The Myth and Reality of Dilution

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Introduction

The cause of action for dilution—which punishes those who purportedly “dilute” the selling power of “famous” trademarks by “blurring” or “tarnishing” them—is a relatively new and controversial one.\footnote{The Federal Trademark Dilution Revision Act (“TDRA”) was enacted in 2005. See Federal Trademark Dilution Revision Act (TDRA), 15 U.S.C. § 1125 (c) (2006).} Trademark litigation has traditionally turned on claims of infringement, which require proof of a likelihood of confusion between the plaintiff’s mark and that of the defendant.\footnote{See 15 U.S.C. §§ 1114(1)(a) & 1125(a)(1)(A) (2006).} The interests of trademark holders and consumers are at least theoretically aligned in such actions: when the court prohibits infringement, consumers benefit because they are no longer duped into buying products they do not want, and trademark owners benefit because they no longer lose sales and have their reputations damaged by inferior products masquerading as the real thing. Dilution, by contrast, manifests no such convergence. A plaintiff may state a claim for dilution even though no one is likely to be confused, plaintiff and defendant do not compete, and plaintiff has incurred no actual economic injury.\footnote{See 15 U.S.C. § 1125(c)(1) (2006) (permitting liability “regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury”).}

Statutory dilution claims are traditionally justified on the theory that even non-confusing uses of a famous trademark (or similar mark) can nonetheless minutely dilute the source-identifying power of the targeted trademark.\footnote{This presumed damage may arise from either “dilution by blurring,” which exists when similarity between two marks impairs the distinctiveness of the more famous one, 15 U.S.C. § 1125(c)(2)(B) (2006), or “dilution by tarnishment,” which typically exists when the defendant uses a famous trademark in an unwholesome context. 15 U.S.C. § 1125(c)(1)(C) (2006).} The alleged harm from dilution is cumulative: unchecked, the dilutive activity purportedly subjects the trademark to death by a thousand cuts.\footnote{Numerous cases have embraced the idea that the harm caused by dilution is a gradual, cumulative one. See, e.g., Academy of Motion Picture Arts and Sciences v. Creative House Promotions, Inc., 944 F.2d 1446, 1457 (9th Cir. 1991) (describing dilution as the “gradual ‘whittling away’” of a mark’s value); Ameritech, Inc. v. American Information Technologies Corp., 811 F.2d 960, 965 (6th Cir. 1987) (describing dilution as a “gradual diminution in the mark’s distinctiveness” which “corrodes the senior user’s interest in the trademark”); Allied Maintenance Corp. v. Allied Mechanical Trades, Inc., 369 N.E.2d 1162, 1164 (N.Y. 1977) (describing purpose of New York’s anti-dilution statute as prevention of “the ‘whittling away’ of an established trade-mark’s selling power and value”); Augusta Nat., Inc. v. Northwestern Mut. Life Ins. Co., 193 U.S.P.Q. 210, 222 (S.D. Ga. 1976) (reasoning that if defendant were allowed to use the term “Ladies’ Masters” to describe a women’s golf tournament, “there is reasonable certainty that the value of plaintiff’s mark will be eroded; a little now, more later, until the ‘magic’ of the [original] Masters will be mortally dissipated if not completely dispelled”).}

The assumption of both the original federal dilution statute enacted in 1995 as well as its substantial enlargement in 2006 is that the source-identifying capacity of a trademark is akin to a glass of water: spill a drop here, spill a drop there and eventually your glass is empty.

This Article advances three claims. First, statutory dilution erroneously assumes that the source-identifying function of a trademark is a rivalrous good and one that is dissipated by use. This assumption lacks empirical support, and is assuredly not categorically true despite the
contrary principle that underlies the federal dilution statute. If marks are nonrivalrous, as they often are, no cause of action for dilution should exist.

Second, even were particular marks indeed rivalrous, the social and transaction costs imposed by the federal dilution statute would still outweigh the supposed harm to trademark holders. Dilution claims inflict profound anticompetitive burdens, preclude beneficial comparative advertising, and entrench dominant (often oligopolist) firms at the expense of market entrants. Dilution has serious non-economic costs as well, and prohibits protected First Amendment speech without justification. For these reasons and others, the federal dilution statute imposes substantially more harm than it (allegedly) prevents.

Finally, the true foundation for the federal dilution statute lies not in alleged economic harms, but rather results from an entirely misplaced fiction of corporate personality. We do not require trademark holders to prove actual economic injury in the context of a dilution claim because, in truth, there is none. Instead, we have granted the holders of famous trademarks the equivalent of a “moral” right to these marks: an extension of the rights granted to a creator of an expressive work in the copyright context. Trademark owners feel vested in their creations, many of which are deliberately anthropomorphized, and the dilution statute reifies and protects these rights as a matter of federal law.

When dilution is recognized for what it really is, it becomes even harder to justify its existence. Although the Pillsbury Doughboy and Barbie may well be trademarks that are imbued with personality traits in the minds of consumers (as well as in the minds of their respective corporate parents), they do not have the type of creative “soul” that normatively warrants this type of protection. Properly viewed, the federal dilution statutes of 1995 and 2005 are legislative precursors to the type of corporate personification that gave rise to the analogous treatment of corporate entities by the United States Supreme Court in Citizens United in 2010 and are equally misplaced. Trademark owners do not have an abstract moral right to ownership of particular words. Absent anticompetitive effects, those words properly remain in the public domain. By granting monopoly protection to famous marks notwithstanding the absence of actual economic injury, the federal dilution statute turns competition on its head, and serves only to entrench and further concentrate economic power in the hands of dominant corporate firms at the expense of consumers and competitors alike.

