOSOPHY OF RIGHT 40 (T. M. Knox trans., Oxford Univ. Press 1952) (1821).

81 Zemer, *supra* note 9, at 63-64.

embodiment of freedom."[82] "The premise underlying the personhood prospective is that to achieve proper self-development – to be a *person* – an individual needs some control over resources in the external environment. The necessary assurances of control take the form of property rights."[83]

As with the Lockean approach, Hegel argues that a person has natural possession of his/her body,[84] and such possession of one's body derives from the control of the mind or will of the person over his/her body. [85] The concept of self-possession requires "[t]hat the body be gradually modified and turned to the will's purposes so that it becomes increasingly difficult for the agent or anyone else to view his body, especially in action, without taking into account its essentially will-governed character."[86]

However, Locke's premise is that a person owns himself/herself as his/her property, and the property of one's self entitles him/her to own property, whereas Hegel's notion of one's natural possession "is neither automatic nor easy, but a long struggle in claiming one's self and developing one's individuality."[87]

A person should manifest his/her will within the external world, and this manifestation is part of one's personality and is a reflection of it. Hence, Hegel considers the will as the core of one's existence seeking effectiveness and self actualization.[88] Hegel argues that anything that a person puts his/her will into makes it the property of him/her, and he/she may appropriate it[89] because "property is the first embodiment of freedom and so is in itself a substantive end."[90]

Unlike Locke's labor theory, "Hegel has a much more direct approach to intellectual property."[91] He argues that

[m]ental aptitudes, erudition, artistic skill, even things ecclesiastical

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82 Tom G. Palmer, *Are Patents and Copyrights Morally Justified? The Philosophy of Property Rights and Ideal Objects*, 13 HARV. J.L. & PUB. POL'Y 817, 837 (1990).

83 Margaret G. Radin, *Property and Personhood*, 34 STAN. L. REV. 957, 957 (1981-1982); *see also* Maniatis, *supra* note 44, at 154 (arguing that, "[t]he nucleus of the theory lies in the existence of 'personality', that provides the means to start the journey out from oneself. Only when that is completed can a person claim to know her\himself 'as united in its innermost being with the truth'.").

84 HEGEL, *supra* note 80, at 40; *see also* Hughes, *supra* note 7, at 332; Maniatis, *supra* note 44, at 154.

85 WALDRON, *supra* note 24, at 361.

86 *Id.* at 363.

87 Stillman, *supra* note 77, at 1040.

88 Hughes, *supra* note 7, at 331; *see also* William W. Fisher, *Property and Contract on the Internet*, 73 Chi.-Kent L. Rev. 1203, 1214 (1998) (clarifying that the heart of the personality approach "is that private property rights are crucial to the satisfaction of some fundamental human needs or interests.").

89 HEGEL, *supra* note 80, at 41.

90 *Id.* at 42.

91 Maniatis, *supra* note 44, at 161.

(like sermons, masses, prayers, consecration of votive objects), inventions, and so forth, become subjects of a contract, brought on to a parity through being bought and sold, with things recognised as things. It may be asked whether the artist, scholar, &c., is from the legal point of view in possession of his art, erudition, ability to preach a sermon, sing a mass, &c., that is, whether such attainments are 'things' . . .[92]

After acknowledging the existence of intellectual creations, Hegel develops an argument as to whether such creations could be considered "things" or not.[93] He argues that they could not be "things" on the basis that they are "owned by [the] free mind" stipulating that they "are something internal and not external to it."[94] He then concludes that there is no harm in calling them "things" since they should be affixed into a material support, which is something external and hence could be called "things."[95]

For Hegel, an intention to own something and make it someone's property is not enough. There should be a "physical relation" between the proprietor and the thing.[96] He argues that "[s]ince property is the embodiment of personality, my inward idea and will that something is to be mine is not enough to make it my property; to secure this end occupancy is requisite."[97]

Such a notion of occupancy from a Hegelian perspective takes one of two forms: either taking possession of an object or through using it.[98] Taking possession of an object is initiated "by directly grasping it physically, by forming it and by merely marking it as ours."[99] It is this last form which is related to the subject of trademarks. Hegel stipulates that marking "is not actual but is only representative of my will . . . and the meaning of the mark is supposed to be that I have put my will into the thing."[100]

Hegel has discussed his ideas about alienation in his treatise. According to him, anyone could freely alienate his/her property and withdraw his/her will from the object[101] insofar as he/she puts his/her will

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92 HEGEL, *supra* note 80, at 40.

93 *Id.*

94 *Id.* at 41.

95 *Id.* at 40-41.

96 Maniatis, *supra* note 44, at 160; *see also* Port, *supra* note 10, at 564; WALDRON, *supra* note 24, at 363 (stipulating that according to Hegel there should exist "some physical relation between the body inhabited by the will in question and the external object in which that will is to be embodied.").

97 HEGEL, *supra* note 80, at 45.

98 *Id.* at 46.

99 *Id.*; *see also* Hughes, *supra* note 7, at 335; Palmer, *supra* note 82, at 838

100 HEGEL, *supra* note 80, at 49.

101 WALDRON, *supra* note 24, at 361, 369.

into it.[102] However, he argues that the "substantive characteristics which constitutes my own private personality and the universal essence of my self-consciousness are inalienable."[103] He stresses that intellectual works in particular, because of their connection with one's being and personality, could not be alienated. He also argues that a person's body is not alienable by its very nature because of its attachment to life and liberty;[104] he stipulates that intellectual works are internal and inward to their creators and hence inalienable. If the owner of a work of mind is entitled to alienate his/her work, then he/she will make his/her own personality and the substance of his/her being the property of another person.[105] "[O]n most occasions the complete alienation of intellectual property is an exercise of rights over property in an act that, by its nature, denies the personality stake necessary to justify property rights. . . . Abandonment of an idea is arguably alienation of personality."[106]

Hughes considers that trademarks are justifiable upon a Hegelian perspective. However, he argues that basing such a justification upon the rights of the consumer is weak. He contends that

[t]rademark is a right of expression for the manufacturer, not a right of the consumer to receive information. In fact, trademarks fulfil the recognition aspect of the personality theory of property by providing an important means of securing respect and recognition to those who originate the items bearing the trademark.[107]

Hughes' argument focuses on one party of the trademark formula; his argument gives recognition to the "manufacturer" and denies any role of the consuming public. Alternatively, he could have given recognition to both parties as they are the parties involved in the creation of trademarks.[108]

### *B. Critiques to the personhood justification to trademarks*

In assessing the compatibility of Hegel's theory of property with trademarks, the personality theory is not applicable to trademarks. Hegel himself, when stating his expansive list of mental creations eligible to be property, did not discuss trademarks.[109] Palmer contends that the personality theory discusses only patents, copyrights and artistic

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102 HEGEL, *supra* note 80, at 52.

103 *Id.* at 52-53.

104 Stillman, *supra* note 77, at 1042-45.

105 HEGEL, *supra* note 80, at 54.

106 Hughes, *supra* note 7, at 347.

107 *Id.* at 354.

108 *See* Port, *supra* note 10, at 565-66 (arguing that trademarks should fulfill three competing objectives: the interest of the trademark owner, the interest of consumers and the interest of innocent third parties).

109 HEGEL, *supra* note 80, at 40-41.

creations.[110] Hughes argues that "[i]n the field of intellectual property, the personality justification is best applied to the arts."[111] However, the rationale of this theory and major points in it affect its justification for trademarks.

After arguing that intellectual works should be disclosed to the public to achieve their goal, Hegel stipulates that the protection of such works is vital to ensure an advance in the field of intellectual works, and to make people interact with and understand them. Hegel discusses the situation of copyrights.[112] He further argues that the book as an object is external to the creator and hence alienable because, when someone owns a copy of the book, this copy becomes his/her "complete and free ownership."[113] But "the means of expression of the idea are part of the author's mind and still belong to him."[114] By analogy, when someone purchases an article embodying a trademark, he/she owns this article but does not own the trademark itself because, according to the personality theory, the trademark as a mental aptitude remains the property of its creator. Nevertheless, the personality theory fails to justify the fact that trademarks are assets and are alienable as such. Hegel fails to provide any means for safeguarding and protecting the works of the intellect, and argues that this issue should be left to the individual's honors.[115]

If a trademark system is to be justified upon the personality theory, a number of questions will remain without clear answer, such as the transfer of ownership of the trademark. If a trademark is a manifestation of its proprietor's will, personality and self development, how can one's will, personality or self development be assigned or licensed to others, especially given that Hegel regards intellectual creations as inward and internal to the person's personality?

Although the personhood approach - unlike the Lockean approach – includes a justification as to intellectual property, two major arguments and hurdles in this theory cannot be applied to trademarks: the "marking hurdle," and the "alienability hurdle."

As regards the "marking hurdle," Hegel has argued that in order to

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110 Palmer, *supra* note 82, at 837, 843. The personality theory is used in different jurisdictions in Europe such as France and Germany for the justification of their copyright systems. *See* Fisher, *supra* note 3, at 174.

111 Hughes, *supra* note 7, at 330; *see also* Palmer, *supra* note 82, at 844 (arguing that "[o]nce created, works of art are independent of their creators, as should be evident by the fact that works of art do not 'die' when their creators do.").

112 Hegel only discussed the case of copyrights thoroughly, and this is why bringing this argument is essential to clarify Hegel's argument to intellectual property rights and to trademarks in particular.

