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The Confusion of Trademark Territoriality

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THE CONFUSION OF TRADEMARK TERRITORIALITY

JOSEPH MICHAEL LEVY

Imagine this: company A holds a trademark in HOTEL X. These hotels are abundant in New York City, but company A does not operate outside of New York. Company B likes the name HOTEL X and decides to open a swath of HOTEL Xs in San Francisco. Company A has been advertising on the Internet for many years and explicitly targets California residents who seek a vacation in New York.

One might expect a court to apply a traditional “likelihood of confusion” test to determine whether there has been trademark infringement. Yet, under current doctrine, this infringement analysis may be rendered meaningless. At common law and under federal statutory law, old-fashioned notions of territoriality can bar a finding of infringement or prevent an injunction, even if the court holds that confusion is likely. Thus, in our hypothetical, the fact that company A operates only in New York could be dispositive and ultimately stop it from enjoining company B’s use in California.

This doctrine is outdated. Trademark law must be updated to serve its underlying purpose: the prevention of consumer confusion. This article proposes a simple way by which courts can accomplish this. Instead of applying a separate test of territoriality, courts should instead use only the infringement analysis to determine the scope of trademark rights and remedies. This territoriality-infringement synthesis would not only simplify the doctrine but would also serve to protect consumers who may be confused despite a lack of geographic proximity. And these consumers are no longer rare. Although territoriality may have once been a good proxy for predicting whether consumers will be confused, those days are far behind us. Today, trademarks do not have the same geographic limits due to the Internet and a perambulating society. These changes render traditional notions of “territory” under-protective, and until trademark doctrine accounts for the modern world, it will be just as confused the consumers it fails to protect.

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INTRODUCTION

Trademark law is confused. At common law and under the Lanham Act, trademark holders must deal with outdated rules about territoriality. At common law, different owners may use similar marks as long as these marks are used in geographically remote areas.¹ Because of this, courts analyzing a common law trademark tend to first determine whether two marks are used in non-remote locations, and then proceed to undergo an infringement analysis, i.e., the likelihood of confusion test.² If the marks are used

1. *See* *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 100 (1918).

2. *E.g.*, *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961); *DeCosta v. Viacom Int'l, Inc.*, 981 F.2d 602, 606 (1st Cir. 1992).

remotely, then the court stops the inquiry without looking to likelihood of confusion.

So too under the Lanham Act. Due to the *Dawn Donut* rule, a senior user is unable to receive an injunction if a junior has used the mark in an area that is remote from the senior.³ Like the common law, this doctrine is premised on the notion that consumers will not be confused by similar marks used in different areas.⁴ However, despite its claims about confusion, this inquiry is entirely separate from the infringement analysis. Thus, whether the common law or Lanham Act controls, a trademark holder still must separate the infringement analysis from the question of territoriality.

This process is unnecessarily longwinded. Under both common law and statutory law, consumer confusion fuels trademark territoriality. As one judge emphasized, likelihood of confusion serves as a “touchstone” when determining the trade area.⁵ As such, this paper will demonstrate that confusion should frame the entire inquiry. There is no need to undergo a separate territoriality analysis if a court determines that consumers are likely to be confused. Because the whole goal of territoriality is to prevent consumer confusion, likelihood of confusion alone should establish a *prima facie* of trademark infringement sufficient to enjoin the junior user.

At first glance, this may seem like an unimportant issue. After all, what harm is incurred by the application of excess tests, besides a bit of inefficiency? As it turns out, trademark territoriality is not just beset with redundancy; it actively undermines what it seeks to protect. When trademark rights are limited to geographic areas where the owner presently operates, then it is possible that consumers outside that area will be confused. Consider consumers who are exposed to a mark on the Internet or consumers who are familiar with a company’s mark in one area and travel to a remote area where a different company uses the mark. In the modern age, fixating on geographic proximity leaves these entire groups of consumers, Internet users, and travelers unprotected from confusingly similar marks—and such consumers are hardly a minority. Thus, it is a mistake to condition trademark rights on geographic proximity. Instead, the likelihood of confusion analysis must be the end-all-be-all. If consumers in an area are likely to be confused, then the first to use the mark should have trademark rights in that area, whether or not they actually operate there.

3. See *Dawn Donut Co. v. Hart’s Food Stores, Inc.*, 267 F.2d 358, 364 (2d Cir. 1959).

4. See *id.*

5. *All Video, Inc. v. Hollywood Entm’t Corp.*, 929 F. Supp. 262, 266 (E.D. Mich. 1996).

Part I of this paper lays out the doctrinal background of territoriality and trademark law, focusing on the similarities and differences between common law and federal statutory law. Then, Part II sets out to show that confusion underlies trademark territoriality both at common law and under the Lanham Act. With this demonstrated, Part III illustrates the pitfalls of conceptualizing territoriality as separate from the concern of confusion, specifically with regards to the Internet and mass travel. Because of this, Part IV offers a simple solution that merges the likelihood of confusion test with the traditional territoriality doctrine.

I. TERRITORIALITY IN TRADEMARK LAW

A. Concurrent Use at Common Law

In *Hanover Star Milling Co. v. Metcalf*, the Supreme Court created a seemingly simple rule: trademark rights are obtained only through use.⁶ In other words, merely conceiving of a mark is insufficient to grant someone a legal right to that mark. If one is to acquire trademark rights, she must be the “first to use a mark on a product or service.”⁷ Simple enough. But, as the Ninth Circuit has aptly noted, things get a bit more complicated “when to time we add considerations of place.”⁸ In *United Drug Co. v. Theodore Rectanus*, the Supreme Court added that one must not just be the first in *time* to use a mark, but she must also be the first to use the mark in a specific *place*.⁹ The principles from *Hanover Star* and *Theodore Rectanus* form the basis for the common law concurrent use doctrine: similar marks may be used in remote geographic areas by good faith users, and if the area of use overlaps, exclusive rights belong to the first user.¹⁰ Thus, for a junior user to adopt a mark similar to that of a senior user, the junior must show that her use is (1) remote, and (2) in good faith. For our purposes, the requirement of good faith will be discussed later in this paper, and remoteness will be the focus of this section.

6. *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 413 (1916).

7. *Tally-Ho, Inc. v. Coast Cmty. Coll. Dist.*, 889 F.2d 1018, 1023 (11th Cir. 1989).

8. *Grupo Gigante S.A. de C.V. v. Dallo & Co.*, 391 F.3d 1088, 1093 (9th Cir. 2004).

9. *See United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 100 (1918).

10. *See id.* This is also called the “Tea Rose-Rectanus doctrine,” but in this paper it will exclusively be referred to as the “concurrent use doctrine.”

Remoteness is determined in one of two ways. First, trademark rights are typically limited to a mark's "zone of actual goodwill."¹¹ Second, even if a mark has no actual goodwill in an area, courts have found that trademark rights extend to a "zone of natural expansion."¹²

1. Zone of Actual Goodwill

The zone of actual goodwill is divided into two categories: the mark's zone of market penetration and zone of reputation.¹³ The zone of market penetration is the most common indicator of actual goodwill. This zone is equivalent to all areas where the mark holder does a sufficient amount of business. In *Sweetarts v. Sunline*, the Eighth Circuit devised one of the earlier tests to determine the scope of market.¹⁴ This test instructed courts to weigh the following factors (1) total dollar value of plaintiff's sales in the market; (2) number of actual customers in relation to the region's population; (3) sales growth, both relative and potential; and (4) length of time since significant sales.¹⁵ The Third Circuit reshaped these factors in *Natural Footwear Ltd. v. Hart* to create its own test for market penetration.¹⁶ This test involves weighing the following factors (1) amount of sales involving the trademark; (2) positive and negative growth trends in the geographical area; (3) number of purchasing customers in relation to the total number of potential customers; and (4) amount of advertising in the geographical area.¹⁷ Multiple other circuits have embraced the *Natural Footwear* factors, and thus this test is the more common of the two.¹⁸ If a mark holder passes this balancing test, then she is deemed to have "penetrated" the market such that she has made actual use there.

In contrast, the zone of reputation exists in all geographical regions where the mark is merely recognized, regardless of whether the mark holder

11. See Thomas F. Cotter, *Owning What Doesn't Exist, Where It Doesn't Exist: Rethinking Two Doctrines from the Common Law of Trademarks*, 1995 U. ILL. L. REV. 487, 492 (1995).

12. *Spartan Food Sys. v. HFS Corp.*, 813 F.2d 1279, 1283 (4th Cir. 1987).

13. See *id.* One scholar has suggested that this distinction is artificial because both tests purport to measure "consumer recognition." See William J. Gross, *The Territorial Scope of Trademark Rights*, 44 U. MIAMI L. REV. 1075, 1110-12 (1990).

14. 380 F.2d 923, 929 (8th Cir. 1967).

15. *Id.*

16. *Nat. Footwear, Ltd. v. Hart, Schaffner & Marx*, 760 F.2d 1383, 1398-99 (3d Cir. 1985).

17. *Id.*

18. See, e.g., *Allard Enters. v. Advanced Programming Res., Inc.*, 249 F.3d 564, 574 (6th Cir. 2001); *Adray v. Adray-Mart, Inc.*, 76 F.3d 984, 989 (9th Cir. 1995); *Spartan*, 813 F.2d at 1283.

has made actual use there.¹⁹ An early illustration of the zone of reputation is found in *Stork Restaurant v. Sahati*.²⁰ In *Stork*, the appellant owned and operated a night club in New York called THE STORK CLUB, which had reached nationwide fame due to widescale advertising and media presence.²¹ After the New York club had been in operation for sixteen years, the appellees opened its bar in San Francisco under the name THE STORK CLUB.²² The trial court refused to issue an injunction, but the Ninth Circuit found that “mere geographical distance is not of itself sufficient to preclude the possibility that a given establishment is a branch of an enterprise having its principal place of business elsewhere.”²³ Because of this, the court of appeals remanded the case with directions to the trial court to grant the injunction.²⁴ Therefore, although the two marks were used across the country from one another, these uses were certainly not “remote” in the sense of concurrent use under *Theodore Rectanus*.²⁵ The zone of reputation thus aligns with the central thrust of this paper: two marks can confuse consumers despite geographical distance.

2. Zone of Natural Expansion

As the name of this doctrine implies, some courts extend the rights of trademark owners to areas where the use of the mark might “naturally expand.”²⁶ Different courts use different factors to determine whether a geographic territory is within this zone. A popular test devised by the Court

19. See Shontavia Johnson, *Trademark Territoriality in Cyberspace: An Internet Framework for Common-Law Trademarks*, 29 BERKELEY TECH. L.J. 1253, 1260 (2015) (“Where the zone of actual market penetration is limited, the zone of reputation encompasses areas where consumers recognize the products using the trademark but are not direct consumers of those products.”); see also W. Scott Creasman, *Establishing Geographic Rights in Trademarks Based on Internet Use*, 95 TRADEMARK REP. 1016, 1018 (2005) (“The zone of reputation includes areas where consumers are aware of the seller’s goods, but have not purchased them.”).

20. *Stork Rest., Inc. v. Sahati*, 166 F.2d 348, 358 (9th Cir. 1948).

21. *Id.* at 350–51.

22. *Id.* at 351.

23. *Id.* at 358.

24. *Id.* at 364. It is important to note that this injunction would likely not be issued in the Ninth Circuit today due to the *Dawn Donut* rule. See *Dawn Donut Co. v. Hart’s Food Stores, Inc.*, 267 F.2d 358, 364 (2d Cir. 1959) (“[I]f the use of the marks by the registrant and the unauthorized user are confined to two sufficiently distinct and geographically separate markets, with no likelihood that the registrant will expand his use into defendant’s market, so that no public confusion is possible, then the registrant is not entitled to enjoin the junior user’s use of the mark.”). For further discussion of *Dawn Donut*, see *infra* Part I.B.2.

25. 5 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 26:17 (5th ed. 2017).

26. *Tally-Ho, Inc. v. Coast Cmty. Coll. Dist.*, 889 F.2d 1018, 1023 (11th Cir. 1989).

of Customs and Patent Appeals (now the Federal Circuit) looks to (1) “previous business activity;” (2) “previous expansion or lack thereof;” (3) “dominance of contiguous areas;” (4) “presently-planned expansion;” and (5) “possible market penetration by means of products brought in from other areas.”²⁷ The Eleventh Circuit looks to similar factors.²⁸ Other courts have foregone the multi-factor tests for a more fact-specific inquiry.²⁹ Nevertheless, under any analysis, most circuits tend to use a few recurring factors: the history of expansions, the size of the business, and the amount of business activity in the contested area. These are concrete pieces of evidence to which the mark holder must point; she cannot simply refer to her aspirations of expansion.³⁰ But if a mark holder can adequately demonstrate a zone of natural expansion, then she can acquire trademark rights before making actual use in an area.

B. Territoriality and the Lanham Act

Territoriality also plays a misguided role under the all-encompassing Lanham Act, which governs the federal trademark registration process. The Lanham Act took effect on July 5, 1947.³¹ In 2016, there were over two million registered trademarks in the United States.³² Although it is impossible to accurately quantify the number of common law trademarks in the United States, it is probably safe to assume that trademarks registered

27. *Weiner King, Inc. v. Wiener King Corp.*, 615 F.2d 512, 523 (C.C.P.A. 1980). This test has been adopted by the Third and Fourth Circuits. *See Spartan Food Sys. v. HFS Corp.*, 813 F.2d 1279, 1283 (4th Cir. 1987); *see also Nat. Footwear, Ltd. v. Hart, Schaffner & Marx*, 760 F.2d 1383, 1398 (3d Cir. 1985).

