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TRADEMARK’S ‘SHIP OF THESEUS’ PROBLEM
Matthew T. Bodie *

I. INTRODUCTION

The “Ship of Theseus” is a classic philosophical problem posed about the continuity of identity. In Plutarch’s telling, the ancient Athenians preserved for posterity the famous ship piloted by Theseus after the slaying of the Minotaur.1 Once a year a delegation would travel on the ship to the island of Delos with tribute to the god Apollo.2 Over time, the wood began to rot, and the decaying planks were replaced with new ones. The ship became “a standing example among the philosophers, for the logical question of things that grow; one side holding that the ship remained the same, and the other contending that it was not the same.”3 The conundrum was recently referenced in the Marvel Comics Universe, as two versions of the organic android Vision puzzled over their identities in the climax of WandaVision.4 A wrinkle was added: what if the boards from the original ship were saved and used to recreate a version of the ship? Would that also be the ship of Theseus?

Trademark has long had a problem with identity. The purpose of trademark is to identify the source of goods or services and thereby make life easier for consumers. But trademark does not make an effort to ensure that the company that holds the mark still reflects the entity that developed the mark’s identity. Rather, trademark has turned largely into an alienable property right, unmoored from its created context.5 The law has severed the connection between the mark and the entity beyond the formalities of organization law, with the result that whoever controls the mark’s owner controls the mark. As a result,

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* Callis Family Professor, Saint Louis University School of Law. This Essay is based in part on an ongoing research project presented at the Intellectual Property Scholars Conference and the biannual meeting of the Labour Law Research Network; I very much appreciate comments from Erika Cohn, Yvette Liebesman, Jake Linford, Mark McKenna, and Noah Zatz. Thanks to Danielle Durban for excellent research assistance.

2 PLATO: COMPLETE WORKS 37 (John M Cooper ed., 1997).
3 PLUTARCH, supra note 1, at 14.
4 WandaVision: The Series Finale (Marvel Studios, March 5, 2021).
new owners can take advantage of reputation capital they never earned, and those with a true connection to the success of the original business can be shut out.\footnote{This approach is jarring, given trademark’s concern with the impropriety of taking another’s goodwill as one’s own. Robert G. Bone, \textit{Hunting Goodwill: A History of the Concept of Goodwill in Trademark Law}, 86 B.U. L. REV. 547, 550 (2006) (“The logic of the misappropriation argument is deceptively simple: a defendant who attracts consumers by using the plaintiff’s mark improperly benefits from plaintiff’s goodwill.”).}

This Essay argues against the law’s presumption that the corporate entity should have exclusive control over the mark, no matter the continuing connection (or lack thereof) that the entity has with the original business and goodwill. Trademark should instead reflect the potential that the identity will change over time, changing the meaning of the trademark along with it. Rather than blindly empowering individual corporations, trademark law should either pay closer attention to identity issues or should allow a wider variety of participants to use the mark in various ways. Either of these approaches to trademark would be messier but would reflect more accurately our complicated reality.

\section*{II. THE PURPOSE OF TRADEMARK}

A trademark is a designation—a word, a shape, or other symbolic identifier—of the source of a particular good or service. The Lanham Act defines a trademark to include “any word, name, symbol, or device . . . to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods.”\footnote{15 U.S.C. § 1127.}

Similarly, the Act defines service marks as such words, names, or symbols that “identify and distinguish the services of one person, including a unique service, from the services of others and to indicate the source of the services.”\footnote{Id. Although trademarks and service marks have separate definitions under the Act, the literature generally lumps service marks in with trademarks. Robert P. Merges, Peter S. Menell & Mark A. Lemley, \textit{Intellectual Property in the New Technological Age} 741 (5th ed. 2010). (‘‘In general, service marks are subject to the same rules as trademarks . . . .’’).} The idea of trademark comes from the literal “marks” that were made on goods in order to identify their maker.\footnote{Merges, Menell & Lemley, \textit{supra} note 8, at 733. Examples of such marks have been found dating back 4000 years and across ancient cultures in China, India, Persia, Egypt, Rome, and Greece. \textit{Id.}} Trademark protection was originally limited to names
or symbols that represented the source of the good, but now they extend to logos, slogans, phrases, and trade dress. But the core idea remains one of name, or ongoing referent. Like names of people or places, trademarks are meant to identify a specific entity and provide a fixed reference or “rigid designator” for that entity.

