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PRICEY PURCHASES AND CLASSY CUSTOMERS: WHY SOPHISTICATED CONSUMERS DO NOT NEED THE PROTECTION OF TRADEMARK LAWS

I. INTRODUCTION

Knockoff handbags permeate our society. They line the streets of New York City's Chinatown and have even entered the world of suburban shopping mall kiosks. Modern society is increasingly label conscious and seems to have an insatiable desire for the latest hot item, settling for a fake when the real is out of reach. The law, however, has not been modernized to match the changed populus, resulting in unjust application of trademark law in certain unique situations.

One of these unique situations presented itself when Hermes International filed suit against Steven Stolman to enjoin his importation, distribution, sales and marketing of the popular "Jelly Kelly."¹ The Jelly Kelly is a synthetic rubber copy of Hermes's famous Birkin bag that was the hot item of the summer and fall of 2003.

The Eastern District of New York granted a permanent injunction on October 5, 2003 after the parties reached a confidential agreement.² This Note aims to establish that applying traditional trademark law to this case was unrealistic and unjustified and that, in unique situations where the goods at issue are very expensive and rare, the traditional test of consumer sophistication should trump the other factors in the likelihood of confusion analysis.

Part I.A identifies the history of handbags and their evolution in society over the past 1,500 years. Part I.B illustrates the history of Hermes. Part I.C depicts the background of trademark law principles applicable to this Note, including the likelihood of confusion test. Part II analyzes the different types of confusion applicable to Hermes's claim, including point-of-sale and post-sale confusion. The analysis sections are further broken down into analyses of the elements of each type of confusion, and detail what jurisdictions outside the Second Circuit and the Third Restatement on the Law of Unfair Competition have said regarding the consumer sophistication issue.

In conclusion, this Note argues for a more realistic standard in a unique area of trademark law. When the goods at issue are very expensive and elusive, the consumer sophistication analysis should be given dispositive weight rather than the nominal mention it receives from the Second Circuit generally, and as it was

¹ *Hermes Int'l v. Steven Stolman, Ltd.*, No. 03 Civ. 3722 (E.D.N.Y. July 31, 2003).

² *Id.*

assumedly given in the *Stolman* case.³ Allowing above-average sophistication to trump the other likelihood of confusion factors preserves the intent of Congress in passing federal trademark laws, in that it does not thwart the goal of protecting consumers from being misled, but it also fosters free market competition by not repressing entrepreneurs who pose no harm to the goodwill of the trademark holder. Traditional application of the likelihood of confusion standard in these unique cases obviates the rationale of the confusion standard, whereas a practical look at the real situation would produce a result consistent with congressional intent.

A. HISTORY OF HANDBAGS

A handbag is more than a collection of fabric sewn together and more than a place to hold a wallet and keys. A handbag is a reflection of the person who carries it, coming in different shapes, sizes, colors and textures. There are different bags for different outfits and different moods. They are an extension of a person, yet “unperturbed by the changes of the body or the heavy hand of age.”⁴ It is no wonder that they have been revered as accessories over the past 1,500 years.

One of the earliest handbags was a pouch type bag from Scythia, which was worn dangling from the waist.⁵ Purses were worn by both men and women throughout the Middle Ages and Renaissance.⁶ In the Fourteenth Century, the bags were adorned with jewels and embroidery for decoration and to show social status.⁷ That is, the wealthier the person, the more adorned his or her bag.

By the Seventeenth Century, men’s trousers were made with sewn-in pockets, and handbags became primarily a woman’s accessory.⁸ In the Eighteenth Century, women started to wear more fitted clothing and needed more fashionable handbags to match their various outfits.⁹ These handbags were called reticules and commonly carried rouge, face powder, a fan, and smelling salts.¹⁰ The term “handbag” was first used in the early 1900s in reference to men’s luggage bags.¹¹

³ *Id.*

⁴ ANNA JOHNSON, *HANDBAGS: THE POWER OF THE PURSE*, at xviii (2002).

⁵ *Id.* at xxiii.

⁶ *Id.* at xx-xxii.

⁷ HISTORY OF HANDBAGS, at http://www.henriettashandbags.com/a_history_of_handbags.html (last visited Dec. 30, 2003).

⁸ JOHNSON, *supra* note 4, at xxiii.

⁹ HISTORY OF HANDBAGS, at http://www.henriettashandbags.com/a_history_of_handbags.html, *supra* note 7.

¹⁰ *Id.*

¹¹ *Id.*

In the 1920s, the women's revolution altered attitudes about clothing and accessories, including reversing the belief that the handbag had to match the outfit.¹² The past eighty years have seen a transformation in fabrics and designs, as well as the rise of certain fashion houses, such as Prada, Gucci, Dior, and Hermes. Although handbags have evolved over time, one aspect has remained the same: the power of the purse to speak about its carrier without saying a word.

B. HISTORY OF HERMES

In Greek mythology, Hermes was the messenger of the gods, son of Zeus, brother of Apollo, and often depicted with winged sandals and a golden caduceus.¹³ Less commonly known is that Hermes was the god of commerce, protecting traders and herders.¹⁴ Thus, it is not surprising that the house known for luxury items and elegance now wants to invoke that same protection for the goods bearing his name.

Hermes International originally captured the world's attention with its equine harnesses in 1837.¹⁵ For the last 165 years Hermes has produced scarves, ties, home furnishings, perfumes, and leather goods.¹⁶ Based in the rue St. Honore' fashion district of Paris, Hermes first offered its products for sale in the United States in 1924.¹⁷ These products are sold exclusively in Hermes boutiques and other select stores licensed to sell the goods.¹⁸ Two of it's most famous products are the Kelly bag and the Birkin bag. The Kelly bag gained fame after Grace Kelly was photographed with the handbag on the cover of LIFE magazine in 1956.¹⁹ The Birkin bag was developed in the 1980s after Jane Birkin sat next to Jean-Louis Dumas on an airplane and complained to him about the small size of the Kelly bag.²⁰ Each bag has the same trapezoidal shape, with a small, semi-circular

¹² *Id.*

¹³ HERMES, at <http://encarta.msn.com/encnet/refpages/RefArticle.aspx?refid=761572158&pn=1> (last visited Nov. 1, 2004).

¹⁴ *Id.*

¹⁵ Complaint ¶ 8, *Hermes Int'l v. Steven Stolman, Ltd.*, No. 03 Civ. 1782 (E.D.N.Y. July 31, 2003) [hereinafter *Complaint*].

¹⁶ *Id.*

¹⁷ *Id.* ¶ 9.

¹⁸ *Id.* ¶ 10.

¹⁹ Lynn Hirschberg, *In the Beginning, There was Leather . . .*, N.Y. TIMES, Nov. 30, 2003, § 6 (Magazine), at 114.

²⁰ *Complaint*, *supra* note 15, ¶ 13.

handle and flap design, with the Birkin bag being the larger of the two.²¹ Since its creation, the bag has become a status symbol for the well-to-do and wealthy.²²

One reason for the bag's prestige is the craftsmanship of the bag itself. Each Birkin bag is made by one senior craftsman who works on it from start to finish.²³ Each craftsman has been trained exclusively by Hermes for five years before he or she is allowed to make a bag on his own.²⁴ Furthermore, if the bag ever needs repair, it will be repaired by the same craftsman who made the bag or a craftsman who was trained by the original creator.²⁵ The bags are created with only absolute perfection in mind; thus, if there is any problem or defect in the bag, it is destroyed.²⁶ The amount of detail is unparalleled. The goat skin lining is always sewn first, then the base of the bag, then the sides, and then the handle.²⁷ The seams and handle of the bag are filed with sandpaper and dyed to match the bag, making the entire structure appear seamless and supple.²⁸ The bag is sealed with hot wax to protect it from moisture and then finally ironed gently to remove any remaining creases from the leather.²⁹ After breaking down this eighteen hour process, the starting price of \$5,000 makes a little more sense, as does the extremely long waiting list.³⁰ These bags are not mass produced items, and their craftsmanship leads to their prestige.

²¹ *Hermes Int'l v. Lederer de Paris Fifth Ave.*, 50 F. Supp. 2d 212, 215, 50 U.S.P.Q.2d (BNA) 1257, 1259 (S.D.N.Y. 1999) [hereinafter *Lederer de Paris I*].

²² The Birkin bag gained recent fame and press when the HBO hit television show *Sex and the City* featured the handbag. In the episode, Samantha tried to get around the five year waiting list by saying she was purchasing the bag for her public relations client, Lucy Liu. Undoubtedly, the devastation shown when her plan backfired has been felt by many women who can afford the bags yet must wait for one to be made. *Sex and the City: Coulda, Woulda, Shoulda* (HBO television broadcast, Aug. 5, 2001). Even more recently, the Birkin bag received tremendous press coverage when Martha Stewart carried her Birkin to court during her securities fraud trial. One journalist noted that the bag's owners viewed it as a "talisman that should confer upon them a whispered, quiet verdict: classy." Alex Kuczynski, *On This Accessory, The Jury Isn't Out*, N.Y. TIMES, Apr. 10, 2004.

²³ JOHNSON, *supra* note 4, at 58-59.

²⁴ Complaint, *supra* note 15, ¶ 14.

²⁵ *Id.*

²⁶ *Id.*

²⁷ JOHNSON, *supra* note 4, at 58-61.

²⁸ *Id.*

²⁹ *Id.*

³⁰ When questioned about the waiting list for the Birkin and Kelly bags at the Hermes boutique in Lenox Square, Atlanta, Ga., the sales associate replied that the list was "closed." She further stated that the waiting list ranges from one to five years depending on what type of material the customer wants and how soon it is available. Interview with Hermes employee, Hermes boutique, Lenox Square, in Atlanta, Ga. (Dec. 30, 2003).