28. *Tally-Ho*, 889 F.2d at 1028 (looking to (1) the geographical distance from the user’s actual location to the perimeter of the zone of expansion; (2) the nature of the business and the size of the zone of market penetration/reputation; (3) the history of the user’s past expansion, i.e. whether it has remained static or has continued to expand into new areas, and based on this, the length of time it would take the user to reach the periphery of the expansion zone; and (4) whether it would require an unusual leap for the user to enter the zone, or instead whether the zone is close enough to existing locations that expansion is a logical extension as those previously made).

29. *The Value House v. Phillips Mercantile Co.*, 523 F.2d 424, 431 (10th Cir. 1975) (looking at the history of expansion and business activity in the contested area); *Shoppers Fair of Ark., Inc. v. Sanders Co.*, 328 F.2d 496, 500–01 (8th Cir. 1964) (focusing on the location of current stores and testimony regarding planned expansions); *Burger King of Fla., Inc. v. Brewer*, 244 F. Supp. 293, 298–99 (W.D. Tenn. 1965) (analyzing the “growth, size and location” of the business generally and the amount of activity in at the contested area).

30. *Blue Ribbon Feed Co. v. Farmers Union Cent. Exch., Inc.*, 731 F.2d 415, 422 (7th Cir. 1984) (“In the instant case, [the plaintiff] produced no credible evidence that it took similar affirmative steps or ever entertained realistic plans of expansion beyond its primary trade area.”).

31. Sondra Levine, *Part One: The Common Law, the States, and Historical Perspective: The Origins of the Lanham Act*, 19 J. CONTEMP. LEGAL ISSUES 22, 27 (2010).

32. WORLD INTELLECTUAL PROPERTY ORGANIZATION, WORLD INTELLECTUAL PROPERTY INDICATORS, at 131 (2017).

under the Lanham Act comprise the lion's share of trademarks in the United States.

1. An Age of Federal Registrations

The Lanham Act grants the Patent and Trademark Office ("PTO") the authority to issue concurrent use registrations to different parties so long as the Director of the PTO determines that "confusion, mistake, or deception is not likely to result from the continued use" by multiple parties.³³ When a concurrent registration is issued, the Trademark Trial and Appeal Board ("TTAB") creates conditions and limitations regarding the mode or place of use.³⁴ Registration under the Lanham Act confers upon the registrant nationwide trademark rights based on "constructive use," regardless of where the registrant actually uses the mark.³⁵ Furthermore, registration of a mark on the principal register provides "constructive notice" of the registrant's ownership.³⁶ So, a junior user under the Lanham Act cannot invoke the concurrent use doctrine because her use is neither remote nor in good faith.³⁷ Nevertheless, a party who has used the mark before the registration can still retain her trademark rights.³⁸ To do so, Section 1115(b)(5) of the Lanham Act requires a party to show that she adopted the mark before the registration, without knowledge of the registrant's prior use, and that she has continuously used the mark in a specified area.³⁹ Upon such a showing, this prior user is "frozen" to its area of use prior to the federal registration.

At first glance, the prior user's ability to continue using her mark in the face of registration seems to be a codification of the common law concurrent

33. 15 U.S.C. § 1052(d) (2016).

34. See Anne Gilson LaLonde & Jerome Gilson, *Proving Ownership Online . . . And Keeping It: The Internet's Impact on Trademark Use and Coexistence*, 104 TRADEMARK REP. 1275, 1304–05 (2014) (citing 15 U.S.C. § 1052(d) (2014); TMEP § 1506 (5th ed. Sept. 2007); TBMP § 1101.01 (3d ed. Rev. 2, June 2013)).

35. 15 U.S.C. § 1057(c) (2018).

36. 15 U.S.C. § 1072 (2018).

37. See MCCARTHY, *supra* note 25, at § 26:38 ("But in many situations, it will be the 'constructive use' date of application that will govern and decide a territorial priority battle. [§1057(c)] constructively puts the registrant 'there' as if it had actually commenced a commercial level of sales nationwide as of the application date."); see also *Foxtrap, Inc. v. Foxtrap, Inc.*, 671 F.2d 636, 640 n.5 (D.C. Cir. 1982) ("By providing that registration constitutes constructive notice of the registrant's rights, the Lanham Act removed the good faith element in the *Tea Rose-Rectanus* defense." (citing *Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358, 362 (2d Cir. 1959))).

38. 15 U.S.C. § 1057(c)(1) (2018).

39. See 15 U.S.C. § 1115(b)(5) (2018); see also *Foxtrap*, 671 F.2d at 640.

use doctrine.⁴⁰ Yet, Professor McCarthy has pointed out that there exists no remoteness requirement in Section 1115(b)(5), unlike the concurrent use doctrine.⁴¹ This absence has created somewhat of a circuit split. The Ninth Circuit has held that Section 1115(b)(5) has no remoteness requirement, and if one is to be added, that is a job for Congress.⁴² The Sixth Circuit, on the other hand, has read the remoteness requirement from the common law into the limited area defense.⁴³ Given this disagreement, it would be hasty to interpret Section 1115(b)(5) as a perfect codification of the concurrent use doctrine. Thus, for our purposes, we will treat them as distinct doctrines.

As far as remedies go, the Lanham Act confers upon the registrant the right to a civil cause of action against an infringer⁴⁴ and further entitles her to injunctive relief.⁴⁵ However, the mere act of infringement does not necessarily grant the registrant the right to enjoin the infringing use. The following section will detail the territorial limits of the injunction.

2. Injunctions and the *Dawn Donut* Rule

In 1959, the Second Circuit created a rule that seemed to flow naturally from the concurrent use doctrine: plaintiffs cannot enjoin remote users from using the plaintiff's mark.⁴⁶ Starting in June of 1922, the eponymous plaintiff in *Dawn Donut* adopted the mark DAWN DONUT to use in connection with the sale of donut mix.⁴⁷ Dawn Donut was a Michigan-based company that sold its mix to buyers in several states across the country, including New York.⁴⁸ The defendant, Hart Food Stores, owned and operated a retail grocery chain within several New York counties.⁴⁹ In 1951, Hart Food began to use the mark DAWN in connection with the sale of baked goods within a forty-five mile radius of Rochester, New York.⁵⁰ The district court found that Hart Food had adopted the mark in good faith and without actual knowledge

40. I have labeled this a "response" instead of a defense because there is disagreement as to whether this is a defense on the merits or whether it simply eliminates the benefits of incontestability. See Gross, *supra* note 12, at 1095–96 n.112.

41. MCCARTHY, *supra* note 25, at § 26:48.

42. Quiksilver, Inc. v. Kymsta Corp., 466 F.3d 749, 762 (9th Cir. 2006).

43. Champions Golf Club, Inc. v. Champions Golf Club, Inc., 78 F.3d 1111, 1124 (6th Cir. 1996).

44. 15 U.S.C. § 1114(1)(a)–(b) (2018).

45. 15 U.S.C. § 1116 (2018).

46. Dawn Donut Co. v. Hart's Food Stores, Inc., 267 F.2d 358, 364 (2d Cir. 1959).

47. *Id.* at 361.

48. *Id.*

49. *Id.*

50. *Id.*

of the plaintiff's use.⁵¹ But because the plaintiff had federally registered its mark in 1927, when the Lanham Act came into effect on July 5, 1947, the defendant was held to have constructive notice of the mark.⁵² As such, the defendant was unable to claim that it was engaged in good faith use. Thus, it looked like the plaintiff had won. After all, the concurrent use defense is inapplicable without good faith. Yet, this did not end the inquiry.

The court ultimately concluded that a senior user is not entitled to enjoin a junior user if the two users "are confined to two sufficiently distinct and geographically separate markets, with no likelihood that the registrant will expand his use into defendant's market, so that no public confusion is possible."⁵³ In the case at hand, the district court found that since 1927, Dawn Donut had not licensed its mark in connection with the sale of donuts within sixty miles of Hart Food's trading area.⁵⁴ Furthermore, although the plaintiff had made sales to bakers in Rochester, none of the purchasers sold donuts in connection with the plaintiff's mark.⁵⁵ As such, the district court concluded that Dawn Donut neither used its mark in the defendant's trading area nor had any intent to expand the use of its mark to the area.⁵⁶ The Second Circuit, therefore, held that Dawn Donut and the defendant used their marks in "distinct and separate markets," and because of this, Dawn Donut could not enjoin the defendant's use.⁵⁷

Dawn Donut has gained popularity across circuits, and courts tend to apply the doctrine in roughly the same way: to acquire injunctive relief, the plaintiff must either have entered the geographical area of the defendant or have plans to expand there.⁵⁸ Unlike the concurrent use doctrine, good faith

51. *Id.*

52. *Id.* at 362 (citing 15 U.S.C.A. § 1072 (1947)).

53. *Id.* at 364.

54. *Id.* at 361.

55. *Id.*

56. *Id.* at 364–65.

57. *Id.* at 365. The plaintiff was not forever foreclosed from injunctive relief, however. The court added that Dawn Donut would be entitled to an injunction "upon a proper showing of an intent to use the mark at the retail level in defendant's market area . . ." *Id.*

58. *See, e.g., Lone Star Steakhouse & Saloon, Inc. v. Alpha of Va., Inc.*, 43 F.3d 922, 931–32 (4th Cir. 1995) ("[A] court will enjoin the junior user only if the registrant is likely to enter, or has entered, the junior user's trade territory."); *Minn. Pet Breeders, Inc. v. Schell & Kampeter, Inc.*, 41 F.3d 1242, 1246 (8th Cir. 1994) ("[T]o enjoin a geographically remote infringer, the registered owner must prove that its trademarked products and the infringing products are being sold in the same geographic area, or that the owner has concrete plans to expand into the infringer's trade area."); *Union Nat'l Bank v. Union Nat'l Bank*, 909 F.2d 839, 843 (5th Cir. 1990) ("A senior user may not exclude others in areas where he does not currently do business nor is likely to do business in the future." (citing *Dawn Donut*, 267 F.2d at 364–65)); *Mister Donut of Am., Inc. v. Donut, Inc.*, 418 F.2d 838, 844 (9th Cir. 1969) ("[W]here a federal registrant has expanded its business to the point that the use of the conflictingly similar marks by

plays no role here due to constructive notice.⁵⁹ After *Dawn Donut*, courts tend to enjoin only based on actual use or an intent to expand. Thus, the *Dawn Donut* rule only concerns the plaintiff's zone of market penetration or zone of natural expansion, not her zone of reputation.

II. THE ROLE OF CONFUSION

The previous section detailed the doctrinal background of trademark territoriality, both at common law and under federal law. This is not the whole story, however. As indicated in the introduction, there is a common theme underlying all territoriality doctrine: confusion. As Dan Burk has argued, a junior user's claim of territorial rights in an area is roughly equivalent to a claim that consumers in that area are not likely to be confused.⁶⁰ In other words, because territorial rights are entirely premised on a lack of confusion, it is nonsensical to claim that consumers in an area are likely to confuse a senior and junior users' marks, and also conclude that the senior user has no territorial rights there. But a court that rigidly applies the zone of market penetration or expansion tests, and does not use the zone of reputation test, could fail to issue an injunction in an area where the senior user has a reputation without a physical presence. After all, *Dawn Donut* is entirely premised on actual use or expansion.

This section will show that trademark territoriality is grounded in an outdated notion of consumer awareness. It begins by looking at the reasoning courts employ when drawing territorial boundaries at common law. Then, it will look at courts' justification for the use of *Dawn Donut* under the Lanham Act. By looking at both territorial doctrines, this section will show that courts in both areas seem to be motivated almost entirely by consumer confusion.

the registrant and the unauthorized user are no longer confined to separate and distinct market areas and there is established the likelihood of public confusion, the federal registrant is entitled under the authority of the Lanham Act to injunctive relief." (citing *Dawn Donut*, 267 F.2d at 365)).

59. *Dawn Donut*, 267 F.2d at 362 ("[B]y eliminating the defense of good faith and lack of knowledge, § 1072 affords nationwide protection to registered marks, regardless of the areas in which the registrant actually uses the mark."); see also *Koffler Stores, Ltd. v. Shoppers Drug Mart, Inc.*, 434 F. Supp. 697, 702 (E.D. Mich. 1976) ("Once registration is effected, no subsequent adoption and use of the same or a similar mark for the same or similar goods can be justified on a claim of good faith.").

60. Dan L. Burk, *Trademark Doctrines for Global Electronic Commerce*, 49 S.C. L. REV. 695, 711 (1998) ("One might say that territorially separated concurrent users of a mark have developed rights within distinct areas, or that the consumers in the distinct areas are unlikely to become confused, but the statements are largely equivalent.").

A. Consumer Awareness at Common Law

First, return to the concurrent use doctrine. Even in *Theodore Rectanus*, which created the concurrent use doctrine, the reasoning of the Court suggests that the underlying concern was confusion. There, the Court stated that two marks are remote if a mark “means one thing in one market, [and] an entirely different thing in another.”⁶¹ The Court added that trademark law prevents two non-remote entities from making use of the same mark because of how “purchasers have come to understand the mark.”⁶² The Court’s concern is clear: an individual cannot start using a mark similar to another mark in an area when consumers have come to understand the first mark in a certain way. If a junior user employs a mark with which consumers have already developed an association, then the Supreme Court would not deem this use “remote.” This reasoning has led Professor McCarthy to remark that remoteness at common law is not about geographical distance, but is instead about the “territorial dimension of likelihood of confusion.”⁶³

Even though territory is linked to confusion, the classic remoteness doctrine tends to treat geographical distance and consumer awareness distinctly. Think back to the zone of actual goodwill, which is divided into two subcategories: market penetration and reputation. The former is concerned with geographic remoteness, and the latter is concerned with consumer awareness. If Professor McCarthy is correct (which I believe he is), then market penetration is redundant; reputation is all that matters. But caselaw has gone the opposite way. In practice, it is uncommon for courts to use the zone of reputation in their territory analysis. Some courts have recognized it,⁶⁴ but many circuit courts have found that market penetration

61. *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 100 (1918).