In explaining why trademarks exist, courts and an influential set of commentators have coalesced around the “consumer search costs” theory. The idea behind the theory—known as the law and economics or the Chicago school approach—is that trademark reduces consumer information costs by enabling them to identify the source of a particular good or service quickly and easily. As one influential jurist put it: “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.” The crux of the theory is that the source of a particular good or service is an important piece of the informational mosaic that goes into a consumer purchase. Using a name, logo, symbol, or trade dress to establish the source is much simpler than having to determine the source in the absence of such a marker. The continuity of the source is critical to the connection. As William Landes and Richard Posner have described it: “A trademark conveys information that allows the consumer to say to himself, ‘I need not investigate the attributes of the brand I am about to purchase because the trademark is a shorthand way of telling me that the attributes are the same.

10 Id. at 740.
12 See Mark P. McKenna, The Normative Foundations of Trademark Law, 82 NOTRE DAME L. REV. 1839, 1844 (2007) (“It would be difficult to overstate the level of consensus among commentators that the goal of trademark law is—and always has been—to improve the quality of information in the marketplace and thereby reduce consumer search costs.”).
14 Mark P. McKenna, A Consumer Decision-Making Theory of Trademark Law, 98 VA. L. REV. 67, 73 (2012) (“According to the dominant theoretical account, trademark law operates to enable consumers to rely on trademarks as repositories of information about the source and quality of products, thereby reducing the costs of searching for goods that satisfy their preferences.”).
15 Ty Inc. v. Perryman, 306 F.3d 509, 510 (7th Cir. 2002).
as that of the brand I enjoyed earlier.”16 Of course, for trademarks to be useful, the source of the goods or services does, in fact, have to provide critical information about the quality of the goods or services themselves.17 These positive associations can be categorized as firm reputation or goodwill.

Trademark promotes the development of goodwill through the prevention of misappropriation.18 In straightforward instances of trademark infringement, one company uses the name, symbol, logo, or trade dress of another firm to pretend that the goods or services come from that source—for example, a knockoff company putting the Disney name on their own products.19 Much of trademark litigation and scholarship has settled into debates about the scope of trademark rights: whether and to what extent the holder of a certain trademark should be able to prevent others from using the particular mark, and under what circumstances. Trademark plaintiffs endeavor to prove, through consumer surveys focused on brand awareness, that another’s use of or reference to their mark will create a likelihood of confusion.20 The larger the space that the brand occupies, the more territory the company can claim for its exclusive use. The expansion of licensing and claims against dilution have worried the field that trademark is becoming too powerful. Big companies often bully smaller ones into abandoning their names and brands that come within a whiff of the larger company’s mark, even if these claims can be specious.21 As the need for


17 Id. (“The value of trademark to a firm . . . is the saving in consumers’ search costs made possible by the information that the trademark conveys or embodies about the quality of the firm’s brand.”).

18 Bone, supra note 6, at 549 (“It is customary to refer to trademark law as protecting a seller’s goodwill in its mark.”).


20 6 J. THOMAS McCARTHY, McCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 32:158 (4th ed. 2014) (“To an extent not true in other fields of law, in trademark and false advertising disputes the perceptions of large groups of ordinary people are key factual issues.”).

protectible brand identities grows apace, there is real fear that we may run out of unclaimed marks for use.22

There is another problem, however, lurking in the background of the law of trademark. If trademark endeavors to identify a particular source for goods or service—to provide a proper name for that source—then what exactly is the source? If trademark serves as a rigid designator of particular objects, then what is the nature of the objects?23 When we refer to names for people or places, we have fixed physical manifestations that represent an individual person or geographical location. But trademark refers to something much less identifiable, much less certain. In order to make its doctrine work, trademark law has made a series of methodological compromises—compromises that are coming under increasing strain.

III. TRADEMARK’S BLINKERED VIEW OF IDENTITY

Trademarks are often lumped in with copyrights and patents as the triumvirate of “intellectual property.”24 But trademark is different. The other types of IP concern discrete ideas, inventions, works of art, or useful information—specific and identifiable creations in and of themselves.25 A trademark, however, refers to an organizational entity; it applies to the identity of the producer, rather than the produced.26 The Walt Disney Company has

