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# TRADEMARKS AND PRIVATE ENVIRONMENTAL GOVERNANCE

David E. Adelman\* & Graeme W. Austin\*\*

*This Article examines the relationship between private environmental governance and trademark law. Over the past two decades, green trademarks and other forms of private governance have flourished in tandem with the retreat from national and international public law modalities of environmental regulation. The rising political opposition to environmental regulation partly accounts for this change. Also relevant is the rise of globalization, which due to jurisdictional and trade constraints has diminished the effective regulatory control countries have over products sold in their markets.*

*Private environmental governance is premised on consumers “voting with their wallets” by selecting products that reflect not just their instrumental preferences, but also their values. The potential of this form of private governance has not been realized, however, in part because consumers are often overwhelmed by information from multiple green trademarks with different standards or criteria. The resulting congestion of market information has undermined the communicative function of green trademarks that is essential to enabling consumers to make environmentally responsible choices.*

*For a variety of reasons, trademark law is premised on a narrowly prescribed role for trademarks that is poorly adapted to facilitating information-based forms of private governance. Instead, intramural battles over the scope of trademark rights—ignited by overreaching corporate branding strategies—have elevated a reactionary turn in trademark theory that reduces trademarks solely to identifying the specific source of a product or service. We argue that the normative ends of private environmental governance should factor into, though by no means determine, trademark policy.*

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## INTRODUCTION

Can trademark law empower consumers to select products that reflect not just their instrumental preferences but also their values? The answer might seem obvious. Consumer markets are awash in product certifications that, to name just a few, alert consumers to corporate labor standards, fair trade policies, and environmental practices.<sup>1</sup> In this Article, we focus on “green trademarks”—or “ecolabels”—that convey information about the sustainability of production and manufacturing processes, the environmental impacts of commercial operations, and the safety of materials in end-products.<sup>2</sup> In part as a response to economic globalization,<sup>3</sup> hundreds of ecolabels have been established and reputable programs have emerged over time and succeeded commercially.<sup>4</sup> Third-party environmental certification is now a mainstream form of private governance and, by implication if not always by design, trademarks are essential to its success.<sup>5</sup>

This Article examines the legal boundary issues impacting information-based forms of private governance that incorporate elements of intellectual property and environmental law.<sup>6</sup> The principal source of tension we identify is the divergent motivations that animate the two legal domains. Environmental governance in the form of product certification fills information gaps

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1 See Jeanne C. Fromer, *The Unregulated Certification Mark(et)*, 69 STAN. L. REV. 121, 125–26 (2017). Examples include “Fair Trade,” Starbucks’s “C.A.F.E. Practices,” and “FSC Forest Management.” See Doug Miller & Peter Williams, *What Price a Living Wage?: Implementation Issues in the Quest for Decent Wages in the Global Apparel Sector*, 9 GLOBAL SOC. POL’Y 99, 109 (2009); Michael P. Vandenbergh, *Private Environmental Governance*, 99 CORNELL L. REV. 129, 149, 151 n.100 (2013).

2 See *What Is Ecolabelling?*, GLOB. ECOLABELLING NETWORK (2017), <https://www.globalecolabelling.net/what-is-eco-labelling>; see also Margaret Chon, *Marks of Rectitude*, 77 FORDHAM L. REV. 2311, 2311 & n.3 (2009); Maureen Beacom Gorman, *What Does It Mean to Be Green: A Short Analysis of Emerging IP Issues in “Green” Marketing*, 9 J. MARSHALL REV. INTELL. PROP. L. 774, 774–75 (2010). We use the terms “green trademarks” and “ecolabels” interchangeably.

3 See Vandenbergh, *supra* note 1, at 138.

4 See MIKE BARRY ET AL., TOWARDS SUSTAINABILITY: THE ROLES AND LIMITATIONS OF CERTIFICATION ES-4, 9 (2012), <http://www.resolv.org/site-assessment/towardsustainability/>.

5 The number of green trademarks is large and has increased rapidly. See *Green Is the New Black*, ADWEEK (June 24, 2009), <http://www.adweek.com/news/advertising-branding/green-new-black-105996>. In 2007, the U.S Patent and Trademark Office received more than 300,000 applications for green trademarks for brand names, logos, and taglines. See JACQUELYN A. OTTMAN, THE NEW RULES OF GREEN MARKETING: STRATEGIES, TOOLS, AND INSPIRATION FOR SUSTAINABLE BRANDING 12 (2011).

6 Similar kinds of boundary issues arise at the intersection of innovation and environmental policy. See, e.g., Carolyn Fischer & Richard G. Newell, *Environmental and Technology Policies for Climate Mitigation*, 55 J. ENVTL. ECON. & MGMT. 142 (2008); Adam B. Jaffe et al., *A Tale of Two Market Failures: Technology and Environmental Policy*, 54 ECOLOGICAL ECON. 164 (2005); Richard G. Newell et al., *The Induced Innovation Hypothesis and Energy-Saving Technological Change*, 114 Q.J. ECON. 941 (1999).

related to public goods and common pool resources.<sup>7</sup> Most certification programs are established by private entities, both nonprofit and commercial, to provide information that enables consumers to select products that reflect their environmental values; in doing so, they create market incentives for businesses to meet heightened standards by facilitating product differentiation and premium pricing.<sup>8</sup> Trademarks, by contrast, safeguard market competition by preventing free riding and reducing consumer search costs.<sup>9</sup> The narrow focus reflected in these ends has been reinforced by widespread concerns about corporate branding strategies that threaten markets and free speech.<sup>10</sup> This experience has fostered an orthodoxy among academics and other commentators that strictly limits trademarks to “signaling” the origin of a product or service;<sup>11</sup> all other communicative functions are considered suspect—including those that facilitate product differentiation.<sup>12</sup>

We argue that the prevailing cabined view of trademarks is ill-adapted to the growing importance of private governance in a globalized world where markets, politics, and social policy are intertwined.<sup>13</sup> Understood broadly, private governance involves consumers “voting with their wallets,” that is, making market decisions that are not limited to satisfying purely self-interest-

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7 See Vandenberg, *supra* note 1, at 174; see also Jody Freeman, *The Private Role in Public Governance*, 75 N.Y.U. L. REV. 543 (2000).

8 See Vandenberg, *supra* note 1, at 176, 180, 184.

9 See WILLIAM M. LANDES & RICHARD A. POSNER, *THE ECONOMIC STRUCTURE OF INTELLECTUAL PROPERTY LAW* 170 (2003); see also Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839 (2007).

10 See Stacey L. Dogan & Mark A. Lemley, *Trademarks and Consumer Search Costs on the Internet*, 41 HOUS. L. REV. 777, 778–80 (2004); Jessica Litman, *Breakfast with Batman: The Public Interest in the Advertising Age*, 108 YALE L.J. 1717, 1731 (1999) (“Competition is, after all, the premise of the system.”).

11 See, e.g., *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 163–64 (1995) (“[A trademark] ‘reduce[s] the customer’s costs of shopping and making purchasing decisions,’ for it quickly and easily assures a potential customer that *this* item—the item with this mark—is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past.” (alteration in original) (citations omitted) (quoting 1 J. THOMAS MCCARTHY, *MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION* § 2.01[2] (3d ed. 1994))).

12 See *Ty Inc. v. Perryman*, 306 F.3d 509, 510 (7th Cir. 2002) (stating that “a trademark is . . . a concise and unequivocal identifier of the particular source of particular goods”); Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 817 (1927) (highlighting the very limited nature of the information communicated by a trademark: “while the consumer [need] not know the specific source of a trademarked article, he nevertheless knows that two articles, bearing the same mark, emanate from a single source”).

13 See LIZABETH COHEN, *A CONSUMERS’ REPUBLIC: THE POLITICS OF MASS CONSUMPTION IN POSTWAR AMERICA* (2003); see also Graeme W. Austin, *Trademarks and the Burdened Imagination*, 69 BROOK. L. REV. 827, 907–12 (2004); Douglas A. Kysar, *Preferences for Processes: The Process/Product Distinction and the Regulation of Consumer Choice*, 118 HARV. L. REV. 525, 527 (2004) (concluding that “[f]or better or worse, then, the market and the consumer are central to public policy at the beginning of the twenty-first century”).

driven preferences.<sup>14</sup> The noninstrumental nature of these interests implicates intangible characteristics, as opposed to directly discernible product qualities, that knowledge of a product's source alone typically does not address.<sup>15</sup> Recognizing these limitations, the Lanham Act contains a separate class of marks, "certification marks,"<sup>16</sup> that are specifically designed to communicate complex or less readily discernible product information.<sup>17</sup> Unlike conventional trademarks, certification marks are not used in commerce by the owner of a mark; nor do they signal a unique commercial source.<sup>18</sup> Instead, licenses to use certification marks may be issued to any company that meets the standards of a certifying entity.<sup>19</sup>

It would be a mistake, however, to conclude that the availability of certification marks resolves the shortcomings of trademark policy. First, the formal legal distinctions between certification marks and conventional trademarks are often meaningless for consumers; they view ecolabels of either variety as operating the same way in shared commercial spaces.<sup>20</sup> This functional overlap effectively erases any boundary between certification marks and conventional trademarks. In the case of sustainably grown coffee, for example, numerous third-party certification organizations exist, but many companies—including market leaders such as Starbucks<sup>21</sup>—use conventional trademarks as ecolabels to convey information about their sustainable practices.<sup>22</sup> Similar to certification marks, the use of private ecolabels is motivated by an amalgam of normative environmental commitments and marketing objectives that reflect consumer preferences.<sup>23</sup>

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14 Noa Tal, *Aesthetic Functionality: Trademark Law's Red Herring Doctrine*, 22 TEX. INTELL. PROP. L.J. 25, 29 (2013).

15 *Id.* at 62.

16 Certification marks are registrable under 15 U.S.C. § 1054 (2012). See discussion in Section II.A *infra*.

17 See Chon, *supra* note 2, at 2312; Fromer, *supra* note 1, at 127–28; see also Daphne Zografos Johnsson, *Signs Beyond Borders: Moving from Commodity to Differentiated Exports in the Coffee Industry*, in TRADEMARK PROTECTION AND TERRITORIALITY CHALLENGES IN A GLOBAL ECONOMY 125 (Irene Calboli & Edward Lee eds., 2014).

18 See Fromer, *supra* note 1, at 129.

19 Owners of certification marks cannot refuse to allow entities that comply with the certification standards to use the mark. See 15 U.S.C. § 1064(5)(D). For a detailed discussion of certification marks, see 3 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 19:90 (4th ed. 2008).

20 Juliane Reinecke et al., *The Emergence of a Standards Market: Multiplicity of Sustainability Standards in the Global Coffee Industry*, 33 ORG. STUD. 791, 792 (2012) (describing how "multiple overlapping standards, developed by both social movement organizations and firms, co-exist and compete for adopters in the same sector").

21 BARRY ET AL., *supra* note 4, at 41 (discussing the elements of Starbucks's C.A.F.E. Practices program).

22 See *infra* subsection I.B.2.

23 GLOBAL ECOLABELLING NETWORK, INTRODUCTION TO ECOLABELLING 4–5 (2004), <https://www.globalecolabelling.net/assets/Uploads/intro-to-ecolabelling.pdf>.

Second, the efficacy of ecolabels is vulnerable to consumer information overload,<sup>24</sup> which the proliferation of private ecolabels has greatly exacerbated.<sup>25</sup> The information conveyed by ecolabels is particularly vulnerable to this type of marketplace congestion because ecolabels correct information asymmetries related to a good's origin or manufacture that are not directly evident to consumers.<sup>26</sup> With these kinds of "credence" goods,<sup>27</sup> information asymmetries must be corrected *before* trademarks can enable consumers to trace products with environmental characteristics they like (or wish to avoid) back to a specific company.<sup>28</sup> The technical nature of this information increases the risk of information overload: the more ecolabels there are, the more information there is to process, and the more likely consumers will be to use shortcuts (that savvy marketing can exploit) or to give up entirely.<sup>29</sup> In addition, competition between third-party certification and private ecolabels (covered by conventional trademarks) can undermine environmental standards by propelling a "race to the bottom" in which certification organizations relax their standards to retain commercial users.<sup>30</sup>

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24 See Dorothee Brécard, *Consumer Confusion over the Profusion of Eco-Labels: Lessons from a Double Differentiation Model*, 37 RESOURCE & ENERGY ECON. 64, 65–66 (2014) (observing that "when consumers are given the choice between several labels, some of them turn away from the eco-labeled product"); Rick Harbaugh et al., *Label Confusion: The Groucho Effect of Uncertain Standards*, 57 MGMT. SCI. 1512, 1513 (2011) (finding empirically that "[a]s the number of different standards rises . . . the informativeness of labeling goes to zero").

25 BARRY ET AL., *supra* note 4, at 94 (describing how "the number of competing programs has increased at such a rapid pace that there is confusion in the marketplace").

26 Mark A. Cohen & Michael P. Vandenberg, *The Potential Role of Carbon Labeling in a Green Economy*, 34 ENERGY ECON. S53, S54 (2012) (describing such products as "credence goods" because consumers cannot discern "their potential harm to the consumer's (or public's) health—either at the point of purchase or through casual experience"); Jamie A. Grodsky, *Certified Green: The Law and Future of Environmental Labeling*, 10 YALE J. ON REG. 147, 150 (1993) ("Green marketing is more problematic than . . . other forms of advertising because consumers generally cannot substantiate environmental claims on their own. Although people can compare the taste of Coke and Pepsi, and observe their laundry after washing with Tide or Cheer, they generally cannot verify recycled content claims or statements about the ozone layer.").

27 Cohen & Vandenberg, *supra* note 26, at S54.

28 Olivier Bonroy & Christos Constantatos, *On the Economics of Labels: How Their Introduction Affects the Functioning of Markets and the Welfare of All Participants*, 97 AM. J. AGRIC. ECON. 239, 240 (2014) (observing that "[w]hile brand names facilitate reputation, and thus represent a good mechanism for improving information in the cases of search or experience attributes, their self-labeling nature does not allow them to deal with information problems related to credence attributes").

29 See Harbaugh et al., *supra* note 24, at 1513.

30 Luc Fransen & Thomas Conzelmann, *Fragmented or Cohesive Transnational Private Regulation of Sustainability Standards? A Comparative Study*, 9 REG. & GOVERNANCE 259, 260 (2015) (observing that "[w]ith businesses being able to choose between regulators, there might be a gravitational effect to the most lenient standards"); see Harbaugh et al., *supra* note 24, at 1512 (highlighting how "confusion by consumers is widely blamed for undermining the credibility of ecolabels, thereby reducing the incentive for firms to adopt them").

It is not necessary to adopt a particular stance on the relative merits of private governance and legal centralism<sup>31</sup> to recognize the virtues of private governance given contemporary politics. The intensifying ideological opposition to national environmental regulations and multilateral treaties has elevated the importance of private governance.<sup>32</sup> Almost daily, the prospects of government responses to pressing environmental and other global problems appear more remote.<sup>33</sup> In this context, private market-oriented interventions are among the few remaining viable responses to national and global environmental issues.

The political currents today also reflect, and in part are a response to, the rapid globalization that occurred following the end of the Cold War. The resulting expansion in trade was instrumental in stimulating interest in private environmental governance.<sup>34</sup> In the United States, widespread movement of manufacturing offshore drastically limited the government's capacity to regulate the exploitation of natural resources and production processes associated with goods entering its markets.<sup>35</sup> Free trade policies reinforced this loss of national control because they were premised on like goods being treated equivalently irrespective of their origin or how they were made.<sup>36</sup> As a result, commodities and manufacturing that were once largely domestic, and thus under the jurisdiction of U.S. regulators, were increasingly

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31 Cf. EDWARD PETER STRINGHAM, *PRIVATE GOVERNANCE: CREATING ORDER IN ECONOMIC AND SOCIAL LIFE* (2015).

32 See generally Matthew A. Cahn et al., *Bureaucracy, Politics, and Environmental Policy in the American West*, in *ENVIRONMENTAL POLITICS AND POLICY IN THE WEST* 36–38 (Zachary A. Smith & John C. Freemuth eds., rev. ed. 2007).

33 See, e.g., Ben Adler, *11 Things the Republican Party Just Promised to Do to the Environment*, MOTHER JONES (July 19, 2016), <http://www.motherjones.com/environment/2016/07/republican-platform-environment-cleveland/>; Coral Davenport, *Scott Pruitt, Testifying to Lead E.P.A., Criticizes Environmental Rules*, N.Y. TIMES (Jan. 18, 2017), <https://www.nytimes.com/2017/01/18/us/politics/scott-pruitt-testifying-to-lead-epa-criticizes-environmental-rules.html>; Henry Fountain & Erica Goode, *Trump Has Options for Undoing Obama's Climate Legacy*, N.Y. TIMES (Nov. 25, 2016), <https://www.nytimes.com/2016/11/25/science/donald-trump-obama-climate.html>; Amber Phillips, *Congress's Long History of Doing Nothing on Climate Change, in 6 Acts*, WASH. POST (Dec. 1, 2015), [https://www.washingtonpost.com/news/the-fix/wp/2015/12/01/congresss-long-history-of-inaction-on-climate-change-in-6-parts/?utm\\_term=.1114e1a64467](https://www.washingtonpost.com/news/the-fix/wp/2015/12/01/congresss-long-history-of-inaction-on-climate-change-in-6-parts/?utm_term=.1114e1a64467).

34 See SUSAN ARIEL AARONSON, *TAKING TRADE TO THE STREETS: THE LOST HISTORY OF PUBLIC EFFORTS TO SHAPE GLOBALIZATION* 101–06 (2001); BARRY ET AL., *supra* note 4, at ES-13; MONROE FRIEDMAN, *CONSUMER BOYCOTTS: EFFECTING CHANGE THROUGH THE MARKET-PLACE AND THE MEDIA* (1999); Tim Bartley, *Institutional Emergence in an Era of Globalization: The Rise of Transnational Private Regulation of Labor and Environmental Conditions*, 113 AM. J. SOC. 297, 308 (2007).

35 See BARRY ET AL., *supra* note 4, at 19–20; I.M. Destler, *America's Uneasy History with Free Trade*, HARV. BUS. REV. (Apr. 28, 2016), <https://hbr.org/2016/04/americas-uneasy-history-with-free-trade>.