62. *Id.*

63. MCCARTHY, *supra* note 25, at § 26:4.

64. *E.g.*, *Champions Golf Club, Inc. v. Champions Golf Club, Inc.*, 78 F.3d 1111, 1124 (6th Cir. 1996) (“[M]ere geographical distance is not controlling where the reputation of the senior user’s mark has been carried into a trade area prior to the junior user’s adoption and use.” (internal quotation marks omitted) (citing MCCARTHY, *supra* note 22, at § 26.06)); *Peaches Entm’t Corp. v. Entm’t Repertoire Assocs.*, 62 F.3d 690, 693 (5th Cir. 1995) (“The junior user may establish his trade territory by identifying the ‘zone of reputation’ acquired for his mark.”); *Sunearth, Inc. v. Sun Earth Solar Power Co.*, No. C 11-4991 CW, 2013 U.S. Dist. LEXIS 120439, at *38 (N.D. Cal. Aug. 23, 2013) (recognizing that territorial rights can stem from reputation without sales); *Glow Indus. v. Lopez*, 252 F. Supp. 2d 962, 983 (C.D. Cal. 2002) (“Where the trademark user has acquired a national reputation associated with its mark, it may assert trademark rights even in areas where it has no sales.”); *Laurel Capital Grp., Inc. v. BT Fin. Corp.*, 45 F. Supp. 2d 469, 492 (W.D. Pa. 1999) (“Rights in a mark can extend beyond the geographic area of actual sales and customer residences if the user’s reputation is carried via word of mouth and advertisements.”); *Caesars World, Inc. v. Caesar’s Palace*, 490 F. Supp. 818, 827 (D.N.J. 1980) (“[G]eographic distance between parties will not preclude a finding of infringement or unfair competition

alone determines remoteness.⁶⁵ Along these lines, some trademark scholars have suggested that the zone of reputation should entirely give way to the zone of penetration in determining actual goodwill,⁶⁶ or that the zone of reputation should merely be a factor among many.⁶⁷

This development would seem to suggest that Professor McCarthy and I are wrong in claiming that remoteness is about consumer awareness and not geography. Yet, upon closer inspection, courts commonly invoke market penetration while simultaneously grounding their inquiry in consumer awareness. Take, for example, the case of *Accu Personnel, Inc. v. Accustaff, Inc.* from the District of Delaware.⁶⁸ In *Accu Personnel*, the court held that concurrent use requires geographical remoteness, and thus neither party can penetrate the market of the other if concurrent use applies.⁶⁹ This holding was a straightforward application of the zone of market penetration, and perhaps the analysis could have ended there. However, the court went on to find that the trademark owner must establish market penetration sufficient to pose a likelihood of confusion.⁷⁰ So, despite the court's focus on actual market penetration, it appears that the underlying concern of the court was truly consumer confusion, not just the use in a geographical region. After all, if the court applied remoteness in its literal geographic sense, then any

based upon a likelihood of confusion.”); *Golden Door, Inc. v. Odisho*, 437 F. Supp. 956, 962 (N.D. Cal. 1977) (issuing a nationwide injunction despite plaintiff's solely local use because of nationwide reputation); *Atlanta Gas Light Co. v. Roberts*, 388 F. Supp. 1383, 1387 (D.S.C. 1974) (“Although there is some evidence that the two restaurants do appeal to the same north-south tourist traffic, direct or market competition is not an essential ingredient of unfair competition; and plaintiffs need not establish competition in the same market.”).

65. See, e.g., *Emergency One, Inc. v. Am. Fire Eagle Engine Co.*, 332 F.3d 264, 269 (4th Cir. 2003) (“[E]ven though the senior user of an unregistered mark has established priority over a junior user through prior appropriation, injunctive relief is appropriate only in those areas where the senior user can show sufficient actual use.”); *Nat'l Ass'n for Healthcare Commc'ns Inc. v. Cent. Ark. Area Agency on Aging, Inc.*, 257 F.3d 732, 735 (8th Cir. 2001) (“To be entitled to injunctive relief against [the defendant's] subsequent good faith use, [the plaintiff] must prove that its prior use of the mark penetrated the geographic market in question.”); *GTE Corp. v. Williams*, 904 F.2d 536, 542 (10th Cir. 1990) (finding that the use was remote because the plaintiff had never operated subsidiaries in the area, sold products or provided services in the area, nor advertised in the area); *Nat. Footwear, Ltd. v. Hart, Schaffner & Marx*, 760 F.2d 1383, 1394 (3d Cir. 1985) (“[T]he senior user of a common law mark may not be able to obtain relief against the junior user in an area where it has no established trade, and hence no reputation and no good will.”).

66. Gross, *supra* note 12, at 1086 (“[T]rademark protection should not extend beyond the area of actual market penetration.”).

67. Brian L. Berlandi, *What State Am I In?: Common Law Trademarks on the Internet*, 4 MICH. TELECOMM. & TECH. L. REV. 105, 111 (1998) (“In most instances . . . the ‘Zone of Reputation’ will not be the sole determinative factor.”).

68. 846 F. Supp. 1191, 1205–06 (D. Del. 1994).

69. *Id.* at 1205.

70. *Id.* at 1206 (citing *Nat. Footwear*, 760 F.2d at 1397).

amount of market penetration would render two marks non-remote. However, the conclusion in *Accu Personnel* was not that simple. Instead, remoteness fades when consumers are sufficiently aware of both marks, or as the Supreme Court said, the marks no longer “mean one thing in one market” and “an entirely different thing in another.”⁷¹ Thus, although the inquiry seemed initially to be framed around geographic penetration, the separation between remoteness and confusion is merely illusory.

The court in *Accu Personnel* is not the only court to claim it is using one test of remoteness when in fact it is using another. In *National Ass’n for Healthcare Communities v. Central Arkansas Area Agency on Aging, Inc.*, the Eighth Circuit claimed to be focusing its remoteness inquiry on actual, physical market penetration.⁷² Yet, in so doing, the court emphasized that the market penetration “must be significant enough to pose the real likelihood of confusion among the consumers” in the specified area.⁷³ Moreover, when applied to the facts at hand, the court determined that the plaintiff had not shown a likelihood of confusion in the defendant’s area of use, and thus the plaintiff had not penetrated that territory.⁷⁴ Like the district court in *Accu Personnel*, the Eighth Circuit seems to understand market penetration to both mean penetration based on sales and penetration based on consumer awareness. By analyzing remoteness in this way, these courts have taken a subtle approach to ground the remoteness inquiry in confusion.

That being said, some courts explicitly define remoteness as an assessment of consumer awareness.⁷⁵ Both the Eastern and Southern Districts of New York are prominent examples.⁷⁶ In *Tuccillo v. Geisha NYC, LLC*, Judge Bianco held that a geographically remote location is defined “as

71. *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 100 (1918).

72. 257 F.3d 732, 735–36 (8th Cir. 2001).

73. *Id.* (citing *Sweetarts v. Sunline, Inc.*, 380 F.2d 923, 929 (8th Cir. 1967)).

74. *Id.* at 736.

75. *See, e.g.*, *Baskim Holdings, Inc. v. Two M, Inc.*, No. 2:16-cv-01898-APG-GWF, 2017 U.S. Dist. LEXIS 156752, at *9–10 (D. Nev. Sept. 25, 2017) (defining remoteness as use in an area where it is unlikely that consumers would be confused by the second user’s use of the mark) (citing *Grupo Gigante S.A. De C.V. v. Dallo & Co.*, 391 F.3d 1088, 1096–97 (9th Cir. 2004)); *Zuppari’s Apizza, Inc. v. Tony Zuppari’s Apizza, LLC*, No. 3:10-CV-01363 (RNC), 2014 U.S. Dist. LEXIS 136763, at *31 (D. Conn. Sept. 29, 2014) (“Remoteness, under *Tea-Rose Rectanus*, is a question not of geographic distance but of a mark’s strength.”); *Hispanic Broad. Corp. v. Educ. Media Found.*, No. CV-02-7134 CAS (AJWx), 2003 U.S. Dist. LEXIS 24804, at *21–22 (C.D. Cal. Oct. 30, 2003).

76. *See Tuccillo v. Geisha NYC, LLC*, 635 F. Supp. 2d 227, 245 (E.D.N.Y. 2009) (“[A] senior user cannot enjoin a junior user’s use of a mark if the junior user can prove that it . . . first used the mark in a geographically remote location, defined as an area in which the senior user’s mark was not known such that there would be confusion as to source . . .” (citation omitted)); *see also Best Cellars, Inc. v. Wine Made Simple, Inc.*, 320 F. Supp. 2d 60, 84 (S.D.N.Y. 2003).

an area in which the senior user's mark was not known such that there would be confusion as to source." Similarly, in *Best Cellars, Inc. v. Wine Made Simple, Inc.*, Judge Sweet used *Theodore Rectanus* to support his assertion that remoteness is a use in "an area where the senior user's mark was not known such that there could be confusion as to source."⁷⁷ The Fourth Circuit has embraced this interpretation of *Theodore Rectanus* and has endorsed this notion of remoteness.⁷⁸ To be sure, not all courts agree that geography and consumer awareness are two sides of the same coin.⁷⁹ Nevertheless, as these examples show, there are notable instances of courts openly embracing the confusion-based model of remoteness.

In sum, although some courts may be less than clear about the role of confusion in concurrent use at common law, there are plenty of examples that demonstrate courts generally recognize the interplay of remoteness and confusion. Although some courts reject this overlap, this paper is making a normative assertion, as well as a descriptive one: not only are consumer confusion and territoriality actually intertwined, but also, the courts that separate the two are incorrect in doing so.⁸⁰

B. Confusion and Dawn Donut

This mistake is not isolated to common law marks—it is pervasive under the Lanham Act as well. Because the Lanham Act grants mark holders nationwide constructive use, territoriality under federal law most commonly comes into play when courts are issuing injunctions. In other words, it is most relevant when *Dawn Donut* rears its head. Because *Dawn Donut* permits injunctions only when two marks are used in "distinct and separate markets," the doctrine seems to be concerned only with geography, not confusion. Yet, like concurrent use at common law, this distinction is illusory. As before, the motivation behind *Dawn Donut* is consumer

77. *Best Cellars*, 320 F. Supp. 2d at 84 (citing *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 100 (1918)).

78. *Emergency One, Inc. v. Am. Fire Eagle Engine Co.*, 332 F.3d 264, 271 (4th Cir. 2003) ("A use is geographically remote if the mark was used in an area 'where the senior user's mark was not known such that there could be confusion as to source.'" (citing *Best Cellars*, 320 F. Supp. 2d at 84)).

79. *See Diamonds Direct USA, Inc. v. BFJ Holdings, Inc.*, 895 F. Supp. 2d 752, 759 (E.D. Va. 2012) ("Well-established precedent limits the geographic scope of trademark protection 'to the locality where the mark is used and to the area of probable expansion.'" (citing *Spartan Food Sys. v. HFS Corp.*, 813 F.2d 1279, 1282 (4th Cir. 1987))); *see also Laurel Capital Grp., Inc. v. BT Fin. Corp.*, 45 F. Supp. 2d 469, 482 (W.D. Pa. 1999) ("Once the court identifies a situation wherein the junior user actually possesses superior rights in the relevant market area, the final issue is whether the 'second comer's' actions cause a likelihood of confusion.").

80. *See infra* Section III.

confusion, not geographical penetration. This motivation is readily found in the case of *Dawn Donut* and in the cases that have followed.

In *Dawn Donut*, the court justified its decision by remarking that “no public confusion is likely” so long as the plaintiff and defendant confined their uses of the mark “Dawn” to separate trading areas.⁸¹ And if this was not clear enough, the court explicitly held that when the use is confined to distinct and separate markets, with no likelihood of expansion, “there is no likelihood of public confusion arising from the concurrent use of the marks and therefore the issuance of an injunction is not warranted.”⁸² Thus, the court tied the denial of injunctive relief directly to the fact that there was no likelihood of confusion. If there *was* a likelihood of confusion, it is doubtful that the court would have denied the injunction. As such, this was not a case about geography; it was a case about consumer awareness. At the time *Dawn Donut* was decided, distance was often a proxy for awareness.

This is evidenced by the fact that many courts have read *Dawn Donut* to be a doctrine about consumer confusion.⁸³ At least three circuit courts have made claims to this effect. First, while discussing the *Dawn Donut* rule, the Fifth Circuit held that a user cannot not enjoin another if “the likelihood of confusion between his product and the infringer’s is minimal or non-existent, such as where the parties to the action use the mark in totally different markets, or for different products.”⁸⁴ Similarly, the Eighth Circuit had held that *Dawn Donut* requires injunctive relief to be contingent upon a

81. *Dawn Donut Co. v. Hart’s Food Stores, Inc.*, 267 F.2d 358, 364 (2d Cir. 1959).

82. *Id.* at 365.

83. *See, e.g.*, *Minn. Pet Breeders, Inc. v. Schell & Kampeter, Inc.*, 41 F.3d 1242, 1246 n. 7 (8th Cir. 1994); *Am. Foods, Inc. v. Golden Flake, Inc.*, 312 F.2d 619, 626 (5th Cir. 1963); *Taza Sys., LLC v. Taza 21 Co., LLC*, No. 2:11cv073, 2013 U.S. Dist. LEXIS 130974, at *24–25 (W.D. Pa. Sept. 13, 2013) (“[B]ecause these third parties use their marks in geographically ‘separate trading areas’ and there is no evidence that Taza Systems had imminent plans to expand into the third-party user’s territory, no public confusion [is] likely.” (citing *Dawn Donut*, 267 F.2d 358)); *Johnson v. Sosebee*, 397 F. Supp. 2d 706, 709 (D.S.C. 2005) (“The right that the federal registrant obtains over common law rights is the right to enjoin the junior user when there is a likelihood of confusion created by a likelihood of entry.” (citing *McCarthy*, *supra* note 22, at § 26:33)); *Shells Seafood Rests., Inc. v. Atari*, No. 1:96cv276-C, 1997 U.S. Dist. LEXIS 11157, at *4 (W.D.N.C. Feb. 4, 1997) (“Where geographic separation in use of the mark prevents likelihood of confusion, an infringement claim will not be viable.” (citing *Dawn Donut*, 267 F.2d); *Cent. Bank & Trust Co. v. Nat’l Bank of Wash.*, No. 1253-73, 1975 U.S. Dist. LEXIS 16434, at *14 (D.D.C. Jan. 1, 1975) (“Where there is no present likelihood that plaintiff will expand its use into defendant’s territorial market place, as is the case here, and where the unauthorized use of a conflicting mark is confined to a sufficiently distinct and geographically separate market by the junior user, there may be no present likelihood of public confusion.” (citing *Dawn Donut*, 267 F.2d at 364)).