22 Barton Beebe & Jeanne C. Fromer, Are We Running Out of Trademarks? An Empirical Study of Trademark Depletion and Congestion, 131 HARV. L. REV. 945, 951 (2018) (finding that the supply of available trademarks “is already severely depleted” and the registered marks “are growing increasingly congested”).
23 Heymann, supra note 11, at 253 (quoting SAUL KRPKE, NAMING AND NECESSITY (1980)).
24 MERGES, MENELL & LEMLEY, supra note 8, at 24.
25 LANDES & POSNER, supra note 16, at 166 (arguing that trademark is “a distinct form of intellectual property from patents and copyrights” and “has a more secure efficiency rationale than the legal protection of inventive and expressive works”); 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 6:3 (West 2021) (“Unlike a patent or copyright, a trademark does not exist ‘in gross’ or by itself, apart from the goodwill it represents.”).
26 Trademarks may also refer to the thing that is produced, although the name generally refers back to the company that makes it. See Jennifer E. Rothman, Initial Interest Confusion: Standing at the Crossroads of Trademark Law, 27 CARDOZO L. REV. 105, 124–25 (2005) (“Trademarks historically served to identify the manufacturer or sponsor of a good or provider of a service. Today, trademarks primarily identify goods and services and distinguish them from those sold and provided by others, without regard to who actually manufactures them.”).
But what is the Walt Disney Company? Is it the people who work under that name? The inheritors of Walt Disney’s vision? Is it the collection of actions that take place under that aegis? Is it the property rights—intellectual and otherwise—that are held by the company? Trademark law has answered this question decisively—it is simply the corporation. Ongoing debates about the “soul” of Disney and its rightful heirs are meaningless in this context. The Walt Disney Company holds the trademark for its name and “Disney” more generally, and whoever controls the corporate entity controls the mark.

It makes some sense to simply allow the legal entity—whether it be a corporation, LLC, partnership, or even sole proprietorship—to control the legal rights to the trademark. It solves all the messy problems that might occur if we try to delve more deeply into what, exactly, the trademark is protecting. We simply assign a “person” to be the holder of the trademark and assume that the legal person represents the underlying activity that the trademark is designed to protect.

But it’s not that simple. Trademarks are not supposed to protect corporate entities—they meant to designate ongoing businesses. They connect a particular good or service with a producer of that good or service so as to identify them. As Landes and Posner described it, “a trademark is a word, symbol, or other signifier used to distinguish a good or service produced by one firm from the goods or services of other firms.” Corporations are legal and fictional entities who merely indicate a set of legal relationships among the participants. Trademarks are not meant to name the corporation; the company’s charter or articles of incorporation provides its name. Trademark is meant to designate an ongoing business and the goodwill generated by the

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27 Interestingly, Disney has trademarked Mickey Mouse as part of its brand and has endeavored to weave the “Steamboat Willie” cartoon featuring Mickey Mouse into its trademark protections. Sarah Sue Landau, Of Mouse and Men: Will Mickey Mouse Live Forever?, 9 NYU J. INTELL. PROP. & ENT. L. 249, 266-67 (2020).

28 In 2003-2004, board members, employees, and shareholders led a “Save Disney” campaign seeking to oust CEO Michael Eisner for his purported failure to maintain Disney’s historical ethos. JAMES B. STEWART, DISNEYWAR 467-514 (paperback ed. 2006).


business.\textsuperscript{31} Economic firms, not corporations, are the real business entities that trademarks are meant to protect.

The economic literature on the theory of the firm has endeavored over time to develop a conception of what exactly firms represent, and why we have them. Firms have perhaps best been described as the set of relationships between individuals for the purpose of carrying on a joint economic enterprise.\textsuperscript{32} Armen Alchian and Harold Demsetz framed this as the need to coordinate production using a variety of inputs—the need for a system of “team production.”\textsuperscript{33} They defined team production as “production in which 1) several types of resources are used and 2) the product is not a sum of separable outputs of each cooperating resource.”\textsuperscript{34} Other approaches to the firm have emphasized the need for firm governance to avoid the costs of opportunism;\textsuperscript{35} the need for a repository of property rights for assets used in joint production;\textsuperscript{36} or the need to control access to valuable assets used in production.\textsuperscript{37} Within all of these concepts, the firm represents the relationships and economic activity that are housed within its (conceptual) borders.

Organizational law has taken the firm and given it a legal identity. By filling out a form and obtaining state certification, a group of people can form a corporation, LLC, or other business entity that assumes its own legal personhood.\textsuperscript{38} Originally corporations had a designated purpose that could be