The materials also add to the bags' reputation and fame. Hermes only selects five percent of the leather that is sent to it from suppliers.³¹ Although the bags are most commonly seen in leather, they have been made out of crocodile, canvas, denim, ostrich and plastic.³² The material is determined by the purchaser, again making the bag an expression of the individual.³³

The final defining feature of the Kelly and Birkin bags is the unique lock and flap closure. The design consists of two thin, horizontal leather straps with metal plates at each end that fit over a circular turn lock.³⁴ This lock can then be secured with a small padlock.³⁵ Hermes's trademark on this design is at the heart of the suit filed by Hermes International against Steven Stolman on July 30, 2003.³⁶

C. HISTORY AND BACKGROUND OF TRADEMARK LAW

A trademark is any word, name, symbol or device, or any combination which is used to identify and distinguish goods or products from other goods and products.³⁷ Trademarks are also used to indicate the source of the goods, even if that source is unknown.³⁸ Furthermore, trademarks are linked to a company's most valuable assets: its goodwill and identification of its goods and services.³⁹ Trademark rights are "not doctrinally intended to provide any right of exclusivity" with respect to the products and services established by the marks.⁴⁰ Trademarks are intended to "protect consumers from being confused, mistaken, or deceived in their purchasing decisions"⁴¹ because they can rely on marks with which they are familiar to serve as accurate source and quality indicators.⁴²

³¹ Complaint, *supra* note 15, ¶ 15.

³² *Id.* ¶ 16.

³³ JOHNSON, *supra* note 4, at 58.

³⁴ *Lederer de Paris I*, 50 F. Supp. 2d at 215.

³⁵ *Id.*

³⁶ *Stolman*, 03 Civ. 3722.

³⁷ Lanham Act, § 45(a); 15 U.S.C. § 1127 (2000).

³⁸ *Id.*

³⁹ Scott Harvison, Comment, *Two Wrongs Making a Right: Using the Third and Ninth Circuits for a Uniform Standard of Fame in Federal Dilution Law*, 25 SEATTLE U. L. REV. 867, 869 (2002).

⁴⁰ Ann Bartow, *Likelihood of Confusion*, 41 SAN DIEGO L. REV. 721, 725 (2004).

⁴¹ *Id.* at 737; see also *Landscape Forms, Inc. v. Columbia Cascade Co.*, 113 F.3d 373, 375, 42 U.S.P.Q.2d (BNA) 1641, 1641 (2d Cir. 1997) (stating that the "underlying purpose of the Lanham Act . . . is protecting consumers and manufacturers from deceptive representations of affiliation and origin").

⁴² See Bartow, *supra* note 40, at 730.

Trademarks were governed by common law until Congress passed the first trademark statute in 1870.⁴³ The first federal trademark law allowed the trademark holder to seek an injunction against infringers to prevent the loss of customers and profits.⁴⁴ Since this initial law, courts and Congress have tried to balance the goals of free markets and competition with those of protection and identity.⁴⁵ When the 1870 law was declared unconstitutional in 1879, trademark holders continued to press Congress for protection.⁴⁶ Congress granted that protection by passing the Trademark Act of 1905, which contained more limited protections than the earlier act.⁴⁷ As the economy and markets became more complicated and intertwined, some people argued for stricter, more comprehensive trademark protection.⁴⁸

The Trademark Act of 1946, commonly referred to as the Lanham Act, was the protection for which many of those trademark holders were searching.⁴⁹ While the 1905 Act was based on direct competition and goods with the “same descriptive properties,” the Lanham Act focuses on the likelihood of consumer confusion.⁵⁰ Thus, if a trademark holder is using a mark in commerce to identify its goods, the Lanham Act provides a civil cause of action for trademark infringement against those who use the mark in a way likely to cause confusion.⁵¹

⁴³ See Act of July 8, 1870, ch. 2 tit. 60, §§ 4937-4947, 16 Stat. 198 (declared unconstitutional in *Trade-Mark Cases*, 100 U.S. 82, 97-99 (1879)). Brendan Mahaffey-Dowd, Comment, *Famous Trademarks: Ordinary Inquiry by the Courts of Marks Entitled to an Extraordinary Remedy*, 64 BROOK. L. REV. 423, 427 (1998).

⁴⁴ Mahaffey-Dowd, *supra* note 43.

⁴⁵ *Id.* at 428.

⁴⁶ *Id.*

⁴⁷ Trademark Act of 1905, c. 592, sec. 16, 33 Stat. 724. The 1905 Act only provided relief for the unauthorized use of a registered mark on “merchandise of substantially the same descriptive properties.” See Robert N. Klieger, *Trademark Dilution: The Whittling Away of the Rational Basis for Trademark Protection*, 58 U. PITT. L. REV. 789, 802-04 (1997).

⁴⁸ Mahaffey-Dowd, *supra* note 43, at 428.

⁴⁹ 15 U.S.C. §§ 1051-1127 (2000).

⁵⁰ Mahaffey-Dowd, *supra* note 43, at 429.

⁵¹ 15 U.S.C. § 1125(a). The text of the statute reads, in relevant part, as follows:

1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—
(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person.

Courts have noted that “the Lanham Act must be construed in the light of a strong federal policy in favor of vigorously competitive markets.”⁵²

Likewise, courts have held that likelihood of confusion is the “key element” of trademark infringement actions.⁵³ Under both trademark infringement and trade dress infringement, the “central inquiry” is whether there exists a likelihood that consumers will be confused.⁵⁴ Likelihood of confusion exists when either an “appreciable number of ordinarily prudent purchasers are likely to be misled, or indeed simply confused, as to the source of the goods in question”⁵⁵ or when “consumers are likely to believe that the challenged use of a trademark is somehow sponsored, endorsed, or authorized by its owner.”⁵⁶

In the Second Circuit, the judicially created “likelihood of confusion” test is based on eight different factors: (1) the strength of the plaintiff’s trademark, (2) the degree of similarity between the parties’ marks, (3) the proximity of the products, (4) the likelihood that the plaintiff will “bridge the gap” between the products, (5) the existence of actual confusion, (6) the defendant’s good faith, (7) the quality of the defendant’s product, and (8) the sophistication of the consumers.⁵⁷ Although the courts have applied these factors in many cases, they have rarely held that any one is dispositive on the issue of likelihood of

⁵² *Landscape Forms*, 113 F.3d at 379; *see also* *Nora Beverages, Inc. v. Perrier Group of Am., Inc.*, 269 F.3d 114, 119, 60 U.S.P.Q.2d (BNA) 1038, 1041 (2d Cir. 2001) (enunciating the purpose underlying trade dress protection, i.e. to protect consumers and manufacturers from deceptive representations of origin or source).

⁵³ *Gruner & Jahr USA Publ’g v. Meredith Corp.*, 991 F.2d 1072, 1074, 26 U.S.P.Q.2d (BNA) 1583, 1586 (2d Cir. 1993); *see also* *Polymer Tech. Corp. v. Mimran*, 37 F.3d 74, 80, 32 U.S.P.Q.2d (BNA) 1506, 1510 (2d Cir. 1994) (stating that likelihood of confusion is the “hallmark of any trademark infringement claim”).

⁵⁴ *See* *La Cibeles, Inc. v. Adipar, Ltd.*, No. 99 Civ. 4129, 2000 WL 1253240, at *4 (S.D.N.Y. Sept. 1, 2000) (quoting *Sports Auth., Inc. v. Prime Hospitality Corp.*, 89 F.3d 955, 960, 39 U.S.P.Q.2d (BNA) 1511, 1513 (2d Cir. 1996)); *see also* *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 773, 23 U.S.P.Q.2d (BNA) 1081, 1085 (1992) (holding that the protection of trademarks and of trade dress under § 43(a) serve the same statutory purpose of preventing deception and unfair competition and that there is “no persuasive reason to apply different analysis to the two”); *Rosenthal A.G. v. Ritelite, Ltd.*, 986 F. Supp. 133, 139, 44 U.S.P.Q.2d (BNA) 1249, 1253 (E.D.N.Y. 1997) (explaining that both claims of trademark and trade dress infringement require proof of essentially the same elements).

⁵⁵ *Mushroom Makers, Inc. v. R.G. Barry Corp.*, 580 F.2d 44, 47, 199 U.S.P.Q. (BNA) 65, 66 (2d Cir. 1978) (per curiam).

⁵⁶ *N.Y. Stock Exch., Inc. v. N.Y., N.Y. Hotel, LLC*, 293 F.3d 550, 555, 62 U.S.P.Q.2d (BNA) 1260, 1263 (2d Cir. 2002).

⁵⁷ *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495, 128 U.S.P.Q. (BNA) 411, 413 (2d Cir. 1961).

confusion.⁵⁸ Most courts analyze each factor and look at the balance.⁵⁹ Thus, one strong factor can tip the balance in favor of likelihood of confusion, just as the absence of a few factors can tip the balance away from a finding of infringement.

Courts have made clear that confusion must exist in order for a trademark holder to prevail in an infringement claim.⁶⁰ Specifically, a probability, and not a mere possibility, of confusion must exist to support a trademark or trade dress infringement claim.⁶¹ Consumer confusion cannot exist over similarity “in the abstract,” rather confusion must stem from the similarity between the two trademarks.⁶² Establishing probability of success on the merits of a confusion claim is therefore necessary to obtain an injunction in an infringement action. In *Stolman*, the Eastern District of New York granted a permanent injunction, leading to the reasonable inference that something in Hermes’s claim would tip the balance on the merits in favor of a likelihood of confusion.⁶³ This Note will argue that this conclusion is erroneous given the dominance of the consumer sophistication factor in this particular situation.