84. *Union Nat’l Bank v. Union Nat’l Bank*, 909 F.2d 839, 843 (5th Cir. 1990); *see also Golden Flake*, 312 F.2d at 626 (stating that *Dawn Donut* is premised “on the necessity of showing likelihood of confusion.”).

“present likelihood of confusion.”⁸⁵ Finally, the Ninth Circuit invoked *Dawn Donut* to affirm the denial of an injunction only because it found that there was no likelihood of confusion.⁸⁶ However, the court indicated that it would not deny an injunction if the plaintiff could show a “likelihood of public confusion,” despite the geographic distance between the two uses.⁸⁷ Thus, in all three cases, the courts applied *Dawn Donut* with an eye to consumer confusion.

Of course, this might indicate that there is no issue to be resolved and that this paper is useless. After all, if courts are conditioning injunctive relief on confusion, then the doctrine appears to recognize the geography-confusion overlap and thus does not need a fix. However, courts applying *Dawn Donut* often forget that confusion is the underlying concern and instead rigidly apply the geographic rule handed down when the doctrine was created. For example, see the case of *Johnson v. Sosebee*.⁸⁸ There, the court did discuss confusion in the context of an injunction, but ultimately concluded that “there is no likely confusion for a court to enjoin unless and until the senior user shows a likelihood of entry into the junior user’s trade territory.”⁸⁹ Thus, the court refused to protect a trademark in areas that the plaintiff had not actually penetrated, or was likely to penetrate, even if the plaintiff had acquired a reputation in that area without a physical presence.⁹⁰

Some courts do not believe that is a risk in the rigid application of *Dawn Donut* because they do not think that consumer confusion is possible in geographically distinct markets.⁹¹ But this assumption seems unlikely,

85. *Minn. Pet Breeders*, 41 F.3d at 1246 (“[T]he nationwide right conferred by registration does not entitle the owner to injunctive relief unless there is a present likelihood of confusion.” (citing *Dawn Donut*, 267 F.2d at 358)); see also *Comidas Exquisitos, Inc. v. O’Malley & McGee’s, Inc.*, 775 F.2d 260, 262 (8th Cir. 1985) (finding that the plaintiff is not entitled to relief when the defendant used the mark in a distinct geographic region because there was no risk of public confusion).

86. *Continente v. Continente*, 378 F.2d 279, 282 (9th Cir. 1967).

87. See *id.* (“Since there is nothing in the record before us to indicate that plaintiff’s trade may reasonably be expected to expand into the British Columbia area, and there is nothing in the record to demonstrate the likelihood of public confusion arising from the present use, by defendant, of his mark in British Columbia . . . plaintiff is not now entitled to any relief under the Lanham Act.”).

88. *Johnson*, 397 F. Supp. 2d at 709.

89. *Id.* (internal quotation marks omitted) (quoting *What-A-Burger of Va., Inc. v. Whataburger, Inc.*, 357 F.3d 441, 451 (4th Cir. 2004)).

90. *Id.* at 710–11.

91. See, e.g., *Kerzner Int’l, Inc. v. Monarch Casino & Resort, Inc.*, 675 F. Supp. 2d 1029, 1047 (D. Nev. 2009) (stating that the *Dawn Donut* is based on a belief that no consumer confusion is possible in geographically distinct markets, but noting that the Ninth Circuit has held otherwise in applying its famous marks doctrine (citing *Grupo Gigante S.A. de C.V. v. Dallo & Co.*, 391 F.3d 1088, 1094 (9th Cir. 2004)); *Commerce Bancorp, Inc. v. BankAtlantic*, 285 F. Supp. 2d 475, 501 n.12 (D.N.J. 2003) (“ . . . there can be no likelihood of confusion until two products are marketed on the same territory.”)).

especially in light of the Internet and mass travel. Perhaps it is this conception of *Dawn Donut* that has caused the Sixth Circuit to reject the doctrine entirely and focus its inquiry solely on consumer confusion.⁹² In the Sixth Circuit, a plaintiff need only show likelihood of confusion in a particular area to enjoin the defendant's use there, regardless of whether the plaintiff has actually made use of the mark in that territory.⁹³ Concurring in the opinion, Judge Jones argued that the mobility of modern society coupled with the Internet has eroded geographical barriers and rendered *Dawn Donut* irrelevant.⁹⁴ And just a few years later, the court reiterated that when a court is determining territorial rights, it should rely on the underlying goal of eliminating consumer confusion.⁹⁵ Over a decade later, the First Circuit appeared to support this view in *Dorpan S.L. v. Hotel Meliá, Inc.*⁹⁶ In *Dorpan*, the First Circuit held that the area of a mark's use is defined as the area where the mark would create a likelihood of confusion, and thus an inquiry of geographic scope and an inquiry of confusion are "one and the same."⁹⁷

Despite these steps in the right direction, plenty of courts continue to separate geographic from consumer awareness. The next section will discuss the problems that arise when geographic distance is taken as an end-all-be-all and is separated from a confusion inquiry.

III. WHEN CONFUSION IS FORGOTTEN

There are actual harms imposed on consumers when courts ignore the geography-confusion synthesis: consumers are likely to be confused. At first glance, this may seem like a circular argument. After all, it would be fallacious to argue that confusion is vital for the sole reason that ignoring confusion will cause confusion. But there is an important distinction that must be made. Whether or not one accepts the premise that confusion underlies territoriality, it is widely accepted that one of the broader goals of

92. *Circuit City Stores, Inc. v. CarMax, Inc.*, 165 F.3d 1047, 1056 (6th Cir. 1999) ("[A] court need only find that a defendant is liable for infringement or unfair competition for it to award injunctive relief.").

93. *See id.*

94. *Id.* at 1057 (Jones, J., concurring).

95. *Allard Enters. v. Advanced Programming Res., Inc.*, 249 F.3d 564, 574 (6th Cir. 2001).

96. *Dorpan, S.L. v. Hotel Meliá, Inc.*, 728 F.3d 55, 63–64 (1st Cir. 2013).

97. *Id.* ("[T]he geographic area in which an unregistered trademark is 'in use' is defined as the area in which the use of similar mark would create a likelihood of confusion Thus, in this case, the inquiry into the geographic scope of [the plaintiff's] pre-existing common law trademark rights and the likelihood of confusion analysis are one and the same.").

trademark law as a whole is to prevent consumer confusion.⁹⁸ Because of this, if a doctrine in trademark law increases the chance of confusion, then this would seem to frustrate the very goals of trademark law itself. This section will attempt to show that a trademark territoriality doctrine detached from confusion will frustrate a broader purpose of trademark law.

A. *The Non-Territorial Internet*

The First Circuit aptly noted that it was once the case that “confusingly similar trademarks could exist simultaneously in different geographical areas” without risk of consumer confusion, but the Internet “has drastically changed this situation.”⁹⁹ That was in 2001, and the pace of change has not slowed. It is now typical for a company to have its website accessible from anywhere in the country. And in addition to having websites, companies are on Facebook, Twitter, Yelp, Groupon, Seamless, and so on. The First Circuit may have been concerned about individual websites, but consumer interaction with trademarks has moved far beyond a company’s website.

Consider the case of a junior user operating a restaurant with a name identical to a senior user’s restaurant in a geographically remote location. If the senior mark is unregistered, and the junior use is in good faith, then common law territoriality focusing on market penetration alone will permit this use. In contrast, if the senior mark is registered, then a court using the solely geographical *Dawn Donut* will prevent the senior user from enjoining the junior user, assuming there is no likelihood of expansion.

Now, imagine a consumer in Portland, Oregon, who has learned about a restaurant named “Toro Bravo” and is considering eating dinner there. This consumer may look on Yelp and find that an identically named “Toro Bravo” in Seattle has only a two-star rating. This rating may influence the decision of the Portland consumer. In one study, Michael Luca has found evidence that ratings on Yelp have a direct effect on a restaurant’s revenue. A rating increase of one star appears to increase revenue by 5-9 percent.¹⁰⁰ So, it is not unreasonable to assume that restaurant ratings on Yelp do influence

98. See *Marathon Mfg. Co. v. Enerlite Prods. Corp.*, 767 F.2d 214, 217 (5th Cir. 1985) (“The gravamen for any action of trademark infringement or common law unfair competition is whether the challenged mark is likely to cause confusion.”).

99. *Sallen v. Corinthians Licenciamentos LTDA*, 273 F.3d 14, 20 (1st Cir. 2001). Although the court was specifically referring to domain names in this case, the principle is the same. *Id.*

100. Michael Luca, *Reviews, Reputation, and Revenue: The Case of Yelp.com* 13–14 (Harv. Bus. Sch., Working Paper No. 12-016, 2016), https://www.hbs.edu/faculty/Publication%20Files/12-016_a7e4a5a2-03f9-490d-b093-8f951238dba2.pdf.

consumer decision-making. As such, there is a chance that a low-rated restaurant with a name identical name to the one in Portland could confuse the consumer and alter her purchasing decisions, although one restaurant is in a different city.¹⁰¹ The Portland consumer could fail to notice that the Seattle restaurant is a Seattle restaurant and not the one in Portland, or the Portland consumer could assume that they have the same owner and thus the rating of one might bear on the quality of the other. In either case, the Portland consumer may miss out on a good meal, and the Portland restaurant could miss out on a customer. Alternatively, in a mirrored state of affairs, the Portland consumer may pay for a lousy meal due to her confusion on Yelp.

In the case of restaurants, courts have taken note of online uses like this one when assessing likelihood of confusion. One court found that the presence of two similar marks on Yelp was significant for the common “marketing channels” prong of the likelihood of confusion analysis because such advertising efforts were “highly probative of whether the mark creates a likelihood of confusion.”¹⁰² Another court looked to a restaurant’s Facebook efforts for this analysis as well.¹⁰³ In addition to marketing channels, one court found that mistaken restaurant Yelp reviews are admissible evidence of actual confusion.¹⁰⁴ And beyond the world of restaurants, various courts have taken note of Internet presence in multiple ways in their confusion analysis, including advertising methods, actual confusion, intent, and marketing channels.¹⁰⁵ Additionally, when it comes to

101. To be sure, the mere fact that a company creates a Yelp or Facebook page does not guarantee that consumers will create an association with the mark. But showing consumer interaction with such pages is good evidence of such an association. *See* Gilson LaLonde & Gilson, *supra* note 31, at 1284.

102. *TWTB, Inc. v. Rampick*, 152 F. Supp. 3d 549, 564–65 (E.D. La. 2016) (quoting *Elvis Presley Enters., Inc. v. Capece*, 141 F.3d 188, 197 (5th Cir. 1998)); *cf.* *My Taco Guy, LLC v. Taco Man Corp.*, No. CV 17-1573 FMO (AJWx), 2017 U.S. Dist. LEXIS 212138, at *8–9 (C.D. Cal. Dec. 27, 2017).

103. *Gorgeous Gals, LLC v. Hey Gorgeous! Spa & Wellness, LLC*, No. 1:16-CV-903-RP, 2017 U.S. Dist. LEXIS 182401, at *18–19 (W.D. Tex. Nov. 2, 2017).

104. *You Fit, Inc. v. Pleasanton Fitness, LLC*, No. 8:12-CV-1917-T-27EAJ, 2013 U.S. Dist. LEXIS 18106, at *15–16 (M.D. Fla. Feb. 8, 2013).

105. *See, e.g.*, *Uber Promotions, Inc. v. Uber Techs., Inc.*, 162 F. Supp. 3d 1253, 1270–71 (N.D. Fla. 2016) (evidence of similar sales/advertising methods); *Experience Hendrix, LLC v. Tiger Paw Distribs., LLC*, No. CV 416-107, 2016 U.S. Dist. LEXIS 81089, at *16–18 (S.D. Ga. June 22, 2016) (evidence of actual confusion); *Teal Bay Alls., LLC v. Southbound One, Inc.*, No. MJG-13-2180, 2015 U.S. Dist. LEXIS 10940, at *41–42 (D. Md. Jan. 26, 2015) (evidence of similar advertising channels); *Treemo, Inc. v. Flipboard, Inc.*, 53 F. Supp. 3d 1342, 1361 (W.D. Wash. 2014) (evidence of actual confusion); *Wine & Canvas Dev. LLC v. Weisser*, No. 1:11-cv-01598-TWP-DKL, 2014 U.S. Dist. LEXIS 113448, at *27–28 (S.D. Ind. Aug. 15, 2014) (evidence of defendant’s intent); *Nordstrom, Inc. v. Nomorerack Retail Grp., Inc.*, No. C12-1853-RSM, 2013 U.S. Dist. LEXIS 41810, at *22 (W.D. Wash. Mar. 25, 2013) (evidence of similar marketing channels); *Lopez v. Gap, Inc.*, 883 F. Supp. 2d 400, 421–22 (S.D.N.Y. 2012) (evidence of lack of product proximity).

assessing secondary meaning of a mark, courts will also use Internet presence in various ways.¹⁰⁶

The presence of a Yelp or a Facebook page has often played a less prominent role when it comes to determining territorial rights.¹⁰⁷ For example, take the common law territory analysis in *Dudley v. HealthSource Chiropractic, Inc.*, in which a court in the Western District of New York failed to appreciate the fact that Facebook and Google searches returned potentially confusing results.¹⁰⁸ This fact was discussed in the Lanham Act infringement analysis, but when it came to the common law discussion, the court only addressed the Internet insofar as it concluded that the plaintiff could not have exclusive rights to Internet use.¹⁰⁹ Thus, had the plaintiff in *Dudley* not registered its mark, the court could have foregone a likelihood of confusion analysis entirely after concluding that the uses were remote. This outcome would be unacceptable, especially because both marks were used on the Internet.