36 See Mark Wu & James Salzman, *The Next Generation of Trade and Environment Conflicts: The Rise of Green Industrial Policy*, 108 NW. U. L. REV. 401, 411–12 (2014).

extracted or manufactured in countries with lax or nonexistent standards.<sup>37</sup> The impacts of this shift were hotly contested when the World Trade Organization (WTO) and the North American Free Trade Agreement (NAFTA) were established in the mid-1990s.<sup>38</sup> It was this experience along with faltering negotiations on multilateral environmental treaties that first prompted environmental activists to gravitate towards private governance.<sup>39</sup>

The ultimate success of these market-oriented initiatives depends on consumers being able to identify goods and services that reflect their environmental values. Trademarks are universally recognized as the principal tool consumers use to select commercial products.<sup>40</sup> And yet, because orthodox trademark theory restricts trademarks to ensuring that consumers can efficiently identify the *source* of a good or service,<sup>41</sup> measures that could enable consumers to select products based on their environmental preferences are significantly compromised. This Article undertakes a critical examination of trademark law and the opportunities for reforming it to encompass environmental values and preferences that are not purely instrumental.

This Article proceeds as follows: Part I describes the normative justifications for and emergence of ecolabels in the 1990s and then turns to two case studies—forestry and coffee—that illustrate how ecolabels operate in different market sectors. Part II describes the prevailing theory of trademarks, examines the existing caselaw relevant to green trademarks, and analyzes the shortcomings of trademark law with respect to ecolabels and private governance generally. Finally, Part III discusses the normative and practical implications of private environmental governance for trademark law and related federal policies. Several options for amending the Lanham Act are explored, ranging from categorical prohibitions on granting conventional trademarks to refinements of the legal doctrines for obtaining a trademark.

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37 See Sikina Jinnah & Julia Kennedy, *A New Era of Trade-Environment Politics: Learning from US Leadership and Its Consequences Abroad*, 12 WHITEHEAD J. DIPL. & INT'L REL. 95, 95–97, 100 (2011) (describing the limited consideration of environmental issues in U.S. trade agreements).

38 See JOHN J. AUDLEY, GREEN POLITICS AND GLOBAL TRADE: NAFTA AND THE FUTURE OF ENVIRONMENTAL POLITICS 2–3 (Barry Rabe & John Tierney eds., 1997); David E. Sanger, *Ideas & Trends; Trade War on the Home Front*, N.Y. TIMES (Sept. 14, 1997), <http://www.nytimes.com/1997/09/14/weekinreview/ideas-trends-trade-war-on-the-home-front.html>; Anne Swardson, *Trade Body Summit Targeted for Protests*, WASH. POST, Nov. 2, 1999, at A1.

39 GRAEME AULD, CONSTRUCTING PRIVATE GOVERNANCE: THE RISE AND EVOLUTION OF FOREST, COFFEE, AND FISHERIES CERTIFICATION 71–72 (2014); Bartley, *supra* note 34, at 305

40 See LANDES & POSNER, *supra* note 9, at 167.

41 The few examples of alternative perspectives are discussed in Graeme B. Dinwoodie & Mark D. Janis, *Confusion Over Use: Contextualism in Trademark Law*, 92 IOWA L. REV. 1597, 1599–1600 (2007); Megan Richardson, *Trade Marks and Language*, 26 SYDNEY L. REV. 193 (2004); Haochen Sun, *The Diversity of Interests in the Trademark Protection of Luxury Brands*, in DIVERSITY IN INTELLECTUAL PROPERTY: IDENTITIES, INTERESTS, AND INTERSECTIONS 426 (Irene Calboli & Srividhya Ragavan eds., 2015).



## I. GREEN TRADEMARKS AND PRODUCT CERTIFICATION

Green trademarks were not used widely in the United States until the 1980s,<sup>42</sup> when consumer interest arose broadly around organic food and sustainable products.<sup>43</sup> Foreshadowing the persistent problems with information overload, the initial wave of ecolabels was dominated by company-specific labels with vague claims about products being “eco-friendly,” “biodegradable,” or “recyclable” that lacked rigorous or consistent standards.<sup>44</sup> Interest in ecolabels at this time was driven by business marketing that left many consumers confused and skeptical about the claims being made.<sup>45</sup> The proliferation of misleading labels ultimately prompted the Federal Trade Commission (FTC) to issue guidance on standards for green trademarks in 1992, which greatly reduced the number of misleading labels and facilitated the emergence of reliable third-party certification programs.<sup>46</sup>

By the early 1990s, several leading government-sponsored certification marks were established.<sup>47</sup> These certification regimes became model programs, with the German “Blue Angel” ecolabel, the U.S. Environmental Protection Agency’s (EPA) “Energy Star” program, and the European Union’s “Ecolabel” being among the most influential globally.<sup>48</sup> In the United States, this success was facilitated by legal mandates, knowledge drawn from adjunct federal programs, and the perceived objectivity and credibility of federal agencies.<sup>49</sup> These advantages caused federal programs to crowd out private ones, but they also place significant limits on the number and types of programs.<sup>50</sup> For political, economic, and legal reasons, government labeling programs focus on end-product characteristics, such as energy efficiency, that require expertise and specialized equipment to assess, but little or no information on source materials or production methods. With the exception of a few programs tied to existing national regulatory programs (e.g., food and agricultural inspection), government labeling programs do not cover envi-

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42 A few precursors date back to the 1960s, such as the label for organic coffee established by the International Federation of Organic Agriculture Movements in 1967. AULD, *supra* note 39, at 7 tbl.1.1.

43 Abhijit Banerjee & Barry D. Solomon, *Eco-Labeling for Energy Efficiency and Sustainability: A Meta-Evaluation of US Programs*, 31 ENERGY POL’Y 109, 109 (2003).

44 *Id.*

45 *Id.*

46 *Id.* Canada and the United Kingdom promulgated regulations similar to those of the FTC around the same time, and a number of other countries rely on business guidance developed by the International Organization for Standardization (ISO) to mitigate the use of misleading labels (Australia, France, Norway). See Magali A. Delmas & Vanessa Cuerel Burbano, *The Drivers of Greenwashing*, 54 CAL. MGMT. REV. 64, 70 (2011).

47 See BARRY ET AL., *supra* note 4, at 19–20.

48 BARRY ET AL., *supra* note 4, at 29, 77; see also EUROPEAN ENVTL. BUREAU, THE EU ECOLABEL FACTSHEET (May 2017), <http://eeb.org/work-areas/resource-efficiency/eu-ecolabel/>.

49 Banerjee & Solomon, *supra* note 43, at 120.

50 *Id.* at 119–20.

ronmental conditions in other countries.<sup>51</sup> Beyond funding constraints, opposition from foreign governments on sovereignty grounds, restrictions imposed by trade regimes, and diplomatic considerations limit government-sponsored certification.<sup>52</sup> Federal programs such as Energy Star and Organic Certification have provided important models, but the number and types of such programs are strictly bounded.<sup>53</sup>

Independent third-party certification programs constituted a third wave of ecolabels that emerged in the mid-1990s as a response to the declining reach of national laws and faltering international negotiations.<sup>54</sup> Growth in international trade, which roughly doubled during the 1990s, occurred in conjunction with technological advances that fueled the move towards globalization.<sup>55</sup> These changes highlighted jurisdictional limits on regulating international trade that were compounded by liberal free trade regimes, which imposed new legal restraints on the conditions countries could place on goods entering their markets.<sup>56</sup> They also exposed tensions between the economic benefits of opening global markets, which advocates claimed would promote international development, and national environmental and labor policies.<sup>57</sup> During this period, trade and environmental disputes permeated public debate over globalization, and despite promising examples of compromise,<sup>58</sup> most environmentalists became disillusioned with countervailing efforts to promote progressive international governance by the early 1990s.<sup>59</sup>

Negotiations on international environmental treaties, most notably at the 1992 U.N. Earth Summit in Rio, fell far short of expectations in the midst of this global economic transformation.<sup>60</sup> Initially animated by the optimism following the end of the Cold War, negotiations leading up to the Earth Summit were plagued by conflicts over national sovereignty and the right to develop.<sup>61</sup> As a consequence, far from signaling a new world order of inter-

51 The “organic food” standard is the only such standard that has been codified into law in many countries. See Reinecke et al., *supra* note 20, at 809.

52 See Vandenbergh, *supra* note 1, at 138.

53 Banerjee & Solomon, *supra* note 43, at 120 (describing consumer preference for “seals of approval,” such as the EPA “Energy Star” seal, over “information labels,” such as the Department of Energy’s “Energy Guide” label).

54 BARRY ET AL., *supra* note 4, at ES-4; Bartley, *supra* note 34, at 298, 301.

55 BROCK R. WILLIAMS & J. MICHAEL DONNELLY, U.S. INTERNATIONAL TRADE: TRENDS AND FORECASTS 8 fig.4 (2012), <https://www.fas.org/sgp/crs/misc/RL33577.pdf> (imports more than doubled and exports came close to doubling from 1991 to 2000).

56 Sanger, *supra* note 38; Swardson, *supra* note 38, at A1.

57 Sanger, *supra* note 38.

58 The most notable examples of this are the environmental and labor side agreements under the North American Free Trade Agreement. Sanger, *supra* note 38. However, even they were—and are—far from universally viewed as being adequately protective of these interests. See, e.g., Bartley, *supra* note 34, at 331.

59 AULD, *supra* note 39, at 71–72; Bartley, *supra* note 34, at 317.

60 Bartley, *supra* note 34, at 320.

61 AUDLEY, *supra* note 38, at 2–3; Bartley, *supra* note 34, at 317; Sanger, *supra* note 38; Swardson, *supra* note 38, at A1. Negotiations over sustainable forestry practices were a

national cooperation, the Earth Summit exposed the persistence of long-standing political and economic barriers to international environmental governance.<sup>62</sup> Trade negotiations under the General Agreement on Tariffs and Trade (GATT) in 1994 and 1996 to 1997, and later the WTO regime, followed a similar pattern and ultimately failed to incorporate provisions on either labor or environmental standards that civil society groups viewed as adequate.<sup>63</sup> This was especially dispiriting in light of the political salience of the issues at the time and the intensity of activism around the WTO regime.<sup>64</sup>

The barriers to international governance and inexorable rise of international trade prompted a coalition of nongovernmental organizations (NGOs) and foundations, later assisted by national governments, to take action.<sup>65</sup> Recognizing the practical constraints on public law,<sup>66</sup> they explored models for “private governance” that avoided reliance on either national governments or multilateral treaties. Private third-party certification regimes quickly became an attractive model because they were immune to the growing opposition to national regulation within the United States and they circumvented potential trade challenges, which could only be brought against government regulations.<sup>67</sup>

Prior experience with successful divestment campaigns and consumer boycotts in the 1980s was also central to this realignment because it demonstrated that businesses were sensitive to market-oriented political activism.<sup>68</sup> Foremost among these campaigns were the boycotts of tropical timber in the late 1980s that were associated with large-scale threats to rainforests, as well as

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particular flashpoint in significant part because eighty percent of forests globally are publicly owned. See Marie-France Turcotte et al., *Explaining Variation in the Multiplicity of Private Social and Environmental Regulation: A Multi-Case Integration Across the Coffee, Forestry and Textile Sectors*, 16 *BUS. & POL.* 151, 152, 164 (2014).

62 Bartley, *supra* note 34, at 320 (describing the circumstances that led environmentalists to “interpret[ ] Rio . . . as additional evidence that private initiatives were the place to focus their energies”); Steven Bernstein & Benjamin Cashore, *Non-State Global Governance: Is Forest Certification a Legitimate Alternative to a Global Forest Convention?*, in *HARD CHOICES, SOFT LAW: VOLUNTARY STANDARDS IN GLOBAL TRADE, ENVIRONMENT AND SOCIAL GOVERNANCE* 33, 33–34 (John J. Kirton & Michael J. Trebilcock eds., 2004).

63 Bartley, *supra* note 34, at 332–33.

64 *Id.*; see also AUDLEY, *supra* note 38, at 2–3.

65 AULD, *supra* note 39, at 75 (describing how NGO efforts to pressure national governments and intergovernmental entities to take protective action on forestry issues grew in the 1980s but were unheeded and led to searches for alternatives to government regulation). By 1990, NGOs had lost faith in the intergovernmental entities, including the International Tropical Timber Organization (ITTO) and Food and Agriculture Organization (FAO), after years of urging them to take action. *Id.* at 75.

66 Benjamin W. Cashore et al., *Legitimizing Political Consumerism: The Case of Forest Certification in North America and Europe*, in *POLITICS, PRODUCTS, AND MARKETS: EXPLORING POLITICAL CONSUMERISM PAST AND PRESENT* 182 (Michele Micheletti et al. eds., 2004); Reinecke et al., *supra* note 20, at 794.

67 Bartley, *supra* note 34, at 315, 320–22, 332–33; Wu & Salzman, *supra* note 36, at 411–12.

68 AULD, *supra* note 39, at 69.

“naming and shaming” campaigns that exposed the lack of control major wood products companies had over their supply chains.<sup>69</sup> These campaigns provided a direct proof of principle in the early 1990s when large home improvement retailers in the European Union and United States agreed to stock wood products certified by the Forest Stewardship Council (FSC).<sup>70</sup> This success galvanized support for private third-party certification, and led to the establishment of several prominent global certification programs—in addition to FSC, the Marine Stewardship Council, the Rainforest Alliance/Sustainable Agriculture Network, and Social Accountability International.<sup>71</sup>

The use of green trademarks continues to expand today because of consumer demand, the reputational and market-entry benefits they provide for businesses, and their unique capacity to fill significant gaps in national and international environmental regulations.<sup>72</sup> Globally, green trademarks are now found in 199 countries and exist for 465 product categories spanning twenty-five industrial sectors.<sup>73</sup> Their influence is reflected in the market penetration of certified products and proliferation of ecolabels among leading businesses. For example, approximately seven percent of global ocean-capture fisheries were certified in 2011, but the global average masks much higher regional levels—about sixty percent of fisheries production was certified in the United States.<sup>74</sup> Similarly, certification in the forestry sector, which has two of the oldest certification programs, covers about thirty-three percent of the forests currently in production.<sup>75</sup>

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69 BARRY ET AL., *supra* note 4, at 30; Bartley, *supra* note 34, at 317, 320–21 (during the early 1990s, bans on tropical timber were passed in 100 European cities, several European countries, and a few U.S. cities). Governments were critically important in the establishment of certification programs in the early 1990s. The Austrian government enacted a ban on imports of tropical timber not sustainably managed, which led to a threatened unfair trade practice challenge under the GATT. While the Austrian government rescinded the law in response, it used the money earmarked for implementing it to support establishment of the FSC. *Id.*

70 AULD, *supra* note 39, at 82; Bartley, *supra* note 34, at 323–34.

71 BARRY ET AL., *supra* note 4, at ES-4, 7; Bartley, *supra* note 34, at 326–27, 326 fig.3 (observing that exposés of poor labor practices in the mid-1990s similarly prompted apparel companies to support certification regimes for labor standards as a means of protecting their brands).

72 BARRY ET AL., *supra* note 4, at A-126. Moreover, this rapid growth is expected to continue due to rising consumer demand and commitments of leading companies to source products or materials from certified suppliers. *Id.* (describing recent commitments by companies such as Unilever, Kraft, Nestle, Dole, Chiquita, and Mars to purchase certified agricultural products, including tea, coffee, bananas, and cocoa).

73 ECOLABEL INDEX, <http://www.ecolabelindex.com>.

74 BARRY ET AL., *supra* note 4, at A-75. Similar levels of market penetration, often driven by the largest producers, have been achieved for bananas (twenty percent of global exports), coffee (seventeen percent), and tea (about eight percent but growing rapidly). *Id.* at A-126 to A-127. Interestingly, similar to seafood, only eight percent of certified coffee is labeled as such. *Id.*

75 AULD, *supra* note 39, at 107–08 (two certification regimes, the NGO-led Forest Stewardship Council (FSC) and the industry-led PEFC cover most of the forests certified).

Corporate advertising about “green” policies and trademarks has also grown dramatically over the last twenty-five years, increasing by a factor of ten between 1990 and 2011 and accelerating further over the last five years when it tripled in volume.<sup>76</sup> This growth has exacerbated problems with consumer information overload in many markets—particularly agricultural commodities such as coffee and tea.<sup>77</sup> The proliferation of advertising is compounded by the continued prevalence of “greenwashing,” which in essence involves unsubstantiated or vague and unverifiable claims about the environmental characteristics of a product.<sup>78</sup> In a recent survey, ninety-five percent of reviewed product advertising engaged in at least one form of greenwashing, which, while not necessarily tied to green trademarks, exacerbates the information overload experienced by consumers.<sup>79</sup> Business executives themselves are troubled by these developments, as reflected in another recent survey on green trademarks in which business leaders singled out as a chief concern consumer misunderstanding spurred by the proliferation of ecolabels and the failure to harmonize standards.<sup>80</sup> At the same time, business leaders expressed deep frustration with what they viewed as the cost and complexity of third-party certification regimes, and their growing reluctance to utilize them.<sup>81</sup>

The Sections that follow assess the theoretical grounding for certification programs and then discuss two case studies—coffee and fisheries—that represent limiting cases for how certification regimes operate in practice. Certified coffee is exemplary of certification marks that are consumer-oriented and used for marketing, whereas forest certification is exemplary of certification providing a reputational shield for businesses.

#### A. Ecolabels and Market Failures

Ecolabels correct two types of market failures: (1) information asymmetries associated with the environmental attributes of marketed goods or services; and (2) collective action problems driven by competing firms free riding on (or tarnishing) the reputation of companies with superior environ-

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76 Delmas & Burbano, *supra* note 46, at 64. This trend is also reflected in online corporate communication strategies; seventy-five percent of S&P companies in 2011 had websites on environmental performance and social policies at both the company and product levels. *Id.* at 66.

77 BARRY ET AL., *supra* note 4, at 94 (describing how “the number of competing programs has increased at such a rapid pace that there is confusion in the marketplace”).

78 See Delmas & Burbano, *supra* note 46, at 64.

79 *Id.*; Ans Kolk, *Mainstreaming Sustainable Coffee*, 21 SUSTAINABLE DEV. 324, 335 (2013) (observing that while third-party certification has increased credibility for consumers, “there can easily be too much information, more than consumers can digest due to bounded rationality”).