\begin{itemize}
  \item \textsuperscript{31} Cf. Heymann, supra note 11, at 256 ("[O]ur task in trademark law is, first, to determine the baptismal moment when a lexical unit becomes the proper name of a product or service.").
  \item \textsuperscript{32} See, e.g., Armen A. Alchian & Harold Demsetz, Production, Information Costs, and Economic Organization, 62 AM. ECON. REV. 777, 783 (1972).
  \item \textsuperscript{33} Id. at 777-79.
  \item \textsuperscript{34} Id. at 779.
  \item \textsuperscript{36} See, e.g., OLIVER HART, FIRMS, CONTRACTS, AND FINANCIAL STRUCTURE (1995); Oliver Hart & John Moore, Property Rights and the Nature of the Firm, 98 J. POL. ECON. 1119 (1990). See D. Gordon Smith, The Critical Resource Theory of Fiduciary Duty, 55 VAND. L. REV. 1399, 1404–05 (2002) ("The central insight of the property rights theory of the firm is that an appropriate allocation of ownership rights over the assets of a firm reduces the likelihood that one party will unfairly take advantage of the other participants within the firm.").
  \item \textsuperscript{38} Partnerships can be formed even without filing papers, if the underlying relationships resemble an economic firm. UNIF. P'SHIP ACT § 101(6) (NAT'L CONFERENCE OF COMM'RS ON UNIF. STATE LAWS 1997); see, e.g., Holmes v. Lerner, 88 Cal. Rptr. 2d 130, 141–42
\end{itemize}
enforced through the *ultra vires* doctrine. For a long time now, however, business entities have been fungible creations with no specific purpose and no natural identity. They are simply instruments for creating a specific set of legal relationships.

The “corporatification” of the firm has disadvantaged employees by moving control and governance of the firm into the legal entity associated with the firm. This entity is generally a corporation controlled by shareholders that provides no governance rights to workers. But workers are essential to the economic firm. In order to avoid the transaction costs of contracting, firms undertake to manage the production process internally, through the use of employees. When Ronald Coase considered “whether the concept of a firm which has been developed fits in with that existing in the real world,” he determined: “[w]e can best approach the question of what constitutes a firm in practice by considering the legal relationship normally called that of ‘master and servant’ or ‘employer and employee.’” Even though employees are critical to conceptions of the economic firm, they are on the outside of its legal instantiation.

Unfortunately, trademark only exacerbates this separation of the workers from the firm. It hands ownership and control of the mark to the organizational entity, rather than trying to divine who really represents the ongoing business. Let’s say the Board of Trustees for the University of

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40 In fact, the lodestar in corporate law is shareholder primacy: the corporation is charged to focus solely on maximizing the wealth of its shareholders.

41 R.H. Coase, *The Nature of the Firm*, 4 Economica 386, 387 (1937) (“If a workman moves from department Y to department X, he does not go because of a change in relative prices, but because he is ordered to do so.”).

42 *Id.* at 403.


Southern California decided the university no longer needed a law school. The Board fired all the employees—yes, let’s include the tenured professors—and then sold off the Musick Law Building. If the Board hired all new faculty and staff and reopened tomorrow at a new location, using a completely new pedagogical approach to legal education, they could call their school “USC Gould School of Law.” But then let’s suppose that all of the terminated faculty and staff bought the Musick Law Building and reopened the next day, with the exact same set of classes as prior to the closure. Could they call themselves USC Gould School of Law? No.

If trademark law actually cared about the substance of the information behind a mark, it might not ignore such a dramatic change. But it seems not to care. When a business is sold, trademark ownership goes with it, even if the new owners bring a much different mindset or culture. The old owners cannot continue to use the mark without specific contractual provisions and continuation in the same trade. In one case, the court prohibited a longtime employee of a real-estate firm from using a modified version of the agency’s service mark depicting the Memphis skyline, even though the mark was no longer registered and the agency ceased to exist. The court chided the former employee—somewhat ironically—by saying that “[p]roperty rights in service marks do not exist in isolation; they exist only as a right attached to an established business or trade in connection with which the mark is employed.” The former owner kept her rights, despite the disappearance of the underlying business; the former employee had none.

The law also protects marks owned by entities that are no longer really using them. In Wells Fargo & Co. v. ABD Insurance & Financial Services, Wells Fargo acquired ABD and changed ABD’s name to “Wells Fargo Insurance Services.” Despite the name change, Wells Fargo still continued to display the ABD mark on presentations and solicitations and maintained ABD’s prior

46 Yellowbook Inc. v. Brandeberry, 708 F.3d 837, 844 (6th Cir. 2013). In order for the owner of a mark to retain the right to use the mark upon sale of the related business, 1) the intent to resume “producing substantially the same product or service” must be manifest, 2) some portion of the prior goodwill must remain with the owner, and 3) operations must resume within a reasonable time. Berni v. Int’l Gourmet Restaurants of Am., Inc., 838 F.2d 642, 647 (2d Cir.1988).
47 Taylor v. Thomas, 624 F. App’x 322, 324 (6th Cir. 2015).
48 Id. at 326.
49 758 F.3d 1069 (9th Cir. 2014).
Former ABD employees created a new company called Insurance Leadership Network but used the company to launch a “new” ABD, acquiring the ABD mark after Wells Fargo failed to renew the registration. Looking at the “totality of the circumstances” to determine intent to abandon, the court found that Wells Fargo did not intend to abandon the mark, despite its efforts to rebrand the business under its own name.