In the similar case of *Brothers of the Wheel M.C. Executive Council, Inc. v. Mollohan*, a court in the Southern District of Western Virginia limited the scope of injunctive geographic areas actually penetrated by the plaintiff, in supposed accordance with *Dawn Donut*.¹¹⁰ But before discussing market penetration, the court noted that the defendant operated a Facebook page that displayed the disputed name and logo.¹¹¹ Despite this, the court ultimately ordered that the defendant only cease use within areas physically penetrated by the plaintiff, ignoring all Internet use. Thus, the problem with *Dudley*

106. *Seasalt Del Mar, LP v. Five Greeks LLC*, No. 16cv00601 JAH-KSC, 2017 U.S. Dist. LEXIS 186677, at *26–28 (S.D. Cal. Mar. 29, 2017) (finding that an issue of fact had been raised regarding secondary meaning due to the plaintiff's website, Facebook page, and Yelp page); *Sarkis' Cafe, Inc. v. Sarkis in the Park, LLC*, No. 12 C 9686, 2016 U.S. Dist. LEXIS 22566, at *24–27 (N.D. Ill. Feb. 24, 2016) (finding that Yelp and Grubhub reviews raise an issue of fact as to secondary meaning); *Heritage of Pride, Inc. v. Matinee N.Y. City*, No. 14 Civ. 4165 (CM), 2014 U.S. Dist. LEXIS 86495, at *49–50 (S.D.N.Y. June 20, 2014); *GamerModz, LLC v. Golubev*, No. 8:10-CV-1466-T-27TGW, 2011 U.S. Dist. LEXIS 116608, at *34–35 (M.D. Fla. Aug. 3, 2011) (finding that \$100,000 spent on Google AdWords established secondary meaning). *But see Provident Precious Metals, LLC v. Nw. Terr. Mint, LLC*, 117 F. Supp. 3d 879, 899 n.55 (N.D. Tex. 2015) (finding that such evidence is inadmissible as hearsay).

107. *E.g., Gorgeous Gals*, 2017 U.S. Dist. LEXIS 182401, at *22–23 (discussing only geographical distance in the remoteness analysis, although both parties had Yelp and Facebook pages); *Lucky 13 Unlimited, LLC v. Comly Rd. Holdings, LLC*, No. 15-5946, 2016 U.S. Dist. LEXIS 6643, at *13 (E.D. Pa. Jan. 15, 2016) (discussing the existence of Yelp pages only in the context of the confusion analysis, not territoriality); *Bros. of the Wheel M.C. Exec. Council, Inc. v. Mollohan*, 909 F. Supp. 2d 506, 520–21 (S.D. W. Va. 2012) (limiting the injunctions to areas where the plaintiff physically operates, despite Facebook usage); *Dudley v. HealthSource Chiropractic, Inc.*, 883 F. Supp. 2d 377, 395 (W.D.N.Y. 2012).

108. 883 F. Supp. 2d at 395.

109. *See id.*

110. 909 F. Supp. 2d at 520–21.

111. *Id.* at 518.

plagued *Mollohan* as well, albeit in the context of a federally registered mark. In either case, an entire class of confused plaintiffs may potentially have been ignored due to the restricted nature of the territoriality analysis.

This is not to say that no court considers Internet presence in its territoriality analysis. Consider the case of *Guthrie Healthcare Systems v. ContextMedia* in the Second Circuit.¹¹² In *Guthrie*, the court reviewed a district court's injunction and found that it was in error because the injunction permitted the defendant to continue using its mark within Guthrie's service area.¹¹³ Specifically, the defendant could keep using the mark on the Internet. The Second Circuit reasoned that because the defendant's webpages were accessible within the scope of the plaintiff's geographic territory, confusion in these areas was likely.¹¹⁴ Yet the court did not determine how the injunction should be tailored to fix this problem—it left that to the district court on remand.¹¹⁵ Nevertheless, the court recognized the potential for a mark on the Internet mark to confuse, even without a physical presence.¹¹⁶

In *Guthrie*, the court was likely influenced by the fact that the defendant operated near the plaintiff. After all, the court found that this geographic proximity supported a likelihood of confusion.¹¹⁷ However, at least one court has found that the Internet generated a likelihood of confusion despite a lack of geographic proximity. In *Baskim Holdings, Inc. v. Two M, Inc.*, a court in the District of Nevada found a genuine issue of fact as to whether businesses in New Orleans and Las Vegas were actually remote.¹¹⁸ Even though the businesses were located in different cities, the court noted the identical names and services, coupled with the fact that both had websites and a social media presence.¹¹⁹ Although *Baskim* may seem unique, the holding is

112. *Guthrie Healthcare Sys. v. ContextMedia, Inc.*, 826 F.3d 27, 47 (2d Cir. 2016).

113. *Id.*

114. *Id.*

115. *Id.* at 50.

116. In this particular case, there was a physical presence, *id.* at 39–40, but there is no reason to read the court's holding as applying only to such cases. The concern was about Internet presence that could be accessed within the plaintiff's territory; it did not rely on the defendant physically being present as well. *Id.*

117. *Id.*

118. No. 2:16-cv-01898-APG-GWF, 2017 U.S. Dist. LEXIS 156752, at *10–11 (D. Nev. Sept. 25, 2017).

119. *Id.* For a more subtle example of Internet presence having an effect, see *Boldface Licensing + Branding v. By Lee Tillett, Inc.*, 940 F. Supp. 2d 1178, 1199 (C.D. Cal. 2013). There, the court refused to apply *Dawn Donut* because, *inter alia*, the senior user had a large Internet presence and made sales across the country. *Id.* I call this “more subtle” because the amount of sales in the area in question seemed

unsurprising once one notices the court's explicit statement that consumer confusion is the "touchstone" of concurrent use.¹²⁰ With this axiom of territoriality explicitly recognized, there was no reason for the court to find that geographic proximity is necessary for confusion. After all, the internet does not discriminate on the basis of distance. When a court fails to take this fact into account, there is always a risk that consumer confusion will fly under the radar.

B. A World of Travel

It bears repeating that *Dawn Donut* was focused on consumer confusion, or more precisely, the lack thereof.¹²¹ As discussed above, the Second Circuit explicitly stated that "no public confusion is possible" when marks are used in two geographically distinct markets.¹²² Of course, this assertion no longer holds true in the age of the Internet. But the Internet is just one of many massive societal changes that have occurred since *Dawn Donut*. Also, the frequency of consumer travel has skyrocketed, completely altering consumer exposure to geographically distant marks. In the year after *Dawn Donut* was decided, airlines carried a total of 57.9 million passengers.¹²³ By 2017, that number had risen to 741.7 million for domestic passengers alone—an increase of almost 1300 percent.¹²⁴ The Second Circuit recognized this fact in *Brennan's, Inc. v. Brennan's Restaurant, LLC*.¹²⁵ In analyzing likelihood of confusion, the court stated that because establishments like hotels and restaurants attract the traveling public, "even businesses that are separated by large distances may attract overlapping clientele due to the ease of travel," and thus geographical distance does not negate the possibility of confusion.¹²⁶ Nevertheless, the court qualified this

to play a large role in the court's holding. *Id.* This is unlike in *Baskim* where there were no sales in the junior user's territory. *Baskim*, 2017 U.S. Dist. LEXIS 156752, at *10–11.

120. 2017 U.S. Dist. LEXIS 156752, at *10.

121. *See supra* section II.B.

122. *Dawn Donut Co. v. Hart's Food Stores, Inc.*, 267 F.2d 358, 364 (2d Cir. 1959).

123. U.S. CENSUS BUREAU, STATISTICAL ABSTRACT OF THE UNITED STATES 885 (1999), <https://www.census.gov/prod/99pubs/99statab/sec31.pdf>.

124. U.S. DEPARTMENT OF TRANSPORTATION, JANUARY 2018 U.S. AIRLINE TRAFFIC DATA (2018), <https://www.bts.gov/newsroom/january-2018-us-airline-traffic-data>.

125. 360 F.3d 125, 135 (2d Cir. 2004) ("Certain businesses such as hotels, and to a lesser degree restaurants, attract the traveling public."). Because the court was reviewing a preliminary injunction, it was looking to likelihood of success on the merits and thus reviewed the mark's distinctiveness, *id.* at 130–31. This is slightly different than an injunction analysis intertwined with the infringement analysis, as was the case in *Dawn Donut*, 267 F.2d at 365. Nevertheless, the court's comments regarding the interplay of geography and confusion are worth discussing, *Brennan's*, 360 F.3d at 134–35.

126. *Id.* at 135.

claim by noting that “substantial geographic separation remains a significant indicator that the likelihood of confusion is slight.”¹²⁷ This qualification aligns with the interplay of confusion and territoriality. Geographic distance might make confusion less likely, but it certainly does not negate the possibility of confusion.

David Barrett has argued that the law should offer greater territorial protections for marks that are associated with companies serving traveling consumers—namely hotels and restaurants.¹²⁸ This argument aligns well with the court’s analysis in *Brennan’s*: geographic distance does not dispel confusion for perambulating consumers who travel from region to region. Along these lines, other courts have recognized the issue of traveling customers and have allowed the senior user to enjoin a junior user despite geographically remote operations. In the case of *Gastown, Inc. v. Gastown, Inc.*, a district court in Connecticut dealt with two gas stations operating under identical names.¹²⁹ The defendant argued *Dawn Donut* barred an injunction because the closest use of the two marks was 443 miles apart.¹³⁰ The court noted, however, that some major service stations, distant as they may have been, were still placed along the same highway.¹³¹ Additionally, the court reasoned that it was not uncommon for a motorist “to drive from Hartford, Springfield, or Boston to Cleveland or Detroit in a single day over interstate super-highways.”¹³² As such, the court concluded that there was a likelihood of confusion and thus found that the *Dawn Donut* defense was inapplicable.¹³³

Similarly, a district court in Colorado found that the plaintiff operating under the name “SuperShuttle” could enjoin the defendant from using the mark SUPERSHUTTLE EXPRESS in the Denver airport, although the plaintiff did not operate there.¹³⁴ First, the court did find that the plaintiff had

127. *Id.* (citing *Dawn Donut*, 267 F.2d at 364).

128. David S. Barrett, *The Future of the Concurrent Use of Trademarks Doctrine in the Information Age*, 23 HASTINGS COMM. & ENT. L.J. 687, 700–03 (2000). For a nice example of a court recognizing this aspect of hotels, see *Tisch Hotels v. Americana Inn, Inc.*, 350 F.2d 609, 612 (7th Cir. 1965) (finding that traveling customers may confuse the senior user’s hotel mark with the junior user’s hotel mark, despite operating in geographically distant locations).

129. *Gastown, Inc. v. Gastown, Inc.*, 331 F. Supp. 626, 627 (D. Conn. 1971).

130. *Id.* at 629.

131. *Id.* at 630.

132. *Id.* at 632.

133. *Id.* at 632–33.

134. *SuperShuttle Int’l, Inc. v. Schafer-Schonewill & Assocs.*, No. 95-D-2272, 1995 U.S. Dist. LEXIS 21260, at *9–10 (D. Colo. Sept. 19, 1995).

shown that Denver was within its zone of natural expansion.¹³⁵ However, even if the plaintiff had not demonstrated this, the court was aware that “both parties provide services primarily to individuals traveling from one airport to another,” and thus, the plaintiff would be unlikely to distinguish between the two uses, despite such uses being in “remote geographic regions.”¹³⁶

On the other hand, some courts are less inclined to worry about traveling customers. The Fifth Circuit has held that “[c]oncurrent ownership of marks in separate geographical territories is clearly permissible” because the fact that “an occasional purchaser will travel between geographical districts is not a large enough problem to justify outlawing concurrent trademark ownership.”¹³⁷ And the Third Circuit has not done much better. In the case of *Holiday Inns of America v. B & B Corp.*, the owner of HOLIDAY INN hotels sought to enjoin defendant’s use of HOLIDAY INN on its hotels in the Virgin Islands.¹³⁸ The court initially seemed to be inclined to grant the traveling customer more protection by noting that “the development of today’s mobile society” has frustrated older trademark concepts regarding restricted or local markets.¹³⁹ Nevertheless, the court denied the injunction until the plaintiff could show that it had actually entered the defendant’s territory.¹⁴⁰ The court made this ruling despite also determining that the case involved an industry frequented by perambulating consumers and that there would almost certainly be confusion when the plaintiff entered the defendant’s territory.¹⁴¹ Thus, because the court remained fixated on geographic territory, it permitted the confusion that may befall the traveling consumer.

Holiday Inns perfectly demonstrates how concurrent use can go awry when courts fail to consider mobility. The court was entirely focused on the fact that Holiday Inns did not have a location in one specific area, despite

135. *Id.* at *9.

136. *Id.* at *9–10.

137. *Ky. Fried Chicken Corp. v. Diversified Packaging Corp.*, 549 F.2d 368, 387–88 (5th Cir. 1977). This quote was in regard to forfeiture due to unrestrained licensing, but the court made the claim to justify concurrent uses, and so it is nonetheless very relevant for our analysis, *id.*

138. *Holiday Inns of Am. v. B & B Corp.*, 409 F.2d 614, 615 (3d Cir. 1969).