80 BARRY ET AL., *supra* note 4, at 91.

81 *Id.* at 47 fig.2.3 (in a recent survey of business officials, 47% expressed frustration with the cost and complexity of certification regimes, 46% with the complex landscape of ecolabels (i.e., too many labels, too much overlap between them, evidence of consumer confusion), and 42% with the lack of effectiveness with consumers).

mental practices.<sup>82</sup> Information asymmetries are most commonly related to the lifecycle costs of a product or service, such as energy efficiency, natural resource consumption, or environmental externalities.<sup>83</sup> This information is distinct from the consumer confusion that is the object of trademark policy; namely, confusion about the specific source of a product or service.<sup>84</sup> Ecolabels instead operate as symbols, which may include simple scales or visual metrics, for environmental attributes that are either intangible to consumers or difficult for them to evaluate.<sup>85</sup> Functionally, ecolabels operate in two modes. In the first, consumers are the principal target of ecolabels, and the expectation is that consumers will “vote with their wallets” by selecting products with superior environmental profiles.<sup>86</sup> In the second, ecolabels prevent free riding in industries with significant reputational spillovers across companies by enabling firms to distinguish themselves from competitors with poor environmental records.<sup>87</sup> Ecolabels therefore both support consumer choice and protect businesses concerned about their brand and environmental reputation.

The communicative function of ecolabels will vary in the specificity and nature of the information that they convey. Many ecolabels operate, in effect, as a “good seal of approval” from the certifying organization (e.g., “Fairtrade,” “Green Seal,” “FSC Forest Management,” “eco-certified Sustainable Travel”); in essence, they provide an overarching judgment of the sustainability of a product or the environmental practices of a company. Complex, multifactor assessments may underlie a grant of certification, but

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82 Aseem Prakash & Matthew Potoski, *Collective Action Through Voluntary Environmental Programs: A Club Theory Perspective*, 35 *POL’Y STUD. J.* 773, 777–78 (2007) (describing the information asymmetries corrected and the reputational benefits of voluntary private forms of governance).

83 Many ecolabels focus on the characteristics of end products, such as energy efficiency, recycled content, capacity to be recycled or composted, biodegradability, or chemical makeup (toxicity, environmental persistence).

84 Cf. Austin, *supra* note 13 (scrutinizing assumptions as to consumers’ ability to distinguish between similarly branded products or services).

85 Cohen & Vandenberg, *supra* note 26, at S54 (describing such characteristics as “credence goods—the ingredients of a product and their potential harm to the consumer’s (or public’s) health,” which consumers do not necessarily observe “either at the point of purchase or through casual experience”); Grodsky, *supra* note 26, at 150.

86 Understood broadly, certification standards address a collective action problem that implicates corporate reputation, information, and competition. As one group of commentators has explained:

Standards offer[ ] three solutions to this problem: they protect the reputations of firms in the industry from free-riders, especially if firm reputations depend on the reputation of the industry; they generate credible information about conditions in the extended supply chain, especially if the supply chains of firms are highly interconnected; and they help firms to maintain their competitive positions by preventing the undercutting of costs and by justifying price differentials in the marketplace, especially when meeting consumer concerns is costly.

Turcotte et al., *supra* note 61, at 155.

87 Prakash & Potoski, *supra* note 82, at 778.

the certification mark itself signals only that the criteria of a global assessment have been met. Other ecolabels attempt to convey a more precise measure of a company's performance using either global metrics (e.g., high, medium, low assessments) or more precise ones that reflect a particular dimension of environmental sustainability (e.g., "Energy Star," "Carbon-Free," "Global Recycle Standard," "LEED Green Building Rating Systems," "Green-e Energy," "Non-GMO"). The efficacy of either type of label can be undermined when multiple overlapping ecolabels make it difficult for consumers to assess their meaning. Put differently, because few consumers examine the details of certification programs, they must rely on the reputation of the certifying entity—which may be an independent third-party organization, an industry-sponsored group, or an individual company—and what they can glean from the certification mark about its meaning.<sup>88</sup> In markets with a few high-profile ecolabels, the reputation of the certification programs will be more visible to consumers and the potential for information overload minimal, both because the nature and reliability of the ecolabels are clearer, given their prominence, and because consumers will not be confronted with competing claims, criteria, and types of ecolabels (i.e., private versus third-party) that are difficult for them to parse. These considerations imply that capacity of ecolabels to convey information is vulnerable to congestion—their efficacy declines as the number of ecolabels in a market increases.

More formally, ecolabels operate as a type of private governance insofar as they target public goods,<sup>89</sup> common pool resources, and externalities largely without the coercive authority of government.<sup>90</sup> In classical economic terms, the environmental reputations of firms in an industrial sector are linked to the sector's collective reputation, which is "held in common with other firms."<sup>91</sup> A certification regime protects against reputational spillovers by operating as a "club" that makes investments in superior environmental measures excludable and thus fully or largely internalized.<sup>92</sup> The "club

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88 See Fromer, *supra* note 1, at 126.

89 Vandenberg, *supra* note 1, at 170, 182.

90 *Id.* at 138, 176, 180, 182 (noting, though, that government policies may facilitate or support private third-party certification programs). For certification trademarks, there are no government-mandated criteria for assessment of standards used by certification entities. See 3 McCARTHY, *supra* note 19, § 19:91. The Federal Trade Commission has confirmed that scrutiny of these standards will be on a case-by-case basis. 49 ANTITRUST & TRADE REG. REP. (BNA) 487 (Sept. 19, 1985).

91 Prakash & Potoski, *supra* note 82, at 787 ("Actions of one firm in an industry have positive or negative consequences for the other industry firms, which is what we mean when we say that the industry reputation is 'held in common' by firms. Environmental mishaps by one firm impose negative reputational externalities on other firms in the industry, thereby diminishing the industry's reputation.").

92 See Tracey M. Roberts, *Innovations in Governance: A Functional Typology of Private Governance Institutions*, 22 DUKE ENVTL. L. & POL'Y F. 67, 81 (2011) (observing that companies use private governance measures such as certification as protection against "'name and shame' campaigns, and generally to restore the firm's social license to operate"); *see also*

good” (i.e., an excludable but nonrival resource) provided by certification is the enhanced reputation of the participating firms,<sup>93</sup> which are shielded against poor business practices of uncertified competitors.<sup>94</sup> For example, destructive logging practices in tropical rainforests pose a reputational threat to businesses that purchase lumber or sell wood products—unless a business can credibly demonstrate that the wood they use comes from sustainably managed forests. Certification programs provide an independent—and thus credible to activists and consumers—means of distinguishing a business from its peers by corroborating the soundness of its environmental practices.<sup>95</sup>

A secondary benefit of certification programs is that they pool resources and spread administrative costs.<sup>96</sup> Certification programs confront many difficult technical challenges associated with collecting and evaluating environmental information. In the fisheries context, for example, management practices are still evolving and must contend with gaps in understanding, limited data, and the inherent complexity of ocean ecosystems.<sup>97</sup> Determining reliable metrics and setting protective standards involves an enormous amount of work, including extensive administrative procedures and interactions with stakeholders. In this respect, certification programs have much in common with government regulations. Ideally, they satisfy high scientific standards and follow administrative processes to maximize transparency, ensure the fairness of their deliberative procedures, and maintain the legitimacy of their standards.<sup>98</sup>

Certification programs must therefore strike a balance between being responsive to key stakeholders and maintaining their independence.<sup>99</sup> For

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AULD, *supra* note 39, at 14 (“[C]ertification programs produce excludable and nonrival benefits for their members (a positive environmental reputation) with the ancillary advantage that a club’s standard, which members must meet to be in the club, generates public good benefits for society at large. . . . [T]he key benefit is a shared reputational benefit, which grows—via network effects—with increased participation.” (citation omitted)).

93 Prakash & Potoski, *supra* note 82, at 776.

94 Bartley, *supra* note 34, at 307–08.

95 BARRY ET AL., *supra* note 4, at 40; Bartley, *supra* note 34, at 307 (describing certification as “an institutional design that can overcome these problems, because it creates a ‘club good’ to *subdivide* the industry reputation—that is, to distinguish the good apples from the bad”).

96 Potoski & Prakash, *supra* note 82, at 236–37.

97 AULD, *supra* note 39, at 238; *see also* BARRY ET AL., *supra* note 4, at A-77 to -79 (describing the difficulties of measuring impacts of obtaining reliable data).

98 The core institutional elements of a certification program are (1) the inspection and monitoring regimes for companies with certified products; and (2) the governance structures and procedures for setting and implementing the certification standards themselves. AULD, *supra* note 39, at 4. Others have identified a similar set of elements that further reinforce the importance of transparency, procedures, and verification. The elements are: (1) transparency, (2) clarity of standards, (3) reliable means for verification, (4) stakeholder engagement, (5) competency and accessibility, and (6) progressive learning and enhancement of certification regimes. *See* BARRY ET AL., *supra* note 4, at ES-15.

99 Prakash & Potoski, *supra* note 82, at 788 (“Designing voluntary clubs requires balancing competing imperatives. On the one hand, to enhance the club’s credibility with



consumers, the credibility of certification programs will turn on perceptions about the balance and rigor of the programs' procedures, as much as or more than on specific technical issues. The importance of public perceptions is reflected in the programs' layers of technical review and institutional checks on standard setting and implementation.<sup>100</sup> For stakeholders, administrative procedures must include processes for input and compromise, even if technical experts have the final say on the form these procedures take.<sup>101</sup> Stakeholders should also have an interest in open and balanced processes, as they are similarly reliant on a certification entity's credibility. Finally, given the technical complexity of most environmental issues, the principal information that a certification mark conveys will often be institutional—the marks reflect each organization's reputation for rigorous standards and reliability ensuring that those standards are met.<sup>102</sup>

These organizational checks and balances are particularly important because federal regulatory oversight of certification programs associated with registered certification marks is thin.<sup>103</sup> In theory, a certification mark may be canceled if the owner does not control the use of the mark.<sup>104</sup> In practice, however, certification marks are seldom expunged.<sup>105</sup> Having jet-

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external stakeholders, sponsors may prefer stringent standards. On the other hand, such standards may lead to low membership—and smaller network effects and scale economies in building the voluntary club brand—as few firms are able to meet demanding membership requirements.”)

100 Once established, accreditation and auditing requirements govern enforcement of the standards and operation of the certifying organization. In most cases, an independent accreditation entity will monitor and review the competence of the certification organization itself, while independent auditors will review and verify the compliance of companies with certification standards. See BARRY ET AL., *supra* note 4, at 10.

101 *Id.* In most cases, a technical advisory body develops auditable criteria based on technical information and stakeholder input. *Id.*

102 *Id.* at 12, 51, 101.

103 See Fromer, *supra* note 1, 123–24; Chon, *supra* note 2, at 2334–38.

104 See 15 U.S.C. § 1064 (2012); Tea Bd. of India v. Republic of Tea, Inc., 80 U.S.P.Q.2d (BNA) 1881, 1886 (T.T.A.B. 2006) (“The purpose of requiring control over use of a certification mark, as with a trademark, is two-fold: to protect the value of the mark and its significance as an indication of source, and to prevent the public from being misled or deceived as to the source of the product or its genuineness.” (citing *Midwest Plastic Fabricators, Inc. v. Underwriters Labs., Inc.*, 906 F.2d 1568, 1572 (Fed. Cir. 1990))).

105 Chon, *supra* note 2, at 2337. According to the leading case in the area, *Midwest Plastic Fabricators, Inc.*, control is tested according to a “standard of reasonableness”: the control required to prevent the public from being misled requires only “such control as is practicable under all the circumstances of the case.” 906 F.2d at 1573; see also *Swiss Watch Int’l, Inc. v. Fed’n of Swiss Watch Indus.*, 101 U.S.P.Q.2d (BNA) 1731, 1740 (T.T.A.B. 2012) (“The question is whether the control is adequate.”). Recently, the U.S. Patent and Trademark Office tightened the standards for certification marks in a number of respects. Owners of certification marks are required to disclose whether their standards for certification have changed and to submit a copy of any revised certification standards. Changes in Requirements for Collective Trademarks and Service Marks, Collective Membership Marks, and Certification Marks, 80 Fed. Reg. 33,170, 33,182–83 (June 11, 2015) (codified at 37 C.F.R. pts. 2 and 7) (changes in 37 C.F.R. §§ 2.161(j) (ii), 7.37(j)).

tionsed earlier attempts to establish a more formalized system of oversight, the FTC now supervises certification systems on an ad hoc basis.<sup>106</sup> Moreover, for a registered certification mark, the law does not require the public to understand or even know about the certification process that stands behind it.<sup>107</sup> This minimalist legal rule has reinforced the federal government's reticence to regulate certification marks closely.

The discussion in the Sections below highlights the distinctive virtues of certification programs, particularly their capacity to fill gaps in national and international regulatory regimes, and the different roles green trademarks and certification programs play. We find that the conventional model of green trademarks premised on information market failures holds where consumer interest is high, but is far less relevant in markets where consumer associations with brands are weak or purchasing is far less visible and personal. In these markets, the reputational concerns of businesses are the predominant factor.

### B. *Certification Regimes in Practice: Forestry and Coffee*

The success of certification programs depends strongly on market conditions.<sup>108</sup> A central reason for this is that they operate in competitive environments where businesses and stakeholders are constantly evaluating their relative value. These pressures are exacerbated by the large information spillovers (e.g., market demand, technical and cost information, demonstration of program benefits) generated by certification programs and especially first-movers.<sup>109</sup> Market conditions thus may or may not lead to competition that is constructive.<sup>110</sup> As discussed above, if ecolabels compete directly with each other, consumers may become overwhelmed or indifferent. Similarly, the dilutive effect of competing green trademarks may cause businesses to question whether certification provides meaningful reputational protection, or wasteful duplication could hobble certification programs by precluding them

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106 See Chon, *supra* note 2, at 2335 (citing 3 McCARTHY, *supra* note 19, at § 19:91 n.7).

107 Institut Nat'l Des Appellations d'Origine v. Brown-Forman Corp., 47 U.S.P.Q.2d (BNA) 1875, 1885 (T.T.A.B. 1998).

108 Turcotte et al., *supra* note 61, at 152 (concluding that “[d]espite similar starting positions, private regulation has had starkly divergent outcomes across different sectors”).

109 See BARRY ET AL., *supra* note 4, at A-241 to -242; Bernstein & Cashore, *supra* note 62, at 34; Carolyn Fischer & Thomas P. Lyon, *Competing Environmental Labels*, 23 J. ECON. & MGMT. STRATEGY 692, 693-94 (2014) (describing the growing importance of competition between certification regimes and examples in which industries establish their own competing certification system); Tracey M. Roberts, *The Rise of Rule Four Institutions: Voluntary Standards, Certification and Labeling Systems*, 40 ECOLOGY L.Q. 107, 141 (2013) (observing that because certification regimes face competition, they “appear to respond to the competitive dynamic to choose the rules that will generate broad acceptance”).

110 Turcotte et al., *supra* note 61, at 152, 178, 184 (describing the variation in outcomes from competition between third-party and private-label standards in the forestry, coffee, and textile industries).

from attracting sufficient membership to cover their operational expenses.<sup>111</sup>

In practice, competition may cause ecolabels to shift into parallel markets, but this is not inevitable as the experience with coffee certification will demonstrate.<sup>112</sup> Further, the low barrier to walking away from a certification program, particularly for corporate stakeholders,<sup>113</sup> heightens pressures on negotiations over regulatory standards and procedures.<sup>114</sup> Ultimately, the balance of power turns on the degree to which the various stakeholders believe that they need to work together.<sup>115</sup> NGOs will seek to maximize market coverage and regulatory stringency, while businesses will focus on protecting their reputations and brands at the lowest cost. These power dynamics will be mediated through the administrative structure and rules of the certifying organization, which, depending on the stakeholders' interests, may be subject to intense negotiations that result in more or less elaborate and costly procedures.<sup>116</sup> The challenge from a policymaking perspective is to fashion trademark policies that facilitate cooperation and mitigate outcomes that can undermine the effectiveness of certification programs.

The features of green certification marks that are distinctive from conventional source-designating trademarks are brought to light via specific examples. We will briefly explore the operation of green trademarks in two distinct sectors—forestry and coffee. The uses of certification marks in these market sectors demonstrate above all that green trademarks are not monolithic and that the motivations for adopting them and the functions they serve vary substantially depending on prevailing market conditions.

111 BARRY ET AL., *supra* note 4, at ES-14; Fischer & Lyon, *supra* note 109, at 693–94.

112 Reinecke et al., *supra* note 20, at 807 (claiming that “[s]tandards setters observe and position themselves vis-a-vis each other to control their identities in their interaction with peers, thereby mutually adapting their sustainability standards”).

113 *Id.* at 798 (quoting a representative of Fairtrade International acknowledging that certification organizations are “all pitching for companies’ business, [because] we all want to grow our own label”).

114 AULD, *supra* note 39, at 13–15; BARRY ET AL., *supra* note 4, at ES-14 (observing that “[g]iven the tension and trade-offs between how difficult the standard is to meet and how many enterprises will be able to adopt it, standards and certification systems make these decisions about where to set the standard in varied, pragmatic, and often strenuously negotiated ways”); Bernstein & Cashore, *supra* note 62, at 33–34; Turcotte et al., *supra* note 61, at 154, 171 (describing industry strategy of establishing its own standards as a response to third-party certification programs).

115 Turcotte et al., *supra* note 61, at 156 (describing the dependence of third-party standards on “whether companies feel that continuing the endorsement of a standard pays off by attracting sufficient demand in the marketplace”).

116 See Erika N. Sasser et al., *Direct Targeting as an NGO Political Strategy: Examining Private Authority Regimes in the Forestry Sector*, 8 BUS. & POL. 1, 3, 25 (2006); Timothy M. Smith & Miriam Fischlein, *Rival Private Governance Networks: Competing to Define the Rules of Sustainability Performance*, 20 GLOBAL ENVTL. CHANGE 511, 514–15 (2010). The ISEAL Alliance has issued a framework for certification programs, “The Standard-Setting Code of Good Practice.” STANDARD-SETTING CODE, ISEAL ALLIANCE, <http://www.isealliance.org/our-work/defining-credibility/codes-of-good-practice/standard-setting-code>.