An interesting aspect of *Stolman* and similar cases is that the judges seem to make their evaluations of sophistication without any evidence.⁶⁴ The court conducted a hearing in *Stolman* on September 18, 2003 but held no trial where a reasonable fact finder would have had the opportunity to examine the sophistication and care used by the relevant class of purchasers.⁶⁵ This is significant because likelihood of confusion is based on the “court’s estimation,” not proof.⁶⁶

Courts have interpreted section 43(a) of the Lanham Act⁶⁷ to protect a product’s trade dress, covering the product’s “total image and overall appear-

⁵⁸ See *Nabisco, Inc. v. Warner-Lambert Co.*, 220 F.3d 43, 48, 55 U.S.P.Q.2d (BNA) 1051, 1055 (2d Cir. 2000) (holding that any one *Polaroid* factor may prove to be dispositive).

⁵⁹ See *Bristol-Meyers Squibb Co. v. McNeil-P.P.C., Inc.*, 973 F.2d 1033, 1042, 24 U.S.P.Q.2d (BNA) 1160, 1167 (2d Cir. 1992) (holding that the *Polaroid* analysis is “not a mechanical measurement” and that court should look “to the totality of the product” in making its likelihood of confusion determination).

⁶⁰ *Streetwise Maps, Inc. v. Vandam, Inc.*, 159 F.3d 739, 743, 48 U.S.P.Q.2d (BNA) 1503, 1506 (2d Cir. 1998).

⁶¹ *Estee Lauder Inc. v. Gap, Inc.*, 108 F.3d 1503, 1511, 42 U.S.P.Q.2d (BNA) 1228, 1232 (2d Cir. 1997); *Gruner & Jahr*, 991 F.2d at 1077; *accord* *Elvis Presley Enters., Inc. v. Capece*, 141 F.3d 188, 193, 46 U.S.P.Q.2d (BNA) 1737, 1740 (5th Cir. 1998).

⁶² *Merriam-Webster, Inc. v. Random House, Inc.*, 35 F.3d 65, 70, 32 U.S.P.Q.2d (BNA) 1010, 1013 (2d Cir. 1994).

⁶³ *Stolman*, No. 03 Civ. 3722.

⁶⁴ *Bartow*, *supra* note 40, at 772.

⁶⁵ *Stolman*, No. 03 Civ. 3722.

⁶⁶ See *Bartow*, *supra* note 40, at 763 (“[T]he test is not premised on proof that an appreciable number of typical consumers have been confused, only that they are likely to be confused.”).

⁶⁷ 15 U.S.C. § 11259(a).

ance,”⁶⁸ including “features such as size, shape, color or color combinations, texture, [or] graphics.”⁶⁹ The United States Supreme Court recently commented on trade dress protection in 2001, recognizing the importance of limiting trade dress protection so as not to chill competition.⁷⁰ Before a product’s trade dress can be afforded this protection, however, the trade dress must be “(1) either (a) inherently distinctive, or (b) has acquired distinctiveness through secondary meaning; (2) a likelihood of confusion exists between the trade dress of the original product and that of the knockoff product; and (3) the trade dress employed serves no utilitarian or aesthetic functionality.”⁷¹ While the distinctiveness and functionality aspects of trade dress are important in an overall analysis of a product, this Note will focus solely on the element of likelihood of confusion. Specifically, this Note will deal with point-of-sale confusion, post-sale confusion, and the role that “consumer sophistication” plays in these analyses.⁷²

II. ANALYSIS

Likelihood of confusion exists where “an appreciable number of ordinarily prudent purchasers are likely to be misled, or indeed simply confused, as to the source of the goods in question.”⁷³ As stated earlier, the Second Circuit

⁶⁸ *Two Pesos*, 505 U.S. at 764.

⁶⁹ *Wallace Int’l Silversmiths, Inc. v. Godinger Silver Art Co.*, 916 F.2d 76, 79, 16 U.S.P.Q.2d (BNA) 1555, 1557 (2d Cir. 1990); *see also Fun-Damental Too, Ltd. v. Gemmy Indus. Corp.*, 111 F.3d 993, 999, 42 U.S.P.Q.2d (BNA) 1348, 1352 (2d Cir. 1997) (holding that trade dress “encompasses the design and appearance of the product together with all the elements making up the overall image that serves to identify the product presented to the consumer”); Erin S. Dufek, Comment, *The Same Uniform, A Different Team: Copycats Suit up for Competition*, 60 ALB. L. REV. 1317 (1997).

⁷⁰ The Court stated:

Trade dress protection must subsist with the recognition that in many instances there is no prohibition against copying goods and products. In general, unless an intellectual property right such as patent or copyright protects an item, it will be subject to copying. . . . [C]opying is not always discouraged or disfavored by the laws which preserve our competitive economy.

Traffix Devices, Inc. v. Mktg. Displays, Inc., 532 U.S. 23, 28, 58 U.S.P.Q.2d (BNA) 1001, 1005 (2001); *see also Landscape Farms*, 113 F.3d at 379 (noting that “the Lanham Act must be construed in light of a strong federal policy in favor of vigorously competitive markets”).

⁷¹ Dufek, *supra* at note 69, at 1321.

⁷² Point-of-sale confusion relates to the confusion of the actual purchaser of the specific good. In contrast, post-sale confusion has been defined as confusion created when “the purchasers’ use of those goods [the knockoffs] is likely to cause others to be confused with respect to the marks.” Ann K. Wooster, ‘Post-Sale Confusion’ in *Trademark or Trade Dress Infringement Acts Under § 43 of Lanham Trade Mark Act*, 145 ALR Fed. 407, 418 (1998).

⁷³ *Mushroom Makers, Inc. v. R.G. Barry Corp.*, 580 F.2d 44, 47, 199 U.S.P.Q. (BNA) 65, 66 (2d Cir. 1978) (per curiam).

developed a doctrine for determining likelihood of confusion⁷⁴ which is similar to, and often cited by, other circuits.⁷⁵ In the famous *Polaroid* case in 1960, Judge Friendly designed the eight factor test to guide a likelihood of confusion analysis, though he noted that the list is not exclusive.⁷⁶ The Second Circuit later posited that “the factors are designed to help grapple with the ‘vexing’ problem of resolving the likelihood of confusion issue.”⁷⁷ Therefore, “each factor must be evaluated in the context of how it bears on the ultimate question of likelihood of confusion as to the source of the product.”⁷⁸

Given the introductory material,⁷⁹ one can assume that a purchaser, even a prospective purchaser, of a Hermes Birkin or Kelly bag is sophisticated. “Sophisticated” is defined as “having a refined knowledge of the ways of the world cultivated especially through wide experience.”⁸⁰ The parenthetical example given in the dictionary is, interestingly enough, a “sophisticated lady.”⁸¹ Sophisticated consumers are less likely to confuse the source of a knockoff, thereby lessening the likelihood of a successful infringement claim by the plaintiff-trademark holder.

Although some other factors weighed in favor of Hermes in their recent claim in the Eastern District of New York, the eighth *Polaroid* factor regarding consumer sophistication did not.⁸² In cases such as *Stolman*, where the goods being purchased are rare and expensive, the purchasers are typically above the level of sophistication recognized by most courts. Although the *Polaroid* factors are non-exclusive, the Second Circuit has noted that any one factor may prove to be dispositive.⁸³ This interpretation, although rarely adopted by courts, would

⁷⁴ *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495, 128 U.S.P.Q. (BNA) 411, 413 (2d Cir. 1961).

⁷⁵ See *Merchant & Evans, Inc. v. Roosevelt Bldg. Prods. Co., Inc.*, 963 F.2d 628, 22 U.S.P.Q.2d (BNA) 1730 (3d Cir. 1992) (applying the *Scott Paper* factors); *Anheuser-Busch, Inc. v. L. & L. Wings, Inc.*, 962 F.2d 316, 22 U.S.P.Q.2d (BNA) 1502 (4th Cir. 1992) (applying the *Pizzeria Uno* factors); *Sno-Wizard Mfg., Inc. v. Eisemann Prods. Co.*, 791 F.2d 423, 230 U.S.P.Q. (BNA) 118 (5th Cir. 1986) (applying the *Roto-Rooter* factors); *SquirtCo v. Seven-up Co.*, 628 F.2d 1086, 207 U.S.P.Q. (BNA) 897 (8th Cir. 1980) (applying the *SquirtCo* factors); *AMF Inc. v. Sleekcraft Boats*, 559 F.2d 341, 204 U.S.P.Q. (BNA) 808 (9th Cir. 1979) (applying the *Sleekcraft* factors).

⁷⁶ 287 F.2d at 495; see *W.W.W. Pharm. Co. v. Gillette Co.*, 984 F.2d 567, 572, 25 U.S.P.Q.2d (BNA) 1593, 1596 (2d Cir. 1993) (establishing that no one factor is determinative).

⁷⁷ *Lois Sportswear, United States Am., Inc. v. Levi Strauss & Co.*, 799 F.2d 867, 872, 230 U.S.P.Q. (BNA) 831, 834 (2d Cir. 1986).

⁷⁸ *Id.*

⁷⁹ See *supra* Part I.A.

⁸⁰ MERRIAM-WEBSTER ONLINE DICTIONARY, at <http://www.m-w.com>.

⁸¹ *Id.*

⁸² See *Polaroid*, 287 F.2d at 495.

⁸³ *Nora Beverages Inc. v. Perrier Group of Am., Inc.*, 269 F.3d 114, 119, 60 U.S.P.Q.2d 1038, 1041 (2d Cir. 2001).

allow above-average sophistication to carry dispositive weight in a likelihood of confusion analysis.

A. POINT-OF-SALE CONFUSION

Point-of-sale confusion is confusion that “relates mainly to initial confusion on the part of those who eventually purchase the products of one of the parties.”⁸⁴ Courts determine the sophistication of consumers by considering the “general impression of the ordinary purchaser, buying under the normally prevalent conditions of the market and giving the attention such purchasers usually give in buying that class of goods.”⁸⁵ Applying this test to each case as part of a point-of-sale confusion analysis, it is easy to see why the facts of each case are so important. In conducting such a fact-specific analysis, courts should look very closely at the purchaser, recognizing when sophistication should trump the other *Polaroid* factors.