Trademark’s theoretical compromise—its fiction—is that the business entity represents the firm and its ongoing business. But the compromise often breaks down. When a well-known musical band breaks up, the holder of the trademark may continue to operate under the band’s name and prohibit former members from using it. Fans know that the band is no longer the “band” that it once was, but the mark lives on, controlled by the owner of the corporate entity regardless of what came before. Those who formerly worked under the name can only refer to the association, often limited in the style and manner of that reference. While this sort of effect is easiest to see when the members of

50 Id. at 1071.
51 Id.
52 Id. at 1072. See also ADT Sec. Servs., Inc. v. A/C Sec. Sys., Inc., 736 N.W.2d 737, 758 (Neb. App. 2007) (“[T]he merger of Old A/C Security into Cambridge did not, standing alone, result in Cambridge’s abandoning the trade name ‘A/C Security.’”)
53 The band “Third Eye Blind” provides one example. Lead singer Stephan Jenkins retained control of the band’s trademark and continued operating under the band’s name. Two other original members—bassist Arion Salazar and guitarist Kevin Cadogan—formed a new band under the name “XEB” and once held a concert billed as “Original Members Of Influential ’90s Band Play Their 1997 Debut Album!” Rob Harvilla, “This Is As Much Our Story As Anybody Else’s”, THE RINGER (April 6, 2017, 11:41am EDT) https://www.theringer.com/2017/4/6/16042244/third-eye-blind-20th-anniversary-semi-charmed-life-xeb-1f6cb7524abc. Jenkins has issued multiple cease-and-desist letters to Salazar and Cadogan for the use of “Third Eye Blind” in their promotional materials, including their bios. After one such letter, promoter Eventbrite removed all references to Third Eye Blind from XEB’s promotional materials. Roman Gokhman, How’s It Gonna Be? Founding Third Eye Blind members fight for right to acknowledge contributions, RIFF MAG. (August 3, 2016, 10:58 am), http://riffmagazine.com/features/third-eye-blind-trademark/. As Cadogan has related: “What we’d like is to live and let live, ideally, and we’d like to stop being harassed by him. Taking the name for himself, taking all the shares of a corporation. Pieces of paper [were] created to cause problems, and there are pieces of paper that can be created to fix problems, I suppose. But certainly the damage is done there.” Id.
54 See, e.g., Kassbaum v. Steppenwolf Productions, Inc., 236 F.3d 487, 493 (9th Cir. 2000) (noting that for a former member of the band Steppenwolf, phrasing like “formerly part of Steppenwolf” had to be less prominent than other components of the promotional advertising to avoid confusion); Brother Records, Inc. v. Jardine, 318 F.3d 900, 907 (9th Cir. 2003) (“First, the product or service in question must be one not readily identifiable

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the firm are limited in number, it applies any time a firm undergoes a significant change in composition.

When there is a division in organizational ownership, then trademark may take notice and endeavor to share the property rights. In *Hart v. Weinstein*, the common owners of a family business had divided up operations, and one party sought to claim the exclusive trademarks from the business. The court held that “two persons cannot be owners of the whole of the same thing, but they can be owners in common of the same thing” Both sets of owners were allowed to use the trademarks. When two brothers split up an existing business by each taking one of the two jointly owned corporations through which they conducted the business, both had rights to the name. When one company tried to enjoin the other from using the mark, the court held that both were entitled to use it, despite the formal separation.

This equanimity with the possibility for confusion is reserved for situations where both parties have claims to the property right through ownership of the business entity. It does not extend to “mere” former participants in the firm, especially employees. Under those circumstances, courts have fiercely defended the rights of the business entity that retained the title, even if only to let the rights molder. Importantly, no real attention is paid to whether the trademark accurately represents a continuation of the ongoing business. In order to reclaim use of the mark, non-owners must prove abandonment—a high hurdle requiring evidence of both non-use and intent not to reuse.

Trademark law does make some effort to maintain a correlation between the mark and the underlying business. Under the Lanham Act, mark holders are not allowed to assign the mark “in gross”—without the underlying goodwill associated with the business. The purpose of the doctrine is to prevent