## 1. Coffee: Green Trademarks and Information Overload

As a food product, coffee is less purely utilitarian and thus more personal than many other goods and services; consumption of coffee is also more visible and social because consumers identify with certain brands and local coffee shops.<sup>117</sup> Coffee is a distinctive commodity in these respects, and, unlike the market for forestry, the market for it is truly global—over eighty percent of coffee is grown for export markets.<sup>118</sup> Further, while coffee growing is highly decentralized, a small number of major traders and coffee roasters purchase fifty percent of the world’s annual coffee production.<sup>119</sup> Among major coffee-growing countries, coffee is also critical economically because it accounts for thirty to eighty percent of their foreign exchange.<sup>120</sup> In part driven by these market conditions, coffee certification is notable for the prominent role that NGOs, small producers, large coffee companies, and consumers have each played in its evolution.<sup>121</sup>

The potential appeal to consumers and competitive value of green trademarks for coffee makers were recognized during the late 1980s when certification programs were first established.<sup>122</sup> Following a series of high-profile NGO campaigns against major coffee brands in the early 1990s, certification achieved significant market penetration.<sup>123</sup> However, the influence of these campaigns did not result in NGO-led certification programs being universally embraced; instead, many industry- and company-specific certification pro-

117 BARRY ET AL., *supra* note 4, at 69 (singling out coffee as a “high-profile consumer good[ ]” that is among a small number that reliably receives a price premium if certified); Ken Peattie, *Green Consumption: Behavior and Norms*, 35 ANN. REV. ENV’T & RESOURCES 195, 197 (2010) (observing that “Fair Trade coffee is considered an archetypal socially motivated purchase”). The unique status of coffee for consumers is reflected in the fact that it is “[t]he most important internationally traded certified commodit[y] by value.” BARRY ET AL., *supra* note 4, at A-126.

118 JASON POTTS ET AL., THE STATE OF SUSTAINABILITY INITIATIVES REVIEW 2014: STANDARDS AND THE GREEN ECONOMY 155 (2014), [https://www.iisd.org/pdf/2014/ssi\\_2014.pdf](https://www.iisd.org/pdf/2014/ssi_2014.pdf).

119 See Reinecke et al., *supra* note 20, at 794 (noting that “[a]n estimated 25 million people around the world depend directly on coffee farming for their livelihoods” and “[t]wo-thirds of them are smallholders”).

120 See AULD, *supra* note 39, at 120–21.

121 See David Levy et al., *The Political Dynamics of Sustainable Coffee: Contested Value Regimes and the Transformation of Sustainability*, 53 J. MGMT. STUD. 364, 376 (2016) (stating that NGOs “have played a key role in restructuring the coffee value regime by leveraging consumer trends to pressure coffee brands into adopting sustainable practices”). The authors also claim that NGOs “leveraged an emerging consumer segment that fused demand for premium speciality coffee with concerns regarding economic justice and sustainability.” *Id.* at 380.

122 See Verena Bitzer et al., *Intersectoral Partnerships for a Sustainable Coffee Chain: Really Addressing Sustainability or Just Picking (Coffee) Cherries?*, 18 GLOBAL ENVTL. CHANGE 271, 273 (2008).

123 See Reinecke et al., *supra* note 20, at 794 (observing that “[f]ierce battles and campaigns by activists and consumers against well-known coffee brands made sustainability a concern for many mainstream operators” (citation omitted)).

grams were established as business-friendly alternatives.<sup>124</sup> Consequently, while forty percent of the coffee produced annually now meets at least minimum standards for sustainability, industry-led certification accounts for twenty-three percent of the market whereas NGO-led programs account for just seventeen percent.<sup>125</sup> Further, extraordinary growth caused the supply of sustainably produced coffee to exceed consumer demand, such that “producers typically sell[ ] only a portion of their standard-compliant production as certified.”<sup>126</sup>

Rapid growth also stimulated a proliferation of certification programs, each with their own criteria and methods.<sup>127</sup> The complex mix of information that resulted has led to widespread consumer uncertainty about the environmental and other benefits of purchasing certified coffee.<sup>128</sup> For example, evaluating the meaning of third-party and private trademarks is complicated by the different types (organic, fair trade, and environmental sustainability) of certification programs that exist.<sup>129</sup> Moreover, harmonization of the roughly thirty certification standards between and within the three classes is limited, and only a small minority of the 395 programs available for organic certification are independently accredited.<sup>130</sup>

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124 Examples of industry certification programs include “UTZ Certified” (1997), Nespresso AAA Sustainable Quality (2003), and Starbucks’s C.A.F.E. Practices (2004), which were often modeled on NGO certification standards. See Reinecke et al., *supra* note 20, at 794–96. These standards often focus on quality characteristics as much as on sustainability. *Id.*

125 See POTTS ET AL., *supra* note 118, at 166 (“Between 2008 and 2012, the production of certified or verified coffee has grown from an estimated 15 to 40 per cent of global production today.”); Levy et al., *supra* note 121, at 380–81.

126 POTTS ET AL., *supra* note 118, at 183; see also BARRY ET AL., *supra* note 4, at A-126 (noting that “much more coffee is sustainably produced than is sold as such”).

127 See Stephen Manning et al., *National Contexts Matter: The Co-Evolution of Sustainability Standards in Global Value Chains*, 83 *ECOLOGICAL ECON.* 197, 197 (2012) (noting that “[o]ver the past twenty years, more than thirty corporate and multi-stakeholder standards have been developed, including Fairtrade, Rainforest Alliance, Utz Kapeh, and the Common Code for the Coffee Community which continue to co-exist”).

128 See AULD, *supra* note 39, at 90; BARRY ET AL., *supra* note 4, at A-138 (concluding that “[m]ultiple labels with similar claims and sometimes contradictory advice create uncertainty and confuse consumers, and ultimately reduce the credibility of certification systems”); Bitzer et al., *supra* note 122, at 278 (observing that “the emergence of [multiple] sustainability standards has the potential to lead to substantial confusion for both producers and consumers in terms of the standards’ meaning, stringency and legitimacy”).

129 See AULD, *supra* note 39, at 6; Levy et al., *supra* note 121, at 376; Manning et al., *supra* note 127, at 197.

130 See Turcotte et al., *supra* note 61, at 178, 180 (acknowledging that there are still many standards, but arguing that this is mitigated by recent efforts at harmonization); see also AULD, *supra* note 39, at 141 (noting that as of 2006 very few had accreditation from IFOAM, the leading accreditor of agricultural commodities). Organic standards and accreditation consolidated during the late 1990s and early 2000s, setting up the knowledge and regulatory infrastructure for certifying organic coffee. *Id.* at 141. By contrast, inconsistencies persist for fair-trade labels, despite the establishment of the Fairtrade Labelling Organization in 1997. *Id.* at 145.

There are few signs that consolidation of coffee certification is likely to occur in the foreseeable future.<sup>131</sup> The marketing benefits and economics of certified coffee,<sup>132</sup> which is among the few commodities for which consumers are willing to pay a premium,<sup>133</sup> have created the demand from coffee roasters and retailers for a variety of certification standards.<sup>134</sup> The apparent indifference of consumers to the underlying standards implied by their limited understanding makes private green trademarks even more attractive for marketing purposes, as they enable companies to distinguish the sustainability of their products based on low thresholds for credibility. Indeed, the effectiveness of ecolabels may owe as much to providing social or identity cues—consumers want to feel or demonstrate that they are environmentally responsible—as to providing salient information.<sup>135</sup>

To the limited extent that cooperation has resulted in harmonization,<sup>136</sup> the signs of its efficacy are mixed and contested. Most commentators believe that NGO-led certification programs have been subject to greater pressures, since they must attract businesses, and that “harmonization” has largely entailed a weakening of standards.<sup>137</sup> More recently, an emerging group of commentators has argued that recent efforts to harmonize standards are not nearly so one-sided, and that they reflect a “co-evolution” of standards that is driven by a variety of considerations, including efforts to mitigate the high costs of certification for small landholders, to enhance product quality, and

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131 See Reinecke et al., *supra* note 20, at 804. Reinecke et al. quoted one sustainability expert involved in early-2002 negotiations over the harmonization of coffee standards saying, “[T]here simply is no interest in consolidation, none at all. There are simply too many groups involved—too many interests . . . Obviously, there is no interest in seeing their own standard disappear.” *Id.* at 804 (second alteration in original); see also Turcotte et al., *supra* note 61, at 156 (arguing that the divergence in preferences between NGOs, industry, and consumers causes the multiplicity of standards).

132 See BARRY ET AL., *supra* note 4, at 68 (finding that “[o]ften the primary economic benefit to producers of joining certification systems is stable and secure market access”).

133 See *id.* at ES-8, 69 (stating that “[p]rice premiums are fairly rare and are most consistently available for high-profile or niche items such as certified coffee and tea”); Bitzer et al., *supra* note 122, at 277 (noting that “[f]or sustainable coffee, possibly of high quality, farmers oftentimes receive price premiums or premium prices that contribute to a more stable environment, confront the decline of coffee prices, and improve the distribution of coffee income along the chain”). Price premiums for producers are highly variable and differ between the various certification programs. See POTTS ET AL., *supra* note 118, at 181.

134 See Turcotte et al., *supra* note 61, at 156.

135 See BARRY ET AL., *supra* note 4, at 50 (observing that “[i]n many cases, even consumer awareness of certification . . . is modest, and varies by country and system”).

136 See Reinecke et al., *supra* note 20, at 809 (stating that “[i]n the coffee industry, cooperation [over sustainability standards], although increasing, is in its infancy”).

137 See, e.g., Bitzer et al., *supra* note 122, at 278 (“The lack of a generally accepted definition of sustainable coffee also results in considerable competition among the standards. There is the danger of older sustainability standards being pushed back or even replaced by newer, less stringent standards.”); Levy et al., *supra* note 121, at 381 (“Over time, NGOs realigned their values with those of coffee firms and a broader consumer base. NGO-led standard-setters reframed their aims as ‘poverty reduction’ and ‘sustainable development’ rather than a new economic order, much to the dismay of some early pioneers.”).

to provide technical support to producers.<sup>138</sup> Nevertheless, despite recent cooperation on metaprotocols for coffee certification,<sup>139</sup> even a generous reading of current trends indicates that certification standards with widely varying qualitative and quantitative differences will remain the norm in global coffee markets.

In this context, the potential for consumer misunderstanding is substantial, both because there are significant incentives for aggressive industry marketing and because consumers are in a weak position to independently evaluate the attributes of credence goods.<sup>140</sup> Moreover, major coffee roasters can “have their cake and eat it too,” insofar as they have successfully introduced both industry-led and private certification standards, which in effect empower them to set their own standards and exert downward pressure on the NGO-led certification programs with which they compete.<sup>141</sup> The success of this strategy is reflected in the fact that, outside the relatively niche markets for specialty coffee, neither consumer demand nor reputational concerns have led to widespread adoption of NGO-led coffee certification.<sup>142</sup>

## 2. Forestry: Green Trademarks as Reputational Shields

Concerns about global deforestation first ignited around dramatic losses of tropical rainforests in South America and Asia.<sup>143</sup> As noted above, it was the failure of international negotiations and limited options at the national level that prompted NGOs and foundations to embrace a private, market-

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138 See, e.g., Levy et al., *supra* note 121, at 393 (concluding that both nongovernmental organizations and businesses influence the structure and evolution of private governance); Stephan Manning & Juliane Reinecke, *A Modular Governance Architecture In-The-Making: How Transnational Standard-Setters Govern Sustainability Transitions*, 45 RES. POL'Y 618, 622 (2016) (describing the increases in quality and support for producers that industry pressures helped to promote); Reinecke et al., *supra* note 20, at 805 (arguing that changes have been driven by “pressure to reduce the costs incurred by multiple certification schemes and the related threat to the collective legitimacy of sustainability standards”); Turcotte et al., *supra* note 61, at 163, 177, 182 (arguing that NGO calls to harmonize standards are driven by concerns about costs to small producers and the competition with industry standards provides an impetus for constructive collaboration).

139 See Reinecke et al., *supra* note 20, at 805 (arguing that the ISEAL metastandards could “lead to further convergence” of existing standards).

140 See Levy et al., *supra* note 121, at 381 (observing that “[m]ainstream coffee brands thus turned activist pressures and reputational threats into a strategic opportunity to develop sustainable coffee into branded premium market niches”).

141 BARRY ET AL., *supra* note 4, at ES-14 (acknowledging that critiques based on the competition between certification programs “highlight the concern that voluntary standards have limits in terms of both the extent of change they can bring about and the proportion of a market they can affect”); Levy et al., *supra* note 121, at 382 (describing how, after introducing their own programs, “[c]offee firms now enjoyed many options to demonstrate their corporate responsibility, creating pressure on NGOs”).

142 See POTTS ET AL., *supra* note 118, at 166.

143 See AULD, *supra* note 39, at 166.

based approach to protecting them.<sup>144</sup> The FSC was created from this innovative collaboration,<sup>145</sup> but disagreement persisted over the value of forest certification within the environmental community. This ambivalence led to lukewarm support from more radical groups and campaigns that urged preservation over sustainable management,<sup>146</sup> both of which undermined the reputational value of FSC certification for businesses. Ultimately, the technical demands and costs of forest certification limited the number of programs, and the absence of viable alternatives overcame the balkanization within the environmental community.<sup>147</sup> Today the FSC and the Program for the Endorsement of Forest Certification (PEFC) oversee most forest certification today.<sup>148</sup>

The initial premise of forest certification was that consumer choice facilitated by product labeling and public information campaigns would reorient the industry toward sustainable management. It soon became apparent, however, that the fragmented market for forest products was a structural barrier to consumer-driven market pressures.<sup>149</sup> Typically less than fifteen percent of wood harvested globally is sold into export markets,<sup>150</sup> and the largest markets in countries such as China and Japan are not ones in which consumers are sensitized to forestry issues or necessarily in a position to pay higher prices.<sup>151</sup> Outside of Europe and North America, these realities have largely limited forest certification to countries in which the forestry sector is reliant on markets—particularly the European Union—that demand certifica-

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144 See BARRY ET AL., *supra* note 4, at 6–7 (describing how a group of NGOs in 1993 reached out to progressive companies to agree on a core set of principles and criteria for sustainable forest management); Bartley, *supra* note 34, at 320, 322–23; Turcotte et al., *supra* note 61, at 166 (noting that the principal impasse was strong disagreement over national versus global rights and responsibilities over forests).

145 BARRY ET AL., *supra* note 4, at 20; Bartley, *supra* note 34, at 320, 322–23.

146 See AULD, *supra* note 39, at 103–104 (noting that the experience with old growth battles in British Columbia suggested that “FSC [certification] would not be enough to prevent further scrutiny and criticism from NGOs, and it might actually spur more”).

147 See Turcotte et al., *supra* note 61, at 177 (noting the importance of “[t]he environmental movement coalesc[ing] behind the pioneering global forest standard FSC, thereby probably preventing the introduction of multiple NGO-led standards”).

148 *Id.* (describing the “duopolistic competition between the FSC and PEFC” standards); see also Vandenbergh, *supra* note 1, at 149.

149 See AULD, *supra* note 39, at 59 (describing the fragmented market for solid wood products; only retailers, such as Home Depot (ten percent of the global lumber market), are concentrated). By contrast, the pulp and paper industry is geographically concentrated in North America (forty percent), Europe (twenty-nine percent), and Asia (twenty-three percent). *Id.* at 58. Office supply stores are also highly concentrated—the four largest firms account for seventy-eight percent of total U.S. sales. *Id.* at 59.

150 See *id.* at 54, 60 (noting that fifty percent of wood harvest globally is used directly for fuel and that industrial round wood exports were just 7.5% of total production in 2005).

151 “In 1992, China, Japan, Thailand, and Korea imported 80 percent of world exports of tropical industrial round wood,” with Japan importing forty-five percent of the total. *Id.* at 61. Much of this wood, however, is re-exported to Europe and the United States in the form of finished products. *Id.*



tion.<sup>152</sup> The complexity of the technical issues underlying the certification process, conflicts between environmental groups, and the difficulty of retaining sufficient industry support for the program have further complicated the FSC's efforts to inform and appeal to consumers.<sup>153</sup>

The strength and influence of the FSC program has instead rested on the reputational concerns of major retailers and, to a lesser extent, on the environmental commitments of smaller wood products manufacturers.<sup>154</sup> Large retailers in Europe and the United States were high-profile early adopters in 1991 when they made commitments to sell certified wood products and collect reliable information on their supply chains.<sup>155</sup> This shift was precipitated by major NGO campaigns on forestry issues, which were complemented in the United States by threats from the FTC to file false claims suits for misleading advertising.<sup>156</sup> NGO activism and government pressure together activated industry reputational concerns, whereas consumer influence was and continues to be indirect—it is based on industry fears of a consumer boycott following damning exposés and long-term reputational impacts.<sup>157</sup>

The early success of the FSC was followed by rising industry discontent with the complexity of its standards and NGO control over its governance.<sup>158</sup> This backlash prompted the entry of new certification programs, foremost among them the industry-led PEFC.<sup>159</sup> It has also resulted in industry retrenchment, which has included decisions by major retailers, such as Home Depot, to stop stocking FSC-certified products, both because simpler systems

152 See *id.* at 139; BARRY ET AL., *supra* note 4, at A-97 to A-98; Turcotte et al., *supra* note 61, at 168 (noting that “certification remains concentrated in the northern hemisphere, with 58% of certified forests being in North America and 33% in Europe”).

153 See AULD, *supra* note 39, at 106 (describing how during the early stages of forest certification, small manufacturers played a critical role in supporting and advocating on behalf of its adoption within the industry); Bartley, *supra* note 34, at 318.

154 See BENJAMIN CASHORE ET AL., GOVERNING THROUGH MARKETS: FOREST CERTIFICATION AND THE EMERGENCE OF NON-STATE AUTHORITY 10 (2004).

155 See Bartley, *supra* note 34, at 323; Turcotte et al., *supra* note 61, at 168–69.

156 See AULD, *supra* note 39, at 76–77; Bartley, *supra* note 34; Turcotte et al., *supra* note 61, at 168–69. The National Association of Attorneys General also threatened to file suits. See AULD, *supra* note 39, at 76–77.