139. *Id.* at 617. Note that this case was decided in 1969, before communication became instantaneous with the advent of the Internet, and at a time of far less travel. Even so, its rule has been followed in more recent cases. *See, e.g., Dunkin’ Donuts, Inc. v. Arkay Donuts, LLC*, No. 05-387 (JWB), 2005 U.S. Dist. LEXIS 43522, at *15 (D.N.J. Apr. 13, 2005) (quoting *Holiday Inns* for the proposition that “injunctive force may be unleashed only against conditions generating a presently existing actual threat.”); *Cohen’s Fashion Optical, Inc. v. Cohen*, No. 94-297, 1996 U.S. Dist. LEXIS 22494, at *12–15 (W.D. Pa. Sept. 30, 1996) (applying the holding from *Holiday Inns* as a variant of *Dawn Donut* in the Third Circuit).

140. *Holiday Inns*, 409 F.2d at 618.

141. *Id.*

otherwise being a national chain with national advertising campaigns.¹⁴² This fact alone might suggest that concurrent uses should not be allowed. Yet, most importantly, the case involved the hotel industry, whose very essence is tied to the traveling consumer. If concurrent uses are supposed to be permitted only when there is no likelihood of consumer confusion, then this is undermined when a court ignores the nature of the industry and the possibility of mobile consumers. Drawing these arbitrary borders will often frustrate the purpose of shielding consumers from confusion.

IV. THE UNIFYING POWER OF CONFUSION

As the previous section demonstrated, current territoriality doctrine struggles to account for societal advancements over the past few decades. Both concurrent use for common law marks and the *Dawn Donut* for registered marks fail to adequately protect consumers from possible confusion. But trademark law does not need an entire reformation. Instead, the territoriality issue can be entirely captured by the likelihood of confusion analysis. As discussed earlier, the remoteness inquiry at its core is meant to track consumer awareness. Because of this, there is no reason for a court to determine territorial rights and then move onto a separate infringement discussion. Consumer awareness, and thus remoteness, will be entirely captured by the infringement analysis.

This proposal immediately raises two potential technical issues to address before proceeding. First, one might be concerned that this synthesis would change the evidence required to demonstrate likelihood of confusion. However, no evidentiary overhaul is needed, because it is a factual issue to both determine a trademark's territory¹⁴³ and to evaluate likelihood of confusion.¹⁴⁴ Thus, any factual evidence that was once required to demonstrate territory will merely be shifted to the infringement inquiry.

142. *Id.* at 615, 617.

143. *See* *Peaches Entm't Corp. v. Entm't Repertoire Assocs.*, 62 F.3d 690, 693 (5th Cir. 1995) (“[F]inding the territorial scope of trademark rights has been a question of fact.”); *Hispanic Broad. Corp. v. Educ. Media Found.*, No. CV-02-7134 CAS (AJWx), 2003 U.S. Dist. LEXIS 24804, at *22 (C.D. Cal. Oct. 30, 2003) (“[F]or the same reasons that the likelihood of confusion analysis turns on disputed factual issues, the issue of whether [defendant’s] first use was in a “remote area” cannot be decided on a motion for summary judgment.”); *Popular Bank v. Banco Popular*, 9 F. Supp. 2d 1347, 1354 (S.D. Fla. 1998) (“The actual geographic area a party carves out is a question of fact.”).

144. *See* *Facenda v. N.F.L. Films, Inc.*, 542 F.3d 1007, 1024 (3d Cir. 2008) (“ . . . likelihood of confusion is a question of fact.”); *Am. Rice, Inc. v. Producers Rice Mill, Inc.*, 518 F.3d 321, 328 (5th Cir. 2008) (“Likelihood of confusion is a question of fact reviewed for clear error.”) (internal quotation marks omitted). Nevertheless, courts are still willing to grant summary judgment on issues of confusion. *See* *Water Pik, Inc. v. Med-Systems, Inc.*, 726 F.3d 1136, 1143 (10th Cir. 2013) (“Likelihood of confusion is

Second, one might worry about laches. If a trademark holder can acquire territorial rights in an area without using her mark there, then it is possible that the mark holder may not know the territorial extent of her rights. So, it may be possible that her rights are infringed in a particular area without her knowledge, and if she waits too long to sue due to this lack of knowledge, the doctrine of laches might bar her suit. However, the Fourth Circuit's conception of laches obviates this concern by placing no obligation to sue on a mark holder until the "likelihood of confusion looms large."¹⁴⁵ Thus, the plaintiff is barred only if she has "unreasonably delayed" her pursuit of a remedy.¹⁴⁶ As such, it is doubtful that a court will consider a plaintiff to have unreasonably delayed its pursuit of a remedy if she was unaware that she had such a right. Only when she becomes aware of her rights in an area will the laches clock begin to run.

With these technical issues resolved, the following sections will detail how the likelihood of confusion analysis nearly encompasses trademark. First, the paper will turn to the common law doctrine to see how this incorporation plays out. Then, with this backdrop, the paper will move to federal law, advocating for the abolition of *Dawn Donut* in a world of synthesized territoriality and confusion.

A. The Common Law Solution

Because federal registration is the prevalent norm, one might wonder what role common law marks still play in trademark law. As it turns out, common law marks still play an important role. Although many businesses *do* register their marks, there are specific industries that frequently do not resort to federal registration. The restaurant industry is one such group. This fact is particularly important for our purposes because restaurants often have an internet presence (due to services like Yelp and Seamless) and are common destinations for travelers.

Common law marks are still prevalent in the restaurant industry. To demonstrate this, the names of restaurants from four major U.S. were searched using the Trademark Electronic Search System to determine which

a question of fact, but the court may grant summary judgment in appropriate circumstances."); *see also* Tana v. Dantanna's, 611 F.3d 767, 775 n.7 (11th Cir. 2010) ("Although likelihood of confusion is a question of fact, it may be decided as a matter of law.>").

145. Sara Lee Corp. v. Kayser-Roth Corp., 81 F.3d 455, 462 (4th Cir. 1996) (citing MCCARTHY, *supra* note 22, at § 31.06(2)(c)).

146. *Id.*

restaurants had not registered their marks.¹⁴⁷ In every city, a minority of restaurants had registered their marks. In Portland, Oregon, 29 of 38 restaurant marks were unregistered.¹⁴⁸ Likewise, in Seattle, Washington, 29 of 38 marks were unregistered.¹⁴⁹ In Austin, Texas, 29 of 38 marks were unregistered.¹⁵⁰ Even in a city like New York, New York, 25 of 38 marks were unregistered.¹⁵¹ Thus, just about three-quarters of listed restaurants in all four cities had not registered their marks.¹⁵² To be sure, this analysis is not a rigorous empirical study, but the numbers nonetheless seem to suggest

147. The list of restaurants were obtained through the “38 Essential Restaurants” lists for each city put out in January 2018 by *Eater*, a food blog. See Mattie John Bamman & Eater Staff, *The 38 Essential Portland Restaurants, Winter 2018*, EATER (Jan. 9, 2018, 11:00 AM), <https://pdx.eater.com/maps/38-best-portland-oregon-restaurants> [<https://perma.cc/7TX9-YSH7>]; Eater Staff, *The 38 Essential Seattle Restaurants, Winter 2018*, EATER (Jan. 9, 2018, 11:00 AM), <https://seattle.eater.com/maps/best-seattle-restaurants-38> [<https://web.archive.org/web/20180117212844/http://seattle.eater.com/maps/best-seattle-restaurants-38>]; Nadia Chaudhury, *The 38 Essential Austin Restaurants, Winter 2018*, EATER (Jan. 9, 2018, 1:17 PM), <https://austin.eater.com/maps/best-restaurants-austin-eater-38-map> [<https://web.archive.org/web/20180109210345/http://austin.eater.com/maps/best-restaurants-austin-eater-38-map>]; Eater Staff, *The 38 Essential Restaurants in New York City, Winter 2018*, EATER (Jan. 9, 2018, 1:43 PM), <https://ny.eater.com/maps/best-new-york-restaurants-38-map> [<https://web.archive.org/web/20180203083717/http://ny.eater.com/maps/best-new-york-restaurants-38-map>].

148. The unregistered marks were: ATAUOLA, RESTAURANT ST. JACK, KEN’S ARTISAN BAKERY, MI MERO MOLE, MÅURICE, IMPERIAL, DEPARTURE, HIGGINS RESTAURANT AND BAR, DUCK HOUSE CHINESE RESTAURANT, OLYMPIA PROVISIONS SE, HOLDFAST DINING, BIWA KITCHEN, FARM SPIRIT, CASTAGNA, BOLLYWOOD THEATER, AVA GENE’S, HAN OAK, TUSK, LANGBAAN, LAURELHURST MARKWT, APIZZA SCHOLLS, ROSE VL DELI, COQUINE, TORO BRAVO, MILK GLASS MARKET, PODNAH’S PIT BBQ, BEAST, MAE, and PIP’S ORIGINAL.

149. The unregistered marks were HITCHOCK RESTAURANT, FLINTCREEK CATTLE CO., CAFÉ MUNIR, WATARU, KEDAI MAKAN, JUNE BABY, THE WANDERING GOOSE, TARSAN I JANE, WESTWARD, JOULE, WINDY CITY PIE, LI’L WOODY’S, STATESIDE, SPINASSE, BATEAU, LARK, NO ANCHOR, LE PICHET, SUSHI KASHIBA, MATT’S IN THE MARKET, NIRMAL’S, THE LONDON PLANE, TSUKUSHINBO, HUONG BINH, BAR DEL CORSO, MARINATION MA KAI, MASHIKO, TAQUERIA LA FONDITA, and NOODLE BOAT THAI RESTAURANT.

150. The unregistered marks were L’OCA D’ORO, SALT & TIME, EMMER & RYE, EPICERIE, KOMÉ, DAI DUE, OLAMAIE, VIA 313, APIS, DIN HO CHINESE BBQ, BIDERMAN’S DELI, CONTIGO, EASTSIDE CAFÉ, JEFFREY’S, OLAMAIE, MICKLETHWAIT CRAFT MEATS, BUENOS AIRES CAFE, TAMALES HOUSE EAST, EL NARANJO, VERACRUZ ALL NATURAL, DEE DEE, JUSTINE’S BRASSERIE, LAUNDERETTE, LENOIR, BOULDIN CREEK CAFÉ, EL PRIMO, SICHUAN RIVER, TASTE OF ETHIOPIA, and VALENTINA’S TEX MEX BBQ.

151. Those marks were SPICY VILLAGE, FLAMING KITCHEN, LE COUCOU, WILDAIR, UNCLE BOONS, PRUNE, I SODI, OJI, HANOI HOUSE, SHUKO, ALDEA, COTE KOREAN STEAKHOUSE, THE GRILL, INDIAN ACCENT, BOULUD SUD, FLORA BAR, CHARLES COUNTY PAN FRIED, DUMPLING GALAXY, LILIA, PETER LUGER STEAK HOUSE, MARLOW & SONS, ROBERT’S, LA VARA, OLMSTED, EL ATORADERO, HOMETOWN BAR-B-QUE.

152. It is important to note that some of these unregistered marks may be unregistered not due to a lack of desire to do so, but simply because the mark cannot be registered for some other reason, such as lack of distinctiveness.

that it is not uncommon for a restaurant to forego registering its mark. As such, common law marks continue to play a role in trademark law.

This focus on restaurants may lead one to conclude that the concurrent use doctrine at common law does not need total reformation. Instead, perhaps restaurants could have a unique territoriality doctrine. But this would be misguided. The problems identified in previous sections are not unique to restaurants. After all, restaurants are not the only industries that have perambulating customers. Should the occasional gas station or hotel that utilizes a common law mark use this special territoriality doctrine? And although federal registration is standard, it is incredibly likely that Internet users will encounter common law marks while online.

For the sake of parsimony, and to avoid creating an under-inclusive test, territoriality should be applied uniformly for all types of marks. This means that the common law concurrent use doctrine must be reformed to account for the Internet and mass travel. In what follows, the paper argues that this reform does not require any new tests. Instead, the territoriality analysis should be entirely subsumed by the likelihood of confusion test. Both remoteness (zone of goodwill and natural expansion) and good faith can be wholly captured by the factors in the likelihood of confusion test.

1. Remoteness

a. Zone of Actual Goodwill

Recall that the remoteness inquiry at common law focuses on the zone of actual goodwill, which is divided into two subclasses: market penetration and reputation. As discussed before, the zone of market penetration has four commonly-used factors (1) amount of sales involving the trademark; (2) positive and negative growth trends in the geographical area; (3) the number of purchasing customers in relation to the total number of potential customers; and (4) amount of advertising in the geographical area.¹⁵³ The major flaw with this test is that it is unequipped to deal with confusion caused by the Internet and perambulating customers. The zone of reputation, on the other hand, is well-suited for these phenomena because it does not arbitrarily draw lines based on geography. Instead, the zone of reputation is meant to align entirely with areas where a sufficient number of consumers recognize the mark. That is, it attempts to locate the areas where consumers may be

153. *Nat. Footwear, Ltd. v. Hart, Schaffner & Marx*, 760 F.2d 1383, 1398–99 (3d Cir. 1985). The Natural Footwear factors have been endorsed by multiple other circuits. *See, e.g., Allard Enters. v. Advanced Programming Res., Inc.*, 249 F.3d 564, 574 (6th Cir. 2001); *Adray v. Adry-Mart, Inc.*, 76 F.3d 984, 989 (9th Cir. 1995); *Spartan Food Sys. v. HFS Corp.*, 813 F.2d 1279, 1283 (4th Cir. 1987).

confused, not just those areas where the mark is used. Thus, the zone of reputation is crucial for adequately evaluating confusion.