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55 737 So. 2d 72, 73 (La. App. 3d Cir. 1999).
56 74. 57 Givens Jewelers, Inc. v. Givens, 380 So. 2d 122 (La. App. 2d Cir. 1980).
58 Id. at 1231-32.
59 15 U.S.C.A. § 1127 (“A mark shall be deemed to be ‘abandoned’ . . . [w]hen its use has been discontinued with intent not to resume such use.”).
60 Id. § 1060(a)(1) (“A registered mark or a mark for which an application to register has been filed shall be assignable with the good will of the business in which the mark is used, or with that part of the good will of the business connected with the use of and
deception: “Use of the mark by the assignee in connection with a different goodwill and different product would result in a fraud on the purchasing public who reasonably assume that the mark signifies the same thing, whether used by one person or another.”61 Similarly, the prohibition against naked licensing is designed to prevent the mark holder from selling off rights to use the mark with no regard for the licensee’s actual practices. In order to license the mark, the holder must ensure that “quality control of the goods and services is maintained.”62 The notion of quality control relates not to excellence, but rather to the consistency and predictability of the goods and services traditionally provided.63 If the licensor fails to exercise quality control over the licensee, the trademark will be considered abandoned.64 The need to police quality also applies to certification marks, which can be cancelled if the organization exercises insufficient control over its members to insure consistency.65


61 Marshak v. Green, 746 F.2d 927, 929 (2d Cir. 1984); PepsiCo, Inc. v. Grapette Co., 416 F.2d 285, 289 (8th Cir. 1969). See also Lemley, supra note 5, at 1709 (“It is hard to see how the goals of preventing consumer confusion and encouraging investments in product quality would be furthered by allowing a company to sell the rights to a mark to another who will not make the same products. If anything, assignments in gross are vehicles for adding to consumer confusion, not reducing it.”). Creditors cannot levy the trademark of a bankrupt person unless it is sold along with the ongoing business. McCARTHY, supra note 20, at § 18:28; LANDÉS & POSNER, supra note 16, at 186.

62 Moore Bus. Forms Inc. v. Ryu, 960 F.2d 486, 489 (5th Cir. 1992); see also 15 U.S.C. § 1055 (“Where a registered mark or a mark sought to be registered is or may be used legitimately by related companies, such use shall inure to the benefit of the registrant or applicant for registration, and such use shall not affect the validity of such mark or of its registration, provided such mark is not used in such manner as to deceive the public.”).

63 McCARTHY, supra note 20, § 18:55, at 18–94. See also Dawn Donut Co. v. Hart’s Food Stores, Inc, 267 F.2d 358, 366 (2d Cir. 1959) (“[T]he Lanham Act places an affirmative duty upon a licensor of a registered trademark to take reasonable measures to detect and prevent misleading uses of his mark by his licensees or suffer cancellation of his federal registration"); Jake Linford, Valuing Residual Goodwill After Trademark Forfeiture, 93 NOTRE DAME L. REV. 811, 830 (2017) (“[I]f the assignee offers substantially the same product, the assignment will not forfeit the mark, even if the quality has changed somewhat.”).

64 15 U.S.C. § 1055; see also McCARTHY, supra note 20, § 18:48, at 18–79.

65 15 U.S.C. § 1064 (permitting cancellation of a certification mark “on the ground that the registrant (A) does not control, or is not able legitimately to exercise control over, the use of such mark, or . . . (D) discriminately refuses to certify or to continue to certify the goods or services of any person who maintains the standards or conditions which such mark certified”).

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The law’s efforts to monitor identity, however, are fairly limited. The doctrines as to assignment in gross and naked licensing apply to situations in which a business entity other than the original mark holder uses the mark, and so do not apply to situations in which the trademark’s corporate holder has not changed. Moreover, both doctrines have been sharply minimized, approaching insignificance.66 It is well-established that trademark holders are freely entitled to sell their mark and license it to others without significant responsibilities to monitor the use.67 And this development is not a new one: the open disregard for the assignment-in-gross doctrine was noted in 1931.68 Trademark has lost its moorings to the economic firm and its underlying ongoing business.69

IV. TRADEMARK AND GRADATIONS OF IDENTITY

The law’s approach to trademark control and ownership has its advantages. By assigning rights to a particular legal entity, the law can easily identify who holds the mark and who can exercise the rights associated with it. There is no need for a fact-intensive and potentially subjective examination of whether the business that created the mark still exists as a substantive matter.70 Any fights over who holds and can exercise the rights to the mark are

66 Lemley, supra note 5, at 1710 (“[T]he trend in trademark law clearly seems to be toward permitting assignments in gross and ‘naked,’ or unsupervised, trademark licenses.”).

67 Irene Calboli, Trademark Assignment “With Goodwill”: A Concept Whose Time Has Gone, 57 FLA. L. REV. 771, 774 (2005) (“Regardless of this rule [against assignment in gross], however, trading in trademarks per se has always been a custom in the business world. . . . In the past decades, the development of the consumer society and the growing role of trademarks in the economy only have accelerated this trend.”).