157 AULD, *supra* note 39, at 108 (noting that “forest product companies did indeed struggle from a collective reputation and this did lead them to favor a global response”); Bartley, *supra* note 34, at 323–24 (observing that “activist pressure led some image-conscious firms to support external certification systems”).

158 See AULD, *supra* note 39, at 79 (observing that a central reason for industry discontent was that seventy-five percent of the FSC governing board was allocated to NGOs); BARRY ET AL., *supra* note 4, at A-93.

159 See Turcotte et al., *supra* note 61, at 167 (describing the establishment of the PEFC and other regional industry-backed certification programs “as a direct response to the creation of the FSC” (quoting Benjamin Cashore et al., *Forest Certification (Ecolabeling) Programs and Their Policy-Making Authority: Explaining Divergence Among North American and European Case Studies*, 5 J. FOREST POL’Y & ECON. 225, (2003))). Ultimately, the various industry-backed certification programs were consolidated into the PEFC. *Id.* at 19.

were available and consumers were unwilling to pay a “green premium.”<sup>160</sup> These threats unified NGO support for the FSC program and protected it against a wave of new entrants, but the experience highlights the unstable position of even well-established certification programs.<sup>161</sup> The spread of forest certification continues, but it has evolved effectively into a duopoly between the FSC and PEFC programs.<sup>162</sup>

The principal lesson that forest certification teaches is the synergistic importance of corporate reputational sensitivities and NGO campaigns that exploit them.<sup>163</sup> The use of certification marks to inform consumers and generate market demand for certified products meeting high standards for sustainability is a secondary factor limited to niche markets regionally. Consumer influence instead operates indirectly and negatively in the form of industry concerns about potential boycotts or, in the case of retailers, tarnishment of their brands. In this context, the central problem is downward competition, or so-called “races to the bottom” between leading certification programs, as opposed to consumer information overload and lost efficacy of ecolabels.

Experience with coffee and forest certification regimes highlights the respective virtues of consumer- and reputation-oriented green trademarks. Consumer-oriented certification is facilitated by marketing benefits that incentivize adoption by prominent businesses, but these market forces also attract competing certification entities, which can lead to competition that erodes the communicative function of ecolabels.<sup>164</sup> Further, the information overload created by multiple competing standards can make consumers especially vulnerable to aggressive branding used in conjunction with private trademarks.<sup>165</sup> By contrast, reputation-oriented certification is relatively immune to information overload because it is used defensively and is rarely associated with marketing strategies. Instead, the challenge is regressive competition between independent third-party certification standards and industry-led certification programs that is driven by the need for all third-party

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160 AULD, *supra* note 39, at 82 (noting that Home Depot made the decision after having received a Sustainable Development Award from the President for its sustainability policies).

161 *See id.* at 79–82; Sasser et al., *supra* note 116, at 27–28 (describing the challenges of maintaining industry buy-in to certification in the forestry sector).

162 *See* Turcotte et al., *supra* note 61, at 169 (“After a period of fragmentation, industry-led standards consolidated their efforts which resulted in a duopoly between the industry-led PEFC and the NGO-led FSC.”).

163 *See* Fransen & Conzelmann, *supra* note 30, at 261 (describing the importance of reputation to the consolidation of certification regimes in specific industrial sectors).

164 *See* Harbaugh et al., *supra* note 24, at 1524.

165 Consistent with this observation, one prominent recent report concluded that “multiple labels with different claims and sometimes contradictory advice can create uncertainty and confusion in consumers’ minds. A key implication, then, is that consumer demand alone is unlikely to support a large-scale shift toward the use of certification and labeling systems, especially in product categories outside of organic agriculture.” BARRY ET AL., *supra* note 4, at 50 (citations omitted).

programs to attract and retain business clients.<sup>166</sup> These dynamics expose both the challenges and importance of consumer engagement, or at least the threat of it—making the environmental issues salient to consumers is an essential precondition for the success of all certification programs.<sup>167</sup> The limiting cases discussed here are relevant to many other sectors, including marine fisheries, other agricultural commodities (such as palm oil, cocoa, and tea), and outside considerations of sustainability and fair labor practices.<sup>168</sup> Thus, while many hybrid cases exist—indeed, the coffee sector itself has consumer and reputational elements—and while the degree to which either limiting case dominates will vary, the coffee and forestry sectors broadly capture how ecolabels and certification programs operate.

## II. CHALLENGES FOR TRADEMARK LAW AND THEORY

The information overload and regressive races to the bottom found in the coffee and forestry sectors illustrate the negative marketplace interactions that can arise between conventional trademarks and certification marks. In the case of coffee, consumer misunderstanding arose when the information reflected in conventional trademarks and certification marks overwhelmed consumers' ability to distinguish between them.<sup>169</sup> This was acute because market forces have caused private ecolabels to proliferate<sup>170</sup>—in effect, a tragedy of the information commons.<sup>171</sup> This creates a pernicious cycle because as the number of private trademarks increases, the value of certification marks declines,<sup>172</sup> which in turn shifts the strategic choice

166 See Turcotte et al., *supra* note 61, at 153–55.

167 See BARRY ET AL., *supra* note 4, at A-94 to A-95 (concluding that although to date consumers have played a secondary role, “[t]his does not mean that consumers are unimportant for certification—indeed some argue that if certification is to have truly transformative impacts, consumers will have to play a much more active and informed role”).

168 See *id.* at ES-4, 9; Turcotte et al., *supra* note 61, at 170–74.

169 See Harbaugh et al., *supra* note 24, at 1512 (highlighting how “confusion by consumers is widely blamed for undermining the credibility of ecolabels, thereby reducing the incentive for firms to adopt them”); Ralph E. Horne, *Limits to Labels: The Role of Eco-Labels in the Assessment of Product Sustainability and Routes to Sustainable Consumption*, 33 INT’L J. CONSUMER STUD. 175, 179 (2009) (describing how “[t]he increased number of voluntary eco-labels in the market place has resulted in consumer confusion between third-party certified and self-declared labels”); John Thøgersen, *How May Consumer Policy Empower Consumers for Sustainable Lifestyles?*, 28 J. CONSUMER POL’Y 143, 158 (2005) (describing the heightened barriers to effectiveness when multiple ecolabels exist in a market segment).

170 See *supra* subsection I.B.2.

171 The number of green trademarks is large and increasing rapidly—in 2007, the U.S. Patent and Trademark Office received more than 300,000 applications for green trademarks for brand names, logos, and taglines. OTTMAN, *supra* note 5, at 12; *Green is the New Black*, *supra* note 5.

172 See Brécard, *supra* note 24, at 65 (noting that “[s]ome labels are rigorously certified by a third-party, such as a public institute or a Non-Governmental Organization (NGO), but others arise from self-declarations by firms”); Sihem Dekhili & Mohamed Akli Achabou, *Eco-Labeling Brand Strategy: Independent Certification Versus Self-Declaration*, 26 EUR. BUS. REV. 305, 319 (2014) (finding, in an empirical study on consumer preference for

towards private trademarks over third-party certification. From the standpoint of trademark theory, this dynamic illustrates why policies for conventional trademarks and certification marks cannot be set in isolation of each other.<sup>173</sup>

Elements of regressive competition exist in both the coffee and forestry sectors, but the conditions are quite different. We have identified two main driving forces: (1) competitive pressures from other certifying entities, both NGO- and industry-led but particularly the latter; and (2) the option that all businesses have of establishing their own private ecolabel under a conventional trademark. In either case, the competitive pressures can propel a “race to the bottom” in which independent third-party certification programs relax their standards to retain users,<sup>174</sup> much as states are alleged to relax environmental regulations to attract or retain industries for economic reasons.<sup>175</sup> The industry-led PEFC program illustrates the first dynamic, as it has put downward pressure on certification standards in the forestry sector and surpassed the once-dominant NGO-led FSC program.<sup>176</sup> The second

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coffee, that “self-declaration has the same effect as that of independent certification”); Fischer & Lyon, *supra* note 109, at 692–93 (“More recently, there has been a growing proliferation of labels, as multiple groups enter the labeling marketplace. Of particular interest are situations in which industry has responded to an NGO label with its own certification standards that employ alternative criteria, which are typically less stringent than those used by the NGO.”); Guillaume P. Gruère, *An Analysis of the Growth in Environmental Labelling and Information Schemes*, 38 J. CONSUMER POL’Y 1, 2 (2014) (describing the problem with “proliferat[ing]” environmental labeling regimes); Reinecke et al., *supra* note 20, at 792 (describing how “multiple overlapping standards, developed by both social movement organizations and firms, co-exist and compete for adopters in the same sector despite being similar in design, content and intentions to regulate the transnational arena”); Turcotte et al., *supra* note 61, at 152, 156 (observing that “[m]any sectors have seen the emergence of multiple standards that address the same issues” and that this often causes consumer confusion).

173 See BARRY ET AL., *supra* note 4, at 50.

174 See Fransen & Conzelmann, *supra* note 30, at 260 (observing that a “race to the bottom” may arise because businesses can choose between certification programs, creating “a gravitational effect to the most lenient standards up to the point where the effectiveness of a [program] is in question”); Levy et al., *supra* note 121, at 365 (describing a critical view of certification that mirrors a race to the bottom insofar as “[s]tandards developed by non-governmental organizations (NGOs) increasingly resemble those promulgated by business in promoting these market-oriented goals”); Turcotte et al., *supra* note 61, at 177 (suggesting that “the introduction of industry-sponsored standards, if successful, may increase the risk of a ‘race-to-the-bottom’”).

175 See, e.g., David E. Adelman & Kirsten H. Engel, *Adaptive Federalism: The Case Against Reallocating Environmental Regulatory Authority*, 92 MINN. L. REV. 1796, 1802–07 (2008); Richard L. Revesz, *Rehabilitating Interstate Competition: Rethinking the “Race-to-the-Bottom” Rationale for Federal Environmental Regulation*, 67 N.Y.U. L. REV. 1210, 1222 (1992); Richard B. Stewart, *Pyramids of Sacrifice? Problems of Federalism in Mandating State Implementation of National Environmental Policy*, 86 YALE L.J. 1196, 1210 (1977).

176 For example, the establishment of the industry-led PEFC certification program had a significant impact on the independent third-party FSC program. Reinecke et al., *supra* note 20, at 793 (describing how “as these ‘sustainable’ product markets evolve and mature,

dynamic is illustrated by the pernicious cycle noted above in the coffee sector, where the proliferation of private ecolabels has contributed to information overload and a downward pressure on certification standards.

The prevalence of competing ecolabels is uncontroversial and widely regarded by commentators as a source of significant concern.<sup>177</sup> However, much like the divided literature on environmental federalism,<sup>178</sup> the significance of competitive “races to the bottom” for ecolabels as a form of private governance is hotly contested. Prominent commentators lie on either side of the debate,<sup>179</sup> with views often turning on whether the proliferation of ecolabels is a sign of healthy regulatory experimentation or whether it is more likely to result in downward competition.<sup>180</sup> We cannot resolve this issue here, but the anecdotal evidence of the pressures on independent certification organizations is sobering and reinforced by the obvious strategic value and narrow constituencies of industry-led certification programs.<sup>181</sup> Regulatory races to the bottom may not always be a significant issue, but we believe that the incentives for abuse are sufficient to warrant government policies to guard against their occurrence.

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they become increasingly fragmented as other social movement- and industry-driven standards providers enter the market with their own versions of sustainability standards”).

177 See *supra* Section I.B.

178 See Adelman & Engel, *supra* note 175, at 1802–03.

179 See Luc Fransen, *Why Do Private Governance Organizations Not Converge? A Political-Institutional Analysis of Transnational Labor Standards Regulation*, 24 *GOVERNANCE* 359, 361 (2011) (claiming that “[f]ears of a race to the bottom that waters down existing approaches may further stimulate collective intervention”); Fransen & Conzelmann, *supra* note 30, at 260 (describing the positions of the “optimists” and “pessimists” regarding certification-based private governance); Levy et al., *supra* note 121, at 365 (describing the position on both sides of the debates); Reinecke et al., *supra* note 20, at 792 (describing the debate as turning on “whether standards multiplicity leads to a ‘race to the bottom’ or ‘healthy competition’, driving private rule-setters ‘to continually innovate, and, in fact, increase their effectiveness’” (quoting Joint Statement, Fairtrade Int’l, Sustainable Agric. Network, Rainforest All. & Utz Certified (Feb. 14, 2011), [https://www.fairtrade.net/fileadmin/user\\_upload/content/2009/news/releases\\_statements/2011-02\\_joint-statement-FLO-RA-UTZ-Final.pdf](https://www.fairtrade.net/fileadmin/user_upload/content/2009/news/releases_statements/2011-02_joint-statement-FLO-RA-UTZ-Final.pdf))).

180 See, e.g., Manning & Reinecke, *supra* note 138, at 628 (suggesting that the varied “participatory architectures” of certification programs “allow[ ] diverse and heterogeneous actors within global transition networks to interact constructively” and this “facilitates ‘experimentalist governance’ in sustainability transitions, in particular in transnational domains, like the global coffee sector” (some internal quotation marks omitted) (first quoting FABRIZIO FERRARO ET AL., *TACKLING GRAND CHALLENGES PRAGMATICALLY: ROBUST ACTION REVISITED* 23 (2014); and then quoting Charles F. Sabel & Jonathan Zeitlin, *Experimentalist Governance*, in *THE OXFORD HANDBOOK OF GOVERNANCE* (David Levi-Faur ed., 2012))).

181 See Turcotte et al., *supra* note 61, at 167–68 (describing the establishment of the PEFC, and other regional industry-backed certification programs “as a direct response to the creation of the FSC” (quoting Benjamin Cashore et al., *Forest Certification (Ecolabeling) Programs and Their Policy-Making Authority: Explaining Divergence Among North American and European Case Studies*, 5 *J. FOREST POL’Y & ECON.* 225, (2003)) (internal quotation marks omitted)).

The discussion below describes the details of trademark theory and the conditions that have shaped it. Two factors are of particular importance: the seemingly inexorable expansion of trademark rights over the past several decades and the perceived absence of any normative bases or public interests that could justify this trend. We share the skepticism of many scholars about the scope of trademark rights, but we ultimately conclude that it reflects an overly restrictive view of trademark policy and the public interests at stake. Moreover, it betrays a set of normative preferences about the appropriate role of trademarks and a depoliticized vision of consumer markets that is belied by the growing importance of private governance. Using these points as a springboard, the final Part of the Article outlines several policies that would mitigate the parochialism of trademark policy.

#### A. *Trademark Orthodoxy*

Our central thesis is that the rise of ecolabels as a form of private governance requires the preoccupations of neoliberal trademark theory to be reconsidered. Trademark theory limits consideration of general public welfare to facilitating marketplace competition by virtue of its near exclusive reliance on source designation for its normative grounding.<sup>182</sup> This depoliticized vision of trademark law is premised on the belief that trademarks need only direct consumers to the single anonymous source of a good or service.<sup>183</sup> Beyond that, trademarks are assumed to have no normatively justified operational value.<sup>184</sup> And yet, as ecolabels and other market-based activism demonstrate, the public interests implicated by trademarks—congestion problems and races to the bottom—are substantially broader than conventional theory admits. We believe that these interests have been obscured by concerns about the expanding range of trademark rights asserted by businesses—accompanied by supporting doctrinal and legislative changes—that have preoccupied trademark scholarship. While undoubtedly important, these developments have spawned a movement that is overly restrictive insofar as it treats any trademark rights beyond those in service of the signaling function as normatively suspect.

Stated more precisely, the orthodox theory maintains that trademark rights are justified to the extent that they are necessary for a trademark to

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182 See Elizabeth Cutter Bannon, Note, *Revisiting “The Rational Basis of Trademark Protection”: Control of Quality and Dilution—Estranged Bedfellows?*, 24 J. MARSHALL L. REV. 65, 67–68 (1990).

183 See *Ty Inc. v. Perryman*, 306 F.3d 509, 510 (7th Cir. 2002).

184 Analogous issues came to the surface in the debate between scholars over the “trademark use” doctrine. See Dinwoodie & Janis, *supra* note 41, at 138; Graeme B. Dinwoodie & Mark M. Janis, *Lessons from the Trademark Use Debate*, 92 IOWA L. REV. 1703 (2007); Stacey L. Dogan & Mark A. Lemley, *Grounding Trademark Law Through Trademark Use*, 92 IOWA L. REV. 1669 (2007). In part, this controversy concerned whether treating “trademark use” as a filtering doctrine in the infringement context limited (and, normatively, should limit) trademark rights to a narrow range of functions associated with preventing consumer confusion in a narrow range of contexts. *Id.* at 1670.

operate as a word or symbol indicating the origin of a commercial product.<sup>185</sup> Protecting rights in a trademark enables consumers to find the sources of goods and services they seek because other firms are precluded from using the mark in the same trade context.<sup>186</sup> Trademark rights also enable firms to internalize their investments in the quality of their goods or services because they prevent other businesses from free riding on the goodwill such investments generate.<sup>187</sup>

While trademarks operate in the service of consumer sovereignty,<sup>188</sup> the terrain over which the consumer rules is quite confined. From the consumer's perspective, trademarks promote product quality and market competition by providing consumers with the information they need to satisfy their individual preferences for goods.<sup>189</sup> From the perspective of trademark orthodoxy, the relevant preferences that trademark law facilitates are limited to purely instrumental preferences for goods or services from specific sources.<sup>190</sup> Other kinds of preferences or values are irrelevant to core trademark doctrines. As a result, conventional trademark principles cannot assist

185 In the modern consumer marketplace, a trademark often operates as a symbol of a single *anonymous* source of products or services. It is not necessary for consumers to know the actual physical source of products and services. Indeed, with many goods whose manufacture involves chains of licenses for the manufacture of componentry, the idea of a single physical source has increasingly become unrealistic. See *Manhattan Shirt Co. v. Sarnoff-Irving Hat Stores, Inc.*, 164 A. 246, 250 (Del. Ch. 1933), *aff'd*, 180 A. 928 (Del. 1934) (*per curiam*) (noting that “the purchaser of goods bearing a given label believes that what he buys emanated from the source, whatever its name or place, from which goods bearing that label have always been derived”).