I. The Intent and Reality of Dilution

In the 1920s, Frank Schechter, a trademark practitioner and academic, proposed a cause of action to protect the “uniqueness” of a mark as a way to remedy what he perceived to be arbitrary and harmful limitations on the reach of trademark infringement law. Although the claim for dilution he proposed was not initially a powerful one, it has since become so. The federal Trademark Dilution Revision Act (TDRA) has tremendously expanded the scope and practical impact of the dilution cause of action. However, the economic justification for dilution claims – which requires proof of no actual harm or damages – remains as elusive as ever.
A. The Origins of the Dilution Doctrine

The concept of trademark dilution arose at a time when the “needs of modern business” demanded the expansion of trademark law. Schechter’s cause of action for trademark dilution was one proposal to accomplish that goal. The desire to expand trademark law was emphatically achieved via the 1946 Lanham Act and subsequent amendments to it, but the emphasis then and, until recently, now was on trademark infringement, not dilution. The historical genesis of dilution claims has substantial significance for its contemporary breadth.

1. The Rational Basis for Trademark Protection

The cause of action for trademark dilution traces its roots to Frank Schechter’s 1927 article in the Harvard Law Review, *The Rational Basis of Trademark Protection*. In this article, Schechter observed that many courts had grown impatient with “old theories of trademark protection,” which were allegedly proving insufficient to “serve the needs of modern business.” Although Schechter agreed that trademark law needed to expand to keep pace with the evolution of consumer culture in the United States, he rejected a subjective approach that relied on “good conscience” and “judicial sensibilities” to achieve that result. Instead, he argued for a new paradigm in trademark law, planting a seed that went on to become the cause of action for trademark dilution. Schechter argued that a trademark, especially a strong one, was injured by “the gradual whittling away or dispersion of the identity and hold upon the public mind of the mark” when the mark was used on non-competing goods. Schechter concluded that “the preservation of the uniqueness of a trademark should constitute the only rational basis for its protection.”

The bulk of Schechter’s article derides what he perceived to be the cumbersome limitations of trademark law as it existed in 1927. His chief complaint was that trademark law failed to prohibit copying a trademark so long as the copier did not place the mark upon goods that were directly competing with those manufactured by the original trademark holder. At the

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7Schechter, supra note 6, at 813; see also id. at 824 (observing that “the proper expansion of trademark law has been hampered by obsolete conceptions both as to the function of a trademark and as to the need for its protection”).

8Schechter, supra note 6, at 813.

9Schechter, supra note 6, at 825. Schechter further argued that, the stronger the mark, the greater the need for protection against this type of harm: “The more distinctive or unique the mark, the deeper its impress upon the public consciousness, and the greater its need for protection against vitiation or dissociation from the particular product in connection with which it has been used.” *Id.*

10Schechter, supra note 6, at 831.

11Schechter, supra note 6, at 821-24. Schechter’s second major critique focused on the territoriality principle of trademark law. Under the common law, a trademark holder had priority in its mark only in the geographic location in which the mark was being used. To Schechter’s great dissatisfaction, many courts interpreted this territoriality principle quite narrowly, in one case holding that “a nationally known chain of theatres, with a branch in Boston, did not extend its market, or rather its audience, to [other cities in Massachusetts].” *Id.* at 824 (citing Loew’s Boston Theatres Co. v. Lowe, 143 N.E. 496 (Mass. 1924)); see also id. (discussing additional cases). The Supreme Court recognized the territoriality principle in trademark law in United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90 (1918), and Hanover Milling Co. v. Metcalf, 240 U.S. 403, 415 (1916). Schechter argued that these decisions were based on “an antiquated neighborhood theory of trade” and that, even in 1927, consumers tended to shop “far from
time, many courts held that if two users of the trademark (or substantially similar marks) were not directly competing with each other, there could be no unfair competition and hence no trademark infringement. 12 Although this rule was fading even in 1927, Schechter argued that the resulting unpredictability of precedent was in itself problematic and bad for business. 13

2. The historical backdrop of Schechter’s idea

Although Schechter’s dilution proposition has been lately characterized as a radical, property-based theory inconsistent with the mainstream of trademark law, it may not have been considered “radical” at the time it was written. Indeed, it was arguably the opposite: a throwback to the mid- to late-nineteenth century view of trademarks. During this era, only “technical trademarks”—primarily fanciful or arbitrary marks—were protected against trademark infringement. 14 Schechter similarly argued that “arbitrary, coined or fanciful marks or names,” such as Aunt Jemima’s and Kodak, should be given a significantly broader degree of protection than “words or phrases in common use,” such as Gold Medal and Universal. 15

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12 Schechter, supra note 6, at 824 n. 52 (citing cases). In a case that classically illustrates this principle, the Seventh Circuit refused to enjoin the use of the mark “Borden” on ice cream, even though a different company had developed the trademark and had used it for years to sell condensed milk, because the original trademark holder had never used the mark to sell ice cream. Borden Ice Cream Co. v. Borden’s Condensed Milk Co., 201 F. 510 (7th Cir. 1912). The court reasoned that, even if the public was deceived by this use of the “Borden” name, such use was not actionable unless it actually diverted sales from the original mark holder (which it could not, given that the company did not manufacture ice cream). Id. at 513-15; see also, e.g., Corning Glass Works v. Corning Cut Glass Co., 90 N.E. 449, 450 (N.Y. 1910) (refusing to enjoin defendant’s use of the name “Corning Cut Glass Co.” in part because plaintiff manufactured glass products but did not cut glass and therefore did not compete with defendant).