1. *Impulse Purchases.* In *W.W.W. Pharmaceutical Co.*, the plaintiff claimed that the defendant’s use of “Sport Stick” in the defendant’s deodorant name violated the plaintiff’s trademark on its lip balm.⁸⁶ The court clearly distinguished between the two types of product, labeling lip balm a small item.⁸⁷ More importantly, the court described purchasers of small items such as lip balm as “casual purchasers prone to impulse buying.”⁸⁸ As this Note will discuss in further detail, purchasers of Birkin and Kelly bags are nothing like the purchasers of lip balm. The three year waiting list alone denies any possibility of a purchaser acting on impulse.⁸⁹ Buying a Birkin or Kelly bag is inherently different from walking up to a checkout counter at a drugstore or supermarket and deciding to pick up a new tube of lip balm. Birkin and Kelly bags are lifetime investments, not subject to frequent replacement.⁹⁰ The traditional consumer sophistication test is applicable to such

⁸⁴ Wooster, *supra* note 72, at 418.

⁸⁵ *W.W.W. Pharm. Co.*, 984 F.2d at 575.

⁸⁶ *Id.* at 570.

⁸⁷ *Id.*

⁸⁸ *Id.* at 575; *see also* *Streetwise Maps, Inc. v. Vandam, Inc.*, 159 F.3d 739, 746, 48 U.S.P.Q.2d (BNA) 1503, 1509 (2d Cir. 1998) (holding that district court was correct in its analysis that “due to the fact that the subject maps . . . were generally impulse purchases, any lack of sophistication among buyers could not contribute to confusion between the two maps”).

⁸⁹ Waiting lists average around three years, although reports of the actual time vary between one and five years. *See supra* note 30.

⁹⁰ *See In re Martin’s Famous Pastry Shoppe, Inc.*, 748 F.2d 1565, 223 U.S.P.Q. (BNA) 1289 (Fed. Cir. 1984); *see also* *Swatch Group (United States) Inc. v. Movado Corp.*, No. 01 Civ. 0286, 2003 WL 1872656, at *4 (S.D.N.Y. Apr. 10, 2003) (holding that “the average consumer spending hundreds of dollars on a watch that will be worn for years is likely to give close attention to the type of watch he or she is buying”).

small items but courts should not apply this generalized standard to claims involving expensive handbags.

Food products are also classified as goods prone to being purchased without careful scrutiny.⁹¹ In *Frank Brunckhorst Co.*, the trademark owner of Boar's Head brand deli meats sued the manufacturer of "Boar's Head Red" beer and was granted a preliminary injunction based on the *Polaroid* factors.⁹² Unlike the court in *Stolman*, however, the court noted that purchasers of deli meats and beer were "generally found . . . to leave their sophistication at home."⁹³ Although the court found the Boar's Head products to be of very high quality, it still recognized that they are inexpensive, and, like other kitchen staples, subject to less scrutiny and lower care by the purchaser.⁹⁴ In *Frank Brunckhorst*, the Eastern District of New York, the same court that dismissed *Stolman*, clearly recognized that the level of scrutiny afforded certain items and not others plays a large role in the consumer sophistication analysis.⁹⁵ The court appears to have declined to take a lack of impulsivity when buying Birkin or Kelly into account, however, when crafting a permanent injunction and dismissing the case with prejudice.⁹⁶

2. *Relevant Purchasers.* Courts have also held that likelihood of confusion "must be assessed by examining the level of sophistication of the relevant buyers."⁹⁷ Furthermore, analysis of sophistication must include "those persons who are likely to purchase the product."⁹⁸ There are two types of purchasers of knockoff Birkin and Kelly bags—those waiting for the real thing and those who know they will never own the real thing. Either way, these purchasers are aware of the Hermes name, its reputation for quality, and its prestige. This sophistication cuts against Hermes's claim of infringement because both types of

⁹¹ *Frank Brunckhorst Co. v. G. Heilman Brewing Co.*, 875 F. Supp. 966, 983, 35 U.S.P.Q.2d (BNA) 1102, 1114 (E.D.N.Y. 1994).

⁹² *Id.* at 983-85.

⁹³ *Id.* at 983.

⁹⁴ *Id.*

⁹⁵ *Id.* ("The greater the value of an article the more careful the typical consumer can be expected to be." (quoting *McGregor-Domiger Inc. v. Drizzle Inc.*, 599 F.2d 1126, 1137, 202 U.S.P.Q. (BNA) 81, 92 (2d Cir. 1979)); see also *Winner Int'l LLC v. Omori Enter., Inc.*, 60 F. Supp. 2d 62, 68 (E.D.N.Y. 1999) ("[T]he fact that The Club sells for a price that is markedly higher than that of Global America suggests that consumers may give extra attention to the differences in trade dress between the two products.").

⁹⁶ *Hermes Int'l v. Steven Stolman, Ltd.*, No. 03 Civ. 3722 (E.D.N.Y. July 31, 2003).

⁹⁷ *Streetwise Maps*, 159 F.3d at 746; see, e.g., *Beacon Mut. Ins. Co. v. Onebeacon Ins. Group*, 376 F.3d 810 (1st Cir. 2004); *Astra Pharm. Prods., Inc. v. Beckman Inst. Inc.*, 718 F.2d 1201, 1207 (1st Cir. 1983).

⁹⁸ *Merriam-Webster, Inc. v. Random House, Inc.*, 35 F.3d 65, 72, 32 U.S.P.Q.2d (BNA) 1010, 1015 (2d Cir. 1994).

consumers are much less likely to be confused than other purchasers.⁹⁹ This point may seem obvious, but the district court's grant of a permanent injunction in *Stolman* suggests that the purchasers of these bags should be judged by the same standards as those purchasers of cheese crackers, deli meats, and lip balm.¹⁰⁰

A recent District Court decision gives some hope that courts will employ a practical and realistic application of the sophistication of consumers factor in the point-of-sale context.¹⁰¹ In the trademark infringement action brought by the owner of the well-known "Brennan's" in New Orleans against the owner of New York City's famous "Terrance Brennan's Seafood and Chop House," the court found that the patrons of each restaurant were sophisticated enough to discern the difference between the source of each restaurant.¹⁰² Most important here, however, is the court's willingness to look at what the consumer was actually thinking when going to a restaurant. The court in *Stolman* should have employed that same analysis to find that the relevant class of purchasers of Hermes's Birkin and Kelly bags are more likely to purchase based on experience and reputation rather than the similarity between the products.

3. *Price of Goods or Services.* Although the difference in location between the marks could distinguish *Brennan's* from *Stolman*, the distinction matters little when the court's opinion is examined in full. The court focused on the price the patrons are willing to pay when they attend these restaurants, holding that their sophistication "is likely to prevent confusion, or if there is incipient confusion, quickly disabuse it."¹⁰³ The court also cited a Seventh Circuit decision involving expensive restaurants in Chicago for its presumption that consumers, such as the patrons in *Brennan's*, are sophisticated enough to tell the difference between the source and sponsorship of each restaurant.¹⁰⁴ Although the prices associated with these restaurants are very high in comparison with the average restaurant, they are not as high as the prices paid for a Birkin or Kelly bag. Other recent case law from New York, however, seems to support the conclusion that where products

⁹⁹ See *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 220, 51 U.S.P.Q.2d 1882, 1891 (2d Cir. 1999) ("Consumers who are highly familiar with the particular market segment are less likely to be confused by similar marks and may discern quite subtle distinctions. Conversely, unsophisticated customers lack this discrimination and are more vulnerable to the confusion, mistake and misassociations against which the trademark law protects.").

¹⁰⁰ See *Stolman*, No. 03 Civ. 3722.

¹⁰¹ See *Brennan's, Inc. v. Brennan's Rest., LLC*, No. 02 Civ. 9858, 2003 WL 1338681 (S.D.N.Y. Mar. 18, 2003).

¹⁰² *Id.* at *5.

¹⁰³ *Id.*

¹⁰⁴ *Id.* at *5 (citing *Maxim's Ltd. v. Badonsky*, 772 F.2d 388, 392, 227 U.S.P.Q. (BNA) 316, 319 (7th Cir. 1985) ("[T]he clientele for the sort of restaurant in question in this case . . . tend to depend less on the name and more on individual determinations based on experience and individual reputation.")).

are expensive, point-of-sale confusion is less likely to occur.¹⁰⁵ Contrasting the Second Circuit's holding in *Lois Sportswear U.S.A., Inc. v. Levi Strauss & Co.*,¹⁰⁶ the district court in *Cartier, Inc. v. Four Star Jewelry Creations, Inc.*, inferred a difference between sophisticated denim purchasers and sophisticated watch purchasers.¹⁰⁷ Although the court declined to say whether this factor weighed definitively in favor of the plaintiff or defendant, the tone of the opinion seems to weigh against finding likelihood of confusion where the relevant class of purchasers are sophisticated people intending to buy a very expensive watch.

Finally, the purchasing process involved in obtaining an authentic Birkin or Kelly bag diminishes the likelihood of point-of-sale confusion. As stated earlier, the waiting lists for these bags vary in length, but estimates place it between eighteen months and five years.¹⁰⁸ This distinguishing feature was also recognized by the court in *Arrow Fastener Co. v. Stanley Works*,¹⁰⁹ which held that "a consumer who must possess this high level of knowledge [about the various features of the defendant's staple gun], and who is also paying a substantial amount of money for the product, is not likely to be confused."¹¹⁰ The process involved in purchasing different types of staple guns can be analogized to the different purchasing processes undertaken when buying the authentic Hermes bag or Mr. Stolman's Jelly Kelly. As stated earlier, the authentic bags are lifetime purchases, not impulse buys. The waiting list and manufacturing process alone preclude the real bags from being impulse purchases. In contrast, the Jelly Kelly could be bought on a whim after reading about it in the *New York Times*¹¹¹ or hearing about it on the street.