186 See *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 163–64 (1995) (“In principle, trademark law, by preventing others from copying a source-identifying mark, ‘reduce[s] the customer’s costs of shopping and making purchasing decisions,’ for it quickly and easily assures a potential customer that *this* item—the item with this mark—is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past.” (alteration in original) (citation omitted) (quoting 1 MCCARTHY, *supra* note 11, § 2:01(2))); *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203, 205 (1942) (“A trade-mark is a merchandising short-cut which induces a purchaser to select what he wants, or what he has been led to believe he wants.”). The search costs rationale has also received strong endorsement from federal courts of appeals, most prominently the Seventh Circuit. See, e.g., *Ty Inc.*, 306 F.3d at 510 (“The fundamental purpose of a trademark is to reduce consumer search costs by providing a concise and unequivocal identifier of the particular source of particular goods.”).

187 See *McLean v. Fleming*, 96 U.S. 245, 252 (1877) (“[T]he court proceeds on the ground that the complainant has a valuable interest in the goodwill of his trade or business, and, having adopted a particular label, sign, or trade-mark, indicating to his customers that the article bearing it is made or sold by him or by his authority, or that he carries on business at a particular place, he is entitled to protection against one who attempts to deprive him of his trade or customers by using such labels, signs, or trade-mark without his knowledge or consent.”).

188 DON SLATER, *CONSUMER CULTURE & MODERNITY* 34 (1997) (discussing the power of the image of the sovereign consumer in modern capitalist discourse).

189 See Tal, *supra* note 14, at 29.

190 See generally Kysar, *supra* note 13.

where, as a result of marketplace conditions, ecolabels enable consumers to clearly distinguish between the sources of goods, but remain largely in the dark as to the content of the environmental claims that the ecolabel purports to convey.

These principles are reflected in the core doctrines that define the scope of trademark rights and the objectives of trademark policy. For our purposes, core trademark doctrines are important because they have direct and indirect impacts on the efficacy of ecolabels protected by certification marks. They have direct effects because the registration<sup>191</sup> and protection of conventional trademarks and certification marks are governed by the same rules; most of the core doctrines for conventional trademarks are also applicable to certification marks.<sup>192</sup> They have indirect effects because certification marks and conventional trademarks operate side-by-side in the same markets. Most importantly, legal doctrines that allow conventional trademarks to proliferate undermine the efficacy of certification marks when they cause consumers to become overwhelmed by competing standards and technical information even if they are *not* confused about the sources of goods or services.<sup>193</sup>

Trademark doctrines are designed to balance the twin objectives of minimizing consumer search costs, understood in this limited sense, and preserving market competition. This balancing is reflected in the spectrum of standards for the four classes of marks—arbitrary or fanciful, suggestive, descriptive, and generic.<sup>194</sup> The bar for obtaining trademark protection for arbitrary or fanciful marks, which have no suggestive or descriptive meaning, is *de minimis* because protecting such marks is unlikely to impede communication which is essential to market competition.<sup>195</sup> Suggestive marks, which connote some characteristic or quality of a product or service,<sup>196</sup> are also

191 In rare cases, *unregistered* certification marks have been recognized. See, e.g., *Florida v. Real Juices, Inc.*, 330 F. Supp. 428, 431 (M.D. Fla. 1971) (holding that the Lanham Act encompasses protection of unregistered common law certification marks).

192 As noted above, the key distinctions concern technical rules associated with ownership and prohibitions against certifiers discriminating as between potential users. See *supra* text accompanying notes 15–18.

193 See BARRY ET AL., *supra* note 4, at 50.

194 See *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992). The Court in *Two Pesos* cited Judge Friendly's famous statement in *Abercrombie & Fitch Co. v. Hunting World, Inc.*: "Arrayed in an ascending order which roughly reflects their eligibility to trademark status and the degree of protection accorded, these classes are (1) generic, (2) descriptive, (3) suggestive, and (4) arbitrary or fanciful." 537 F.2d 4, 9 (2d Cir. 1976); see also Graeme W. Austin, *Tolerating Confusion About Confusion: Trademark Policies and Fair Use*, 50 ARIZ. L. REV. 157, 162–63 (2008). Examples of "generic" trademarks include aspirin, thermos, and zipper.

195 Arbitrary marks do not describe or suggest anything about the product or services marketed under the mark. See *Tisch Hotels, Inc. v. Americana Inn, Inc.*, 350 F.2d 609, 611 n.2 (7th Cir. 1965). Fanciful marks are coined words invented or selected in order to act as a trademark. See *id.*

196 *Stix Prods., Inc. v. United Merchs. & Mfrs., Inc.*, 295 F. Supp. 479, 488 (S.D.N.Y. 1968) (holding that suggestive trademarks require some "imagination, thought and per-



readily granted for the same reason.<sup>197</sup> To give just one example, the trademark “Q-Tips” for cotton swabs, which are often used with infants, is suggestive<sup>198</sup> because it could be associated with a quality of “cuteness.”<sup>199</sup> Yet, suggestive marks do not require empirical proof of “secondary meaning,” which requires that a mark operate as a signal of a product’s source as opposed to its qualities.<sup>200</sup> By contrast, marks that are explicitly descriptive of a good or service<sup>201</sup> require proof of secondary meaning,<sup>202</sup> and generic marks are afforded no protection at all because it is presumed that the value

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ception to reach a conclusion as to the nature of goods” (citing *William R. Warner & Co. v. Eli Lilly & Co.*, 265 U.S. 526, 528 (1924)).

197 See, e.g., *Watkins Prods., Inc. v. Sunway Fruit Prods., Inc.*, 311 F.2d 496, 499 (7th Cir. 1962); see also *Audio Fid., Inc. v. London Records, Inc.*, 332 F.2d 577, 579 (C.C.P.A. 1964) (“It is well settled that a mark which is ‘suggestive’ as opposed to ‘merely descriptive’ is a valid technical trademark. It is entitled to protection and to registration without proof of secondary meaning.”).

198 See, e.g., *Bose Corp. v. Int’l Jensen Inc.*, 963 F.2d 1517 (Fed. Cir. 1992) (“ACOUSTIC RESEARCH” for stereo loudspeakers); *Cullman Ventures, Inc. v. Columbian Art Works, Inc.*, 717 F. Supp. 96 (S.D.N.Y. 1989) (“At-A-Glance” for calendars).

199 See *Q-Tips, Inc. v. Johnson & Johnson*, 206 F.2d 144 (3d Cir. 1953).

200 Arbitrary, fanciful, and suggestive marks are regarded as inherently distinctive, and do not require a showing of secondary meaning (or acquired distinctiveness) to achieve protection. See *Blisscraft of Hollywood v. United Plastics Co.*, 294 F.2d 694, 700 (2d Cir. 1961). In *Q-Tips, Inc.*, the Third Circuit described the line-drawing required between descriptive and suggestive marks and the underlying policy concerns, as follows:

It is desirable to protect a trader who has built up public association with a product under his trade-mark from having his business taken by somebody else. It is also desirable to keep the channels of expression open by not giving protection to people who go out and take ordinary, descriptive words and then claim something like a property right in them.

206 F.2d at 146; see also *Stix Prods., Inc.*, 295 F. Supp. at 488.

201 Descriptive trademarks cannot act as “signifiers of source” (absent secondary meaning) because they signify something else—that which the mark describes. See *Publ’ns Int’l, Ltd. v. Landoll, Inc.*, 164 F.3d 337, 343 (7th Cir. 1998). Marks will be characterized as “descriptive” if they describe: (a) “the intended purpose, function or use of the goods”; (b) “the size of the goods”; (c) “the provider of the goods or services”; (d) “the class of users of the goods or services” (e.g., users within a particular geographical region); (e) “a desirable characteristic of the goods or services”; (f) “the sound made by an important feature of the goods”; (g) “the nature of the goods or services”; (h) “the end effect upon the user.” 2 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 11:16 (4th ed. 2017). On the necessity to prove “secondary meaning” (that is, through advertising and use, consumers come to distinguish the trademark owner’s goods from those of other traders). See, e.g., *Coca-Cola Co. v. Koke Co. of Am.*, 254 U.S. 143, 146 (1920).

202 Whether a mark achieves secondary meaning is largely an empirical issue, in the assessment of which survey evidence is often particularly important. See *Aloe Creme Labs., Inc. v. Milsan, Inc.*, 423 F.2d 845, 849 (5th Cir. 1970) (“The chief inquiry is the attitude of the consumer toward the mark; does it denote to him a, ‘single thing coming from a single source’? Short of a survey, this is difficult of direct proof.” (quoting *Coca-Cola Co.*, 254 U.S. at 146)); see also *Vision Ctr. v. Opticks, Inc.*, 596 F.2d 111, 119 (5th Cir. 1979) (absence of an objective survey is a significant hindrance to meeting the required standard of proof).

of their linguistic meaning in market transactions far exceeds the benefits of granting them trademark protection.<sup>203</sup>

Categorizing trademarks along this spectrum fosters competition by ensuring that competitors can describe their products without infringing others' trademarks.<sup>204</sup> By leaving purely descriptive and generic terms in the public domain, these doctrines aim to enhance the clarity of information conveyed to consumers about the qualities of goods and services.<sup>205</sup> If, for example, a single firm could monopolize the term "king size" for men's clothing,<sup>206</sup> consumer search costs would be higher because other firms would be impeded from communicating that they also sell products of this description.<sup>207</sup> Further, the doctrine serves a procompetitive end by constraining firms from artificially differentiating their products and thereby limiting competition between different brands of products that are functionally the same.<sup>208</sup>

Consistent with trademark theory's focus on competition, the distinctiveness doctrine is designed to allow many trademarks to coexist in the same market.<sup>209</sup> Yet, while the doctrine preserves competition by mitigating confusion as to source, the policy aim of maximizing the number of trademarks in a market, and thus competitors, ignores the risk of information overload that we have highlighted and the impediments it creates to consumer choice

203 Genericness is determined by asking first what the genus of goods is, and then whether the term sought to be registered is understood by the relevant public as referring primarily to that genus. *See* H. Marvin Ginn Corp. v. Int'l Ass'n of Fire Chiefs, 782 F.2d 987, 989–90 (Fed. Cir. 1986); *see also* *In re* Dial-A-Mattress Operating Corp., 240 F.3d 1341, 1344 (Fed. Cir. 2001) ("Generic terms are common names that the relevant purchasing public understands primarily as describing the genus of goods or services being sold. They are by definition incapable of indicating a particular source of the goods or services . . . ." (citations omitted)); *Filipino Yellow Pages, Inc. v. Asian Journal Publ'ns, Inc.*, 198 F.3d 1143, 1148 (9th Cir. 1999); 2 MCCARTHY, *supra* note 201, § 12:1. While "generic" terms are not valid trademarks, in shaping an injunction, some relief might be afforded in cases of passing off. *See, e.g.*, *King-Seeley Thermos Co. v. Aladdin Indus., Inc.*, 321 F.2d 577 (2d Cir. 1963). Like other trademarks, certification marks can be struck from the register if they become generic. 15 U.S.C. § 1064(3) (2012); *Swiss Watch Int'l, Inc. v. Fed'n of the Swiss Watch Indus.*, 101 U.S.P.Q.2d (BNA) 1731 (T.T.A.B. 2012).

204 For example, the distinction between suggestive and descriptive marks is often tested by assessing whether competitors would be likely to use the term when describing their products. *See, e.g.*, *Vision Ctr.*, 596 F.2d at 116.

205 *See* LANDES & POSNER, *supra* note 9.

206 *See, e.g.*, *Sara Lee Corp. v. Kayser-Roth Corp.*, 81 F.3d 455, 464, 471 (4th Cir. 1996).

207 *See* Austin, *supra* note 194, at 161. Defenses for descriptive uses of trademarks are available in some circumstances. *See* *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111 (2004). However, as the Court held in *KP Permanent Make-Up, Inc.*, the availability of statutory defenses will depend on the likelihood that the junior user's use of the mark causes a likelihood of consumer confusion. *Id.* at 112.

208 *See* Glynn S. Lunney, Jr., *Trademark Monopolies*, 48 EMORY L.J. 367 (1999). In this context, product differentiation occurs when the trademark creates a unique product category. *See generally* Harold R. Weinberg, *Is the Monopoly Theory of Trademarks Robust or a Bust?*, 13 J. INTEL. PROP. L. 137, 148 (2005).

209 *See supra* note 188 and accompanying text.

when a product has credence characteristics.<sup>210</sup> The narrow focus of trademark theory on source designation as the sole arbiter of market competition both ignores the complexities of consumer preferences and the potential for trademarks to serve other normatively desirable ends. As a result, orthodox trademark theory is either unconcerned with or, as we discuss below, disparaging of information that a mark might convey *other than* information designating the source of a product or service.

These doctrinal limitations are reflected in recent cases involving eco-labels before the Trademark Trial and Appeal Board (TTAB). For example, the term “green” itself must typically be disclaimed due to its descriptive or suggestive qualities.<sup>211</sup> This does not, of course, preclude the use of “green” in a firm’s branding strategies; it merely prohibits claiming the term as part of a protected mark, and thus allows for widespread use of the term in any market. The TTAB has also treated marks as descriptive if they connote the environmental friendliness of a product or service,<sup>212</sup> and it has occasionally refused to register marks on the statutory ground that they are “misdescriptive” or “deceptive.”<sup>213</sup> In one case involving the application to register “GREEN SEAL,” the Board took the view that the mark should not be registered because the applicant did not provide any evidence that the products were environmentally friendly.<sup>214</sup> However, this standard is weak, and in practice the doctrine has not provided a meaningful basis for weeding out or limiting the number of green trademarks.<sup>215</sup> The refusal to register a mark

210 See Bonroy & Constantatos, *supra* note 28, at 256–57.

211 See, e.g., *In re Kitaru Innovations Inc.*, 2013 WL 3090489, at \*2 (T.T.A.B. Mar. 26, 2013) (citing examples); see also *In re Dayton Power & Light Co.*, 2012 WL 1267908, at \*5 (T.T.A.B. Mar. 14, 2012) (“GREEN is a descriptive term to designate environmentally friendly goods or services and that a disclaimer was appropriate.”).

212 For example, “GREEN SPROUTS” was refused registration for baby foods on the ground that it would be regarded as an environmentally friendly version of goods marketed or intended to be marketed under the trademark SPROUT. *In re I Play, Inc.*, 2013 WL 2951810 (T.T.A.B. May 14, 2013). Similarly, the term “ECO WICK” for candles was found to merely connote “ecologically positive properties” and was refused registration. *In re MVP Grp. Int’l, Inc.*, 2013 WL 3001476, at \*5 (T.T.A.B. Feb. 25, 2013). Applying the doctrine of foreign equivalents, the Board rejected an application for VERDE for an electronic power supply technology on the basis that it was the Spanish word for “green” and would be read to identify “environmentally friendly products and services in the electrical supply industry.” *In re Verde Power Supply, Inc.*, 2012 WL 4361423, at \*5 (T.T.A.B. Sept. 12, 2012); see also *Palm Bay Imports, Inc. v. Veuve Clicquot Ponsardin Maison Fondee En 1772*, 396 F.3d 1369, 1377 (Fed. Cir. 2005) (“Under the doctrine of foreign equivalents, foreign words from common languages are translated into English to determine genericness, descriptiveness, as well as similarity of connotation in order to ascertain confusing similarity with English word marks.”). For earlier examples of the PTO’s skepticism of “green” trademarks, see *In re Cenveo Corp.*, 2009 WL 4086560, at \*6 (T.T.A.B. Sept. 30, 2009); *In re Bargoose Home Textiles Inc.*, 2009 WL 1719383, at \*4 (T.T.A.B. May 27, 2009); *In re Jones Inv. Co.*, 2009 WL 273242, at \*1–3 (T.T.A.B. Jan. 21, 2009).

213 See 15 U.S.C. § 1052(e), (a) (2012).

214 *In re Kitaru Innovations Inc.*, 2013 WL 3090489, at \*5.

215 For a mark to be characterized as deceptive, an affirmative answer to each of the following questions is required: (1) Is the term misdescriptive of the character, quality,

(or the imposition of a requirement to disclaim a term such as “green”) does not preclude a firm’s *use* of the mark in its communication to consumers. It merely constrains the ability of firms to claim exclusive rights in the term.

The narrow focus of trademark law obviates the need for an extended examination of the legal doctrines for the simple reason that, beyond undifferentiated market competition, it ignores market failures, informational or otherwise, that are implicated by trademark rights. Under TTAB jurisprudence, “green” must be disclaimed if it has *any* connection with consumer preferences for making environmentally responsible purchasing decisions.<sup>216</sup> Similarly, the prohibition against deceptively misdescriptive marks applies only if there are no credible environmental characteristics associated with the product or service.<sup>217</sup> Ecolabels for products with *some* environmental quality are unlikely to be expunged on the deceptively misdescriptive ground, and trademarks that connote environmental qualities, but are not directly descriptive, will be allowed to proliferate. The core trademark doctrines are therefore indifferent to ecolabels operating effectively and more broadly in this form of private governance.

### B. Critiques of Expanded Trademark Rights

Trademark scholars have engaged in a sometimes quixotic battle against modern branding strategies that maximize the surplus value of trademarks through expanded trademark rights.<sup>218</sup> This preoccupation has reinforced the orthodox strain in trademark theory and profoundly impacted scholar-

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function, composition or use of the goods? (2) If so, are prospective purchasers likely to believe that the misdescription actually describes the goods? (3) If so, is the misdescription likely to affect the decision to purchase? *In re Budge Mfg. Co.*, 857 F.2d 773, 775 (Fed. Cir. 1988). An alternative ground for refusal is that a mark is “deceptively misdescriptive.” These marks are, however, even more difficult to prevent from being registered because a deceptively misdescriptive mark can be registered (and protected) if it has achieved secondary meaning. See 15 U.S.C. § 1052(e)(1), (f).