113 HEGEL, *supra* note 80, at 55.

114 Stillman, *supra* note 77, at 1045.

115 HEGEL, *supra* note 80, at 53-56.

own an object there should be occupancy to that object. By applying Hegel's occupancy rationale to the case of trademarks, this occupancy is manifested in marking the object. According to Hegel, this occupancy is the entitlement to property because this marking is the representation of the owner's will.

It could be argued that marking establishes an excellent linkage between Hegel's personality theory and trademarks,[116] because "[f]or Hegel, the marking of our animals with a personal sign will express our will to dominate the animals even when they are mixed with the animals of the neighbours."[117]

When Hegel was considering marking as a representation of the person's will, did he mean that marking was a way of manifesting one's will to appropriate the marked object? If so, then the will's manifestation concerned the ownership of the object itself. Or, was he referring to marking as the manifesting for ownership of the mark itself?[118] In this case, the ownership of this mark does not stand up to any real basis for justification.

However, Hegel's marking argument does not stand in order to justify a trademark system. It could be inferred from Hegel's argument that marking an object reflects one's will to appropriate that object. This means that marking an object entitles the person to appropriate the object, not the mark itself. Moreover, Hegel has asserted that marking as a way of appropriating an object is "very indeterminate;"[119] this might be because of the lack of internal or inward connection between the mark and its owner.

This hurdle imposes another question as regards the degree of personality manifested in trademarks: to what extent does the creation of a trademark reflect the owner's personality? The creation of a trademark does not reflect the manifestation of the owner's will, nor does it "seem to be the personal reaction of an individual upon the nature."[120] Trademarks are usually owned by corporations and institutions. This leads to the fact that trademarks are neither important nor essential for their will and self actualization.[121] It also shows how trademark creation is distinct from the personality and self of its owners. Moreover, trademarks are objects with

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116 Maniatis, *supra* note 44, at 160.

117 *Id.*

118 *See Id.* at 164 (arguing that the justification of a trademark passes through a "logical sequence [in which the] human will is first embodied into the mark and then into the marked object.").

119 HEGEL, *supra* note 80, at 49.

120 *See* Hughes, *supra* note 7, at 339 (although supporting the personhood justification, admitted that the personality argument falls short in justifying "intellectual products that appear to reflect little or no personality of their creators.").

121 Hettinger, *supra* note 18, at 45-47.

market value and are transferable from one owner to another. If a trademark is a reflection of its original owner's will, then changing the ownership of the mark from one owner to another creates a shortage that this theory could not explain. This shortage is manifested in the idea that this theory suggests; that a trademark is its creator's will. This suggestion contradicts with the idea that the ownership of a trademark could be changed because changing this ownership means the change of the owner's will. This leads to the second hurdle of applying this theory upon trademarks.

The "alienability hurdle" imposes a more crucial point in justifying trademark systems. According to Hegel's rationale, any piece of property, and trademarks in our case, represents a connection between the owner and the owned object because this property is a manifestation of his/her self. If property is alienable from one owner to another, this either means that the connection between the owner and object will be harmed or that this connection never existed. I would say that this connection between the mark and the owner, on the basis that a trademark is a manifestation of someone's will and self, does not exist. Hence, "[a]lienation is the denial of th[e] personal link to an object. But if the personal link does not exist . . . there is no foundation for property rights over the object . . . [t]hus, the justification for property is missing."[122]

The alienability rationale is clarified in Margaret Radin's article "Property and Personhood."[123] Radin differentiates between two kinds of property.[124] The first is fungible property which could be replaced with "other goods of equal market value,"[125] and such objects are alienable. The second is personal property;[126] owners of personal property are connected with such property (i.e. there is inward and internal value of the object in its owner view) and are almost part of them and are not alienable.[127] This is a subjective matter that differs from one person to the other. Personal

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122 Hughes, *supra* note 7 at 345; *see also* Palmer, *supra* note 82, at 843 (arguing also that the personality theory suffers from a confusion regarding the relation between the object and its creator. He stresses that when someone translates his/her will, the outcome of this translation is not "bound up with the person.").

123 *See* Radin, *supra* note 83, at 966 (after adopting a personhood prospective for the justification of property, Radin starts her argument with criticizing the labor based justification of property. According to Radin ownership of one's body –in a Lockean context– introduces a number of contradictions; body parts such as hair, blood and organs could be replaced and hence they become fungibles. She also questions whether body parts that are replaced with plastic parts become parts of someone's body or not. However, she argues that "bodily parts may be too 'personal' to be property at all.").

124 Zemer, *supra* note 9, at 64.

125 Radin, *supra* note 83, at 960.

126 The notion of "personal property" in this context means the property which is related to its owner's personality, not the technical notion of "personal property" in the English law, which refers to tangible property.

127 Radin, *supra* note 83, at 959.

property means that "an object or an idea is intertwined with an individual's personal identity,"[128] and hence it is inalienable. Trademarks fall within the ambit of the first kind of property, and are indeed fungible properties because trademarks, as mentioned earlier, are assignable to others, have a market value and may be the subject of licence agreements. They simply have a market value with which they might be exchanged.

The problem with the personhood theory is that it is individualistic. It ignores the public role in trademarks, and only considers marking as an individual process where an individual embodies his/her will in the mark. It fails to justify the meanings that the public attribute to trademarks, and how this role by the public could be crucial in trademarks justification and its effects over the culture.

The shortages in this theory are that it does not give recognition to the public role in the process of trademarks creation; nor does it acknowledge the public role in creating a meaning to trademarks as a way of expressing the will and self of the public. It wrongly assumes that the owner of the trademark is its only proprietor because it is a manifestation of his/her will and self. It also fails to address the idea that the consuming public contributes to the trademark creation process and that they are entitled to the expressive and cultural use of the mark. Moreover, the will of the public and the meaning they attribute to the mark is irrelevant and hence, the consuming public shall not enjoy any rights in the trademarks contexts under the personality approach.

In conclusion, it seems impossible to justify trademarks upon the personality theory simply because the creation of trademarks does not reflect the personality of its creator. And even though some intellectual property rights seem to be a manifestation of their creator's personalities, others "do not manifest any 'personality' of their creators."[129] Moreover, they "do not seem to be the personal reaction of an individual upon nature."[130] Hence the nature of trademarks and their use in industrial and commercial context does not embody an expression of the personality. Furthermore, trademarks are usually owned by corporations and institutions; this leads to the fact that trademarks are neither important nor essential for their existence and self actualization.[131]

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128 Menell, *supra* note 8, at 158.

129 Hughes, *supra* note 7, at 340.

130 *Id.* at 341.

131 Hettinger, *supra* note 18, at 45-47.

## IV.
## UTILITARIAN AND ECONOMIC BASED THEORY

### *A. The utility and economic rationale*

Unlike other intellectual property rights,[132] trademark legislations did not embody any sign of utilitarian grounds for their justification.[133] Utilitarian grounds could be found in the Constitution of the United States of America, in the context of providing the logical backgrounds for both patents and copyrights systems. The Constitution stipulates that "... Congress shall have Power To ... promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."[134]

In the United Kingdom, trademark legislations did not refer to utilitarian grounds, whereas the case in copyright legislations is different. For example, the first legislation of copyrights provided explicitly in its preamble that this act is "An Act for the Encouragement of Learning, by Vesting the Copies of Printed Books in the Author's or Purchasers of Such Copies."[135] It also stated that its purpose is to prevent practices of printing and reprinting books and other writings without the consent of the authors or proprietors of such books and writings, and "for the encouragement of learned men to compose and write useful books."[136]

However, the lack of utilitarian or economic reference in trademarks legislations does not mean that trademarks could not be subject to justification on such grounds. A number of scholars[137] adhered to the utilitarian theory to justify trademarks and intellectual property systems. Peter Menell, for example, argues that utilitarianism is the principal theory to be applied to such works and systems.[138] Menell asserts that trademarks,

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132 For example, patents and copyrights.

133 A background for justification could either be in the form of constitutional provision denoting to such justification, or through the preamble of the legislation itself. *See e.g.* Trade Marks Act, 1994, c. 26 (Eng.). The title of this Act reads as follows: "An Act to make new provision for registered trade marks, implementing Council Directive No. 89/104/EEC of 21st December 1988 to approximate the laws of the Member States relating to trade marks; to make provision in connection with Council Regulation (EC) No. 40/94 of 20th December 1993 on the Community trade mark; to give effect to the Madrid Protocol Relating to the International Registration of Marks of 27th June 1989, and to certain provisions of the Paris Convention for the Protection of Industrial Property of 20th March 1883, as revised and amended; and for connected purposes."

134 U.S. CONST. art 1, § 8, cl. 8.

135 The Statute of Anne, 1709, 8 Ann., c.21 (Eng.).

136 *Id.*

137 Such as William Landes, Richard Posner, Peter Menell, Nicholas Economides, WR Cornish, Jennifer Phillips and others.

138 Menell, *supra* note 8, at 130.

particularly, are justifiable upon utilitarian terms. In his words: "[t]rademark law is principally concerned with ensuring that consumers are not misled in the marketplace and hence is particularly amenable to economic analysis."[139]

Keith Aoki has clarified that in the United States of America, for example, the Trademark Act of 1870 was regarded as unconstitutional because trademark protection was not mentioned in Article 1 of Section 8 of the United States Constitution. However, Aoki argues that afterwards, a recent trend has changed this view and considers trademarks "as property-equivalent" and trademarks proprietors are considered "quasi-authors" and thus amenable to justification in accordance with Article 1 of Section 8 of the Constitution.[140]

The utilitarian argument provides that trademarks should be accorded protection on the basis that such protection shall result in the maximizing of wealth. The main idea is that more protection and enforcement of trademark legislations will lead to reducing wealth to its optimal levels, "[t]hus, wealth is optimized, or at least increased, by granting" trademark monopolies.[141]

Utilitarian theorists start their argument by studying the benefits and advantages of protecting intellectual creations and trademarks as the basis for justifying their protection and existence. They emphasize the fact that the economic role such creations play is the grounds for the existence of systems protecting them.