¹⁰⁵ *Cartier, Inc. v. Four Star Jewelry Creations, Inc.*, No. 01 Civ. 11295, 2003 WL 21056809, at *11 (S.D.N.Y. May 8, 2003).

¹⁰⁶ 799 F.2d at 867.

¹⁰⁷ In *Lois Sportswear*, the court found that the purchasers of designer jeans were exactly the type of people who would be confused when they saw the distinct stitching on the jean pockets. *Id.* at 874. The court in *Cartier* distinguishes the purchasers of expensive watches from expensive jeans, stating "the court suspects . . . that there may be differences between the sophisticated denim purchaser and the sophisticated watch purchaser, or differences in the contexts in which they make their purchases, which could make a difference in a court's consideration of this factor." 2003 WL 21056809, at *11.

¹⁰⁸ See, e.g., *Genia Bellafante, A 'Satire' of a Classic Fails to Amuse the August House of Hermes*, N.Y. TIMES, Aug. 12, 2003, at B8.

¹⁰⁹ 59 F.3d 384, 398-99, 35 U.S.P.Q.2d (BNA) 1449, 1459 (2d Cir. 1995).

¹¹⁰ *Id.* The court goes on to note that the level of sophistication entailed in purchasing the defendant's pneumatic staple gun, which had many more features than the plaintiff's staple gun, was much higher than a purchaser of the plaintiff's staple gun. The court found that this distinction, as well as the dramatic difference in price (\$20 for plaintiff's product compared to \$400 for defendant's product), tipped the sophistication element to the defendant.

¹¹¹ See *Bellafante*, *supra* note 108, at B8.

4. *Other Jurisdictions and the Third Restatement.* In the point-of-sale context, some jurisdictions have taken a more realistic approach to consumer sophistication under the likelihood of confusion analysis.¹¹² Recognizing the sophistication of consumers and the degree of care they exercise and giving those attributes very high or even dispositive weight makes these jurisdictions and the Restatement beacons of practicality. Thus, in a situation such as *Stolman*, these jurisdictions would likely give considerable weight to the high level of sophistication of the purchasers. The Fourth Circuit supports this approach most strongly in *Perini Corp. v. Perini Construction, Inc.*,¹¹³ where the court found that no likelihood of confusion existed because the level of sophistication was so high that the relevant class of purchasers would not be confused as to the source of construction services.¹¹⁴ Although this case deals with similarity between trade names, this Note takes the position that the Fourth Circuit's analysis of the sophistication element can be applied when a product's trade dress is at issue. In *Perini*, the court found that the ordinary consumer of construction services is a highly trained professional "whose sensitivity is heightened by the responsibility of sensibly spending millions of dollars."¹¹⁵ The court noted that Perini Corporation is a large scale, national and international construction firm, while Perini Construction, Inc. completes construction projects in the mid-Atlantic region.¹¹⁶ The people and companies looking to each Perini company for their construction services are very sophisticated, just as a purchaser of a Hermes handbag would be. Construction services are certainly not "impulse purchases" but are debated and important decisions. Despite the obvious distinction between the nature of the

¹¹² See, e.g., *Perini Corp. v. Perini Constr., Inc.*, 915 F.2d 121, 127, 16 U.S.P.Q.2d (BNA) 1289, 1293 (4th Cir. 1990) (stating that "sophistication and expertise of the usual purchasers can preclude any likelihood of confusion"); *Oreck Corp. v. United States Floor Sys., Inc.*, 803 F.2d 166, 173-74, 231 U.S.P.Q. (BNA) 634, 640 (5th Cir. 1986) (finding that because the relevant purchasers were professionals within the carpet cleaning business, it was "not the sort of purchasing environment in which confusion flourishes"); *E. & J. Gallo Winery v. Consorzio del Gallo Nero*, 782 F. Supp. 457, 465, 20 U.S.P.Q.2d (BNA) 1579, 1584 (N.D. Cal. 1991) (holding that "the lack of consumer sophistication significantly enhances the likelihood of confusion between the two products"); *cf. Champions Golf Club, Inc. v. The Champions Golf Club, Inc.*, 78 F.3d 1111, 1120-21 (6th Cir. 1996) (holding that the district court gave the sophistication factor "disproportionate significance," but also noting that the products at issue are identical).

¹¹³ 915 F.2d at 127.

¹¹⁴ *Id.* at 128. The Fourth Circuit held that "in a market with extremely sophisticated buyers, the likelihood of consumer confusion cannot be presumed on the basis of the similarity in trade name alone, particularly without the benefit of trial."

¹¹⁵ *Id.* at 127.

¹¹⁶ *Id.* Perini Corporation completed projects all over the world, including hotels in Las Vegas and Atlantic City, an Israeli airbase, tunnels under Niagara Falls, and sections of the Trans Alaska Pipeline. Perini Construction built schools, hospitals, prisons and office buildings in Virginia, West Virginia, Maryland and Pennsylvania.

goods and services at issue in *Perini and Stolman*, a parallel can be drawn between the level of sophistication of the relevant purchaser and the deference it deserves from the court.

Although the Sixth Circuit did not go as far as the Fourth Circuit in its consumer sophistication and degree of care analysis, some of the factors it focused on suggest that it gives more weight to the relevant sophistication than the Second Circuit and New York district courts.¹¹⁷ In *Champions Golf Club*, the Sixth Circuit found the sophistication of golf club members important in its analysis of whether golfers would be confused between clubs bearing virtually the same name in Houston, Texas and Nicholasville, Kentucky.¹¹⁸ Although the Sixth Circuit found that the District Court accorded the consumer sophistication factor “disproportionate significance,” the court focused on the District Court’s analysis of the price of the services.¹¹⁹ The District Court pointed to the fifteen thousand dollars initiation fee as a primary reason that golfers would not be confused as to the use of the mark.¹²⁰ A purchaser of a golf club membership does not do so on a whim, much like a purchaser of a Birkin or Kelly bag. Similarly, there undoubtedly are waiting lists for these golf clubs, just as there are waiting lists for the Hermes Kelly and Birkin bags. Disregarding price, even if an avid golfer wanted to join a club in a hurry, giving rise to a possibility of confusion, it is most likely not possible to do so given the waiting list factor.

The District Court, in *Champions Golf Club*, also focused on the very slim chance that golfers would seek membership or plan a vacation to the wrong club based on confusion over the name.¹²¹ Because of the high degree of care involved, as well as the expense of membership or even a vacation, a similar name is unlikely to immediately confuse an already sophisticated golfer. It is important to note that the court looked at the relevant class of purchasers, which in this case was golfers.¹²² Golfers, like sophisticated purchasers of expensive handbags, know the sport and context in which the similar names are used. They are not outsiders and therefore they will not be confused. The Sixth Circuit concluded that the District Court applied the confusion analysis incorrectly because the court did not appreciate that golfers may be confused about the affiliation between the

¹¹⁷ See *Champions Golf Club*, 78 F.3d at 1111.

¹¹⁸ *Id.* at 1120. The court held that “the expense of the parties’ services combined with the sophistication of the relevant consumers makes it unlikely any consumer would actually choose Nicholasville’s services over Houston’s due to Nicholasville’s secondary use of the mark.”

¹¹⁹ *Id.* at 1121.

¹²⁰ *Id.* at 1120. The District Court relied on “the great expense involved in joining the clubs [\$15,000] . . . and concluded that the expense is one reason why relevant consumers are . . . unlikely to be confused by Nicholasville’s secondary use of the Champions mark.”

¹²¹ *Id.*

¹²² *Id.* at 1120.

clubs.¹²³ The Sixth Circuit fails to recognize, however, that these sophisticated golfers are “in the know” about their chosen sport. They make decisions about memberships or vacations having already performed research or spoken with other golfers, and thus, are unlikely to be confused as to the origin. Again, given the great expense of joining one of these golf clubs and the knowledge of golfers about the sport, it is just as unlikely that these golfers will be confused as to the sponsorship of the Houston and Nicholasville clubs as purchasers of an authentic Birkin will be confused as to the source of a Jelly Kelly.

It is also unlikely that purchasers of Birkin or Kelly bags would be confused under the Fifth Circuit’s standard.¹²⁴ In *Oreck*, the Fifth Circuit examined the relevant sophistication of purchasers of carpet cleaning equipment.¹²⁵ Oreck marketed its products to hotel chains, hospitals, commercial installations, and ordinary consumers, while U.S. Floors marketed the Steamex Deluxe 15 XL to stores that rent the machines for home use, professional carpet cleaners, and commercial buyers.¹²⁶ Most importantly, the court recognized that the purchasers of U.S. Floor products were “directly responsible for carpet care,” deeming them “virtually certain to be informed, deliberative buyers.”¹²⁷ The court was also persuaded by the price of the machines, which cost thousands of dollars, in making its finding of sophistication.¹²⁸ The Fifth Circuit’s ultimate determination was that “this is not the sort of purchasing environment in which confusion flourishes.”¹²⁹ The Eastern District Court in *Stolman* should have arrived at this conclusion given the nature of the purchasers and price of the product, both of which the Fifth Circuit realistically observed and acknowledged in *Oreck*. By not allowing the case to proceed past injunctive relief, the merits of the consumer sophistication were not examined fully and realistically in *Stolman*.¹³⁰

The Federal Circuit has also examined the sophistication of purchasers in the point-of-sale context, finding it to be a very important factor and a necessary

¹²³ *Id.* at 1121. The Sixth Circuit noted that the District Court “appears not to have appreciated that *this* [the confusion over affiliation question] is the ultimate question to be answered in the likelihood of confusion inquiry.”

¹²⁴ *See Oreck Corp.*, 803 F.2d at 166.

¹²⁵ *Id.* at 170. The plaintiff, Oreck, has a trademark on “XL” and “Oreck XL” and produces vacuum cleaners and rug shampoos. The defendant, United States Floors, manufactures carpet cleaning equipment machines known as extraction machines under the federally registered trademark “Steamex.” This controversy arose when United States Floors came out with a new model called the “Steamex Deluxe 15 XL.” *Id.* at 167. The Fifth Circuit concluded that “United States Floor’s limited use of XL presented no likelihood of confusion.”