13 Schechter, supra note 6, at 823-24 (comparing cases). The 1905 version of the federal trademark statute prohibited registration of marks that were so similar to currently registered marks “of the same descriptive properties” as to “be likely to cause confusion or mistake in the mind of the public or to deceive purchasers.” Trademark Act of 1905, 15 U.S.C. §§ 81, 85 (1905). Many courts expressed frustration with the ambiguousness of this statutory language. See, e.g., Philco Corp. v. Phillips Mfg. Co., 133 F.2d 663, 672 (7th Cir. 1943) (observing that “[i]t would be difficult to choose words more ambiguous than this phrase”); B.F. Goodrich Co. v. Hockmeyer, 40 F.2d 99, 101-02 (C.C.P.A. 1930) (noting that the phrase “has given the courts considerable concern,” leading to inconsistency and arbitrary decision-making). Some courts interpreted the phrase “descriptive properties” expansively; others did not. See, e.g., Rosenberg Bros. Co. v. Elliott, 7 F.2d 962, 966 (3d Cir. 1925) (holding that men’s suits and overcoats share the same descriptive properties as men’s hats and caps, because they are worn together); Philadelphia Inquirer Co. v. Coe, 133 F.2d 385, 389 (C.A.D.C. 1942) (holding that magazine supplement section of Sunday newspaper shares the same descriptive properties as a stapled, tabloid weekly news magazine, reasoning that if “coffee can be classed with horse-radish, fish with tea, [and] mouth washes with cold creams,” then these publications clearly belong to the same class); compare France Milling Co. v. Washburn-Crosby Co., 7 F.2d 304, 306 (2d Cir. 1925) (concluding both parties were entitled to use the mark “Gold Medal,” where one applied the mark to wheat, pancake and buckwheat flour, while the other applied the mark to pure or straight wheat flour); Arrow Distilleries v. Globe Brewing Co., 117 F.2d 347, 351 (4th Cir. 1941) (holding no infringement when defendant used the mark “Arrow” on cordials and liqueurs and plaintiff applied the mark to beer, because the manufacture of beer and ale and the manufacture of cordials and liqueurs are “separate industries”).

14 See Canal Co. v. Clark, 80 U.S. 311, 323 (1871) (holding that “a generic name, or a name merely descriptive of an article of trade, of its qualities, ingredients, or characteristics, [cannot] be employed as a trade-mark and the exclusive use of it be entitled to legal protection”); Lawrence Manuf’g Co. v. Tennessee Manuf’g Co., 138 U.S. 537, 547 (1891) (same); see generally Deven R. Desai and Sandra L. Riercer, Confronting the Genericism Conundrum, 28 CARDOZO L. REV. 1789, 1811-16 (2007) (discussing the distinctions between common law trademarks and trade names).

15 Schechter, supra note 6, at 828-30.
Although Schechter’s reasons for supporting a dilution cause of action diverged sharply from the justifications for the old common law regime, the end result was arguably not that different.

In the mid to late nineteenth century, a great deal of legal attention was paid to whether a given name for a good or service qualified as a “technical trademark.” Most early trademark cases were decided by courts of equity, since plaintiffs were seeking injunctive relief as their remedy (i.e., an order requiring the defendant to stop using plaintiff’s trademark). Equity courts based their jurisdiction in such cases on the plaintiff’s property interest in the trademark.\(^\text{16}\) If the plaintiff did not have a technical trademark, there was no property to protect and hence no jurisdiction. Similarly, early trademark statutes allowed registration only of those names that qualified as technical trademarks.\(^\text{17}\) Trade names or “non-technical trademarks,” such as marks based on personal names, geographic terms, or descriptive words or phrases, could not be registered or infringed.\(^\text{18}\) The degree to which a word or phrase was entitled to legal protection accordingly depended, at least in theory, on whether it was classified as a “technical trademark.”\(^\text{19}\) If the mark or name fit into this category, its owner held what many courts characterized as an exclusive property right in that trademark, creating a virtual monopoly on the part of the trademark holder.\(^\text{20}\)

The United States Supreme Court characterized technical trademarks as the exclusive property of their owners during this period. In *The Trade-Mark Cases*, decided in 1879, the Court set forth this proposition in no uncertain terms:

> The right to adopt and use a symbol or a device to distinguish the goods or property made or sold by the person whose mark it is, *to the exclusion of use by

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\(^{16}\) **Rudolf Callman,** *The Law of Unfair Competition and Trademarks* § 66.3 (1945) (citing Millington v. Fox, 3 Myl. C. 338 (1838), and other cases).

\(^{17}\) Only technical trademarks could be registered under the federal Trade-Mark Act of 1905, which specified that personal names, geographic terms and terms that were “descriptive of the goods with which they are used, or of the character or quality of such goods” could not be registered. Trade-Mark Act of 1905, ch 592, § 5, 33 Stat 724 (1905) (repealed 1946). The 1905 Act was intended to codify, not alter, the common law of trademarks. Trade-Mark Act of 1905, ch. 592, § 23, 33 Stat 724 (1905) (repealed 1946) (clarifying that the Act did not “prevent, lessen, impeach, or avoid any remedy at law or in equity which any party aggrieved by any wrongful use of any trade-mark might have had if . . . this Act had not been passed”).

\(^{18}\) Trade-Mark Act of 1905, ch 592, § 5, 33 Stat 724 (1905) (repealed 1946); *see also*, e.g., Candee, Swan & Co. v. Deere & Co., 54 Ill. 439 (1870) (holding that plaintiff could not have a property interest in the name “Moline Plow” or the words “Moline, Ill.” despite evidence of secondary meaning, as others had a right to manufacture plows in Moline, Illinois, and similarly designate their origin).


all other persons, has been long recognized by the common law. . . and by the statutes of some of the States. It is a property right. . . . This exclusive right was not created by . . . Congress, and does not now depend upon it for its enforcement.”21

In fact, it was trademarks’ status as property that led to the demise of the first federal trademark statute. The Supreme Court held that the law was unconstitutional because trademarks, as a form of property, were regulated by state law, and Congress had no power to define or regulate that property.22

As a result of the judiciary’s characterization of trademarks as the exclusive property of their owners, certain limitations inherent in modern trademark law were inapplicable to technical trademarks at the turn of the century. For example, the owner of a technical trademark did not have to show “likelihood of [consumer] confusion” to prove that a trademark had been infringed.23 Nor was the technical trademark owner required to demonstrate bad intent on the part of the defendant, proof of which was at least initially required in cases involving non-technical trademarks.24 The dilution cause of action, both in Schechter’s inception and its modern-day application, similarly does not require the plaintiff to prove either of these elements.

By the time Schechter wrote his Rational Basis article, the all-or-nothing approach to “trademark law” was largely extinct. Courts in the United States quickly abandoned the formalist doctrine that attempted to demarcate a bright line between “technical trademarks” – designated exclusive forms of property on the part of their owners – and trade names, to which few rights would attach. This model was found to be simultaneously under- and over-inclusive: trade names were given too little protection, whereas technical trademarks received too much.