216 See e.g., *In re Kitaru Innovations Inc.*, 2013 WL 3090489, at \*4.

217 See *id.* at \*3–5.

218 A detailed analysis of the expansion of trademark rights is beyond the scope of this Article. A few illustrations will suffice. First, the notion of consumer confusion has now grown to include “‘initial interest’ confusion, ‘source’ or ‘associational’ confusion and ‘post-sale confusion.’” *Wolf Appliance, Inc. v. Viking Range Corp.*, 686 F. Supp. 2d 878, 889 (W.D. Wis. 2010). As a result, trademark owners’ rights have been enhanced by the wide variety of claims that may be brought against new market entrants. Other doctrines have increased the range of phenomena in which trademark rights may now subsist, which means that today, “almost anything at all that is capable of carrying meaning.” *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 162 (1995); see also Graeme B. Dinwoodie, *The Death of Ontology: A Teleological Approach to Trademark Law*, 84 IOWA L. REV. 611 (1999); Jane C. Ginsburg, “*See Me, Feel Me, Touch Me, Hea[r] Me*” (and *Maybe Smell and Taste Me Too*): *I Am a Trademark—a US Perspective*, in *TRADE MARKS AND BRANDS: AN INTERDISCIPLINARY CRITIQUE* 92 (Lionel Bently et al. eds., 2008). Trademark rights can, for example, subsist in trade dress, see *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992), as well as product design that has achieved secondary meaning, see *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205 (2000).

ship.<sup>219</sup> Putting this in simple concrete terms, if a firm's use of an ecolabel encouraged consumers to "feel good" about selecting a product with favorable environmental characteristics, such surplus goodwill has no value under orthodox theory. Yet, outside the trademark reference frame, the social value of such goodwill to change norms that can mitigate otherwise intractable environmental problems is obvious. Orthodox trademark theory has been animated by many scholars' laudable opposition to widespread abuses of trademark rights by powerful corporations.<sup>220</sup> Nevertheless, a byproduct of this reactionary stance has been summary dismissal and sometimes the trivialization of normatively valuable trademark functions that lie outside the signaling function.

Taken together, doctrinal and legislative expansions of trademark rights extend far beyond the orthodox signaling function.<sup>221</sup> Today, trademarks are the legal foundation for branding strategies that tell stories, instill loyalty, and arouse passions.<sup>222</sup> Marks associated with luxury brands, for example, are now part of a symbolic economy that offers "peculiarly powerful affirmations of belonging, recognition, and meaning in the midst of the lives of their

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A second area of expansion is the set of protections afforded to merchandising goods. See, e.g., *Au-Tomotive Gold, Inc. v. Volkswagen of Am., Inc.*, 457 F.3d 1062 (9th Cir. 2006); *Bos. Prof'l Hockey Ass'n v. Dall. Cap & Emblem Mfg., Inc.*, 510 F.2d 1004 (5th Cir. 1975). Rights in merchandising goods sits awkwardly with orthodox trademark theory to the extent that the object of protection becomes the mark itself, rather than the mark's ability to signal a product's source. See Barton Beebe, *The Semiotic Analysis of Trademark Law*, 51 UCLA L. REV. 621, 656 (2004); Stacey L. Dogan & Mark A. Lemley, *The Merchandising Right: Fragile Theory or Fait Accompli?*, 54 EMORY L.J. 461, 463 (2005); Thomas D. Drescher, *The Transformation and Evolution of Trademarks—From Signals to Symbols to Myth*, 82 TRADEMARK REP. 301 (1992); Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L.J. 1687, 1687–88 (1999) (observing that trademarks are protected as valuable things in themselves).

Thirdly, the federalization of dilution doctrine has also expanded trademark rights. See Federal Trademark Dilution Act of 1995, 15 U.S.C. §§ 1125(c)(1), 1127. In the dilution context, the trademark expansion narrative is not quite so linear, but the overall trend has been toward the expansion of rights. See Clarisa Long, *The Political Economy of Trademark Dilution*, in TRADEMARK LAW AND THEORY: A HANDBOOK OF CONTEMPORARY RESEARCH 132, 144–45 (Graeme B. Dinwoodie & Mark D. Janis eds., 2008).

219 See Beebe, *supra* note 218, at 644–45.

220 See, e.g., K.J. Greene, *Abusive Trademark Litigation and the Incredible Shrinking Confusion Doctrine—Trademark Abuse in the Context of Entertainment Media and Cyberspace*, 27 HARV. J.L. & PUB. POL'Y 609, 631 (2004) ("Corporations using trademark law to protect their corporate image at the expense of the marketplace of ideas and the public domain also arguably engage in abusive litigation policies, fueled by the expansion of IP law.").

221 For an early precursor of modern debates, see Schechter, *supra* note 12. In this classic article, Schechter argued that the principal function of trademarks is not to designate source, but instead to serve as a vehicle for advertising.

222 JAMES B. TWITCHELL, *BRANDED NATION: THE MARKETING OF MEGACHURCH, COLLEGE INC., AND MUSEUMWORLD* 1–46 (2004).

[consumers].”<sup>223</sup> Trademarks have become prominent artifacts of public culture nationally and, increasingly, internationally.<sup>224</sup> Professor Jessica Litman uses the term “[brand] atmospherics” to describe the surplus value of trademarks associated with a brand’s luster and marketing power.<sup>225</sup> Academic critics view such expanded rights as tools for rent seeking: enabling strategies that transform trademarks from mere signals of source to property that is valuable in its own right.<sup>226</sup> In this light, expanded trademark rights have few if any redeeming features—they have no effect on consumer search costs and they pose real threats to competition by increasing barriers to entry and to free expression insofar as they remove terms and symbols from the public domain.<sup>227</sup>

In the face of this dramatic expansion of rights, academic critics have called for a return to trademark fundamentals, under which the sole objective is preventing free riding by firms with identical or confusingly similar marks.<sup>228</sup> Their key target has been the trademark dilution doctrine.<sup>229</sup> The principal harms that dilution doctrines address are marketplace activities by other firms that reduce the clarity and potency of a trademark as a signifier of source.<sup>230</sup> Dilution is therefore often described as a kind of “blurring” that limits a mark’s effectiveness.<sup>231</sup> Blurring is another way of describing a conceptual overlap in the minds of consumers: messages conveyed by marks are rendered less clear because they must compete for consumers’ attention.<sup>232</sup> Many critics claim that the dilution doctrine serves only the interests of powerful trademark owners.<sup>233</sup> As Professor Rochelle Dreyfuss has

223 David Tan, *The Semiotics of Alpha Brands: Encoding/Decoding/Recoding/Transcoding of Louis Vuitton and Implications for Trademark Laws*, 32 CARDOZO ARTS & ENT. L.J. 225, 228 (2013) (quoting CHRIS ROJEK, *CELEBRITY* 52 (2001)).

224 See Sonia K. Katyal, *Trademark Cosmopolitanism*, 47 U.C. DAVIS L. REV. 875, 887–88 (2014).

225 Litman, *supra* note 10, at 1727.

226 See *id.* at 1733–34.

227 See Lemley, *supra* note 218, at 1710–13.

228 See Dogan & Lemley, *supra* note 10, at 798.

229 See Ilanah Simon Fhima, *Dilution by Blurring—A Conceptual Roadmap*, 2010 INTELL. PROP. Q. 44, 44 (describing dilution as “perhaps the most vilified doctrine within contemporary trade mark law”).

230 See Robert G. Bone, *Schechter’s Ideas in Historical Context and Dilution’s Rocky Road*, 24 SANTA CLARA COMPUTER & HIGH TECH. L.J. 469, 473–74 (2008) (providing a brief look at the rationales for the existence of dilution doctrines).

231 *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 425 (2003).

232 See Sandra L. Rierson, *The Myth and Reality of Dilution*, 11 DUKE L. & TECH. REV. 212, 260 (2012) (“[E]vidence of an ‘intent to associate’ alone currently constitutes powerful evidence of a likelihood of dilution.”). *But see* Mary LaFrance, *No Reason to Live: Dilution Laws as Unconstitutional Restrictions on Commercial Speech*, 58 S.C. L. REV. 709, 710 (2007) (“Typically, a blurring claim involves a defendant that applies another merchant’s famous trademark to products which are so unrelated to those of the trademark owner that consumers are unlikely to be confused about the origin of the goods.”).

233 See Rochelle Cooper Dreyfuss, *Expressive Genericity: Trademarks as Language in the Pepsi Generation*, 65 NOTRE DAME L. REV. 397, 407 (1990).

explained, “Outside the signaling context (where trademark rights are protected), increasing the pool of word utilizers does not impose costs on prior users in the way that, say, adding cattle to a pasture detracts from its ability to maintain the first farmer’s herd.”<sup>234</sup> In short, expanded trademark rights cannot be justified by fears about a “tragedy of the information commons” because words are nonrivalrous.<sup>235</sup> In addition, critics claim that expanded trademark protection enables firms to capture the resulting surplus by increasing the prices for their goods, while competing firms are subject to higher transaction costs associated with avoiding existing trademarks.<sup>236</sup> Either way, the public loses.

Opposition to the expanded scope of the dilution doctrine animates the deep skepticism among academics and the powerful appeal that orthodox trademark theory holds as an antidote to these doctrinal and legislative trends.<sup>237</sup> It also exposes the degree to which trademark theory is at odds with private governance as embodied in ecolabels. The foundation of academic critiques is that trademarks operate in an information commons that is not congestible.<sup>238</sup> This may be true of most conventional trademarks, but as we have shown, it is manifestly not true of green trademarks.

### C. *Trivializing Hybrid Trademark Functions*

The potential for trademarks to generate social or individual benefits that lie outside orthodox theory has been largely rejected by scholars.<sup>239</sup> While some scholars, including Professor Dreyfuss, have identified “cases in the middle,”<sup>240</sup> where trademarks appear to perform nonsignaling functions, the examples either tend to appear trivial or to favor weaker rights. Dreyfuss illustrates these cases using the example of a t-shirt adorned with the word “Barbie.”<sup>241</sup> This case is hybrid because the mark “Barbie” enhances the commercial appeal of the shirt, but is used on a product with which it is not

234 *Id.* at 407.

235 See Lunney, *supra* note 208, at 463.

236 See Litman, *supra* note 10, at 1735 (“As the realm of protection expands, it necessarily does so at the expense of competition.”).

237 See, e.g., Robert G. Bone, *A Skeptical View of the Trademark Dilution Revision Act*, 11 INTELL. PROP. L. BULL. 187 (2007); Rochelle Cooper Dreyfuss, *Reconciling Trademark Rights and Expressive Values: How to Stop Worrying and Learn to Love Ambiguity*, in TRADEMARK LAW AND THEORY, *supra* note 218, at 261; Jonathan E. Moskin, *Dilution or Delusion: The Rational Limits of Trademark Protection*, 83 TRADEMARK REP. 122 (1993).

238 See, e.g., David W. Barnes, *Congestible Intellectual Property and Impure Public Goods*, 9 NW. J. TECH. & INTELL. PROP. 533, 536 (2011).

239 See Dogan & Lemley, *supra* note 218, at 484 (“The point of trademark law has never been to maximize profits for trademark owners at the expense of competitors and consumers.”).

240 Dreyfuss, *supra* note 233, at 402.

241 *Id.* Here “Barbie” is not merely functioning as a component of speech—that is, as a descriptor of a woman with a certain set of attributes. See *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894 (9th Cir. 2002); Dan Hunter & F. Gregory Lastowka, *Barbie*<sup>TM</sup>, 18 TUL. J. TECH. & INTELL. PROP. 133 (2015).

commercially associated (i.e., toy dolls marketed by Mattel).<sup>242</sup> As Professor Dreyfuss explains, the expressive elements of a trademark can enhance the prestige value of an unrelated product or service on which it appears.<sup>243</sup> Nevertheless, she and many other scholars dismiss such cases because this surplus—namely, the ability of the wearer to signal his or her allegiance with a plastic toy—has little to no social value.<sup>244</sup>

In other examples, the issues at stake are more substantial, but the equities tend to cut against the trademark owner.<sup>245</sup> The most prominent ones involve trademark rights being asserted to suppress free expression, such as parodic or political uses of trademarks.<sup>246</sup> These constitutionally freighted uses are then pitched against the naïve, hedonistic consumers of the surplus value in “Barbie” and the anticompetitive effects of expansive trademark rights.<sup>247</sup> In a classic statement, Professor Jessica Litman makes this view appear ineluctable:

[I]t would be difficult to argue that the persuasive values embodied in trade symbols are likely to suffer from underprotection. Indeed, the Mattels, Disneys, and Warner Brothers of the world seem to protect their atmospherics just fine without legal assistance. Not only can their target audiences tell the difference between, say, a Barbie doll and some other thirteen-inch fashion doll, but, regardless of features, they seem well-trained in the art of insisting on the Mattel product. Nor is the phenomenon limited to the junior set. The popularity of Ralph Lauren’s Polo brand shirts or Gucci handbags is an obvious example.<sup>248</sup>

As we discussed in Part I, however, the information and persuasive values generated by investments in ecolabels, and the complex environmental standards on which they are based, are not adequately protected under existing laws. In the market for coffee, for example, competition has led to a proliferation of competing marketplace signals that has overwhelmed consumers and impeded expression of their preferences.<sup>249</sup> With this and other examples in mind, the skepticism expressed in this quotation appears one-sided. Yet, so long as trademark orthodoxy persists in portraying the functions of trademarks through a narrow neoliberal economic lens, the countervailing considerations raised by ecolabels and other forms of private governance will continue to be neglected and trademarks will continue to serve them poorly.

242 Dreyfuss, *supra* note 233, at 402.

243 *Id.*

244 *Id.* at 402–03; *see also* Lunney, *supra* note 208, at 397–98.

245 *See, e.g.*, Katyal, *supra* note 224, at 875; LaFrance, *supra* note 232, at 713 (arguing that in light of the First Amendment, dilution laws may not serve a “sufficiently weighty reason to justify” their existence).

246 Dreyfuss, *supra* note 233, at 405.

247 *See* Litman, *supra* note 10, at 1730–31.

248 *Id.* at 1729 (footnote omitted).

249 *See* Chon, *supra* note 2, at 2341–46.



D. *The Unacknowledged Normativity of Trademark Theory*

Most fundamentally, the evidence that trademarks provide essential legal support for private environmental governance exposes the parochialism of orthodox trademark theory. Taken by themselves, the normative commitments of orthodox trademark theory—safeguarding market competition, preserving free speech, minimizing consumer confusion—have a compelling logic.<sup>250</sup> But trademark theory has the capacity to accommodate other normatively important objectives. Acknowledging this requires scholars to reassess the principle that the *only* legitimate role for trademarks is signaling the single anonymous source of products or services.<sup>251</sup> It will also unearth the (often tacit) normative preferences that are immanent in the neutral depiction of markets as depoliticized spaces in which consumer choice is reduced to purely self-interested preferences. Campaigns of consumer resistance remind us that, as much as consumers are “sovereign,” they are also citizens<sup>252</sup> whose preferences are not limited to the instrumental qualities of goods or services; ample evidence exists that their preferences extend to intangible environmental attributes as well. Engaging with the role that trademarks play in these kinds of noninstrumental preferences requires a more capacious attitude toward consumer markets than neoliberal economics permits.

Scholars have occasionally questioned the normative assumptions implicit in trademark theory. Professor Justin Hughes, in particular, has highlighted the neglect of what he describes as “audience interests” in some strands of intellectual property scholarship.<sup>253</sup> Audience interests include, for example, expectations consumers may have in the stability of certain “cultural objects.”<sup>254</sup> In the trademark context, this includes the brand atmospherics that are the target of many scholarly critiques of expanded rights.<sup>255</sup> Professor Hughes argues that trademark scholarship betrays a bias regarding the relative value of different kinds of expressive activity—parodic uses of Barbie are valued over identifying uses.<sup>256</sup> We take no position either way other than to observe that orthodox theory should not be given preferential status uncritically, particularly as trademark law has often served multiple

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250 See *supra* Section II.A.

251 See Beebe, *supra* note 218, at 669.

252 See generally COHEN, *supra* note 13, at 41 (describing how boycotts of particular stores and sit-ins were among the strategies deployed by African Americans in resistance to Jim Crow laws); DAVID BRION DAVIS, *THE PROBLEM OF SLAVERY IN THE AGE OF REVOLUTION 1770–1823*, at 24 (1999) (describing the “popular movement to boycott slave-grown sugar”).

253 See Justin Hughes, “*Recoding*” *Intellectual Property and Overlooked Audience Interests*, 77 *TEX. L. REV.* 923 (1999).

254 *Id.* at 961.

255 See Litman, *supra* note 10, at 1728 (“To say that many consumers seem to attach real value to atmospherics, however, doesn’t itself demonstrate that those atmospherics should be afforded legal protection.”).

256 Hughes, *supra* note 253, at 925–26.

(sometimes industry-specific) policy ends in the past.<sup>257</sup> The diverse origins and less theoretically pure doctrines reflected in the history of trademark law provide further grounds for critically evaluating orthodox theory today.

The attraction of orthodox trademark theory may also reflect deeper jurisprudential commitments in intellectual property law. Under this view, intellectual property law—and perhaps private law more generally<sup>258</sup>—is presumed to have an internal logic that is revealed through doctrinal elaboration that “work[s] [itself] pure over time.”<sup>259</sup> Through this process, the legitimacy of legislative or doctrinal measures can be tested by assessing their consistency with the perceived purposes of the particular area of law.<sup>260</sup> In the context of trademark law, this has meant that academic focus has centered on whether a particular doctrine or legislative reform serves a principle regarded as foundational (e.g., facilitating competition), and that little attention is given to concerns about whether trademark policy serves other related ends—such as ensuring that people have access to sustainable agricultural products<sup>261</sup> and can participate in cultural development free from discrimination or, more generally, that policies enhance the human rights and the dignity of everyone.<sup>262</sup>

Effective private environmental governance is another normatively desirable end that could also inform debates about the appropriate scope of trademark rights. The marketplace in which ecolabels operate is not the abstracted neutral domain over which individual sovereign consumers reign. In a globalized world where private transactions also reflect a wide range of values, purchasing decisions reflect more than narrowly instrumental consumer preferences for brand *X* over brand *Y*. It is past time for trademark law and theory to accommodate a broader range of public interests and to abandon its artificially segmented view of markets and politics.

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257 As Sherman and Bently explain, the internationalization of trademark law was an important catalyst for the development of a “principled” basis for trademark doctrines. BRAD SHERMAN & LIONEL BENTLY, *THE MAKING OF MODERN INTELLECTUAL PROPERTY LAW: THE BRITISH EXPERIENCE 1760–1911*, at 166–72 (1999). For different nations’ trademark systems to work together, it required the development of uniform principles. *Id.* at 167–68; see also FRANK I. SCHECHTER, *THE HISTORICAL FOUNDATIONS OF THE LAW RELATING TO TRADE-MARKS* (1925) (tracing the origins of trademarks to the monopoly over certain trades enforced by the guild system); Lionel Bently, *The Making of Modern Trade Mark Law: The Construction of the Legal Concept of Trade Mark (1860–1880)*, in *TRADE MARKS AND BRANDS*, *supra* note 281, at 9.