¹²⁶ *Id.* at 172.

¹²⁷ *Id.* at 173.

¹²⁸ *Id.*

¹²⁹ *Id.* at 174.

¹³⁰ *See Stolman*, No. 03 Civ. 3722.

element for the trial court to examine.¹³¹ In *Electronic Design & Sales*, the court held that “the [Trademark Trial and Appeal] Board gave too much weight to certain *DuPont* factors, such as the strength of the opposer’s mark, and failed to give due weight to countervailing *DuPont* factors, such as the sophistication of purchasers.”¹³² The Federal Circuit held that the duty to examine all of the evidence and circumstances of the purchasing situation made it necessary to include the purchasers’ sophistication.¹³³ This is the correct analytical framework to use in undertaking a trademark or trade dress infringement action, especially one which involves expensive goods purchased by sophisticated, discerning, and careful consumers.

The Third Restatement of the Law of Unfair Competition takes the most realistic and practical approach to consumer sophistication.¹³⁴ In describing the appropriate method to apply the likelihood of confusion factors, the Restatement notes that “findings as to individual factors are merely discrete aspects of a comprehensive analysis intended to achieve a *practical evaluation of what consumers are likely to believe when they encounter the competing designations in the marketplace.*”¹³⁵ Not surprisingly, section 21 emphasizes an analysis of the market context.¹³⁶ Clause (c) to section 21 deals with the care exercised by purchasers, and comment h specifically enumerates the factor as “the buying habits of purchasers of the relevant goods or services and the degree of care they are likely to exercise in making their purchases.”¹³⁷ The language is the same as the factor-filled tests of other jurisdictions,¹³⁸ but the application guidelines given in the comment show that the difference is in the application.¹³⁹

The Restatement clearly accords weight to the price of the goods or services, as well as the situation and conditions under which the product or service is

¹³¹ See *Elec. Design & Sales, Inc. v. Elec. Data Sys. Corp.*, 954 F.2d 713, 21 U.S.P.Q.2d (BNA) 1388 (Fed. Cir. 1992).

¹³² *Id.* at 718. The *DuPont* factors consist of the *Polaroid* factors from the Second Circuit plus some additional factors. In substance, these tests deal with likelihood of confusion in the same way. *In re E.I. DuPont DeNemours & Co.*, 476 F.2d 1357, 1362, 177 U.S.P.Q. (BNA) 563, 568 (C.C.P.A. 1973).

¹³³ *Elec. Design & Sales*, 954 F.2d at 718.

¹³⁴ See RESTATEMENT (THIRD) UNFAIR COMPETITION, §§ 20, 21 (1995).

¹³⁵ *Id.* § 21, cmt. b (emphasis added).

¹³⁶ *Id.* (“An analysis of the market context of the use is appropriate in cases involving either competing or non-competing goods.”).

¹³⁷ *Id.* § 21, cmt. h.

¹³⁸ See, e.g., *Merchant & Evans, Inc.*, 963 F.2d at 637 (applying the *Scott Paper* factors); *Anheuser-Busch, Inc.*, 962 F.2d at 320 (applying the *Pizzeria Uno* factors); *AMF Inc.*, 559 F.2d at 348 (applying the *Sleekcraft* factors).

¹³⁹ RESTATEMENT (THIRD) OF UNFAIR COMPETITION, § 21, cmt. h.

purchased.¹⁴⁰ Comment h to section 21 states that “most purchasers exercise greater care when buying expensive items.”¹⁴¹ This statement is followed by language emphasizing a case-by-case approach, inevitably focusing on the particular situation.¹⁴² Given this case-by-case approach, it is easy to see that a court following the Restatement would have looked at the price of an authentic Hermes Birkin or Kelly, examined the factors surrounding purchase of an authentic bag, including the waiting list, the limited stores where one can be purchased, and the time taken to make each bag under Hermes’s intricate process, and concluded that this is a situation where consumer sophistication and care should trump the other likelihood of confusion factors.¹⁴³

Two main points can be derived from the following sentence in comment h of section 20: “the attributes [of the consumer] should reflect the particular market in which the case arises.”¹⁴⁴ First, this is a case-by-case approach. In *Stolman*, the utmost sophistication should be recognized as paramount. Second, the use of the word “particular” means that the court should not look to a general market in handbags. Thus, it is irrelevant to look at the average consumer purchasing a handbag at a department store, because that is not the particular market in which Birkin and Kelly bags are sold. Comment h continues in this realistic and practical vein, stating that the “standard of the reasonable consumer is thus defined by the market context in which the trademark is encountered.”¹⁴⁵ Therefore, the “*nature of the prospective consumers* must be considered in defining the care exercised by a reasonable purchaser.”¹⁴⁶ The prospective purchasers of Birkin and Kelly bags are sophisticated, and therefore, courts should adopt the practical approach of the Restatement in cases where the goods are so high in price and prestige that they are unlike most goods, thereby making their purchasers unlike most (if not all) other consumers.¹⁴⁷

¹⁴⁰ *See id.* (“If the goods or services are normally purchased only after considerable attention and inspection, greater similarity between the designations may be permitted than when the goods or services are purchased casually or impulsively . . . most purchasers exercise greater care when buying expensive items.”).

¹⁴¹ *Id.*

¹⁴² *Id.* (“[S]uch assumptions must be evaluated in the context of the particular case.”).

¹⁴³ *See id.*

¹⁴⁴ *Id.*

¹⁴⁵ *Id.*

¹⁴⁶ *Id.* (emphasis added).

¹⁴⁷ The obvious counterargument to this sophistication analysis under the Restatement is that a person willing to pay over \$5,000 for a handbag is especially unsophisticated. This Note argues, however, that while it may seem extremely impractical to buy such a high-end luxury item, given the price, prestige, and market situation surrounding these bags, the practical and realistic approach is to deem these purchasers extremely sophisticated.

Finally, section 20 of the Third Restatement of the Law of Unfair Competition lays out the purpose of trademark law and the class of people it is supposed to protect. Namely, trademark law protects the “ignorant, the inexperienced, and the gullible.”¹⁴⁸ It is inconceivable that the law should protect the purchasers of Birkin and Kelly bags under this rationale. Hermes’s complaint recognizes that their clientele consists of the “affluent, fashionable consumer,”¹⁴⁹ dispelling any notion that they are confused about their own prospective purchasers. Hermes deliberately markets and advertises to this group of prospective consumers, again acknowledging that its client base is comprised of the most chic and sophisticated consumers.¹⁵⁰

Given that purchasers of Birkin and Kelly bags will not be confused in the point-of-sale context on account of their high level of sophistication, a complete confusion analysis also must include an examination of the likelihood of confusion in the post-sale context.

B. POST-SALE CONFUSION

Post-sale confusion occurs when a “manufacturer of knockoff goods offers consumers a cheap knockoff copy of the original manufacturer’s more expensive product, thus allowing a buyer to acquire the prestige of owning what appears to be the more expensive product.”¹⁵¹ There are two elements to this sub-doctrine of likelihood of confusion—harm to the public and harm to the trademark holder.¹⁵²

1. *Harm to the Public.* As illustrated earlier, the focus of point-of-sale confusion is whether the actual or prospective purchaser is confused as to the source or sponsorship of the product or service.¹⁵³ Under the harm to the public aspect of post-sale confusion, the purchaser of the good may not be confused, but the general public may be confused as to the source and believe that the product is genuine.¹⁵⁴

¹⁴⁸ RESTATEMENT (THIRD) OF UNFAIR COMPETITION, § 20 (quoting *Stork Rest. v. Sahati*, 166 F.2d 348, 359, 76 U.S.P.Q. (BNA) 374, 382 (9th Cir. 1948)).

¹⁴⁹ Complaint ¶ 32.

¹⁵⁰ Complaint ¶ 30-33.

¹⁵¹ *Hermes Int’l v. Lederer de Paris Fifth Avenue, Inc.*, 219 F.3d 104, 108, 55 U.S.P.Q.2d 1360, 1363 (2d Cir. 2000) [hereinafter *Lederer de Paris II*]. This is the third type of confusion that exists in the modern law, although, it is only the second type discussed by this Note. The traditional second type of confusion is initial interest confusion, which this Note does not cover given its inapplicability to the subject matter.

¹⁵² *See id.* at 107.

¹⁵³ 3]. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 23:91 (4th ed. 2002).

¹⁵⁴ *Id.* § 23:7.

Lederer de Paris II cites the Eleventh Circuit's view underlying protection of the public interest in trademark cases:

It . . . is important to recognize that the enforcement of trademark laws benefits consumers even where there is no possibility that consumers will be defrauded. For, to the extent that trademarks provide a means for the public to distinguish between manufacturers, they also provide incentives for manufacturers to provide quality goods. Traffickers of these counterfeit goods, however, attract some customers who would otherwise purchase the authentic goods. Trademark holders' returns to their investments in quality are thereby reduced. This reduction in profits may cause trademark holders to decrease their investments in quality below what they would spend were there no counterfeit goods. This in turn harms those consumers who wish to purchase higher quality goods.¹⁵⁵

Lederer de Paris II and *Torkington* both recognize the importance of protecting the general public in the trademark area. There are two conditions implied in *Torkington*, however, concerning when the public needs to be protected: when the manufacturer needs an incentive to produce quality goods, and when the public needs quality goods.¹⁵⁶ Neither of these conditions is met in a situation like *Stolman*, where Hermes has consistently produced high quality goods for over a hundred years and the public can still obtain the high quality Hermes goods for the same high price as before.