The first and most considered benefit of trademarks is that brand names reduce consumers' search costs.[142] This is a rationale because trademarks "facilitate and enhance consumer decisions"[143] in choosing the product they wish to consume. Consumers will be able to identify the product bearing the mark and distinguish it from amongst other products of the same class of goods.[144] In this sense, and in future purchases, customers

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139 *Id.*

140 Keith Aoki, *Authors, Inventors, and Trademark Owners: Private Intellectual Property and the Public Domain Part 2*, 18 COLUM.-VLA J.L. & ARTS 191, 235-236 (1993-1994) (arguing that "trademarks owners have been reconceived as quasi-authors, who by creating a set of meanings in the minds of consumers, are rewarded judicial recognition of increasingly exclusive rights to prevent others from 'misappropriating' this quasi-property.").

141 N. Stephan Kinsella, *Against Intellectual Property*, 15 J. LIBERTARIAN STUD. 11 (2001), available at http://www.mises.org/journals/jls/15_2/15_2_1.pdf (last visited Apr. 8, 2006).

142 William M. Landes & Richard A. Posner, *The Economics of Trademark Law*, 78 TRADEMARK REP. 267, 270 (1988). *See also* Stephen L. Carter, *The Trouble with Trademark*, 99 YALE L.J. 759, 762 (1989-1990).

143 Nicholas S. Economides, *The Economics of Trademarks*, 78 TRADEMARK REP. 523, 526 (1988).

144 Carter, *supra* note 142, at 762 (arguing "If goods were not marked, potential purchasers, unable to rely on any brand name . . . or distinctive appearance of the packaging . . . to identify the producer, would need a means of testing the products directly.").

will be able to recognize the good they require without being obliged to differentiate between the products and trying to stipulate which product identifies and fulfills their needs and preferences. For example, a consumer who wishes to purchase NESCAFE coffee in particular, not any other brand, will be able to distinguish NESCAFE from a quick look over the trademark affixed on it. Without the affixed tradmark he/she will not be able to predict which bottle contains the NESCAFE coffee for which he/she is seeking.[145] Trademarks are used by a producer "to identify [their] goods and distinguish them from those manufactured and sold by others."[146]

As an important number of producers, from a utilitarian perspective, depend on repeated purchases by their regular customers, trademarks serve to facilitate the identification of a product. This is because a trademark "is easier to recognise and remember; and it is often easier to physically mark on the goods themselves rather provide the producer's full name and address."[147] In particular, consumers do not usually know or recall the full name and address of the producer; rather, they only recall the mark itself.

A second benefit of trademarks, from this theory's perspective, is that it plays "an unusual ancillary social benefit,"[148] according to which, "[a]n entirely different benefit of trademark protection derives from the incentives that such protection creates to invest resources . . . in inventing new words."[149] Trademarks enrich the language and improve it in various of ways; first, trademarks increase the stock of works used in everyday life by inventing totally new words that were not used before resulting in "economizing on communication and information costs."[150] Moreover, trademarks could turn, in certain circumstances, into generic words used by people to identify the whole class of goods, and "represent the name of a category of products"[151] rather than identifying a certain product produced by a certain firm.[152] Finally, it is claimed that trademarks "enrich the

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145 *See also* Landes & Posner, *supra* note 142, at 270 (providing a similar example of a consumer who prefers decaffeinated coffee bearing the brand name SANKA, which is manufactured and produced by General Foods, and arguing that it would be easier for the consumer to ask for "SANKA coffee" rather than asking for "the decaffeinated coffee made by General Foods.".).

146 Economides, *supra* note 143, at 524.

147 D. M. HIGGINS & T. J. JAMES, THE ECONOMIC IMPORTANCE OF TRADE MARKS IN THE UK (1973-1992) A PRELIMINARY INVESTIGATION 4 (1996).

148 Fisher, *supra* note 3, at 170.

149 Landes & Posner, *supra* note 142, at 272-73 (providing a similar utilitarian justification for copyrights). *See also* William M. Landes & Richard A. Posner, *An Economic Analysis of Copyright Law*, 18 J. LEGAL STUD. 325 (1989).

150 Landes & Posner, *supra* note 142, at 273.

151 Jacob Jacoby, *The Psychological Foundations of Trademark Law: Secondary Meaning, Genericism, Fame, Confusion and Dilution*, 91 TRADEMARK REP. 1013, 1031 (2001). *See also* HIGGINS & JAMES, *supra* note 147, at 5.

152 A trademark becomes generic in circumstances where firms over-invest in the

language, by creating words or phrases that people value for their intrinsic pleasingness as well as their information value."[153]

The heart of the utilitarian argument for the justification of trademark systems focuses on the idea that "[t]he primary justifications for trademark law are 'to facilitate and enhance consumer decisions' and 'to create incentives for firms to produce products of desirable qualities even when these are not observable before purchase'."[154] If a number of guarantees were not provided, producers of intellectual creations will be reluctant to produce intellectual property, and particularly, imitators will free-ride such works without baring any costs.[155] "This possibility would reduce the incentive for a successful firm to mark its goods and would thereby raise consumer search costs."[156] However, as will be shown below this incentive argument does not stand to justify trademarks.

It is argued that "[u]tilitarian theorists endorse the creation of intellectual property rights in order to induce innovation and intellectual productivity."[157] Such an argument suggests that if trademarks were not affixed to products i.e. if trademark systems did not exist, or if those systems did exist but did not sufficiently protect trademarks, then producers would not have the incentive to produce high quality products and would not improve their goods or services. This is because consumers will not be able to distinguish between the desired products and will not choose the

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advertising of their trademarks and their products. Such an act results in consumers identifying the trademark as the name for the entire class of products or industry. For example, the trademark THERMOS became generic when consumers started to associate the word THERMOS with all similar products. Other examples are ASPIRIN and HOOVER. Port, *supra* note 65, at 597 (pointing out, "[w]hen a trademark stops denoting the source of a product but rather the product itself, it becomes [a generic trademark].").

153 Landes & Posner, *supra* note 142, at 273. After the argument that was provided by Landes and Posner regarding the benefits of trademarks, they only hold their defence for the first benefit. Whereas, they provided that the advantages of the second benefit are small. They argue that the goal of the language "is to minimize the sum of the costs of avoiding misunderstanding and the costs of communicating," this goal is not satisfied by trademarks because of the distortions that could result from them. They further argue that "we do not need trademark protection just to be sure of having enough words." Landes and Posner compare trademarks to patents and copyrights, and provide that "we may need patent protection to be sure of having enough inventions, or copyright protection to be having enough books, movies and musical compositions." *See id.* at 273, 275.

154 Menell, *supra* note 8, at 149. *See also* Kozinski, *supra* note 56, at 451 (providing that "a utilitarian would argue for [trademark laws] with the best incentives for creative output and wealth maximization."); *See* Adam D. Moore, *Intellectual property, Innovation, and Social Progress: The Case Against Incentive Based Arguments*, 26 HAMLINE L. REV. 601, 607 (2003) (arguing that the utilitarian theory is based upon the premise that granting control to creators of intellectual creations "provides incentives necessary for social progress," and the aim of this theory is to "maximize social utility.").

155 Moore, *supra* note 154, at 611.

156 Carter, *supra* note 142, at 763.

157 Zemer, *supra* note 9, at 57.

product they require.[158] Trademark systems encourage firms to invest in developing new words or symbols, by "eliminating the risk that competitors will free-ride upon such investments."[159] If someone has products or services of high and superior quality, he/she will be deterred from putting his/her products or services in the market, because that lack of trademark protection will make him/her unable to inform consumers of the qualities of such products or services.[160]

According to the utilitarian justification "promoting the creation of valuable intellectual works requires that intellectual laborers be granted property rights in those works, [without which] adequate incentives for the creation of a socially optimal output of intellectual products would not exist."[161] Thus, property rights are granted to intellectual creators "not because they deserve such rights or have mixed their labor in an appropriate way, but because this is the only way to ensure that an optimal amount of intellectual products will be available for society."[162]

The economic justification of trademarks does not recognize the rights of the trademark proprietor only, utilitarian theorists argue. They claim that, subject to economic terms, the impact of the protection of a trademark owner's rights would result in the benefit and good for the society as a whole and for others; otherwise trademarks protection should not exist. This is because "[t]he key concept of the economic theory of property rights is that of externality. An externality is an economic situation in which an individual's pursuit of his self-interest has spillover effects on the utility or welfare of others."[163]

In this sense, utilitarian theorists try to draw a balance between the trademark owner's economic rights and the interests of the consuming public.[164] Fisher points out that the utilitarian argument should be construed

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158 Moreover, it could also be argued –from the economic perspective– that if the lack of trademarks protection existed, producers will be reluctant to create new words or symbols to be used over their products or services, because such words and symbols would be available for rivals to free ride. If a new word or symbol which was created by a firm or a producer is freely appropriable for all rivals then the incentive of creating trademarks will not exist.