Initially, it may seem difficult to determine the extent of a reputational zone without reference to actual sales. As such, courts have attempted to set out concrete factors to determine the scope of such a zone. For example, the Southern District of Florida set out a few valuable factors in *Popular Bank v. Banco Popular*.¹⁵⁴ The case involved two banks. One operated entirely in Miami, Florida, and the other began operations in Puerto Rico, eventually spreading its advertisements and operations to several parts of Florida, including Miami.¹⁵⁵ Banco Popular argued that it had territorial rights in Southern Florida—even in places where it did not have banks—due to its reputation in the area. To analyze this, the court devised three factors for determining whether reputation without sales could establish trademark rights in an area, looking at the amount of (1) advertising in the area, (2) goods bearing the mark that are transported into the territory, and (3) customers in the territory that visit the business.¹⁵⁶ These factors make intuitive sense, and they attempt to address at least one problem with territoriality, namely the perambulating customer.

Yet, courts have yet to flesh-out an adequate test for dealing with the Internet, either under the zone of reputation or penetration. W. Scott Creasman has suggested that courts ought to merge both penetration and reputation into a five-factor test when analyzing Internet marks (1) volume of internet sales, (2) growth trends, (3) sales as a function of the total market, (4) distribution of sales points, and (5) specific targeting, including brick-and-mortar advertising.¹⁵⁷ However, as Shontavia Johnson has pointed out, Creasman does not consider the number of visitors to the mark holder's websites nor the amount of money spent on Internet marketing tools.¹⁵⁸ Thus, in response, Johnson has proposed a test that asks a single underlying question: has there been trademark use or penetration sufficient to create a *lasting impression* in the consumer's mind in the relevant geographical region?¹⁵⁹ To determine this, Johnson suggests applying Creasman's five factors, coupled with four more (6) type and amount of Internet advertising,

154. 9 F. Supp. 2d 1347, 1355 (S.D. Fla. 1998).

155. *Id.* at 1351–52.

156. *Id.* at 1355. Although the court was open to granting rights on the basis of reputation, it found that the Puerto Rican bank had failed to establish a zone of reputation, *id.*

157. Creasman, *supra* note 19, at 1032–33.

158. Johnson, *supra* note 19, at 1288.

159. *Id.* at 1289–90.

(7) length and manner of presence on the Internet, (8) the purpose and character of the internet presence, and (9) the number of unique monthly Internet visitors.¹⁶⁰

The creation of a new multi-factor test for territoriality on the Internet is entirely unnecessary. Johnson defends the use of this seemingly unwieldy nine-factor test by pointing out that trademark law has plenty of multi-factor tests, such as the eight-plus factor infringement test.¹⁶¹ Fair enough. But I propose an even simpler solution: forget all these tests for territoriality and simply use the multi-factor infringement test. In analyzing infringement, courts commonly look to several factors (1) the similarity of the marks, (2) defendant's intent, (3) actual confusion, (4) proximity of the goods (i.e., the similarity of the goods/services), (5) strength of the plaintiff's mark, (6) consumer sophistication, (7) likelihood of bridging the gap (how likely the plaintiff is to enter the defendant's market), and (8) comparative quality of the goods.¹⁶² Different circuits take different approaches to consumer confusion, but all utilize factors similar to the these.¹⁶³ One additional prong considered by multiple other circuits is especially vital to our analysis (9) similarity of advertising methods¹⁶⁴ or marketing channels.¹⁶⁵

Three of these infringement factors align with the zones of penetration or reputation: marketing channels, advertising channels, and evidence of actual confusion. Together, these three factors look to where the product is sold, advertised, and recognized by consumers. These elements sufficiently capture the thrust of both the zones of penetration and reputation, even if some aspects of the territoriality tests left behind. For example, the likelihood of confusion test does not compare the number of sales to the size of the market, as is done in the penetration analysis. Nor does it weigh the number

160. *Id.* at 1290.

161. *Id.* at 1291.

162. *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961).

163. *See, e.g., DeCosta v. Viacom Int'l, Inc.*, 981 F.2d 602, 606 (1st Cir. 1992) (analyzing trading channels and relation of advertising instead of comparative quality and likelihood of bridging the gap); *Perini Corp. v. Perini Constr., Inc.*, 915 F.2d 121, 127 (4th Cir. 1990) (applying the *Polaroid* factors); *Int'l Kennel Club of Chi., Inc. v. Mighty Star, Inc.*, 846 F.2d 1079, 1087 (7th Cir. 1988) (applying the *Polaroid* factors); *Beer Nuts, Inc. v. Clover Club Foods Co.*, 805 F.2d 920, 925 (10th Cir. 1986) (utilizing four factors: similarity of marks, the defendant's intent, proximity of the goods, and consumer sophistication); *Interpace Corp. v. Lapp, Inc.*, 721 F.2d 460, 463 (3d Cir. 1983) (looking also to the price of the goods and the length of time the defendant has used the mark); *Frisch's Rests., Inc. v. Elby's Big Boy of Steubenville, Inc.*, 670 F.2d 642, 648 (6th Cir. 1982) (looking to "marketing channels used" as opposed to comparative quality); *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979) (looking to "marketing channels used" instead of comparative quality).

164. *See DeCosta*, 981 F.2d at 606; *Interpace*, 721 F.2d at 463.

165. *See Frisch's*, 670 F.2d at 648; *AMF, Inc.*, 599 F.2d at 348-49.

of monthly visitors to a website, which Johnson proposed for her Internet test. But if avoiding confusion is the end-goal of trademark law, then these factors are unnecessary. Consider this: if mark P and mark Q look entirely different, are sold in entirely different markets, and are advertised through entirely different marketing channels, what is the purpose of determining what percentage of a specific territory buys P in relation to the territory's total population? In the end, if there is no likelihood of confusion, then the number of sales is meaningless because P and Q can coexist.¹⁶⁶ Thus, the zones of penetration and reputation do not require any extensive territorial inquiries that are not already covered by the likelihood of confusion analysis.

b. Zone of Natural Expansion

The zones of penetration and reputation may be accounted for, but the infringement analysis must also account for the zone of natural expansion to satisfy remoteness. Recall that there are multiple tests for expansion, but a common one embraced by multiple circuits looks to (1) the mark holder's previous business activity, (2) any previous expansions or lack thereof, (3) contiguousness of expansion areas, (4) presently-planned expansions, and (5) whether products are brought into the supposed expansion area from other regions.¹⁶⁷ The zone of natural expansion differs from penetration and reputation in that it does not attempt to identify present confusion, but instead *future* confusion. Initially, then, it may seem as though the likelihood of confusion test cannot capture the purpose of natural expansion. Luckily, the infringement analysis set out in *Polaroid* can deal with this issue in its "bridging the gap" factor.

Bridging the gap refers to a situation where the "senior user presently intends to expand his sales efforts to compete directly with the junior user."¹⁶⁸ The Southern District of New York has indicated that it protects the senior user's interest in "preserving avenues of expansion and entering into related fields."¹⁶⁹ In the past, courts seemed to be less concerned with geographic distance, and more concerned about "competitive distance" when it comes to likelihood of bridging the gap.¹⁷⁰ This focus on competitive

166. Of course, this assumes that neither is liable for any other trademark claim, such as dilution.

167. *Weiner King, Inc. v. Wiener King Corp.*, 615 F.2d 512, 523 (C.C.P.A. 1980). *See also* *Spartan Food Sys. v. HFS Corp.*, 813 F.2d 1279, 1283 (4th Cir. 1987); *Nat. Footwear, Ltd. v. Hart, Schaffner & Marx*, 760 F.2d 1383, 1398 (3d Cir. 1985).

168. *Lambda Elecs. Corp. v. Lambda Tech., Inc.*, 515 F. Supp. 915, 926 (S.D.N.Y. 1981).

169. *E.S. Originals, Inc. v. Stride Rite Corp.*, 656 F. Supp. 484, 489 (S.D.N.Y. 1987) (citing *Mushroom Makers, Inc. v. R. G. Barry Corp.*, 441 F. Supp. 1220, 1228 (S.D.N.Y. 1977)).

170. *See, e.g., The Deal v. Korangy Publ'g*, 309 F. Supp. 2d 512, 527 (S.D.N.Y. 2004); *New Colt Holding Corp. v. RJG Holdings of Fla., Inc.*, 312 F. Supp. 2d 195, 226 (D. Conn. 2004).

distance would deal with concerns about consumer confusion. If a mark is not competitively proximate to another mark, either by market or geography, then two consumers are not likely to be confused. However, if a mark may soon become competitive with another mark, then this is something that must be taken into account. The “bridging the gap” factor deals with this issue by looking to whether two marks will become competitively proximate.

To be sure, “bridging the gap” most commonly refers to market distance, not geographic reach, unlike the zone of natural expansion. However, as discussed above, geography is merely a proxy for consumer awareness. As long as bridging the gap captures a likelihood of future confusion, then it has served the underlying purpose of territoriality.

If one believes that territorial expansion ought to be accounted for, then courts need to only slightly alter the factor to align with the Second Circuit. In the Second Circuit, “bridging the gap” becomes important when the junior user shows that the senior operates in either “a different field of enterprise or a different geographic area.”¹⁷¹ By framing the inquiry in this way, the Second Circuit has explicitly recognized that “bridging the gap” can be used to look at future market expansion or geographic expansion. Although this conception of “bridging the gap” may not yet be embraced by every circuit, it has the potential to capture the purpose of the zone of natural expansion. If other courts adopt a conception of “bridging the gap” that includes future expansions to a geographic area, then the zone of natural expansion can be completely captured by this factor of the infringement test. But even if courts do not shift their conception of “bridging the gap,” then the zone of natural expansion is still tested by an analysis of future market moves. This inquiry tests potential consumer awareness, which is the motivating force behind the zone of natural expansion.

2. Good Faith

For the infringement analysis to completely supplant common law territoriality, it must also account for the good faith prong, i.e., the second requirement of concurrent use.¹⁷² Like above, this requirement is completely captured by the likelihood of confusion analysis—this time by the “defendant’s intent” factor. Courts have held that this factor of the confusion analysis looks to the defendant’s “intent to confuse or deceive consumers as

171. *Guthrie Healthcare Sys. v. ContextMedia, Inc.*, 826 F.3d 27, 45 (2d Cir. 2016).

172. *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 100 (1918).

to the product's source¹⁷³ or to the defendant's intent to capitalize on the plaintiff's reputation and goodwill.¹⁷⁴

The good faith requirement of territoriality varies across jurisdictions. Multiple circuits have taken the requirement of good faith to mean that the junior user must not have any knowledge of the senior user's mark.¹⁷⁵ This understanding seems to suggest that in such jurisdictions, a junior user jeopardizes her good faith by merely doing a Google search of a mark before its adoption.¹⁷⁶ In contrast, other courts have held that mere knowledge is insufficient to destroy good faith.¹⁷⁷ For example, the Tenth Circuit has emphasized that although a junior user's subsequent adoption of a mark with knowledge of the senior user's mark "can certainly support an inference of bad faith, mere knowledge should not foreclose further inquiry."¹⁷⁸ Instead, good faith hinges on "whether the second user had the intent to benefit from the reputation or goodwill of the first user."¹⁷⁹ This approach more closely resembles the intent inquiry within the likelihood of confusion analysis.

Although some circuits hold that intent to copy is sufficient to infer likelihood of confusion in the infringement analysis,¹⁸⁰ an overwhelming majority of circuits do not think that a defendant's knowledge alone is

173. *Versa Prods. Co. v. Bifold Co. (Mfg.)*, 50 F.3d 189, 205 (3d Cir. 1995) (italics omitted).

174. *W.W.W. Pharm. Co. v. Gillette Co.*, 808 F. Supp. 1013, 1024 (S.D.N.Y. 1992).

175. *See, e.g., Stone Creek, Inc. v. Omnia Italian Design, Inc.*, 875 F.3d 426, 437 (9th Cir. 2017) ("... there is no good faith if the junior user had knowledge of the senior user's prior use."); *Nat'l Ass'n for Healthcare Commc'ns Inc. v. Cent. Ark. Area Agency on Aging, Inc.*, 257 F.3d 732, 735 (8th Cir. 2001) (finding that the use was "in good faith, without knowledge of [the senior user's] prior use"); *Money Store v. Harriscorp Fin., Inc.*, 689 F.2d 666, 674–75 (7th Cir. 1982) ("A good faith junior user is one who begins using a mark with no knowledge that someone else is already using it.").

176. *See MNI Mgmt., Inc. v. Wine King, LLC*, 542 F. Supp. 2d 389, 412–13 (D.N.J. 2008) (discussing how good faith could have been destroyed had the defendant done a Google search and found plaintiff's mark, but ultimately finding that there was no evidence that the defendant had knowledge of the mark).

177. *C.P. Interests, Inc. v. Cal. Pools, Inc.*, 238 F.3d 690, 700 (5th Cir. 2001) ("... knowledge of use is but one factor in a good faith inquiry"); *DeCosta v. Viacom Int'l, Inc.*, 981 F.2d 602, 611–12 (1st Cir. 1992) (finding that bad faith is an intent or expectation to cause confusion); *Members First Fed. Credit Union v. Members 1st Fed. Credit Union*, 54 F. Supp. 2d 393, 409 (M.D. Pa. 1999) (finding that the concurrent use defense would be unavailable due to the junior user's knowledge of the senior's mark); *Accu Pers., Inc. v. AccuStaff, Inc.*, 846 F. Supp. 1191, 1211 (D. Del. 1994) ("... a junior user's prior knowledge of a senior user's trademark use is probative of, but not dispositive of, the question whether the junior user acted in bad faith.").

178. *GTE Corp. v. Williams*, 904 F.2d 536, 541 (10th Cir. 1990) (citations omitted), *cert. denied*, 498 U.S. 998 (1990).