The notion that Hermes would stop selling high quality goods on account of someone like Steven Stolman is preposterous and contrary to Hermes's own claims in the *Stolman* complaint.¹⁵⁷ Hermes clearly places great emphasis on its continuing ability to produce high quality goods for its customers. This ability continues to satisfy the demand for high quality goods for the very small and sophisticated group that can afford them. Furthermore, manufacturers have knocked off Hermes purses frequently over the last fifty years, yet Hermes's manufacturing process is still the same. The long waiting list also signifies continuing demand for Birkin and Kelly bags which are still produced in the same

¹⁵⁵ *Lederer de Paris II*, 219 F.3d at 108 (quoting *United States v. Torkington*, 812 F.2d 1347, 1353 n.6, 2 U.S.P.Q.2d (BNA) 1166, 1170 n.6 (11th Cir. 1987)).

¹⁵⁶ *Torkington*, 812 F.2d at 1353 n.6.

¹⁵⁷ See Complaint ¶ 1 (“[T]hese goods . . . have become well known . . . as being fashionable and of the finest quality available.”); *id.* ¶ 15 (“[O]nly the finest materials available are used to make Hermes' products.”); *id.* ¶ 20 (“[T]he extraordinary high quality of Hermes' products generally, have caused the media to give considerable attention to Hermes.”).

quality. Thus, the concerns mentioned in *Torkington* and emphasized in *Lederer de Paris II* are simply not present in *Stolman*.¹⁵⁸

Another aspect of the post-sale confusion doctrine is that it protects the purchaser of the authentic good from being harmed by knockoffs in the market that will diminish the prestige of the product for which they paid full price. The Second Circuit noted that “the purchaser of an original is harmed by the widespread existence of knockoffs because the high value of originals, which derives in part from their scarcity, is lessened.”¹⁵⁹ It is equally plausible, however, that the reverse is true; the presence of knockoffs in the market may only provide more publicity for a prestigious product. Here, the old axiom that “there is no such thing as bad press” easily applies. *Stolman* himself even states that he knocked off the most famous handbag in the world.¹⁶⁰ To use another cliché, “imitation is the sincerest form of flattery.” Although the Jelly Kelly does not amount to the parodies that have been discussed in trademark law,¹⁶¹ *Hermes* could have recognized that the Jelly Kelly would not affect the quality or market for their product and let it pass, possibly resulting in less press for the Jelly Kelly.

In the cases of high priced goods, the fear is that people buying the knockoff good will pass a poor quality product off as the original which it resembles. The doctrine of “illegitimate prestige” protects “unwary observers from mistakenly assuming, based on a cursory inspection, that a handbag carried by another person was a *Hermes* if she was actually toting a less expensive or elite pocket-book.”¹⁶² As the Second Circuit in *Lederer de Paris II* noted, it would go against the public interest to be “deceived . . . if it requires expertise to distinguish between an original and a knockoff.”¹⁶³ In *Lederer de Paris II*, the court found post-sale

¹⁵⁸ This Note also argues that the holding of post-sale confusion in *Lederer de Paris II* actually runs contrary to the stated goals of post-sale confusion but on a lesser scale than *Stolman*. The factual differences between the two cases, namely the material of the knockoffs and the proximity of the products, raise the level of probability of post-sale confusion higher in *Lederer de Paris II*. 219 F.3d 104. Another distinguishing fact is that *Lederer de Paris II* made it all the way to the Second Circuit, whereas in *Stolman* the litigants were not afforded the opportunity to present factual evidence about the sophistication of consumers to the court or confusion of the general public. 219 F.3d 104; *Stolman*, No. 03 Civ. 3722.

¹⁵⁹ *Lederer de Paris II*, 219 F.3d at 108.

¹⁶⁰ See Complaint ¶ 27.

¹⁶¹ See *N.Y. Stock Exch., Inc. v. N.Y., N.Y. Hotel, Inc.*, 293 F.3d 550, 62 U.S.P.Q.2d (BNA) 1260 (2d Cir. 2002) (holding that use of stock exchange and other famous New York City landmarks in casino did not constitute infringement because parody purpose was evident); *Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497, 37 U.S.P.Q.2d (BNA) 1516 (2d Cir. 1996) (holding that the maker of SPAM luncheon meat did not establish likelihood of confusion in defendant’s cinematic use of a puppet named “Spa’am” because it constituted parody).

¹⁶² *Bartow*, *supra* note 40, at 774.

¹⁶³ *Lederer de Paris II*, 219 F.3d at 108.

confusion when the defendants had been knocking off Hermes handbags and selling them around the corner from the Manhattan Hermes boutique.¹⁶⁴ Relying on a 1955 case, the Second Circuit reversed the District Court, which was not convinced that the defendant's products harmed the public in the post-sale context.¹⁶⁵ The Second Circuit was convinced of the harm to the public, holding that "a loss occurs when a sophisticated buyer purchases a knockoff and passes it off to the public as the genuine article, thereby confusing the viewing public and achieving the status of owning the genuine article at a knockoff price."¹⁶⁶

Are we really that worried about what a person thinks when they view a product on the side of the street? Can the law truly be shaped to cover that situation? This Note argues that protecting the public in a situation where the authentic good is expensive, rare, and prestigious contravenes the true purpose of trademark law because it protects the public from harmless copying. If, as in the *Stolman* situation, no actual harm will accrue to the trademark holder, there is no purpose in protecting the general public from harm in the post-sale arena.

2. *Protecting the Trademark Holder.* Along with protecting the general public, post-sale confusion functions to protect the trademark holder from having an infringer saturate the market with knockoffs that will lessen the scarcity and prestige of the original product.¹⁶⁷ Although Hermes International was involved in the *Lederer de Paris* cases and the litigation that is the centerpiece of this Note, the following points will distinguish the two cases and further argue that the likelihood of harm to Hermes in the *Stolman* case (and situations like it) is much less than in *Lederer de Paris*.

Just as the point-of-sale confusion analyses were heavily fact based, so are the analyses for post-sale confusion. In the *Lederer de Paris* litigation, the companies selling the knockoffs priced them as high as \$27,000, while the price of a authentic Kelly bag ranges from \$5,000 to \$30,000.¹⁶⁸ Thus, when the prices are closer in range, even a sophisticated consumer might think that they were purchasing the real thing. In contrast, Mr. Stolman sold the Jelly Kelly for \$145.¹⁶⁹

A second distinguishing factor is the material of which the bags were made in each case. In *Stolman*, the bags were made of a synthetic rubber material,¹⁷⁰ about which Mr. Stolman is quoted as saying is the "cheapest material in the world."¹⁷¹

¹⁶⁴ *Id.* at 106.

¹⁶⁵ *Id.* at 108 (relying on *Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-Le Coultre Watches, Inc.*, 221 F.2d 464, 105 U.S.P.Q. (BNA) 160 (2d Cir. 1955)).

¹⁶⁶ *Id.* at 109.

¹⁶⁷ *Id.*

¹⁶⁸ *Id.* at 106.

¹⁶⁹ Complaint ¶ 26.

¹⁷⁰ *Id.* ¶ 29.

¹⁷¹ *Id.*

The bags sold by Lederer de Paris are presumably made of leather and other fine materials, given that they are “indistinguishable from genuine Hermes products.”¹⁷² Although Hermes has created Birkin and Kelly bags from rubber material in the past, they claim to use only the finest rubber—Amazonia, an environmentally friendly rubber found only in the Amazon.¹⁷³ Thus, in the post-sale context, this cheap rubber is unlikely to confuse consumers who may know that Hermes has made rubber handbags in the past. Even members of the general public viewing the bag are unlikely to think that it is an original given Hermes’s self-declared high level of quality. The difference in price and material distinguishes *Lederer de Paris II* and its finding of post-sale confusion from *Stolman*.¹⁷⁴

As quoted above,¹⁷⁵ *Torkington* also deals with the harm to the trademark holder.¹⁷⁶ Just as in the harm to the public analysis, there are conditions implied regarding application of the post-sale confusion rationale to the trademark holder. Again, none of these conditions are satisfied in a situation like *Stolman*. One of the conditions is that the trafficker of the counterfeit good attract “some customers who would otherwise purchase the authentic goods.”¹⁷⁷ Given the price of the original (\$5,000+) and the price of the knockoff (about \$150), however, the wallet of a purchaser of an authentic Birkin or Kelly is unlikely to be phased by buying both. Thus, it would be incorrect to conclude that the Jelly Kelly would serve as a substitute for the real thing for a person who can afford the authentic bag and gets off the waiting list. Therefore, the “loss” to Hermes required for post-sale confusion does not occur.

Torkington also implies that a loss of business for the trademark holder is a significant factor in finding post-sale confusion.¹⁷⁸ Indeed, the Second Circuit weighed in on this issue of transferring goodwill, finding that “in the post-sale context” a buyer might be “affected by the sight of appellee’s stitching pattern on appellants’ jeans and, consequently, to transfer goodwill.”¹⁷⁹ Thus, where it would be difficult to tell the difference between the products from a cursory glance at the relevant trademark, whether it be a lock and flap closure or pocket stitching, it is possible that post-sale confusion might exist, and from this confusion, the business and goodwill the trademark holder has worked so hard to achieve will be diminished. This is not the case in a situation like *Stolman*, however, where

¹⁷² *Lederer de Paris I*, 50 F. Supp. 2d 212, 217 50 U.S.P.Q. (BNA) 1257, 1260 (S.D.N.Y. 1999).

¹⁷³ Complaint ¶¶ 15-16.

¹⁷⁴ *Cf. Lederer de Paris II*, 219 F.3d 104; *Stolman*, No. 03 Civ. 3722.

¹⁷⁵ *See supra* note 155 and accompanying text.

¹⁷⁶ *See Torkington*, 812 F.2d at 1353 n.6.