159 Menell, *supra* note 8, at 149.

160 W.R. Cornish & Jennifer Phillips, *The Economic Function of Trade Marks: An Analysis with Special Reference to Developing Countries*, 13 INT'L REV. INDUS. PROP. COPYRIGHT L. 41, 46 (1982).

161 Hettinger, *supra* note 18, at 47-48.

162 Moore, *supra* note 154, at 612.

163 Spector, *supra* note 17, at 271 (arguing that "externality could be either negative or positive. And by applying trademarks over his argument, one may conclude that trademarks should enjoy protection if such protection is not only in favour of its proprietor, but also in the benefit of the society, and this is the positive externality. Whereas if the trademark protection would result in harmful effects due to its owner's exploitation, then such protection should be prevented, and this is the notion of negative externality).

164 Zemer, *supra* note 9, at 57.

as the beacon for "the maximization of net social welfare."[165] He argues that to achieve this goal, a balance should be drawn on the one hand between the powers and entitlements granted to trademarks proprietors in order to stimulate the creation of trademarks and to ensure consistent quality control over goods or services, and on the other hand "the partially offsetting tendency of such rights to curtail widespread public enjoyment of those creations."[166] However, it shall be argued that this theory fails to draw the balance that it alleges, because "the utility gains from increased incentives . . . must be weighed against the utility losses incurred from monopolization."[167]

Landes and Posner suggest a model based on economic premises for the justification of trademarks. They define the "full price" of a good or service which is the money price of the good or service plus "the search costs incurred by the buyer in obtaining information about the relevant attributes of the good"[168] or service. According to them, the more a trademark reduces consumers' search costs through providing more information, the more a producer may raise the price of his/her product without exceeding the "full price" which the customer is willing to pay for the good or service. They argue that "[t]he more resources the firm spends developing and promoting its mark, the stronger will its mark be and the lower, therefore, consumer search costs will be; so the firm will be able to charge a higher price."[169]

According to Nicholas Economides, products have some features which are unobservable. Economides argues that trademarks simply play the economic role of helping and assisting consumers to identify those features. Such identification could not be achieved without trademarks, and the absence of trademark systems in the light of the fact that consumers will have the choice with other identical goods will result in a number of disadvantages.[170]

Economides argues that in the absence of trademarks "the consumer will only by chance pick the one with the desirable unobservable qualities."[171] Moreover, producers will not invest in improving their

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165 Fisher, *supra* note 3, at 169.

166 *Id.*

167 Palmer, *supra* note 82, at 849.

168 Landes & Posner, *supra* note 142, at 277.

169 *Id. See id.* at 279 (providing a hypothetical example based on the assumption that all producers produce goods of identical quality but with differing prices. This difference in price is due to the difference of the strength of the trademarks "not because of any quality differences in the underlying physical product." This shows how trademarks are justifiable upon economic terms.).

170 Economides, *supra* note 143, at 526.

171 *Id.*

products or services; they "would produce products with the cheapest possible unobservable qualities, because high levels of unobservable qualities would not add to a firm's ability to sell at a higher price."[172]

Economides concludes that a number of aspects participate in the success of trademarks. The ability of consumers to memorize and recall the trademark, and the inability of other rivals to use similar or identical trademarks, shall all ensure the efficiency of trademark systems.[173] Economides argues that this economic background legitimizes and presupposes the existence of trademarks. Landes and Posner also agree with this argument, and stress that trademarks should not be duplicated to achieve their goals.[174]

### *B. Criticism to the utility and economic model*

Although many scholars regard the utilitarian argument as an ideal theory to justify the existence of trademark systems, it is clear that a number of problems face the utilitarian justification. The rationale upon which this argument is based is unattainable. Moreover, economic theory cannot stand alone in justifying trademarks. The inadequacies in this theory are manifold, starting from the wealth maximization, incentive and quality products arguments, etc. Those arguments lead to artificial results because their underlying arguments are not solid as to whether to justify or legitimize entitlement over a trademark. It relies upon the economic results emerging from the protection of trademarks, which is not capable of the justification thereof. The artificialness of the utilitarian argument derives from the fact that one could not bring economic and utility terms into legal theory. A theory that justifies trademarks should find a real ground to legitimize the existence of trademarks rights, and to seek justice in granting the rights and imposing obligations amongst the parties in a trademark formula. For example, the presumption that trademarks protection shall provide incentive to producers is subject to economic and market considerations, but not a ground to justify why trademarks should exist.

The economic theory presupposes that providing efficient systems for the protection of trademarks shall result in maximizing the wealth to its optimal levels. This argument could appear intuitive. However, it is also another manifestation of the artificialness of this theory, thus the question of crucial importance is to determine to whom wealth is maximized. I believe the current trend in trademark legislations is in favor of trademarks proprietors. They are the party holding advantages and their wealth is

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172 *Id.*

173 *Id.* at 526-27.

174 Landes & Posner, *supra* note 142, at 270.

maximized. It is apparent that this is the result of the main problem that lies within the utilitarian theory, which is, unlike the claim of utilitarian theorists, that the economic theory does not draw a balance between the trademark owner's interests on the one hand, and those of the consuming public on the other. Thus, "[s]triking an appropriate balance between private and public . . . cannot be fully realised under the auspices of utilitarian justification."[175]

Moreover, it is a matter of question whether the policy of legislations should aim to maximize wealth or to achieve certain utility ends or achievements. I believe that a trademark system should not aim to maximize wealth. Rather, policy makers should strike to provide a fair legal system assuring justice to all involved parties in the trademark formula. After all, "[w]ealth maximization is not the goal of law; rather, the goal is justice– giving each man his due."[176] Even if trademarks do result in maximizing wealth, this does not justify "the unethical violation of some individuals' rights to use their own property as they see fit."[177]

The incentive rationale in this theory is divided into two arguments: the incentive to invest in a trademark and undertaking a business, and the incentive to produce quality products.

As regards the former, this economic-incentive argument is brought to this theory because its premises are based on an economic perspective, which is subject to economic terms, and this has totally nothing to do with legal theory. The incentive to use a trademark is based solely on the economics of the market, and whether someone has the incentive to undertake a business is something based on individual case and upon market rules. This is apparently distinct from any justification of law. In opposition to this incentive rationale, Keith Aoki considers the incentive argument as ridiculous, and argues that "the need [of trademark owners] to differentiate their product from others provides sufficient incentive to develop striking and attractive denotative marks."[178]

However, if one could ignore this fact for the sake of argument, then still this incentive argument could not help to justify trademarks. The argument focuses on the trademark owner, not only ignoring the consuming public's role in trademarks formula, but also depriving them of their rights in the trademark. This argument suggests that incentive should be enhanced to trademark owners and in doing so and to provide the necessary incentive, trademark systems should protect the aspects that the public most values

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175 Zemer, *supra* note 9, at 60.

176 Kinsella, *supra* note 141, at 12.

177 *Id.*

178 Aoki, *supra* note 140, at 241.

and appreciates.[179] This is an infringement to the public's rights, as if they were passive in the trademarks context. Moreover, the benefits of undertaking a business and achieving financial gain and profits is the real incentive for traders; this is, as mentioned above, subject to market strategy and economic terms. It is questionable whether "the production of specific sorts of intellectual products depend upon" trademark protection and the incentives they provide. However, "[o]ther monetary or nonmonetary rewards . . . would be sufficient to sustain current levels of production even in the absence of intellectual-property protection."[180]

A number of scholars support this argument against the incentive rational. Tom Palmer totally opposes the economic theory and argues that there is no strong evidence that intellectual property rights provide an incentive or actually "result in an increase in innovation and creativity."[181] Stephen Carter also argues that "[t]rademark law . . . provides no incentive to create new marks."[182] He distinguishes between trademarks on the one hand and copyrights and patents on the other hand, and asserts that "[o]ne might conceive of an optimal supply of copyrighted works or patented inventions, but it makes no sense to refer to an optimal supply of marks as such."[183]

The second incentive argument, the incentive to produce quality products, imposes another kind of hurdles. It seems that the majority of the utilitarian argument focuses on an alleged fact; that trademarks provide the incentive for producers to produce products with high quality and to preserve this quality.[184] This "quality argument" finds its roots in Frank Schechter's argument. In his famous 1927 article, Schechter argued that trademarks no longer function as source or origin identifiers, rather "the true functions of the trademark are . . . to identify a product as satisfactory;" thus a trademark is the resemblance of quality.[185]

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179 Jessica Litman, *The Public Domain*, 39 EMORY L.J. 965, 997 (1990).

180 Fisher, *supra* note 3, at 180. Edwin Hettinger also opposes the utilitarian based justification; he argues that it is not evident that intellectual property systems increase the availability of intellectual works. *See* Hettinger, *supra* note 18, at 49.

181 Tom G. Palmer, *Intellectual Property: A Non-Posnerian Law and Economics Approach*, 12 HAMLINE L. REV. 266, 300 (1988-1989).

182 Carter, *supra* note 142, at 768.

183 *Id.*

184 Landes & Posner, *supra* note 142, at 271 (arguing that trademarks "are valuable because they denote consistent quality."). The quality assurance argument could be also found in Economides' argument. *See* Economides, *supra* note 143, at 525 (stating trademarks "encourage firms to maintain consistent quality."); Spector, *supra* note 17, at 272 (pointing out that the economic theory aims to provide "qualitative improvement of the production of material goods and services."); *see also* HIGGINS & JAMES, *supra* note 147, at 4-5.