21 The Trade-Mark Cases, 100 U.S. 82, 92 (1879) (emphasis added). The Court concluded that “[t]hese propositions are so well understood as to require neither the citation of authorities nor an elaborate argument to prove them.” Id. See also G. W. Cole Co. v. Am. Cement & Oil Co., 130 F. 703, 705 (7th Cir. 1904) (characterizing trademarks as “the exclusive property of [their] proprietor[s]”); Derringer v. Plate, 29 Cal. 292, 295 (1865) (observing that “[t]he trademark is property, and the owner’s right of property in it is as complete as that which he possesses in the goods to which he attaches it, and the law protects him in the enjoyment of the one as fully as of the other. . . .”).

22 See 100 U.S. at 93 (holding that “[a]s the property in trademarks and the right to their exclusive use rest on the laws of the States, and, like the great body of the rights of person and of property, depend on them for security and protection, the power of Congress to legislate on the subject. . . if such power exist at all, must be found in the Constitution of the United States. . . .”); see also id. at 96-97 (finding that the federal trademark statute, as written, was not authorized under the Commerce Clause of the United States Constitution).

23 See Milton Handler, Unfair Competition, 21 IOWA L. REV. 175, 183-84 (1936) (observing that “[s]imulation of a tradename will be restrained only if there is a likelihood of confusion of the public,” while “[c]ommercial usage of the identical trademark in the same business field is taboo, regardless of the element of confusion”).

24 See Elgin Nat’l Watch Co. v. Illinois Watch Case Co., 179 U.S. 665, 674 (1901) (“If a plaintiff has the absolute right to the use of a particular word or words as a trademark, then, if an infringement is shown, the wrongful or fraudulent intent is presumed, and . . . the further violation of the right of property will . . . be restrained.”) (emphasis added); Lawrence Manuf’g Co. v. Tennessee Manuf’g Co., 138 U.S. 537, 548 (1891) (noting that “fraudulent intent would be inferred if plaintiff could prove infringement of a technical trademark); Barton v. Rex-Oil Co., 2 F.2d 402, 404 (3d Cir. 1924) (“A technical trade-mark being treated as property, infringement thereof carries with it the presumption of fraud; but where no exclusive right to the use of a trade-mark exists, fraud -- unfair competition -- in the use of the mark by another must be proved. . . .”); see also JAMES LOVE HOPKINS, THE LAW OF TRADEMARKS, TRADENAMES AND UNFAIR COMPETITION § 118 (4th ed. 1924) (noting that, in technical trademark cases, defendant’s good faith was relevant to the issue of punitive damages only, not liability); McClure, supra note 19, at 317-18; Milton Handler & Charles Pickett, Trade-Marks and Trade Names – An Analysis and Synthesis: II, 30 COLUM. L. REV. 759, 769-70 (1930); Handler, supra note 23, at 184 (“A trademark will be protected even against innocent infringement; a tradename, only against fraudulent simulation.”).
The old model—granting almost unlimited protection to technical trademarks and precious little to descriptive terms or other types of trade-names—was underinclusive because, at least in some cases, it did not reach deliberately deceitful conduct. Courts of equity were reluctant to allow outright deception to go undeterred and unpunished, regardless of whether the aggrieved business owner had chosen a technical trademark as the name for his business. Courts accordingly began to extend protection to non-technical trademarks, or trade-names, when (1) those names had acquired secondary meaning; i.e., the consuming public associated the trade-name with a particular business; and (2) the plaintiff could prove "fraud" by the defendant. Initially most courts required the plaintiff to prove that the defendant was deliberately attempting to pass off his goods as those of the plaintiff to establish fraud. However, most courts eventually dropped the fraud requirement, as long as the plaintiff could prove actual or likely confusion on the part of the consumer.

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25See generally RESTATEMENT OF TORTS § 716 (b) & cmt. b (1938) (trade name has acquired "secondary meaning" when "a substantial number of present or prospective purchasers understand the designation, when used in connection with goods, services, or a business, not in its primary lexicographical sense, but as referring to a particular place or association"); HARRY D. NIMS, THE LAW OF UNFAIR COMPETITION AND TRADE-MARKS § 50 (3d ed. 1929) ("In the absence of secondary meaning, the law of unfair competition does not protect a name which is based on or is truly descriptive of the construction common to, or characteristics of an article."); see also, e.g., Standard Oil Co. of Maine v. Standard Oil Co. of N.Y., 45 F.2d 309, 310 (1st Cir. 1930) (because "Standard Oil" and "Standard Oil Company" had acquired secondary meaning, appellee was entitled to protection against "unfair or fraudulent use" of the name in competition); Computing Scale Co. v. Standard Computing Scale Co., 118 F. 965, 967 (6th Cir. 1902) (when a word "is incapable of becoming a valid trade-mark. . . yet has by use come to stand for a particular maker or vendor, its use by another in this secondary sense will be restrained as unfair and fraudulent competition. . ."); American Waltham Watch Co. v. U.S. Watch Co., 53 N.E. 141, 142 (Mass. 1899) (even though "Waltham" was not a valid trademark, it had acquired secondary meaning and hence was entitled to protection from unfair competition).

26For example, in a case decided at the turn of the century, the California Supreme Court affirmed an injunction in favor of plaintiff, whose business operated under the name "Mechanics’ Store," because the name had acquired secondary meaning and defendant had chosen a similar name for the purpose of poaching plaintiff’s customers. Weinstock, Lubin& Co. v. Marks, 42 P. 142 (Cal.1895). Plaintiff’s name, “Mechanics’ Store,” was admittedly descriptive and ineligible for protection as a technical trademark. Id. at 143. The court found that defendant had acted with fraudulent intent when he chose the name “Mechanical Store,” by seeking to deceive “the public, and especially plaintiff’s customers, and thereby secur[e] the advantages and benefits of the good will of plaintiff’s business.” Id. at 144. The court reasoned that “it is a fraud on a person who has established a business for his goods, and carries it on under a given name. . . , for some other person to assume the same name or mark, or the same with a slight alteration, in such a way as to induce persons to deal with him in the belief that they are dealing with a person who has given a reputation to that name or mark.” Id. See also Cushing, supra note 20, at 332 (in “cases analogous to trade-marks,” i.e., cases involving common law trade names, “fraud is the gist of the action”); HOPKINS, supra note 19, at § 22 ("While fraud is presumed from the wrongful use of a trademark it must be proven, directly or by inference, in all cases of unfair competition which do not involve a technical trademark."); Vandeveld, supra note 20, at 345 (observing that trade names were not considered property and therefore would be protected only to prevent fraud).