179. *Id.*

180. *E.g., Streamline Prod. Sys. v. Streamline Mfg.*, 851 F.3d 440, 455 (5th Cir. 2017) ("... a defendant's intent to confuse may alone be sufficient to justify an inference that there is likelihood of confusion.") (citation omitted); *Water Pik, Inc. v. Med-Systems, Inc.*, 726 F.3d 1136, 1157 (10th Cir. 2013) ("... evidence of intent to copy may justify an inference of likelihood of confusion.").

sufficient for such an inference.¹⁸¹ Thus, because confusion underlies territoriality, the courts that currently apply a knowledge standard for good faith in the territoriality analysis are misguided. After all, in the actual confusion analysis, a majority of courts do not accept that knowledge entails confusion. And this makes sense. The mere fact that the junior user knew of the senior user's mark says nothing about consumer confusion.

In response, proponents of the knowledge standard assert that confusion can be presumed if the junior user knew of the senior user's mark.¹⁸² But as Thomas Cotter has pointed out, there seems to be little reason to accept this claim without evidence that the junior user's knowledge bears a meaningful correlation to consumer knowledge.¹⁸³ This is because the intent factor is ultimately grounded in the likelihood of consumer confusion, like the rest of infringement analysis.¹⁸⁴ To this end, the Third Circuit has even held that an explicit intent to copy is not alone sufficient to infer confusion.¹⁸⁵ Confusion can only be inferred if the intent to confuse is "demonstrated via purposeful manipulation of the junior mark to resemble the senior's."¹⁸⁶

Because knowledge does not entail confusion, and because the touchstone of territoriality is consumer awareness, then mere knowledge should not bar a finding good faith for concurrent use. This means that the likelihood of confusion analysis will completely capture the good faith requirement of concurrent use, even in those jurisdictions that adopt a knowledge standard for good faith. Such jurisdictions have become disconnected from the purpose of the doctrine: to protect consumers from

181. See, e.g., *Viacom Int'l, Inc. v. IJR Capital Invs., L.L.C.*, 891 F.3d 178, 196 (5th Cir. 2018) (holding that "mere awareness" does not establish bad intent); *Progressive Distrib. Servs. v. UPS, Inc.*, 856 F.3d 416, 436 (6th Cir. 2017) ("However, knowledge of a trademark, alone, will not support a finding of intent to confuse . . ."); *Water Pik*, 726 F.3d at 1159 (claiming that knowledge of the senior's mark may not be the intent relevant for the confusion analysis); *Sensient Techs. Corp. v. SensoryEffects Flavor Co.*, 613 F.3d 754, 767 (8th Cir. 2010) (" . . . knowledge did not equate with an intent to mislead."); *Visible Sys. Corp. v. Unisys Corp.*, 551 F.3d 65, 75 (1st Cir. 2008) (distinguishing between bad faith and willfulness, the latter of which requires knowledge alone); *Packman v. Chi. Tribune Co.*, 267 F.3d 628, 644–45 (7th Cir. 2001) (finding that knowledge is not sufficient to demonstrate fraudulent intent); *A&H Sportswear, Inc. v. Victoria's Secret Stores, Inc.*, 237 F.3d 198, 225–26 (3d Cir. 2000); *Sports Auth., Inc. v. Prime Hosp. Corp.*, 89 F.3d 955, 964 (2d Cir. 1996) (holding that knowledge does not necessarily give rise to an inference of bad). But see *Stone Creek, Inc. v. Omnia Italian Design, Inc.*, 875 F.3d 426, 434 (9th Cir. 2017) (" . . . choosing a designation with knowledge that it is another's trademark permits a presumption of intent to deceive.").

182. See David S. Welkowitz, *The Problem of Concurrent Use of Trademarks: An Old/New Proposal*, 28 U. RICH. L. REV. 315, 332 ("The most forceful justification for this principle is that name confusion can be presumed from the fact of the junior user's knowledge—if the junior user knows of the other use, so must other people.").

183. Cotter, *supra* note 11, at 535–36.

184. *A&H Sportswear*, 237 F.3d at 225.

185. *Id.* at 225–26.

186. *Id.*

confusion. Because the intent factor in the infringement analysis concerns itself with consumer confusion, that factor is wholly sufficient to capture the good faith requirement of *Theodore Rectanus*.

In sum, both the remoteness and good faith prong of concurrent use can be captured by the likelihood of confusion analysis. Thus, applying a separate test for common law territoriality is entirely unnecessary, and such tests should be discarded. That is not the end of the argument, however. The final section shows that territorial limitations under federal law must be discarded as well.

B. Farewell, Dawn Donut

In a regime of nationwide constructive use, a trademark holder's territorial rights are not segmented as they would be common law since her territorial rights become national upon registration. Nevertheless, as the reader will recall, territorial barriers are not entirely absent with federally-registered marks. The doctrine of *Dawn Donut* can prevent injunctive relief notwithstanding the senior's national rights, thus causing the same pitfalls that are present in the common law territoriality doctrine. Internet users and perambulating customers do not cease to exist once a mark has been registered federally. Because of this, it is crucial that courts determine the scope of injunctions in reference to consumer confusion and do not adopt a misguided requirement of physical presence. In other words, courts must condition injunctions on consumer confusion, not territorial proximity, thus eliminating *Dawn Donut*.

The decision to discard *Dawn Donut* is not novel. As mentioned in the introductory section on *Dawn Donut*, the Sixth Circuit has altogether rejected the doctrine. There, courts begin their inquiry by determining whether there is a likelihood of confusion at all.¹⁸⁷ If infringement is found, and there are no applicable defenses, then an injunction is permitted without any territorial inquiry because "no particular finding of likelihood of entry" is required for an injunction.¹⁸⁸ Thus, by rejecting *Dawn Donut*, the Sixth Circuit blends the likelihood of confusion analysis with that of territoriality: if the junior's use has created a likelihood of confusion in a particular area,

187. *See* Lorillard Tobacco Co. v. Amouri's Grand Foods, Inc., 453 F.3d 377, 380–81 (6th Cir. 2006).

188. *Circuit City Stores, Inc. v. CarMax, Inc.*, 165 F.3d 1047, 1056 (6th Cir. 1999).

then the senior user may obtain injunctive relief in that area, and thus has territorial rights there.¹⁸⁹

In *Circuit City Stores, Inc. v. Carmax*, Judge Jones wrote in a concurrence that *Dawn Donut* does not override the confusion inquiry because the likelihood of entry into a market is but one factor in the analysis.¹⁹⁰ The Middle District of Pennsylvania took this same approach in *Members First Federal Credit Union v. Members 1st Fed. Credit Union*, when the court refused to “supplant” the ten-factor likelihood of confusion test with *Dawn Donut*.¹⁹¹ The court in *Members First* was right to use the word “supplant.” By applying *Dawn Donut*, courts override any determination of confusion just because of geographical distance, thereby supplanting the entire confusion inquiry. Perhaps this was appropriate when confusion was unlikely due to distance, but as has been shown, this can no longer be presumed in light of the Internet and mass travel.

It seems that the Second Circuit—the court that originally devised the *Dawn Donut* rule—has partially rethought its stance on territoriality as well. Return to the case of *Guthrie* discussed earlier for its take on the Internet.¹⁹² The plaintiff, Guthrie, owned and operated various medical facilities and specialized healthcare facilities, primarily within Northern Pennsylvania and Southern New York (deemed Guthrie’s “service area”).¹⁹³ The defendant, ContextMedia, delivered health-related content to physician practices in all fifty states.¹⁹⁴ The district court held that ContextMedia’s mark was confusingly similar to Guthrie’s, and enjoined ContextMedia’s use in Guthrie’s service area.¹⁹⁵ But no injunction issued for locations outside of Guthrie’s service area because the court found that there was no likelihood of confusion, although Guthrie maintained patient treatment facilities in two New York counties beyond its service area.¹⁹⁶ The Second Circuit reversed, holding that a senior user who has shown that she is entitled to an injunction

189. *See id.* (“The Sixth Circuit has an eight point test for infringement liability under the Lanham Act . . . [l]ikelihood of entry is just one of the eight factors under this test, and it is not dispositive of liability.”) (internal citations omitted).

190. *Id.* at 1057 (Jones, J., concurring).

191. *Members First Fed. Credit Union v. Members 1st Fed. Credit Union*, 54 F. Supp. 2d 393, 402 (M.D. Pa. 1999) (“If [plaintiffs] can demonstrate a likelihood of confusion . . . it seems anomalous to preclude it from obtaining injunctive relief simply because of the geographic distance between its branch offices and those of [defendants].”).

192. *Guthrie Healthcare Sys. v. ContextMedia, Inc.*, 826 F.3d 27, 47 (2d Cir. 2016).

193. *Id.* at 31.

194. *Id.* at 33–36.

195. *Id.* at 36.

196. *Id.* at 36–37.

in one geographic territory need not show the same probability of harm in every further area into which the injunction might extend.¹⁹⁷ Instead, the senior user “must show evidence of plausibly foreseeable confusion beyond its main area of injury.”¹⁹⁸ This analysis will turn on a case’s “particular facts,” but the court in *Guthrie* found that the plaintiff had met this burden. Thus, once a plaintiff has demonstrated likelihood of confusion in one area, the Second Circuit will not require a showing of likelihood of confusion for all other areas. The injunction will be denied only if the junior user can affirmatively show that there is no likelihood of confusion in a particular area.¹⁹⁹ In one respect, this case simply sets up a presumption of confusion in all areas where the senior user operates if the senior has shown a likelihood of confusion in one area. Moreover, this case can be read to mean that an injunction can be issued wherever the senior can demonstrate some “plausibly foreseeable confusion.” Understood this way, the rigidity of *Dawn Donut* would be bent to the breaking point.

Although these courts are all correct to weaken or reject *Dawn Donut*, it is crucial that the holdings do not become too detached from consumer confusion. For example, the court in *Guthrie* concluded that when a senior user shows likelihood of confusion in territory A, she need not undergo the same in-depth confusion analysis for territory B to get an injunction.²⁰⁰ The facts of *Guthrie* undoubtedly helped shape this rule, for the senior user had an actual presence in territory B as well as A in the case. Yet, in cases like *CarMax*, the court seemed to indicate that an injunction can follow from a demonstration of likelihood of confusion in the abstract, and confusion did not need to be shown in a particular area.²⁰¹ However, likelihood of confusion must remain critical to the territory analysis. If a senior user has demonstrated a likelihood of confusion in territory A but has no presence in territory B, then the burden must remain on the senior user to demonstrate a likelihood of confusion in territory B before she can receive an injunction.²⁰² The purpose of this paper is not to eliminate concurrent use. After all, there is evidence that the number of good trademarks is limited—and we are

197. *Id.* at 47.

198. *Id.* at 49.

199. *See id.* at 46.

200. *Id.* at 47–48.

201. *Circuit City Stores, Inc. v. CarMax, Inc.*, 165 F.3d 1047, 1056 (6th Cir. 1999).

202. As an example, the Southern District of New York has used *Dawn Donut* in its infringement analysis regarding marketing channels. *See Habitat Design Holdings, Ltd. v. Habitat Am. Holdings, Inc.*, 436 F. Supp. 327, 332–33 (S.D.N.Y. 1977).

running out.²⁰³ The choice between adopting *Dawn Donut* and granting mark holders nationwide injunctive rights is not binary. Trademark rights, and the subsequent right to enjoin others, must always be grounded in avoiding consumer confusion.

At first glance, it may seem overly burdensome to require a senior user to demonstrate a likelihood of confusion in every area where the junior user makes use of the mark. However, this is not as arduous as it may appear. After all, most of the likelihood of confusion factors will not need to be repeated for each location. For example, similarity of the marks, defendant's intent, consumer sophistication, and strength of the mark can all be done once. Only actual confusion, likelihood of bridging the gap, and advertising/marketing channels will need to be repeated for different regions. But, under the old territoriality regime, this must be done as well. At common law, courts would need to conduct a remoteness analysis for every area at issue. Thus, the territory-infringement synthesis would be no additional work for common law marks.

To be sure, the *CarMax* and *Guthrie* approach would be less work for courts than the synthesis, since injunctions could be issued everywhere after a finding of confusion in the abstract. Nevertheless, simple does not always mean better. One must remember that overprotection of intellectual property is just as harmful to the consumer as under-protection.²⁰⁴ To serve the goals of trademark law, and prevent overprotection of trademark rights, courts must look at likelihood of confusion in each area of potential confusion, and enjoin use on that basis.

V. CONCLUSION

It was once unlikely that a consumer in New York would see a trademark being used in Seattle. However, the Internet and mass travel have pushed those days far behind us. Nevertheless, trademark law has yet to catch up with changing times. Both common law trademarks and federally registered trademarks suffer from pitfalls in the doctrine of territoriality, and thus both are due for some updating. But the law does not need a massive overhaul because the likelihood of confusion test provides all the necessary tools to combat the issues plaguing territoriality. The solution is incredibly simple: forget the stand-alone tests for territoriality and apply a likelihood of

203. See generally Barton Beebe & Jeanne C. Fromer, *Are We Running Out of Trademarks? An Empirical Study of Trademark Depletion and Congestion*, 131 HARV. L. REV. 945, 947–48 (2018).

204. *White v. Samsung Elecs. Am., Inc.*, 989 F.2d 1512, 1513 (9th Cir. 1993) (Kozinski, J., dissenting) (“Overprotecting intellectual property is as harmful as underprotecting it.”).

confusion analysis. If consumers in area A are likely to confuse marks P and Q, then only permit the senior user to use the mark in area A. There does not need to be a separate inquiry into the geographic distance between P and Q; this is but one factor among many in the infringement analysis. The incorporation of territoriality into the infringement test will both add analytic clarity and protect an entire swath of consumers from possible confusion. Thus, while trademark law is currently confused, it need only embrace confusion to sort itself out.