185 Frank I. Schechter, *The Rational Basis of Trademark Protection*, 60 TRADEMARK REP. 334, 337 (Reprinted in 1970). The functions of trademarks will be the subject of further

As regards this claim, that trademark systems provide incentives for firms and producers to produce products or services of high quality, I believe that this argument is not convincing for a number of reasons.[186] First, because the practice in the field of trademarks shows that even though trademark systems exist, not all firms and producers are producing goods and/or services of high quality. This is because it is a relative issue that differs from one producer to another according to economic and market considerations. Second, even utilitarian scholars were confused regarding this quality assurance argument; some utilitarian theorists clearly argue that the function of trademarks is the quality resemblance, such as Landes and Posner. Others were less clear regarding this issue. Nicholas Economides for example, argues that trademarks are a means to identify and distinguish the source of the products or services. At the same time he argues that trademarks identify the quality of the product.[187] It is apparent that there is some confusion in this regard amongst utilitarian theorists. However, the incentive for producing quality products after all is a result, and a result could not justify the whole system of trademarks. Moreover, quality is a relative matter, and its assessment is different amongst consumers.

### *C. Consumer search cost and trademarks justification*

The opposition to the utilitarian theory does not mean that trademarks are not amenable to economic considerations. Rather, I believe that trademarks are justifiable according to the utilitarian theory, but this theory is not enough for the justification of the trademark system because partial aspect of this theory is reliable for this purpose. However, such ground is not exhaustive and could not be sufficient solely to justify trademarks because this theory fails to provide a limit to the proprietor's rights, and it does not draw a balance between the proprietor's rights and the public's rights. This is why this theory could not be exhaustive for trademarks justification. It needs another theoretical framework to provide limits and boundaries of the parties and to draw the required balance.

Trademarks, in fact, do reduce consumer search costs, and this is an important aspect thereof. Trademarks are indeed means for consumers to differentiate goods and services of one undertaker from those of others, without which consumers will not be able to choose the goods and services of their preferences.

However, it is essential to define "consumer search cost" in order to

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discussion.

186 This argument is driven from Frank Schechter's argument, which stress that trademark functions as quality tools, and are no longer a source or origin identifier, and are as such amenable to further and more protection.

187 Economides, *supra* note 143, at 524, 527.

understand how its reduction could be the basis for trademarks justification. In order to achieve this goal, one should imagine a world without trademarks. In this case, the consuming public would be unable to choose the articles they need to consume, because they would be unable to identify the products from amongst each other.[188] This leads us to the fact that trademarks provide the consumer with the information necessary to make the decision of purchase.[189] Indeed, "[a] trademark is a convenient way of giving the person searching in the market a great deal of information in a very small package. Trademarks are protected because they lower consumer search costs, enabling people to make quicker, cheaper decisions about what they want to buy."[190]

A cheaper decision is a decision which could be based on a trademark, because this mark makes the unobservable features and those of personal preference more clear, and thus consumers are able to make this decision without bearing huge efforts, which shall save time and resources.[191]

However, it should be borne in mind that the fact that trademarks do reduce and lower consumers' search costs should not be related to any other economic considerations because legal theory could not be based upon economic terms. As have been argued, economic rationales are artificial in the context of the justification and theory of trademarks. Thus, unlike the argument of utilitarian scholars,[192] one could not use the fact of the reduction of consumer search cost to conclude that this creates incentives to producers. Utilitarian scholarship seeks to assert such a connection but fails to justify any link between search costs and the incentive presumption. Moreover, this does not mean that the owner of a trademark can impose higher prices for his/her products because this trademark does lower

188 C. D. G. PICKERING, TRADE MARKS IN THEORY AND PRACTICE 88 (1st ed. 1998).

189 *See* Landes & Posner, *supra* note 142, at 277-78 (The information that a trademark provides to the consumer is manifested in identifying the origin and/or source of the goods and/or services, but not the quality as most utilitarian scholars argue. Those functions of trademarks shall be the subject of further discussion. Landes and Posner argue two kinds of information can be afforded by trademarks. The first is the information which "enables the consumer to identify the source of the good . . . [economizing] on search costs by lowering the cost of selecting goods on the basis of past experience or the recommendation of other consumers." The second is the "information about the product itself" which shall also lower search costs.).

190 Carter, *supra* note 43, at 105.

191 PICKERING, *supra* note 188, at 88.

192 Scholars argue that due to the fact that trademarks lower consumers search costs, this creates an incentive for consumers to produce goods or services with a certain amount of quality. Thus, "[t]rademark protection encourages the development of branding and distinctive products. Without trademark protection, companies might lack the incentive to produce quality goods, limiting commercial intercourse." Zemer, *supra* note 9, at 58. *See also* Landes & Posner, *supra* note 142, at 279 (arguing that "an important and widely recognized benefit of trademarks is that they give firms an incentive to improve the quality of their products.").

consumer search costs.[193] This is due to the fact that lowering consumer search costs is the basis for justifying a trademark system, not an economic ground to increase the article's price. Indeed, "the purpose of trademark law is not . . . to provide an incentive for the creation of new and better trademarks. Rather, . . . trademark law seeks to protect consumers by allowing product – and producer – differentiation that reduces the risk of consumer confusion and lowers search costs."[194]

Nevertheless, the problem with this theory is that it does not provide a limit for the protection accorded for trademarks. According to utilitarianism, the more trademarks reduce consumer search costs the more they are worthy of protection. This reaches to the conclusion that the protection of trademarks, if solely justified upon utilitarianism, could result in unethical and illegitimate monopolies in the hands of trademarks proprietors. This will not achieve the balance which utilitarian theorists seek and claim that this theory achieves. This leads to the important disadvantage of adhering to the utilitarian theory; according to which, no limitations are stipulated upon the rights granted to trademarks owners, resulting in extreme control over their trademarks which would be harmful to fair competition.

In conclusion, the utilitarian and economic theory could not be an exhaustive theoretical framework upon which trademark systems could be justified. Major aspects of this theory do not stand for this purpose. Artificial arguments which are in fact pure economic aspects are brought by this theory and are not familiar with legal theory. However, as argued earlier, partial argument in this theory is useful in trademarks justification, which is the consumer search cost rationale. However, if this ground is taken solely, the result will be the extreme maximization of the trademark owner's rights, and totally ignoring the public's rights whose rights are vital in the trademark equation. Thus, there should be another prospective to limit the utility and economic theory, and its conjunction with the economic theory could lead to the proper justification for trademark systems. Because this economic theory fails to provide a balance between the trademark owner's rights and the rights of the public, it could not solely stand to justify trademark systems. From this point, the next section tackles the Social-Planning theory and how it could be the ideal framework to provide the boundaries for trademarks protection, and the appropriate balance between the involved parties.

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[193] Such as the model suggested by Landes and Posner. *See supra* text accompanying notes 168-69.

[194] Viva R. Moffat, *Mutant Copyrights and Backdoor Patents: The Problem of Overlapping Intellectual Property Protection*, 19 BERKELEY TECH. L.J. 1474, 1488-89 (2004).

## V.
## THE SOCIAL-PLANNING APPROACH

*[T]he consumption of commodified representational forms is productive activity in which people engage in meaning-making to adapt signs, texts, and images to their own agendas. These practices of appropriation or "recoding" cultural forms are the essence of popular culture.*[195]

The last, and newest theory to justify trademark systems, is the Social-Planning theory. The naming of this theory was not a matter of consensus among scholars. For example, some suggest that the "Social-Planning Theory" could be the ideal labelling for this theory.[196] Others suggest "Social and Institutional Planning".[197] However, I will call this theory "The Social-Planning Theory" because this title reflects the adherence of this theory to the public role in the creation of trademarks and the need of the society to the expressive use of cultural signs and symbols.

Although the Social-Planning theory is "less well known than the other [approaches],"[198] it "is similar to utilitarianism in its teleological orientation,"[199] but still differs from the other approaches justifying intellectual property and trademark systems. This theory is dissimilar to utilitarianism "in its willingness to deploy visions of a desirable society richer than the conceptions of 'social welfare' deployed by utilitarians."[200] It also differs from the perspective from which it justifies trademark systems, in terms of its recognition of the public as an important factor in the trademarks formula. This theory is the most important in justifying trademarks and vital to providing a balance between the rights conferred upon the proprietor of the mark on the one hand, and the consuming public on the other. It also considers that the monopolistic nature of trademark rights shall have adverse effects upon free and fair competition, and thus, it recognizes the rights of other traders and rivals.[201]

Trademark owners do indeed work and labor on the creation of their marks. They also invest a large amount of effort in providing positive connotations in the minds of consumers. In today's era, the availability of

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195 Rosemary J. Coombe, *Objects of Property and Subjects of Politics: Intellectual Property Laws and Democratic Dialogue*, 69 TEX. L. REV. 1853, 1863-64 (1990-1991).