27See, e.g., Hillson Co. v. Foster, 80 F. 896, 897 (C.C.N.Y. 1897) (holding that “[n]o man has a right to use names, symbols, signs or marks which are intended, or calculated, to represent that his business is that of another,” and “[f]raud should be clearly proved”); Drive It Yourself Co. v. North, 130 A. 57, 59 (Md. App. 1925) (use of “merely generic or descriptive” words may be enjoined only if there is “actual fraud or intent to deceive”); McClure, supra note 19, at 317 (noting that in an unfair competition claim plaintiff “was required to prove . . . fraudulent intent by the defendant”).

28See, e.g., Boice v. Stevenson, 187 P.2d 648, 653 (Ariz. 1947) (“The universal test [of unfair competition] is whether the public is likely to be deceived") (citation omitted); Sartor v. Schaden, 101 N.W. 511, 513 (Iowa 1904) (even if a word is not “capable of becoming an arbitrary trade-mark,” if it has acquired secondary meaning its use will be restrained if “confusion [of the public] has been or is likely to be produced”); New York World’s Fair v.
The old model was over-inclusive because broad, exclusive rights accorded to owners of technical trademarks almost immediately raised fears of anti-competitive monopolies being granted to trademark owners. As one federal court observed in 1923: “Patents, copyrights, and trade-marks excite two deeply seated feelings. One is the feeling of anyone who has originated anything of his right to claim an exclusive property in it and to the trade growing out of it. The other is a hatred of monopoly.”

This desire to avoid granting monopolies to trademark owners led courts to adopt the now-familiar maxim that trademark rights are not held “in gross.” Less than forty years after characterizing trademarks as the “exclusive” property of their owners, the Supreme Court gave a considerably more qualified definition of trademarks as property interest:

Common-law trademarks, and the right to their exclusive use, are, of course, to be classed among property rights, but only in the sense that a man’s right to the continued enjoyment of his trade reputation and the good will that flows from it, free from unwarranted interference by others, is a property right, for the protection of which a trademark is an instrumentality. The right grows out of use, not mere adoption.

The result of this push and pull was the gradual conflation of the two categories of marks, as courts both expanded the protection given to “trade names” and limited the scope of rights accorded to technical trademarks. The judiciary essentially pulled both doctrines to a middle ground that was equally inhabited by both types of marks, and courts began to treat the two classes of common law marks essentially the same. In 1916, the Supreme Court embraced the

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World’s Fair News, 256 A.D. 373, 374 (N.Y. App. 1939) (“The determining factor is not that people have actually been deceived but that there is a likelihood of that happening.”) (citation omitted); see also Handler & Pickett, supra note 19, at 169 (competitor’s use of a trade names will be restrained only when such use “render[s] it likely that the public will confuse the products bearing the marks”); Zechariah Chafee, Unfair Competition, 53 HARV. L. REV. 1289, 1296-97 (1940) (noting that “[f]raud has been squeezed out of” cases involving tradenames and trademarks); RUDOLF CALLMAN, 2 THE LAW OF UNFAIR COMPETITION AND TRADEMARKS § 66.1 (1945) (observing that the distinction between technical trademarks and trade names is “gradually disappearing”); see generally E.H. Schloper, Annotation, Doctrine of Secondary Meaning in the Law of Trademark and of Unfair Competition, 150 A.L.R. 1067, 1133 (1944) (noting split of authorities as to whether “it is necessary for the plaintiff to show actual fraud on the part of the defendant” in cases where plaintiff’s rights in a trade-name are predicated on secondary meaning).

See McClure, supra note 19, at 306-08 (discussing tension between trademark protection and its potential for anticompetitive effects).

See United Drug Co. v. Theodore Rectanus Co. 248 U.S. 90, 97 (1918) (holding that a trade-mark right is not “a right in gross or at large, like a statutory copyright or a patent for an invention”).

See, e.g., Hanover Star Milling Co., 240 U.S. at 413; Church & Dwight Co. v. Russ, 99 F. 276, 278 (C.C. Ind. 1900) (“The tendency of the courts at the present time seems to be to restrict the scope of the law applicable to technical trade-marks, and to extend its scope in cases of unfair competition.”) (citations omitted); Haines, supra note 19, at 21 (same).

See RESTATEMENT OF TORTS 2D, supra note 25, at § 717 cmt. a (stating that “there are no important differences between the protection given to the interest in trade-marks and that given to the interest in trade names”); Zechariah Chafee, supra note 28, at 1298 (observing that, in 1940, the only important difference between trade
merger of doctrine with regard to technical trademarks and trade-names under the general rubric of unfair competition law:

Courts afford redress or relief upon the ground that a party has a valuable interest in the good-will of his trade or business. . . . The essence of the wrong consists of the sale of the goods of one manufacturer for those of another. *This essential element is the same in trade-mark cases as in cases of unfair competition unaccompanied by trademark infringement.* In fact, the common law of trademarks is but a part of the broader law of unfair competition.\(^{35}\)

Schechter was thus bucking the trend when he argued for a different form of trademark protection for inherently distinctive marks. Schechter’s dilution cause of action (although he never referred to it by that name) was reserved for fanciful or arbitrary marks; he did not intend that it would apply to words or terms that were not inherently distinctive. His argument in favor of separating the two classes of marks was in fact directly contrary to the definite trend in favor of conflating them.

3. **Schechter: Legal Formalist, Realist, or Both?**

To be properly understood, Schechter’s ideas must be analyzed in the context of his era. When Schechter published his famous thesis that became the genesis of the dilution doctrine, trademark law and, more generally, the law itself, was in a state of transition. The once-ubiquitous doctrine of legal formalism was fading, and legal realism, or positivism, was dawning over the American legal landscape. Moreover, although the country largely did not realize it, the nation as a whole was also in a state of transition. American business was booming in 1927, as the nation basked in economic prosperity in the aftermath of World War I, the war thought to end all wars. Although the Great Depression loomed on the not-too-distant horizon, few could have conceived, let alone anticipated, a worldwide economic collapse in 1927.

