

Living with the Merchandising Right

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Trademark scholars love to hate the “merchandising right.” This practice allows a trademark holder to control the sale of promotional goods that bear the mark. This practice is hard to square with either trademark law fundamentals or a conception of trademark law as existing for the benefit of consumer interests. When I buy a BOSTON RED SOX baseball cap, I am not interested in the logo as a designation of the source of the cap. I just want a Red Sox cap—buying a “counterfeit” is unlikely to create confusion on my part. If the Red Sox nonetheless get to use trademark law to control the market for their caps, the only effect is an artificial constraint on supply, enriching them with a monopoly profit at my expense. Most trademark scholars to examine the issue agree on this point. The merchandising right is incoherent from a trademark law perspective.

Nobody cares. The arguments against a merchandising right have been explained to judges again and again to little effect. It’s not that judges don’t understand the arguments. They do. They just can’t stomach a world in which trademark holders cannot control the market for marks as merchandise. Something about it simply appeals to deeply held beliefs—almost certainly external to trademark law—that in practice outweigh appeals to pure views of trademark law and policy. Though this is bad news for consumers, it is likely that they hold similar beliefs as the judges who rule against their interests. Maybe people don’t mind.

But the merchandising right has effects beyond its specific realm. Because it is enforced as part of trademark law, it must fit into larger trademark doctrine. But if merchandising is as incoherent as the critics say (and it is) then its accommodation creates the risk of destabilizing trademark law at large. And, in fact, it has, by placing pressure on doctrines pertaining to use, registration, infringement, and defenses.

This is the problem with which my work in progress is concerned. It assumes that we cannot save consumers from the merchandising right and that it is here to stay. It asks instead how we can limit the fallout to trademark law at large as a second best solution.