

## Modern Trademark Law and the Right to Make Derivative Works

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Modern scholarship takes a decidedly negative view of the scope of trademark protection. Scholars have primarily criticized doctrinal innovations like initial interest confusion and dilution, while also taking courts to task for failing to develop and apply clear defenses. But beneath all the criticism lies overwhelming agreement that confusion is harmful. Agreement at this level of generality has been a problem, however, because it obscures important differences between different types of relationships about which consumers might be confused. These differences deserve much more attention than they have received, because courts' willingness to accept uncritically the equation of confusion with harm is the real reason the scope of trademark law has expanded so dramatically.

This paper brings our attention back to the core issue of confusion and focuses on the supposed harms caused by confusion recognized under modern standards. More precisely, because the most important conceptual shift in modern trademark law was rejection of the competition requirement, this paper focuses on the claimed harms to producers from confusion about the source of *non-competing goods*. The standard arguments about the harmfulness of confusion in this context are based on claims about consumer behavior, yet these claims have never actually been tested against the available empirical evidence. This paper fills that void by evaluating the standard claims in light of two relevant lines of marketing literature: brand extension and brand alliance literature.

The lessons of this literature seriously complicate the simplistic narrative of modern trademark law. Both the brand alliance and brand extension studies suggest that third party use is relatively unlikely to create negative feedback effects on a parent brand in its original market. Certainly no general assumption of harmfulness is warranted. The real "risks" to parent brands from these non-competing uses are prospective: some third party uses may interfere with the parent brand owner's ability to expand into new markets under the same mark. Thus, from the mark owner's perspective, trademark rights against non-competing goods are essentially derivative work rights. Supporters of such rights therefore either need to demonstrate a compelling consumer interest in enforcing rights against non-competing goods or make an incentive-based case for these rights.