The supposedly bright-line distinction between technical trademarks, which were protected as a form of property with few limitations, and words or phrases that could not be protected as trademarks at all, was typical of the legal formalist philosophy that permeated American jurisprudence during this era. The legal formalists believed that “the law was objective, unchanging, extrinsic to the social climate, and, above all, different from and superior to politics. . . .”\(^{36}\) In the formalist period, typically (but roughly) defined from 1873 to 1937,\(^{37}\) “results in individual cases were accomplished not by an assessment of competing principles and policies, but rather an ‘automatic’ application of rules deduced logically from greater principles that supposedly dictated a single, correct result in every case.”\(^{38}\) In sum, legal formalists favored

\(^{35}\) *Hanover Star Milling Co.*, 240 U.S. at 412-13 (emphasis added).


\(^{37}\) Wiecek fixes the start date for the “judicial hegemony of the formalist era” as 1873, marked by two dissenting opinions in *The Slaughterhouse Cases*, 83 U.S. 36 (1872) (opinions of Justices Field and Bradley). WIECEK, *supra* note 36, at 115-16. The formalist era unofficially ended with a string of Supreme Court cases in 1937 that upheld the Constitutionality of President Franklin D. Roosevelt’s New Deal legislation. WIECEK, *supra* note 36, at 137-39.

\(^{38}\) McClure, *supra* note 19, at 320.
supposedly objective, bright-line rules over balancing tests.\(^{39}\) To determine whether a plaintiff could recover in a trademark infringement suit, the formalist jurist would only need to determine whether the name in question qualified as a technical trademark. If it did, plaintiff had an exclusive property right therein and could preclude defendant from using the mark, much the same as he could prevent the defendant from trespassing on his real property.

One way to view Schechter’s dilution proposal would be as a plea to return to the certainty of bright-line rules preferred by the legal formalists. In *The Rational Basis of Trademark Protection*, Schechter decried the unpredicatability of then-current trademark law. Dilution is, in fact, not that different than the formalist conception of trademark law at the turn of the century. The extent of rights attendant to the trademark, under the modern dilution doctrine, turn on whether the mark is characterized as “famous,” analogous to the designation of a mark as a technical trademark. Once a mark is deemed “famous,” few limitations are placed on the trademark holder’s ability to prevent others from using the mark. Schechter’s dilution theory, as articulated in 1927, can be characterized as a proposal to re-propertize certain categories of marks.\(^{40}\) The modern dilution doctrine essentially serves precisely that same function as well.

However, as Robert Bone has convincingly argued, it would be both unfair and inaccurate to portray Schechter as a legal formalist, yearning for the good old days of bright-line rules and easy answers. Schechter’s push for a new paradigm in trademark law was openly driven by a pragmatic desire to serve the needs of modern business, a distinctly realist approach that was the polar opposite of the stated goals (though perhaps not the results achieved by) the formalists.\(^{41}\) Schechter “believed that dilution was the real reason to protect marks because it was the reason that fit the way marks actually functioned in the marketplace, and he urged judges to acknowledge this fact openly because doing so would produce better decisions.”\(^{42}\)

The desire to merge legal doctrine with regard to trademarks and trade-names – as described above, a marked departure from the legal regime proposed by Schechter – was also distinctly born of the realist movement. The legal realists observed that technical trademarks and trade names functioned much the same in practice. Therefore, it made little sense to protect one more or less than the other. As Edward S. Rogers, a leading trademark scholar who is credited as the author of the Lanham Act,\(^{43}\) observed:

The notion that there is ‘property’ in trademarks as a separate thing was once quite generally entertained and for a while it served well enough, but it was very soon perceived that a trader’s customers might be diverted by the imitation of things which were not trademarks and in which property rights could not be

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\(^{39}\) Although the formalist era supposedly ended in 1937, the philosophy has been reinvigorated to a certain extent by some modern-day conservatives. The Chief Justice of the United States Supreme Court, John Roberts, embraced formalism in colloquial terms when he famously told the United States Senate, “[I]t’s my job to call balls and strikes and not to pitch or bat.” See [http://articles.cnn.com/2005-09-12/politics/roberts.statement_1_judicial-role-judges-judicial-oath_s=PM:POLITICS](http://articles.cnn.com/2005-09-12/politics/roberts.statement_1_judicial-role-judges-judicial-oath_s=PM:POLITICS); see generally Frederick Shauer, Formalism, 97 YALE L. J. 509 (1988).

\(^{40}\) See, e.g., McClure, supra note 19, at 323-24 (characterizing Schechter’s proposal as “[t]he furthest extension of the concept of ‘protection of property’ to expand protection of trademarks”).

\(^{41}\) Robert G. Bone, Schechter’s Ideas in Historical Context and Dilution’s Rocky Road, 24 SANTA CLARA COMP. & HIGH TECH. L.J. 469, 483-85 (2008).

\(^{42}\) Bone, supra note 41, at 471.

Three years after Schechter published his *Rational Basis* article, another “epoch making article” on the subject of trademark law appeared, this time in the Columbia Law Review, entitled *Trade-Marks and Trade Names – An Analysis and Synthesis*. The authors of the article, Milton Handler and Charles Pickett, argued that there was no “rational basis” for the legal distinctions then existing between technical trademarks and trade names. Handler and Pickett were also consummate realists who argued that the tenets of trademark law should derive from a realistic depiction of the way marks functioned in practice, not the formal label that was attached to a particular mark:

> Whether or not there is property in trademarks or trade names seems to us a fruitless and unhelpful inquiry. Both types of mark frequently are the most valuable assets of a business. [ ] It is enough that plaintiff has a material interest which is worthy of protection. It does not matter much what label is tagged to it. . . . The approach to the law of trade-marks would probably be more realistic if courts entirely abandoned the property notion.