196 Fisher, *supra* note 3, at 174.

197 Zemer, *supra* note 9, at 65.

198 Fisher, *supra* note 88, at 1214.

199 Fisher, *supra* note 3, at 173.

200 *Id.*

201 In its recognition of the rights of other traders, this theory stresses on a number of doctrines which shall de-monopolize trademark rights, such as the cancellation for non-use of trademarks concept, honest concurrent doctrine, etc.

mass media channels plays an important role in creating positive connotations with trademarks. The spread of advertising means enabling trademark owners to preserve and reinforce the image of their marks in the eyes and minds of their potential consumers. However, this theory focuses on the reaction of the consuming public, and whether this reaction has any effect upon the legitimacy and the justification of trademark systems, and whether the public's association of the mark with certain means shall have any effect. It is also crucial to assess the cultural role of trademarks and its implication on the free will of the public, as well as the public's right to fully express itself through social commentary.

When first enacted, trademark legislations provided a protection for different purposes than those existing now.[202] Trademarks were, in the first place, formulated to protect the consumer from any potential confusion as to the source or origin of goods and/or services, and ultimately to preserve the interests of the consuming public. However, today the protection is widened to the extent that trademarks protection could be harmful to the consuming public and in favor of trademark proprietors. This shall result in cultural distortion because depriving the public from using trademarks to express itself shall result in adverse effects over the culture. Trademarks "may deprive us of the optimal *cultural* conditions for dialogic practice."[203] They could also "be used to prohibit access to, and use of, many cultural forms."[204] Moreover,

[o]ur intangible assets are indeed valuable, but an overbroad grant of monopoly rights to prior creators may retard the development of new intellectual products and sometimes may interfere impermissibly with the autonomy of others and with efforts by individuals to achieve cultural self-determination[,] . . .impair[ing] our culture's ability to respond flexibly to future opportunities and dangers.[205]

Indeed, such an exaggeration of protection in favor of the trademarks owners shall deprive the consuming public of some fundamental rights. For

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202 Unlike copyrights and patents, trademark systems were not designed to provide an incentive in the way described in Section 8 of the U.S. Constitution. They were formulated to prevent consumer confusion and protect them in the first place. However, the current trend has diverted from the right track and granted full regard to the trademark owner and his/her interests.

203 Coombe, *supra* note 195, at 1866. *See* ROSEMARY COOMBE, THE CULTURAL LIFE OF INTELLECTUAL PROPERTIES 42 (1998) (arguing that "[i]n the current climate, intellectual property laws often operate to stifle dialogic practice in the public sphere, preventing us from using the most powerful, prevalent, and accessible cultural forms to express alternative visions of social worlds.").

204 Jason J. Bosland, *The Culture of Trade Marks: An Alternative Cultural Theory Perspective*, 10 MEDIA & ARTS L. REV. 99, 100 (2005), *available at* http://www.ipria.org/publications/workingpapers/WP13.05.pdf (last visited Nov. 28, 2006).

205 Wendy J. Gordon, *On Owning Information: Intellectual Property and the Restitutionary Impulse*, 78 VA. L. REV. 149, 157 (1992).

example, the right of freedom of speech will be violated.[206] The extension of trademark protection shall have deep implications over the public's right over trademarks because this will put all the rights under the disposal of the trademark owner preventing the public from using it for expressive and cultural purposes. And "[i]f investment is dispositive of the trademark owner's right to control, then the public's ability to evoke the expressive dimension of marks is in danger of significant restriction."[207]

Thus, it is important to discuss the arguments underlying this theory; that trademarks are cultural and expressive tools, and that the public contribute in the creation of trademarks. Then, a proposed rationale for this theory shall be argued, in order to suggest an ideal framework for this approach.

### *A. Cultural and expressive use of trademarks*

The premise underlying this theory is that trademarks no longer play the conventional role they used to in the past. Trademarks are a means of cultural communication between individuals, enabling them to express themselves freely and deliver their messages through the world around them. The public uses trademarks and associates certain meanings of preferences or disgrace. Trademarks "can develop into fertile sources of collective popular culture . . . by which individuals identify, translate, interpret, and critique the world around them."[208] This means that trademarks are not quality assurance tools, and not only a source identifier, but more importantly, a way of expressing one's self in a cultural context.[209] This shall enrich the cultural diversity through the imaginary meanings which the public attribute to signs and symbols. The Social-Planning theory "is largely devoted to discussing ways to maintain a strong civic culture that benefits from a reasonably balanced social and institutional intellectual property regime."[210]

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206 This right embodies a number of sub-rights such as the right of parody, satire and social criticism, etc. *See* Robert J. Shaughnessy, *Trademark Parody: A Fair Use and First Amendment Analysis*, 72 VA. L. REV. 1079, 1107-12 (1986).

207 Rochelle C. Dreyfuss, *Expressive Genericity: Trademarks as Language in the Pepsi Generation*, 65 NOTRE DAME L. REV. 397, 405 (1990).

208 Bosland, *supra* note 204, at 101. *See also* Keith Aoki, *How the World Dreams of Itself to be American: Reflections on the Relationship Between the Expanding Scope of Trademark Protection and Free Speech Norms*, 17 LOY. L.A. ENT. L.J. 523, 528 (1997) (arguing that "[i]n today's societies, symbols that once functioned simply to indicate the source, origin, and quality of goods, have become products valued as indicators of the 'status, preferences, and aspirations of those who use them. Some trademarks have worked their way into the English language; others provide bases for vibrant, evocative metaphors'.").

209 Aoki, *supra* note 208, at 544 (pointing out that "ownership in text displaces the ability of individuals to engage in the creation of self and cultural identity.").

210 Zemer, *supra* note 9, at 65.

A proper interpretation in the justification provided by the Social-Planning theory presumes that trademarks function as source and origin identifiers. This should be regarded as the primary function thereof, and it also refuses the argument that trademarks are quality identifiers, as argued by the utilitarian and economic theory. However, this should coexist with the emphasis of this theory on protecting the consuming public in this context.

Trademarks are not only important in reducing consumer search costs and helping consumers to choose the products they require. The Social-Planning theory suggests that trademarks also are culturally "vitally important"[211] for protecting "our social interests in freedom of speech, [and] promoting expressive activity."[212] This theory lies "in the proposition that property right should be shaped so as to help foster the achievement of a just and attractive culture."[213] In this attractive society, "all persons would be able to participate in the process of making cultural meaning. Instead of being merely passive consumers of images and artifacts produced by others, they would help shape the world of ideas and symbols in which they live."[214]

This goal is achieved by recognizing the public's role, and hence, allowing them to use trademarks in the cultural context. Keith Aoki argues that textual symbols play a significant role in "both cultural and personal identity."[215] He provides an example to illustrate this idea; the Harley-Davidson trademark.[216] This mark was first used to symbolize personal freedom, but afterwards it was used by private entities to distinguish their products. Aoki clarifies that "[w]hile Harley-Davidson can generally be understood to represent personal freedom, within the Harley-Davidson subculture discrete groups interpret the core set of values associated with Harley-Davidson so as to render them consistent with their 'prevailing life structures'."[217]

Another example of this was provided by Aoki - a graphic designe group from Sarajevo named Trio used a number of postcards and depicted some western trademarks "to convey their demand for the return of their

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211 Bosland, *supra* note 204, at 1.

212 COOMBE, THE CULTURAL LIFE OF INTELLECTUAL PROPERTIES, *supra* note 203, at 54.

213 Fisher, *supra* note 88, at 1214; *see also* Fisher, *supra* note 3, at 172.

214 Fisher, *supra* note 3, at 193.

215 Aoki, *supra* note 208, at 527.

216 This mark consists of a "spread-winged eagle." *Id.*

217 *Id.* at 528. As this part of the study is not tackling well known trademarks, and although the Harley-Davidson trademark is considered famous and well known, this example was driven to illustrate the way in which the meaning of a trademark could be transformed, and the role consumers play in this transformation. It also clarifies how trademarks are an important factor in the public's culture.

most fundamental human right, the right to exist."[218] Such examples illustrate how trademarks are no longer a means used in trade to perform certain functions. The public use trademarks in different social context to express their ideas, fears, thoughts, etc. . . Trademarks have become tools to convey messages to the public.

Coombe, a significant social theorist, starts her argument by defending the social approach to intellectual property in general, and to trademarks in particular, by discussing the difference between the objective world and the subjective self. According to her, "the objective world is the cultural construction of social subjects and that subjectivity itself is a product of language and cultural practice, . . . [and] . . . [w]hat we experience as social reality is a constellation of cultural structures that we ourselves construct and transform in ongoing practice."[219]

For Coombe, "mass media imagery and commodified cultural texts provide the most important cultural resources for the articulation of identity and community in western societies."[220] However, Coombe's concern and fear are that "objectifying and reifying cultural forms" shall result in "freezing the connotations of signs and symbols and fencing off fields of cultural meaning[s]."[221] Thus trademarks laws shall restrict "certain forms of political practice[s],"[222] in particular the right of freedom of speech. This right is protected in the United Kingdom under Article 12 of the Human Rights Act,[223] and in the United States of America under the First Amendment.[224] As one scholar has argued, "the essence of the first amendment claim is that there are instances in which the loss of vocabulary is, effectively, the loss of the ability to communicate."[225]

An instructive example which is brought by the majority of the social theory literature[226] is the Gay Olympic case. In this case, a Californian non-profit gay advocacy group called San Francisco Arts and Athletics Inc. (SFAA) intended to promote an Olympic games for gays, under the name "Gay Olympic Games." However, under the United States Amateur Sports Act of 1978, the use of the word "Olympic" is restricted to the United

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218 *Id.* at 541.