68 Nathan Isaacs, Traffic in Trade-Symbols, 44 HARV. L. REV. 1210, 1210 (1931) (“The assignment of trade-marks and trade names is frowned upon by the law. They are not saleable in gross. Yet a lively and persistent traffic in them exists in the business world. This is accomplished in part through a widespread ignorance of the law, or through gentlemen’s agreements that do not rely on the law, or through deliberately making the most of the exceptions that the law recognizes.”).

69 Mark McKenna, Trademark Use and the Problem of Source, 2009 U. ILL. L. REV. 773, 822 (noting that “‘source’ in modern trademark law is an extraordinarily broad concept capable of encompassing virtually any relationship between entities”).

shifted to the business entity, which has governance mechanisms to resolve such disputes. Clarity of ownership is prioritized over more nuanced analysis.

But trademark’s willful blindness towards the actual life of the ongoing business has increasing costs. The propertization of trademark allows companies to buy, sell, and license business identities without insuring that the substance matches the label. The brand takes precedence over all else. Bigger and more capitalized companies have more power to enforce their exclusivity and keep out competitors that might have participated in the original business. When combined with legal tools such as covenants not to compete and trade secret law, the owners of a business can clamp down on workers and prevent them from using their talents in the same industry. The primary players become even more powerful, their brand ever more exclusive.

The current state of trademark law also facilitates the phenomenon known as workplace fissuring. When companies can control their brand but outsource their labor requirements to other companies, the economic firm becomes fissured into a cluster of separate entities. Many companies now outsource crucial parts of their core businesses to either other firms or independent contractors, rather than keeping their business in house. They can split off these workers due to the relaxation of the legal category of “employee,” as well as the growth of connected contracts and electronic surveillance. But

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71 For example, corporate law has a highly developed legal architecture surrounding who controls the corporation at any particular moment in time. See Grant M. Hayden & Matthew T. Bodie, Shareholder Voting and the Symbolic Politics of Corporation as Contract, 53 WAKE FOREST L. REV. 511, 515–16 (2018).

72 Deven R. Desai, From Trademarks to Brands, 64 FLA. L. REV. 981, 983–84 (2012) (“Brands are regulated by trademark law, which fails to grasp that trademarks are merely a subset of brands and that it manages brands at all. Instead, trademark law champions corporations as the sole custodians of trademark meaning.”).

73 See Orly Lobel, Gentlemen Prefer Bonds: How Employers Fix the Talent Market, 59 SANTA CLARA L. REV. 663 (2020) (describing a broad landscape of anti-competitive restrictions that are routinely placed on employees); Burk & McDonnell, supra note 44, at 376 (describing the interaction of trademark with trade secrets and covenants not to compete).

74 See DAVID WEIL, THE FISSURED WORKPLACE 4-5 (2014); Cynthia Estlund, What Should We Do After Work? Automation and Employment Law, 128 YALE L.J. 254, 283 (2018) (“Fissuring’ is the now-prevalent term, coined by David Weil, for the migration of many jobs away from the profitable branded corporations that reign at the top of the economy.”).

75 Estlund, supra note 74, at 286 (noting that technology “enables lead firms to disintegrate products and processes into component parts, to set precise standards and specifications, and to monitor performance and outputs of lower-cost and remote outside suppliers”).
critical to this whole dynamic—and largely unappreciated by legal scholars—is the ability of the corporation to maintain its trademark over its business, despite the shedding of legal responsibility. As David Weil has put it: “we assume that the companies who invest millions of dollars to convince us of the benefits of buying products under their retail nameplate or to purchase the unique services they offer also undertake the operations needed to produce them—including acting as the employer of all the interconnected people who make their businesses possible. Those assumptions are increasingly wrong.”\footnote{76}{WEIL, supra note 74, at 3.}

Trademark’s tolerance of fissuring can lead to fairly absurd results. Hotel housekeepers make beds and clean rooms but work for third-party contractors.\footnote{77}{Id. at 1.} Uber monitors its drivers and dictates their pay, but those drivers are considered entrepreneurs using the company’s platform.\footnote{78}{V.B. Dubal, Wage Slave or Entrepreneur?: Contesting the Dualism of Legal Worker Identities, 105 CAL. L. REV. 65, 69 (2017).} FedEx drivers deliver FedEx packages while wearing FedEx uniforms in trucks with FedEx signage, but the D.C. Circuit held them to be independent contractors.\footnote{79}{FedEx Home Delivery, Inc. v. NLRB, 563 F.3d 492 (D.C. Cir. 2009); see also Jeffrey M. Hirsch, Employee or Entrepreneur?, 68 WASH. & LEE L. REV. 353, 367 (2011) (critiquing the D.C. Circuit’s test).} Companies are now shedding workers and responsibilities to achieve their Platonic ideal—as pure repositories of intellectual property and nothing more. Big brands are heading towards a future where they no longer make things, or even provide services—they would simply be forms on the walls of the cave.\footnote{80}{June Carbone & Nancy Levit, The Death of the Firm, 101 MINN. L. REV. 967 (2017) (“A brand such as ‘Natuzzi’ may signal a guarantee of quality, but its owners, employees, distribution networks, and even corporate headquarters can shift over time.”).} Trademark’s refusal to contemplate the mark’s underlying identity has enabled this dissolution.