However, Handler and Pickett, unlike Schechter, did not argue that trademark law needed to develop a new paradigm. Although Schechter was cited numerous times in Handler and Pickett’s article, they never discussed his specific proposal that became the dilution cause of action. Handler and Pickett’s idea that all types of marks should be entitled to protection under the likelihood of confusion standard, unlike Schechter’s dilution proposal, came to fruition when Congress enacted the 1946 Lanham Act.

4. **The 1946 Lanham Act**

The 1946 Lanham Act codified and unified the law of trademarks in the United States, which, after the Supreme Court’s 1938 decision in *Erie*, had become strictly a creature of state law. Although Schechter most likely would have been pleased by many of the developments

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44See Edward S. Rogers, *New Concepts of Unfair Competition under the Lanham Act*, 38 TRADEMARK REP. 259, 260 (1948); see also Haines, *supra* note 19, at 21 (noting that cases affording relief to plaintiffs whose business names did not qualify as technical trademarks were based upon “principles of common honesty and sportsmanship”).


49Handler & Pickett, *supra* note 24, at 776 n.81. Handler and Pickett wrote that “[t]he and lawyer and business man, unlike the grammarian, is not primarily interested in etymology for its own sake.” Handler & Pickett, *supra* note 19, at 180.

50See, e.g., Handler & Pickett, *supra* note 19, at 176 n.24 (citing Schechter’s critique of the rule limiting trademark protection in cases where marks were placed on dissimilar goods).

51Although the Supreme Court held the federal trademark *statute* unconstitutional in *The Trademark Cases*, 100 U.S. 82 (1879), this decision did not eliminate the federal *common law* of trademarks. Until the Supreme Court famously overruled *Swift v. Tyson*, 41 U.S. 1 (1842), the federal courts were free to decide substantive issues of state law – unrestrained by the decisions of state courts – so long as those laws were not codified in a state statute. *See* Erie R.R. Co. v. Tompkins, 304 U.S. 64 (1938). Therefore, if a state had not adopted a trademark statute, a federal court hearing a trademark case in that state (under diversity jurisdiction) was free to interpret the applicable
codified in the federal statute, Congress did not embrace his claim for dilution. Instead, the Act reflected the predominant trend – as convincingly argued in Handler and Pickett’s article – of treating all types of marks essentially the same, regardless of whether they would have been considered technical trademarks under common law. Moreover, the Act preserved the likelihood of confusion standard for trademark infringement of all types of marks (until it was amended in 1995 to include a dilution cause of action).

The Lanham Act represented a triumph of legal realism, as it swept away many of the rules that, in the minds of many practitioners and academicians, had artificially limited the scope of trademark law and its ability to prevent forms of unfair competition. Edward S. Rogers explained the impact of the Act as follows:

Under the modern law, unfair competition includes any act, not necessarily fraudulent, which artificially interferes with the normal course of trade to the disadvantage of another. There need be no competition if the artificial interference is present. It is true, of course, that most of the cases have arisen between competitors in business, but the fact of competition or its absence ought not to be controlling. *It is the nature or the result of the act, not the occupation of the actor which should determine its character.*

The Lanham Act extended trademark registration rights and other types of protection to descriptive marks, geographic marks, and other types of marks that were not considered “trademarks” under the common law, so long as they have acquired secondary meaning. Although the 1946 Lanham Act addressed many of Schechter’s concerns about trademark law, in one respect it diverged sharply from the recommendations that he stated in his *Rational Basis* article. While Schechter advocated a dilution cause of action for the fanciful and arbitrary mark – effectively eliminating the likelihood of confusion standard as applied to these classes of trademarks – the Lanham Act did not codify any formal distinctions among categories of marks. On the contrary, the Act allowed registration of any mark – even a “merely descriptive” one,
which would have been ineligible for registration under the 1905 statute — so long as it had become “distinctive of the applicant’s goods in commerce.” Even today, the inherent strength of the mark remains relevant — i.e., whether the mark is descriptive, suggestive, arbitrary, or fanciful — but only as a factor in the likelihood of confusion analysis.

The Lanham Act also addressed Schechter’s dissatisfaction with the judiciary’s reluctance to find trademark infringement when the senior and junior users’ goods or services were not identical. The 1905 Trademark Act prevented registration of a mark that was likely to cause confusion with a mark that was already registered, but only if the marks were placed on goods of the “same descriptive properties” as those of the senior user. The Lanham Act of 1946 eliminated this requirement. Under the revised version of the Act, a junior user could not register or use a mark “in connection with the sale, offering for sale, or advertising of any goods or services on or in connection with which such use is likely to cause confusion or mistake or to deceive purchasers as to the source of origin of such goods or services.” As a result, the courts have relegated the similarity (or lack thereof) between the types of goods or services offered by the plaintiff and defendant to a single factor in the multi-factor litmus test for likelihood of confusion.

The scope of the likelihood of confusion standard was broadened again in 1962, when Congress eliminated even more qualifying language from the statute. Since that time, the Lanham Act has prohibited all uses of a trademark that are “likely to cause confusion, or to cause

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56 Trade-Mark Act of 1905, 15 U.S.C. §§ 81, 85 (1905) (stating “[t]hat no mark by which the goods of the owner of the mark may be distinguished from other goods of the same class shall be refused registration as a trademark on account of the nature of such mark unless such mark” was “merely descriptive of the goods with which they are used . . . .”).

57 Lanham Act, ch 540, § 2(e) & (f), 60 Stat 427, 429 (1946) (amended 1988). The only exception to this rule relates to generic words or phrases, which the Lanham Act has always barred from registration. [statute cite; see also Desai & Rierson, supra note 14, at 1809-10 (discussing the prohibition of registering generic names under the Lanham Act).