219 Coombe, *supra* note 195, at 1858.

220 *Id.* at 1864.

221 *Id.* at 1866.

222 *Id.*

223 Human Rights Act, 1998, c. 42, § 12 (Eng.).

224 U.S. CONST. amend. I.

225 Dreyfuss, *supra* note 207, at 412.

226 Coombe, *supra* note 195, at 1874-76; *see also* TONY MARTINO, TRADEMARK DILUTION 63 (1996); Aoki, *supra* note 208, at 539-40; Bosland, *supra* note 204, at 6; Dreyfuss, *supra* note 207, at 398-99, 404-05; Marla J. Kaplan, *Antidilution Statutes and the First Amendment*, 21 SW. U. L. REV. 1139, 1145-46 (1992).

States Olympic Committee (USOC), and it is the only party to use this mark and to enable and authorize other parties or entities to its use. The Act also entitles USOC to prohibit others from using the Olympic mark, whether such use is likely to cause confusion or not.[227] USOC filed a case requesting that SFAA refrain from using the Olympic mark. SFAA alleged that its use of this mark falls under the ambit of the first amendment, and thus, could not be prohibited[228] because the aim of this game was "to promote the acceptance and profile of the gay community,"[229] and to "convey a political statement about the status of homosexuals in society."[230] The court rejected the SFAA claim and ruled that the prohibition of the use of the mark Olympic did not prohibit SFAA from conveying its message.[231] The court stressed USOC's rights because

[the] use of the word by other entities to promote an athletic event would directly impinge on the USOC's legitimate right of exclusive use[, and] [t]he mere fact that the SFAA claims an expressive, as opposed to a purely commercial, purpose does not give it a *First Amendment* right to appropriate [the value which the USOC's efforts have given to the word].[232]

However, Justices Brennan and Marshall of the Court have dissented. They argued that the court has broadened the prohibition in the Amateur Sports Act to include non-commercial speech,[233] which is unacceptable. They have pointed out that "[b]y prohibiting use of the word 'Olympic,' the USOC substantially infringes upon the SFAA's right to communicate ideas"[234] and its right to deliver the message it was trying to convey.

As the court in the Olympic gay case has provided, this case is different from regular trademark cases in a number of aspects; the Olympic mark is not protected under trademark legislations; rather, it is protected under a *sui generis* system,[235] which is the Amateur Sports Act. Moreover, the USOC does not need to prove the existence of confusion or likelihood

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227 Amateur Sports Act of 1978 § 110, 92 Stat. 3048, 36 U.S.C. § 380 (current version at 36 U.S.C.S. § 220506).

228 *San Francisco Arts & Athletics, Inc. v. United States Olympic Comm.*, 483 U.S. 522, 523 (1987).

229 Bosland, *supra* note 204, at 6.

230 *San Francisco Arts & Athletics, Inc.*, 483 U.S. at 535.

231 *Id.* at 536.

232 *Id.* at 540-41.

233 *Id.* at 568.

234 *Id.* at 570. Although the court considered SFAA's acts as commercial acts, which are subject to limited first amendment rights, Justices Brennan and Marshall considered that its acts are not commercial. Because even if public interest groups attempt to sell some items, this does not mean that they aim profit out of that, they merely try to "support their activities through sales of items bearing their slogans." Dreyfuss, *supra* note 207, at 411.

235 Dreyfuss, *supra* note 207, at 404.

of confusion.[236] However, fears exist that this judgment could be applied to ordinary trademark cases,[237] which shall have adverse effects on the cultural life of society at large, and deprive individuals and entities of their essential right to express themselves through democratic dialogue. As one scholar has pointed out, the judgment of this court "puts in jeopardy the public's ability to avail itself of the powerful rhetorical capacity of trademarks."[238]

The Gay Olympic case also demonstrates another social significance of trademarks. They are socially important for democratic dialogue amongst individuals, as people are using them in their communication, because "dialogue is always already our state of being and consciousness."[239] A telling example has been provided by one scholar; where two children from two different social and cultural backgrounds have met, one of them tries to communicate with the other by saying "Ninja, Ninja, Ninja Turtles," waiting for the reaction from the other child, but he/she did not respond because his/her parents were restricting their child's watching of television. Hence, the communication between the two of them failed because of the lack of communicative tools.[240]

The case in trademarks is different from other intellectual property systems. A trademark's value has developed in such a way that it becomes a product in its own right and as such, trademarks are "consumed as products themselves."[241] Furthermore, as Coombe correctly remarks, "in many sectors of the economy, texts deployed to market goods may be more valuable than the physical assets necessary to create the product."[242] However, in other intellectual property systems, the owner of the work of intellect is only remunerated though the selling of his work, and hence the exclusivity of the rights to the owner is vital. On the other hand, in the case of trademarks, the owner is remunerated by several means, for instance, the selling power of the mark and the profits of selling the article itself. The exclusivity in favor of the trademark owner is only necessary to identify the source of the products and/or services. As long as the trademark identifies the source function, there is no harm to the trademark owner from the public's expressive use of the mark in the social cultural context,[243]

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236 *San Francisco Arts & Athletics, Inc.*, 483 U.S. at 531.

237 *See, e.g.*, Dreyfuss, *supra* note 207, at 404 (arguing that the outcome resulting from the court's decision "will surely be transformed to trademark claims.").

238 *Id.* at 398.

239 COOMBE, THE CULTURAL LIFE OF INTELLECTUAL PROPERTIES, *supra* note 203, at 47.

240 *Id.* at 53.

241 Bosland, *supra* note 204, at 101.

242 *The Cultural Life of Intellectual Properties* (n203) 56.

243 *See* Dreyfuss, *supra* note 207, at 408 (arguing that in other intellectual property systems the "law protects the one and only product that the creator has for sale," but in

especially since that developing new words to substitute the expressive use of the mark is a long and complicated process.[244] Concluding that the cultural and expressive use of the mark does not affect nor deprive the owner from his/her proprietary rights, rather it strikes a balance between him/her and the public.

### *B. Trademarks' creation and the public role*

The way in which trademarks are formulated is not limited to the proprietor's intellectual labor and the fixing of the mark over the products. The failure of other theoretical justifications to take account of the collective nature of trademarks is an important barrier against their applicability to trademarks.[245] A point of major importance, which all other approaches ignore and fail to address, is the role the consuming public plays in the meaning-making of the trademark. As one scholar has argued, "[m]eaning is . . . given to trademarks by the endless stream of possible interpretations imposed by the audience/consumer/reader."[246]

In the same sense, while discussing the author in the context of copyright, Ronald Barthes argues that the author of a work "is always conceived of as the past of his own book[, . . . however t]he reader is the space on which all the quotations that make up a writing are inscribed without any of them being lost; a text's unity lies not in its origin but in its destination."[247] By analogy, in the field of trademarks, Barthes' argument could be construed in the sense that the meaning of a trademark is not constituted by its owner, but rather though its destination – the public at large. This is evident in the way a trademark becomes a generic mark, which is due to the kind of recognition the consuming public attribute to the mark. The association of the mark with a certain kind or class of products renders the mark generic. The same applies to the secondary meaning doctrine, according to which the public's recognition of the mark as a mark identifying the products and/or services of a certain undertaker or manufacturer could make such marks registrable, even though it was not eligible for registration. Those examples clarify the role of the consuming public in the meaning-making of trademarks.

In his seminal work, Steven Wilf tries to provide an answer to the title of his article, "Who Authors Trademarks?". Wilf has developed what he

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trademarks the owner "is really in the business of selling . . . different product[s].").

244 *Id.* at 416.

245 For example, Locke's labour theory did not recognize the collective nature of trademarks, "and this is . . . the greatest difficult[y] in applying [his treatise] to intellectual property." Zemer, *supra* note 48, at 918.

246 Bosland, *supra* note 204, at 7.

247 ROLAND BARTHES, *The Death of the Author*, in IMAGE – MUSIC - TEXT 145, 148 (Steven Heath trans., Fontana Press 1977).

calls the "Public Authorship Model." This model admits the role of the trademark owners, but argues that the public contributes in the creation of the trademark and is entitled to joint ownership of the mark with its proprietor.[248] As a practical model, Wilf argues that his model focuses on the often ignored role of the public in creating trademarks. He argues that "a trademark is a creature of symbolic language. Like any other symbol or text, trademarks do not simply appear out of whole cloth. They are authored."[249] According to Wilf, it is us – the public – who author trademarks.[250]

In order to legitimize trademark systems, we should first understand the manner according to which trademarks are created. The trademark owner either uses an existing word or sign, or he/she develops a new one. After the trademark is affixed and associated with the article and is put into circulation, the public grants this mark the meaning it finds appropriate. This meaning is based upon the consumers' consensus, through their purchasing habits. As this article tackles ordinary trademarks, as distinct from well known trademarks, it should be noted that the amount of recognition and meaning attributed to the ordinary trademark could be very minor or minimal, and still the public shall enjoy property rights in the mark as co-authors. This is because the public decided to grant the mark little or no recognition, and by this negative act of not granting any recognition or by limiting the recognition, the public has participated in the meaning-making of the mark.