It is time for a different approach. One possible avenue would be a more vigorous inquiry into whether the underlying business still matches up with the original meaning behind the mark.\footnote{81}{Sheff, supra note 13, at 812 (“The idea of trademark as promise would suggest that once consumers form certain expectations about the products to which the mark is affixed, the mark owner has an obligation to continue to provide products consistent with those it has offered in the past or else adequately disclose that it will no longer do so.”).} The doctrines of assignment in gross and naked licensing could be reinvigorated to require more monitoring of the use of
the mark. And rather than simply assuming that whoever controls the business entity still operates the same business with the same goodwill, trademark decisionmakers could inquire into the substance behind the mark and the strength of competing claims to its use. If the underlying business differed significantly from the original business, the court could diminish or eliminate the rights to the mark, even in the absence of a change in entity.

Alternatively, we could apply a more relaxed approach to trademark, one that allows a broader swath of people and entities to associate themselves with the mark. Recognizing that a business is a complex organism that morphs over time, the law could permit those who have played a role in its development to claim credit. A trademark could play more of a role as an avenue for communication, a reference to a brand allowing former employees, customers, critics, and fans to participate in the meaning and understanding of that brand. And instead of forcing other parties to refrain from use, courts could allow significant common use up to the point of outright fraud as to source.

Trademark law must recognize reality. Its purported purposes—to identify the source of goods and services, prevent consumer confusion, and foster

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82 See Lemley, supra note 5, at 1710 (“Not only are assignments in gross unsupported by the traditional economic rationale for trademarks, but they do active damage to the goals of trademark law.”).


84 It has long been recognized that goodwill can come from a variety of sources and its nature may be somewhat capricious. JOSEPH STORY, COMMENTARIES ON THE LAW OF PARTNERSHIP AS A BRANCH OF COMMERCIAL AND MARITIME JURISPRUDENCE § 99, at 139 (Boston 1841) (noting that a firm may acquire goodwill “from constant or habitual customers, on account of its local position, or common celebrity, or reputation for skill or affluence, or punctuality, or from other accidental circumstances, or necessities, or even from ancient partialities, or prejudices”).

85 Cf. Desai, supra note 72, at 1037 (“Corporations, consumers, and communities all play large roles in providing information about a brand.”).

86 McKenna, supra note 12, at 1884 (defining trademark’s “relevant property interest . . . as the right to continue to enjoy the patronage of consumers attracted by labor, subject only to honest competition”). The protection for consumers could be expanded in other ways to meet changing relationships. See Alexandra J. Roberts, False Influencing, 109 GEO. L.J. 81, 83 (2020) (proposing claims under the Lanham Act for “false influencing” when companies disseminate deceptive claims via influencers).
the growth of goodwill—have given way to a property right that allows firms to leverage their brands widely and exclude all manner of players with legitimate associations. By replacing the idea of source identity with an organizational entity, trademark solved the messiness of policing the substance behind the mark. But in so doing, it also conceded the field to dominance by those who control the entities, rather than those who participate in the underlying business.

V. CONCLUSION

In the *WandaVision* finale, the two Visions puzzled over their own identities with reference to the Ship of Theseus. What if the boards from the original ship were replaced over time, and a new ship created from the old one? Which is the true ship? In a moment of insight, one Vision answered: “Neither are the true ship. Both are the true ship.”

When considering the application of trademarks, perhaps we should have a similar appreciation for this ambiguity, this liminal space. The Walt Disney Company is not the same thing as the Company was 75 years ago, or even a year ago; people have come and gone, products and services have changed, and the underlying identity of the firm continues to evolve. We assign a trademark to the Company as shorthand, as a compromise, as a way of avoiding inevitable disputes over who really represents the Disney brand. But it is a compromise, a fiction—not reality. There is no “true” Disney—only a corporate entity whose owners, executives, workers, and property holdings have changed dramatically over time.88 A recognition of this reality should give us pause as we consider who can use marks, for what reason, and to what legal ends.

87 *WandaVision*, supra note 4.

88 STEWART, supra note 28 (discussing the war over control of Disney as well as its heritage and legacy).