258 See generally ERNEST J. WEINRIB, *THE IDEA OF PRIVATE LAW* (2012).

259 Robert W. Gordon, *Foreword: The Arrival of Critical Historicism*, 49 *STAN. L. REV.* 1023, 1023 (1997).

260 See Transcript of Oral Argument at 7–10, *Matal v. Tam*, 137 S. Ct. 1744 (2017) (No. 15-1293) (Justice Breyer asking whether the challenged statute was consistent with trademark policies).

261 See Graeme W. Austin, *Valuing “Domestic Self-Determination” in International Intellectual Property Jurisprudence*, 77 *CHI.-KENT L. REV.* 1155, 1193 (2002).

262 See generally Graeme W. Austin, *Authors’ Human Rights and Copyright Policy*, 40 *COLUM. J.L. & ARTS* 405 (2017).

### III. BEYOND TRADEMARK SIGNALING

In this final Part, we briefly explore several options for refining trademark policy to enhance the effectiveness of private governance. The proposed measures address the problems noted above with regressive competition between certification programs and consumer information overload arising from the need to interpret numerous overlapping ecolabels when selecting between competing products. We will evaluate three policy options: (1) categorical prohibitions on conventional trademarks; (2) heightened standards for obtaining both conventional trademarks and certification marks; and (3) an expanded dilution doctrine for ecolabels, whether covered by conventional trademarks or certification marks.<sup>263</sup>

Policies that support private environmental governance shift the focus of trademark policy away from market competition and a narrow conception of consumer confusion. Further, unlike the symbolic commons occupied by conventional trademarks, ecolabels and private governance generally operate in an information commons that is congestible.<sup>264</sup> However, congestion of this information commons is not simply a barrier to private governance, but also undermines freedom of expression—when consumers are overwhelmed by different standards and nomenclatures, communication is effectively foreclosed. An overriding normative consideration of trademark scholars, freedom of expression offers further normative grounding for these policies.<sup>265</sup>

The reforms to trademark law that we explore have regulatory and doctrinal elements. Although not widespread, clear precedent exists for targeted regulations that operate in tandem with trademark law; two examples of this are of particular relevance here. The first program targets trademarks on pharmaceuticals and illustrates how the Patent and Trademark Office (PTO) review processes can be augmented to avoid marketplace confusion. Prior to registering a trademark for a drug, pharmaceutical companies must obtain approval from the Food and Drug Administration (FDA).<sup>266</sup> This quasi-regulatory review process is aimed at preventing confusion among health profes-

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263 In advancing various suggestions directed at enhancing the role of ecolabels to function better as tools of private governance, we acknowledge the irony that each proposal is regulatory in nature. We express no view as to the normative superiority of private governance mechanisms over public governance. On the contrary, as the Introduction underscores, our examination of private governance derives from a pragmatic realism as to the prospects of meaningful public environmental regulation being advanced. Moreover, as a number of scholars have convincingly described, private governance mechanisms operate within a legal ecology of public regulation, hence the emphasis on the interplay between both public and private governance mechanisms in a number of the analyses. For a particularly influential analysis of the amalgams of public and private modalities of regulation, see ELINOR OSTROM, *GOVERNING THE COMMONS: THE EVOLUTION OF INSTITUTIONS FOR COLLECTIVE ACTION* 8–13 (1990).

264 See Litman, *supra* note 10 and accompanying text.

265 See *supra* note 249 and accompanying text.

266 See 3 McCARTHY, *supra* note 19, § 19:149 (setting out the procedures in detail). The FDA explains the process and purposes of the scheme on its website. See *Medication Errors Related to Drugs*, U.S. FOOD & DRUG ADMIN. (Apr. 24, 2017), <https://www.fda.gov/drugs/>

sionals about the names of pharmaceuticals and the potentially life-threatening consequences for patients that could result.<sup>267</sup> Accordingly, FDA review is limited to evaluating the potential for an applicant's mark to be confused with currently marketed drugs and other medical products, as well as commonly used medical abbreviations, medical procedures, and laboratory tests.<sup>268</sup> The FDA conducts this review rather than the PTO because it has the relevant technical expertise and extensive knowledge of medical errors.

The second example concerns "fasteners," which are frequently difficult to mark with a trademark because of the shape or size.<sup>269</sup> This is important because fasteners that fail or are faulty have the potential to result in substantial legal liability from personal injuries or harms to property.<sup>270</sup> Under the Fastener Quality Act,<sup>271</sup> special insignia are required on each fastener and must be separately registered with the PTO to ensure that a fastener's provenance can be traced back to its supplier.<sup>272</sup> The PTO maintains a separate register for fastener insignia,<sup>273</sup> and registration of the insignia is conditional

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drugsafety/medicationerrors/default.htm. The FDA uses the following definition for medication errors:

[A]ny preventable event that may cause or lead to inappropriate medication use or patient harm while the medication is in the control of the health care professional, patient, or consumer. Such events may be related to professional practice, health care products, procedures, and systems, including prescribing; order communication; product labeling, packaging, and nomenclature; compounding; dispensing; distribution; administration; education; monitoring; and use.

*Id.*; see also U.S. FOOD & DRUG ADMIN., PDUFA PILOT PROJECT PROPRIETARY NAME REVIEW: CONCEPT PAPER 2 (2008), <http://www.fda.gov/downloads/Drugs/GuidanceComplianceRegulatoryInformation/Guidancesdef/UCM072229.pdf> (quoting *What is a Medication Error?*, NAT'L COORDINATING COUNCIL FOR MEDICATION ERROR REPORTING AND PREVENTION (Sept. 15, 2016), <http://www.nccmerp.org/about-medication-errors>).

267 See Ty Halasz, Comment, *The Game of the Name: Shortcomings in the Dual-Agency Review of Drug Trademarks and a Remedial Cure*, 64 ADMIN. L. REV. 235, 236–37 (2012) (citing statistics).

268 See *id.* at 237–38. The process is independent of proceedings under the Lanham Act for likelihood of confusion. See, e.g., *Kos Pharm., Inc. v Andrx Corp.*, 369 F.3d 700 (3d Cir. 2004) (granting preliminary injunction to restrain the use of a mark that had been approved by the predecessor of the Division of Medication Errors and Technical Support). Other factors taken into account include "whether the name implies a clinical process not supported by clinical data, whether the name implies that the drug can do more than it really does, or whether the name draws too heavily on the generic name that has been assigned to the drug." 3 MCCARTHY, *supra* note 19, § 19:149.

269 3 MCCARTHY, *supra* note 19, § 19:151 (noting that the Fastener Quality Act was enacted to cover small objects such as "screws, nuts, and bolts").

270 *Id.*

271 15 U.S.C. § 5401 (2012). The regulations implementing the Fastener Quality Act are set forth at 15 C.F.R. § 280 (2012). On the workings of this scheme, see 3 MCCARTHY, *supra* note 19, § 19:151.

272 For the purposes of these regimes, "fasteners" are defined at 15 U.S.C. § 5402(6).

273 See *Fastener Insignia Register*, U.S. PATENT & TRADEMARK OFFICE (July 18, 2017), [http://www.uspto.gov/sites/default/files/FQA\\_Registry.pdf](http://www.uspto.gov/sites/default/files/FQA_Registry.pdf).

on demonstrating compliance with specified safety standards.<sup>274</sup> Similar to the trade-related motivations for establishing ecolabels, this augmented registration scheme was prompted by concerns about the quality and safety of imported fasteners.<sup>275</sup> For our purposes, the details of these schemes are unimportant; instead, we highlight them because they demonstrate that trademark law already accommodates policies outside of orthodox theory—including those associated with highly technical, quasi-regulatory regimes.

*A. Rules and Standards for Reducing Congestion and Information Overload*

The two policies we consider for addressing information overload lie at opposing ends of the rules-versus-standards spectrum. While a judgment will have to be made in either case about whether conditions in a market sector warrant limits on registering trademarks, a categorical rule would be (relatively) easier to implement than a standard.<sup>276</sup> The simplest rule would prohibit registration of conventional trademarks on ecolabels in a market sector, perhaps while limiting the number of certification marks that could be registered as well. These policies would give ecolabels more “space”—particularly cognitive space—to mitigate the consumer information overload that accompanies proliferations of competing ecolabels.<sup>277</sup> Under this approach, the PTO could be empowered to issue rules categorically barring trademarks on ecolabels in consultation with agencies having relevant expertise, such as the FTC, the EPA, the Department of Agriculture, and the Department of Energy.

Alternatively, a standards-based approach could be adopted that mirrors the FDA review process for trademarks on pharmaceuticals. The principal difference would be that whereas the FDA program centers on confusion among healthcare workers, ecolabel review would center on consumer confusion. Similar to the FDA program, a federal agency other than the PTO, perhaps the FTC, would be responsible for evaluating the potential for consumer misunderstanding given the number of ecolabels already in the relevant market sector and would then approve or reject a trademark (conventional or certification) for submission to the PTO registration process. This process would be more complex than the FDA review given the greater diversity and, in some cases, size of the potential markets. However, the basic structure would be merely a variation on the FDA program applied to different products and markets. This approach would require new legisla-

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<sup>274</sup> See *Procedures for Implementation of the Fastener Quality Act*, NAT’L INST. OF STANDARDS AND TECH. (Dec. 15, 1999), <https://www.uspto.gov/web/offices/com/sol/notices/fr991215.htm>.

<sup>275</sup> See 3 MCCARTHY, *supra* note 19, § 19:151.

<sup>276</sup> See, e.g., Adam H. Morse, *Rules, Standards, and Fractured Courts*, 35 OKLA. CITY U. L. REV. 559, 564–65 (2010) (“Rules can be more efficient [than standards] both by simplifying and expediting adjudication . . .”).

<sup>277</sup> See, e.g., Horne, *supra* note 169, at 179 (noting that the information overload surrounding ecolabels effectively confuses consumers).

tive authority and funding, and would likely require more than one federal agency to implement.

*B. Adapting Dilution Doctrine to Address Congestion Issues*

Despite the controversy that surrounds it, the dilution doctrine is arguably the most promising trademark doctrine for mitigating consumer misunderstanding about ecolabels.<sup>278</sup> We believe that this can be a selective expansion of the dilution doctrine that does not aggravate the corporate overreaching that has proved so controversial. Nor do we believe that the dilution doctrine should apply directly to the problems of congestion and information overload that limit the effectiveness of ecolabels. Instead, we draw on the dilution doctrine as a source of general principles for addressing congestion issues. Specifically, rather than limiting the number of trademarks in a market sector, the dilution doctrine could be reformed to reduce the potential for conceptual overlap between different ecolabels. This strategy could both mitigate consumer information overload and potentially enhance the salience of branding messages that encourage consumers to make environmentally responsible purchasing decisions.

The principal target of a reformed dilution doctrine would be a junior user of a mark who renders a senior mark less potent as a signal of the source of products or services.<sup>279</sup> In this respect, the function of antidilution proscriptions aligns with the conventional signaling function.<sup>280</sup> Antidilution proscriptions go further than this, however, because they target uses of trademarks that will not necessarily generate consumer confusion.<sup>281</sup> As a result, antidilution proscriptions are often used to protect the persuasive elements and atmospherics of prominent trademarks.<sup>282</sup> Congress made this substantially easier by broadening the effective scope of the doctrine<sup>283</sup> by overturning caselaw that had adopted a more limited approach.<sup>284</sup>

In the ecolabel context, the potential blurring implicated by the dilution doctrine would derive from ecolabels with overlapping standards in a market sector. This approach would recognize that the persuasive power and communicative content of ecolabels can be diluted when other firms or organiza-

278 See *supra* Section II.A.

279 See Fhima, *supra* note 229, at 80.

280 Stacey L. Dogan & Mark A. Lemley, *A Search-Costs Theory of Limiting Doctrines in Trademark Law*, in *TRADEMARK LAW AND THEORY*, *supra* note 281, at 65.

281 See 15 U.S.C. § 1125(c)(1) (2012) (cause of action for dilution exists “regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury”).

282 See *supra* Part II.

283 Specifically, by passing the Trademark Dilution Revision Act, Pub. L. No. 109-312, 120 Stat. 1730 (2006) (codified as amended at 15 U.S.C. § 1125(c)). See generally Bone, *supra* note 230; Long, *supra* note 218.

284 The Supreme Court had held in *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003), that a plaintiff in a dilution claim needed to show *actual* dilution. Under the Trademark Dilution Revision Act, it is necessary to show only a likelihood of dilution. See 15 U.S.C. § 1125(c)(1).

tions use marks that convey similar information in the same or a related product or service sector. The PTO and the courts would be required to give greater weight to evidence of information overload in markets where ecolabels have proliferated. This could entail, for example, requiring evidence about the number of ecolabels, their relative salience in the minds of consumers, and the potential for material—but difficult to discern—differences in the underlying standards and methods to confuse consumers. Use of the dilution doctrine in this manner would require the PTO and courts to scrutinize more complex questions about consumer responsiveness and comprehension. In other words, the focus would center on the ability of consumers to discriminate between the often intangible environmental characteristics of competing products and services. Antiblurring policies in this context would facilitate reductions in negative environmental externalities without exacerbating rent seeking by powerful trademark owners that has been the focus of academic opposition to the dilution doctrine.

Doctrinal innovations of this kind require academics and policymakers to acknowledge that the dilution doctrine should not be limited to preserving a trademark's capacity to signal the source of a product or service. Other communicative functions and the public interests they serve should also be considered. Non-source-designating connotations are, of course, precisely the kind that are often dismissed as "surplus" and subject to the most withering critiques against a firm's entitlement to appropriate them.<sup>285</sup> Ecolabels and information-based private governance demonstrate that the information conveyed in trademarks and brand atmospherics associated with them have social value that extends far beyond the instrumental self-interests of individual consumers. This should not be read to presume that environmental interests should outweigh conventional concerns about market competition and expressive freedoms; rather, we believe that they should be factored into the mix of normative considerations that inform application of trademark doctrines.

### C. *Procedures for Preventing Races to the Bottom*

A final policy proposal addresses regressive competition that can arise between certification programs that license ecolabels protected under a certification mark. As the discussion of the forestry sector illustrated, competition between certification programs can create a cycle in which programs try to attract users by weakening their standards, administrative procedures, or methods for verifying compliance.<sup>286</sup> We found that this cycle is intensified when one or more of the certification programs in a market sector is controlled by business interests.<sup>287</sup> The dynamic should be familiar to environmental lawyers because it mirrors the regulatory competition that is alleged to occur between states in the federalism literature—only the risks are argua-

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285 See *supra* Section II.C.

286 See *supra* subsection I.B.2.

287 See *supra* subsection I.B.2.

bly much greater given that institutional checks and balances need not be present in a certification organization.<sup>288</sup>

Minimum federal standards are the conventional antidote to regulatory races to the bottom.<sup>289</sup> This may be possible where a related federal regulatory program already exists, but given the costs and complexity of setting environmental standards, federal intervention is unlikely for most classes of ecolabels.<sup>290</sup> Further, experience with legal protections against deceptive trademarks suggests that enforcement of such standards would be weak.<sup>291</sup> Consistent with recent work by Jeanne Fromer,<sup>292</sup> we therefore believe that procedural rather than substantive policies are the only viable option. They are also attractive because satisfying specific procedural or auditing requirements could be a condition for registering a certification mark under the Lanham Act. Examples of procedures that should be considered include enhanced requirements for transparency, institutional balance and competence (e.g., independent boards, technical expertise), and external auditing (or third-party accreditation).<sup>293</sup> Furthermore, many institutional models exist in the public and private sectors, particularly as administrative procedures have spread globally and private standard-setting organizations have become a common feature of many market sectors.<sup>294</sup> A virtue of such procedural measures is that they facilitate public scrutiny and understanding of standards and, through this enhanced accountability, create a brake against downward competitive pressures.<sup>295</sup>

We advance these proposals merely to provide a preliminary outline of the options for amending trademark law to accommodate the broader range of public interests reflected in private environmental governance. However, even this brief survey demonstrates that important precedent (the FDA review of pharmaceutical trademarks) exists within trademark law for the types of policies we are advocating and that such reforms would place relatively modest demands on the PTO and other supporting federal agencies. Given the prevailing orthodoxy in trademark law, the greatest obstacle to these types of reforms is more likely to be ideological than practical or legal.

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288 See *supra* Part II; see also Adelman & Engel, *supra* note 175, at 1802–03.

289 See Adelman & Engel, *supra* note 175, at 1803–04.

290 See *supra* Section I.A.

291 See *supra* Sections I.A & IIA; see also Fromer, *supra* note 1, at 173.

292 Fromer, *supra* note 1, at 173.

293 Key elements of effectual procedural rules include disclosure of the criteria used in standards, monitoring and testing requirements, and verification measures. *Id.* at 181.

294 See Kenneth W. Abbott & Duncan Snidal, *The Governance Triangle: Regulatory Standards Institutions and the Shadow of the State*, in *THE POLITICS OF GLOBAL REGULATION* 44, 44–46 (Walter Mattli & Ngaire Woods eds., 2009); Benedict Kingsbury et al., *The Emergence of Global Administrative Law*, 68 *LAW & CONTEMP. PROBS.* 15, 16–17 (2005). See generally Peter L. Strauss, *Private Standards Organizations and Public Law*, 22 *WM. & MARY BILL RTS. J.* 497 (2013).

295 See Fromer, *supra* note 1, at 181.



## CONCLUSION

Implementing private environmental governance has proved to be more nuanced and conditional than anticipated when it emerged in the 1990s, but over the succeeding two decades ecolabels and other forms of private governance have flourished. For a variety of reasons specific to the context and politics of intellectual property law, trademark law and scholarship have not kept pace. Instead, intramural battles over the scope of trademark rights—ignited by overreaching corporate branding strategies—have elevated a reactionary turn in trademark theory that reduces trademarks solely to their signaling function. We have argued that the public interests—specifically environmental quality and sustainability—impacted by globalized markets also merit consideration, and that the normative ends of private governance should factor into, though by no means determine, trademark policy.