Wilf has reached a similar approach, and "recognizes the dynamics of author-public interaction and . . . [o]n the basis of this collaboration between public and [trademark owners] he defends a joint property title to the public in [such] intellectual creations."[251] He argues that trademarks and their meaning-making are found by a process of three steps. The first step is the association stage in which "a producer associates a sign with an object."[252] Afterwards, this "association is recognized and invested with meaning by the public as an interpretive community."[253] Finally, "the object-sign association is contextualized within a broader cultural

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248 Wilf, *supra* note 49, at 5. It is interesting to distinguish the case of trademarks with other intellectual property rights. For example in copyrights, the rule is that the author enjoys the full right in his/her work and then comes the fair use doctrine to grant the public some entitlements over the work, whereas in trademarks, the trademark owner's rights "are limited *ab initio* because of the public contribution in creating the mark."

249 *Id.* at 6.

250 In Wilf's words, "[w]e [h]ave [m]et the [a]uthor and [h]e [i]s [u]s." *Id.* at 45.

251 Zemer, *supra* note 48, at 913.

252 Wilf, *supra* note 49, at 8.

253 ibid.

context."[254]

Wilf's argument is important, in the way it approaches the public role in the creation of trademarks. However, it has some shortcomings. It seems that Wilf did not recognize that ordinary marks are different from well known trademarks. The three step procedures do not necessarily apply to ordinary trademarks, and it is apparent that Wilf did not recognize that the recognition of ordinary marks could be minimal, and hence the third step may not apply to ordinary marks. However, this does not undermine Wilf's approach. His sub-theory – The Public Authorship Model – is vitally important because most of the literature in the field of trademarks does not grant the public any recognition in the creation of trademarks. Furthermore, Wilf's argument stresses the importance of theory in legitimizing and balancing interests in trademarks between the owner and the public.

The public contributes to the creation of trademarks. This contribution is manifested in the association it makes between the sign and the object, and the meaning-making it which it participates. It follows that the public is entitled to use trademarks in cultural and expressive contexts, and here comes the need to balance the rights between the owner and the public. The significance of the Social-Planning theory derives from the fact that it overcomes the shortage of all the other theories. It recognizes how a trademark is formulated and it rewards those who contribute in its creation; the trademark owner and the public, and provides a balance between them. Furthermore, this theory is "the juncture where practice and theory can meet and contribute to each other's development."[255]

### *C. Proposed rationale for the Social-Planning theory*

This section is devoted to provide a clear vision regarding the Social-Planning theory. This is important for the application of the Social-Planning theory for a number of reasons. First, because the argument of this theory is divided into a number of scholarly works, it is important to provide a clear vision regarding this theory. Second, this theory comes from the need to provide a solution to the extreme exaggeration of the extent of proprietary rights granted to trademarks owners, thus the argument of this theory needs to be clarified and well structured in order to legitimize the need for drawing a balance in the conferred rights and the reason for recognizing the public's entitlement in the context of trademarks.

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254 ibid.

255 Zemer, *supra* note 9, at 66. Although Zemer was discussing the case of copyrights, his argument may be applied to trademarks as well. He argues that "if we would invite into discussions on copyright law and policy similar theoretical considerations, copyright laws would not only reflect these issues but theories themselves would ensure that they do not develop in isolation from what the 'real' intellectual property would need."

This theory seeks to ensure that trademark systems are formulated to achieve a just and attractive culture. In this culture, trademarks are a means of democratic and civic dialogue. In order to achieve this goal, it is necessary to perceive the formulation process of trademarks.

In the first stage of trademarks creation the trademark owner chooses and/or invents a new word and affixes it on his/her goods and/or services, and puts the article bearing the mark in circulation in the market. In the second stage, and after the trademark is in circulation, the public starts to recognize the mark. This stage is important because the degree of the public's recognition determines the amount of protection granted to trademarks. The public's recognition varies and is different from one mark to another. In this sense, the public's role is crucial in determining the amount of recognition that a mark deserves. In some instances the public's recognition of a trademark is minimal, but this does not mean that the public role in recognizing the mark does not exist and hence there is no entitlement to the public in such marks. On the contrary, the public's role is still strongly present because the public decided to grant limited recognition to the mark. In other instances the recognition reaches a high level to the extent that renders the mark generic.[256]

Since the trademark owner and the public have contributed in the creation of the trademark, then the owner and the public are the parties to enjoy the rights and prerogatives in the mark. One the one hand, the trademark owner shall enjoy the right to use his/her trademark in the course of commerce, and to exclude others from using his/her mark in trade context and on the same class of goods and/or services to which they are registered and/or used. On the other hand, the public shall enjoy the right to use the mark in cultural and expressive contexts, using it in expressing their ideas, wills and needs, etc.

The public's consumption habits and the recognition of trademarks lead to the use of trademarks for cultural and expressive purposes. This in turn shall result in the meaning-making of the mark. Because, since the public are allowed to practice their rights in the mark for cultural and expressive purposes, then the mark could be attributed certain meanings which are distinct from the use of trademark by its proprietor. This whole process is the manner that makes trademarks a factor of achieving a just, attractive and proper culture.

It should be also noted that in order to achieve a just and attractive culture, trademarks should be accorded protection in the light of their main function as source and origin identifiers. The benefits of this function are that the owner's protection is confined to these boundaries. This means that other traders are allowed to use the same mark on similar goods and/or

256 *See supra* text accompanying note 152.

services if their use shall not confuse the public as to the source and origin of the products in question. Emphasis should also be directed towards protecting the consuming public against any use which is likely to cause any confusion as to source and origin. This is vital because the public, who attributed the association between the mark and the products, should retain the right to maintain this association. Others should not alter or change this association, otherwise they should be considered as infringers.

In conclusion, the Social-Planning theory recognizes the rights of the trademark owner in protecting his/her mark as it identifies the source and origin of his/her products. It ensures to other traders and rivals that they shall be able to use the mark on similar or dissimilar products, if such use shall not affect the ability of the senior mark from distinguishing the source and origin of its owner. Finally, and most importantly, the public who is a co-author of the mark should be protected from any use by other traders which shall confuse it as to the source and origin of the products, and which might alter the association it attributes to the mark. It shall enjoy the fundamental right to use trademarks for cultural and expressive purposes.

All in all, the suggested justification of trademark systems is achieved by linking the economic theory with the social institutional planning theory, according to which trademarks are justifiable upon economic terms because they reduce consumer search costs. Then the Social-Planning theory regulates the rights and their grant to the right holders; the trademark owner and the public. The benefit of the Social-Planning theory is that it defines the limits of the parties' rights, admits the public role in the creation of trademarks, and recognizes the right of the public to the expressive and cultural use of trademarks, giving each party his due and achieving the aimed justice.

## VI.
## CONCLUSION: THE VALUE OF "ECONOMIC-SOCIAL PLANNING" OF TRADEMARKS

This article has discussed the theoretical justifications for trademarks. It has clarified the importance and value of theory in the context of trademarks. Theories underpinning trademarks are vital in determining the parties in the trademark formula and the rights they are entitled to, and to draw a balance between the right holders. This article has also clarified the public's entitlements in regards to trademarks and its role in the meaning-making of trademarks.

It has been argued and proved that the labor theory of property falls short of justifying trademarks, mainly because this theory also fails to justify why laboring is a basis for property. Such theory was designed to legitimize tangible property and it does not pay heed to intangibles.

Moreover, when trying to apply its rationale to trademarks, the conclusion is that the labor theory does not justify trademarks because the nature of trademarks differs from that of tangible property.

As in the case of Locke's labor theory, the Hegelian personhood approach also fails to justify trademarks, but for different reasons. Hegel's theory embodies an argument for intangible property, but it does not apply to trademarks because it fails to justify the alienability of trademarks, given that trademarks reflect little or no personality of their creators.

This article has suggested a reinterpretation of the justification of trademarks. This reinterpretation requires the drawing up of new philosophical foundations of trademarks. This could be achieved through what could be called "economic-social planning justification," which is the combination of utilitarian and economic theory on the one hand and the Social-Planning theory on the other hand, because as scholars argue "there is no unitary justification for intellectual property."[257] This theoretical framework, suggested by this article, starts from the premise that trademarks are justifiable in economic terms due to the fact that they reduce consumer search costs,[258] and the role of the Social-Planning theory is to set out the limits and boundaries of this.

Social-Planning theory is extremely important in comprehending the way in which trademarks are "authored"[259] and created. It acknowledges the public role in associating the mark with goods and/or services, a role that is eligible for recognition and protection. Hence, the public is entitled to use the mark for cultural and expressive uses, and others are entitled to use the mark in goods and/or services in a different way from the use of the original owner. More importantly, the Social-Planning theory assures a fundamental human need which is the right of freedom of expression.

Finally, trademark scholars should employ extensive efforts to envision the proper manner of combating the existing protection provided by current legal systems. Super powers in today's world are directing a huge effort towards maximizing and monopolizing the protection of trademarks on an international level, and imposing this protection in other jurisdictions. The aim of this is to protect the marks of their companies everywhere in the world. As Aoki argues, trademark legislations should not allow individuals and corporations, namely "Corporate America," to violate and thieve the public's right in the meaning-making of trademarks.[260] It is

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257 Zemer, *supra* note 9, at 70.

258 Adherence to utilitarian and economic theory should be understood in a strict manner because the consumer search cost argument is the only reliable argument in this theory's rationale. Arguments such as the incentive and the wealth maximization arguments are not part of the suggested model.

259 Wilf (n49) 45-46.

260 Aoki (n208) 546.

hoped that the suggested "economic-social planning" model could be a gateway for more scholarship in favor of challenging this dilemma, leading to greater clarity in respect of the basis of trademark protection.