¹⁷⁷ *Id.*

¹⁷⁸ *See id.*

¹⁷⁹ *Lois Sportswear*, 799 F.2d at 875.

members of the general public will not transfer their goodwill because many of them did not have the money to pay for an authentic bag to begin with. Furthermore, because of the widespread knowledge of the presence of knockoff bags, it can reasonably be inferred that the general public is on the lookout for a fake and is less easily confused than the courts think.¹⁸⁰

Since *Stolman* poses an unlikely scenario for post-sale confusion, free competition in the marketplace is a better policy goal for courts in such unique trademark cases. The Second Circuit has held that courts should exercise “particular ‘caution,’ when extending protection to product designs.”¹⁸¹ Given that trade dress claims raise the risk that relief will impermissibly afford a level of protection that “would hamper efforts to market competitive goods,”¹⁸² courts must construe the Lanham Act “in the light of a strong federal policy in favor of vigorously competitive markets.”¹⁸³

3. *Other Jurisdictions and the Restatement.* Although post-sale confusion has seemingly been adopted as an actionable claim in the Second Circuit, other jurisdictions have not granted post-sale confusion this status.¹⁸⁴ Importantly, the jurisdictions that have recognized post-sale confusion have included an important limitation, namely that confusion of the general public is only actionable if it “is likely to cause harm to the commercial interests of the trademark owner.”¹⁸⁵ Thus, even in a jurisdiction that allows post-sale confusion to be actionable, because the Jelly Kelly will not harm Hermes’s commercial interests or goodwill, it should not be afforded the protection of post-sale confusion.

Post-sale confusion actions are based on the idea that Congress extended the scope of the Lanham Act in 1962 to cover more than just the actual or potential

¹⁸⁰ Bartow, *supra* note 40, at 773-74.

¹⁸¹ *Yurman Design, Inc. v. Paj, Inc.*, 262 F.3d 101, 114, 59 U.S.P.Q.2d (BNA) 1813, 1820 (2d Cir. 2001) (citing *Landscape Forms, Inc. v. Columbia Cascade Co.*, 113 F.3d 373, 380, 42 U.S.P.Q.2d (BNA) 1641, 1646 (2d Cir. 1997)).

¹⁸² *Landscape Forms*, 113 F.3d at 380.

¹⁸³ *Id.* at 379.

¹⁸⁴ *See Elec. Design & Sales, Inc.*, 954 F.2d 713; *Perini Corp.*, 915 F.2d 121. *But see* *Libman Co. v. Vining Indus., Inc.*, 69 F.3d 1360, 36 U.S.P.Q.2d (BNA) 1751 (7th Cir. 1995) (holding that post-sale confusion is actionable); *Thomas & Betts Corp. v. Panduit Corp.*, 138 F.3d 277, 46 U.S.P.Q.2d (BNA) 1026 (7th Cir. 1998) (finding post-sale confusion actionable).

¹⁸⁵ RESTATEMENT (THIRD) OF UNFAIR COMPETITION, § 20, cmt. b, reporter’s note; *see Perini Corp.*, 915 F.2d at 128 (holding that “it must be shown that public confusion will adversely affect the plaintiff’s ability to control his reputation among its laborers, lenders, investors, or other group with whom the plaintiff interacts . . . [and that an] infringement case under § 43(a) of the Lanham Act cannot be made out by merely presuming that the public will be confused without an identification of how the forecasted public confusion will ‘damage’ the plaintiff”). *But see* *Esercizio v. Roberts*, 944 F.2d 1235, 1244, 20 U.S.P.Q.2d (BNA) 1001, 1009 (6th Cir. 1991) (“[O]nce a product is injected into commerce, there is no bar to confusion, mistake or deception occurring at some future point in time.”).

purchasers when they struck out the word “purchasers” from section 43(a).¹⁸⁶ Jurisdictions adopting this broad approach have employed the notion that trademark laws “protect the general public.”¹⁸⁷ Similarly, these courts have held that trademark laws protect against cases “in which confusion or deception occurs on a subliminal or subconscious level, causing the consumer to identify the properties and reputation of one product with those of another.”¹⁸⁸

Other courts have interpreted the legislative intent differently, however, holding that “in the case of goods and services that are sold, the inquiry will turn on whether actual or potential ‘purchasers’ are confused.”¹⁸⁹ This Note does not take a position concerning whether or not to recognize post-sale confusion as an actionable claim. Rather, this Note argues that post-sale confusion may be valid in some circumstances but not in a situation similar to *Stolman* and the Jelly Kelly, where the original good is so expensive and rare that neither the general public nor the actual or prospective purchaser would be confused.

The Third Restatement of Unfair Competition also deals with post-sale confusion, recognizing the split between jurisdictions on the overall issue and adopting the view that post-sale confusion is only actionable when “likely to cause harm to the commercial interests of the trademark owner.”¹⁹⁰ This is the truly practical approach if post-sale confusion is to be actionable. If the effect on the

¹⁸⁶ See *Koppers Co. v. Krupp-Koppers GmbH*, 517 F. Supp. 836, 843, 210 U.S.P.Q. (BNA) 711, 717 (W.D. Pa. 1981) (holding that “likelihood of confusion cannot be considered in a vacuum . . . [and that the court] must broadly define the nature of the forbidden confusion and the class of people whose confusion is forbidden”); see also *Checkpoint Sys., Inc. v. Check Point Software Techs., Inc.*, 269 F.3d 270, 295, 60 U.S.P.Q.2d (BNA) 1609, 1625 (3d Cir. 2001) (quoting J. Thomas McCarthy, 3 McCarthy on Trademarks and Unfair Competition, § 23.7 (4th ed. 2002) (“In 1962, Congress struck out language in the Lanham Act which required confusion, mistake or deception of ‘purchasers as to the source of origin of such goods and services.’ Several courts have noted this expansion of the test of infringement and held that it supports a finding of infringement when even non-purchasers are deceived.”)).

¹⁸⁷ *Fleischmann Distilling v. Maier Brewing Co.*, 314 F.2d 149, 156, 136 U.S.P.Q. 508, 514 (C.A. Cal. 1963) (quoting *Stork Rest.*, 166 F.2d at 359) (holding that the general public is “that vast multitude which includes the ignorant, the unthinking and the credulous, who in making purchases, do not stop to analyze, but are governed by appearance and general impressions”).

¹⁸⁸ *Koppers*, 517 F. Supp. at 844.

¹⁸⁹ *Elec. Design & Sales*, 954 F.2d at 716.

¹⁹⁰ RESTATEMENT (THIRD) OF UNFAIR COMPETITION, § 20, cmt. b, reporter’s note. An illustration after Comment b depicts the Restatement’s approach well:

Although two competing manufacturers of printing presses use similar trademarks, persons in the printing industry can easily distinguish them. Visitors touring printing facilities, however, are confused into believing that both presses originate from the same source. Neither manufacturer is subject to liability for infringement because the confusion does not threaten the commercial interests of the trademark owners.

Id. § 20, cmt. b, illus. 1.

general public can be a source of damages based on confusion, allowing damages and injunctive relief when there has been no harm to the commercial interests of the trademark owner would be unjust. Allowing a post-sale confusion claim without a showing of harm to the trademark owner would also run against the statutory language and intent of section 43(a) of the Lanham Act.¹⁹¹

The Third Restatement also recognizes that “not every instance of potential confusion by third persons sufficiently threatens the commercial interests of the trademark owner to constitute an infringement.”¹⁹² Because the confusion “must present a significant risk to the sales or good will of the trademark owner,” it would be impossible for every situation of possible post-sale confusion to actually result in infringement liability.¹⁹³ When the facts of *Stolman* are applied to the Third Restatement standard, it is easy to see that post-sale confusion cannot exist in such situations. A one hundred and fifty dollar Jelly Kelly simply will not harm the market Hermes legitimately controls for its authentic Birkin and Kelly bags, which retail for over five thousand dollars. Furthermore, the goodwill Hermes has garnered for its high quality and excellent craftsmanship will not be harmed by post-sale confusion because, on sight, there is no way to confuse the precise stitching and lock and flap closure of an original with a knock-off Jelly Kelly. Even if members of the public are confused when purchasers are not, by adopting the Restatement’s “harm to commercial interest” approach, the trademark owner and the public are saved from an overreaching trademark regime that protects when no harm has occurred.¹⁹⁴

III. CONCLUSION

This Note has attempted to argue for a more practical and realistic standard in judging consumer sophistication under trademark law’s likelihood of confusion analysis. This new standard should only apply in a situation like *Stolman*, where the authentic goods are so expensive, rare, and unique that there is no possibility for confusion. This Note is not a call for courts to reject the likelihood of confusion standard altogether. Courts, for the past sixty years, have alluded to likelihood of confusion as the key element of trademark and trade dress infringement claims, and this should continue. It is only in a situation like *Stolman*, where the sophistication of consumers creates no likelihood of point-of-sale

¹⁹¹ See Lanham Act § 43(a), 15 U.S.C. § 1125(a) (2000) (stating that person who uses false representation is liable to a person “who believes that he or she is or is likely to be *damaged*”) (emphasis added); *Perini Co.*, 915 F.2d at 128.

¹⁹² RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 20, cmt. b.

¹⁹³ *Id.*

¹⁹⁴ *Id.*

confusion and the lack of harm to the public and Hermes creates no actionable post-sale confusion, where this Note argues for a change. This change should be a move towards a more realistic and practical understanding of consumers, as in the Restatement, where a court recognizes in the point-of-sale context that consumer sophistication can trump the other confusion factors. Furthermore, a practical and realistic application of the post-sale confusion doctrine would require definitive proof of harm to the commercial interests of the trademark holder, and not merely the possibility that the general public might be harmed by the presence of knock-offs in the market. In both point-of-sale and post-sale confusion analyses, courts should recognize that consumers are not as easily fooled as many judges depict them. Application of traditional consumer sophistication analysis in these unique situations protects purchasers and the general public whom are not truly confused and unnecessarily extends the Lanham Act to protect the trademark holder. For a more justified, modernized and updated analysis, a court should allow such above-average sophistication to trump other confusion factors.

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