58 See Desai & Rierson, supra note 14, at __-__ (explaining the spectrum of marks).

59 See Borinquen Biscuit Corp. v. M.V. Trading Corp., 443 F.3d 112, 121 (1st Cir. 2006); Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492, 495 (2d Cir. 1961); Interpace Corp. v. Lapp, Inc., 721 F.2d 460, 463 (3d Cir. 1983); Pizzeria Uno Corp. v. Temple, 747 F.2d 1522, 1527 (4th Cir. 1984); Rolex Watch USA, Inc. v. Meece, 158 F.3d 816 (5th Cir. 1998); Wynn Oil Co. v. Thomas, 839 F.2d 1183, 1186-87 (6th Cir. 1988); Barbecue Marx, Inc. v. 551 Ogden, Inc., 235 F.3d 1041, 1045 (7th Cir. 2000); Anheuser-Busch, Inc. v. Balducci Publications, 28 F.3d 769, 774 (8th Cir. 1994); AMF Inc. v. Sleekcraft Boats, 599 F.2d 341, 349 (9th Cir. 1979); Sally Beauty Co., Inc. v. Beautyco, Inc., 304 F.3d 964, 975-76 (10th Cir. 2002); Tana v. Dantanna’s, 611 F.3d 767, 776 (11th Cir. 2010); see also Barton Beebe, An Empirical Study of the Multifactor Tests for Trademark Infringement, 94 CAL. L. REV. 1581, 1633-40 (2006) (discussing strength of the mark as a factor in likelihood of confusion analysis).


61 Trademark Act of 1946, ch. 540, §43(a)(1)(A), 60 Stat. 444, 15 U.S.C. § 1125(a)(1)(A) (1946); see also Fleischmann Distilling Corp. v. Maier Brewing Co, 314 F.2d 149, 151 (9th Cir. 1963) (noting this distinction between the 1905 and 1946 versions of the statute); id. at 160-61 (finding likelihood of confusion between use of trademark “Black and White” for beer and Scotch whiskey).

62 See, e.g., Boston Duck Tours, LP v. Super Duck Tours, 531 F.3d 1, 34-35 (1st Cir. 2008); Nora Beverages, Inc. v. Perrier Group of America, Inc., 269 F.3d 114, 121-23 (2nd Cir. 2001); Sabinsa Corp. v. Creative Compounds, LLC, 609 F.3d 175, 183-84 (3rd Cir. 2010); Pizzeria Uno Corp. v. Temple, 747 F.2d 1522, 1534-35 (4th Cir. 1984); RE/MAX Intern., Inc. v. Trendsetter Realty, LLC, 655 F. Supp. 2d 679, 700-02 (5th Cir. 2009); Wynn Oil Co. v. Thomas, 839 F.2d 1183, 1187-88 (6th Cir. 1988); Barbecue Marx, Inc. v. 551 Ogden, Inc., 235 F.3d 1041, 1044 (7th Cir. 2000); SquirtCo. v. Seven-Up Co., 628 F.2d 1086, 1090-91 (8th Cir. 1980); AMF Inc. v. Sleekcraft Boats, 599 F.2d 341, 351-52 (9th Cir. 1979); Sally Beauty Co., Inc. v. Beautyco, Inc., 304 F.3d 964, 972-73 (10th Cir. 2002); Caliber Automotive Liquidators, Inc. v. Premier Chrysler, Jeep, Dodge, LLC, 605 F.3d 931, 939 (11th Cir. 2010); see also Beebe, supra note 59, at 1623-26 (discussing the mark similarity factor in likelihood of confusion analysis).
mistake, or to deceive,” without regard to whether the confusion is on the part of a “purchaser,” or whether the confusion relates to the “source of origin” of the goods or services.\(^{63}\) As a result, the Act has been interpreted to prohibit uses of a mark that result in a likelihood of confusion by third parties, not the purchaser of the relevant good or service (post-sale confusion);\(^ {64}\) confusion by the purchaser prior to (but not at) the point of sale (initial interest confusion);\(^ {65}\) and confusion as to sponsorship or endorsement of a good or service, rather than its source.\(^ {66}\) Suffice it to say, Schechter would scarcely recognize the likelihood of confusion standard as it exists today.

B. The Modern Dilution Doctrine

Schechter’s frustrations with trademark law were largely addressed by the 1946 Lanham Act, albeit not in the manner that he had envisioned. The cause of action that he proposed, however, did not die. Dilution materialized in state statutes as early as 1947, and many states still recognize a dilution cause of action.\(^ {67}\) Congress federalized dilution when it enacted the Federal Trademark Dilution Act (FTDA) in 1995.\(^ {68}\) Federal dilution law was substantially revised in 2005, when Congress passed the Trademark Dilution Revision Act, or TDRA.\(^ {69}\) Dilution has thus existed as a statutory cause of action for over sixty years – not as a substitute for the likelihood of confusion standard for trademark infringement, as Schechter had proposed – but as coextensive with it.

At least initially, legislatures (including the United States Congress) adopted the dilution cause of action to combat the problem of “hypothetical anomalies” such as “Dupont shoes, Buick aspirin tablets, Schlitz varnish, Kodak pianos, [and] Bulova gowns.”\(^ {70}\) Schechter, in theorizing


\(^{65}\) See, e.g., Network Automation, Inc. v. Advanced Systems Concepts, Inc., 638 F.3d 1137,1147-48 (9th Cir. 2011); Playboy Enters., Inc. v. Netscape Comm. Corp., 354 F.3d 1020 (9th Cir. 2004); Gibson Guitar Corp. v. Paul Reed Smith Guitars, LP, 423 F.3d 539 (6th Cir. 2005); Perfumebay.com Inc. v. eBay, Inc., 506 F.3d 1165, 1176 (9th Cir. 2007); Nissan Motor Co. v. Nissan Computer Corp., 378 F.3d 1002, 1018-20 (9th Cir. 2004).

\(^{66}\) See, e.g., International Order of Job’s Daughters v. Lindeburg and Co., 633 F.2d 912, 920 (9th Cir. 1980); Dallas Cowboys Cheerleaders, Inc. v. PussyCat Cinema, Ltd., 604 F.2d 200, 204 (2d Cir.1979).


\(^{69}\) 15 U.S.C. § 1125(c).

the need for a dilution cause of action, cited similar examples: “If ‘Kodak’ may be used for bath tubs and cakes, ‘Mazda’ for cameras and shoes, or ‘Ritz-Carlton’ for coffee, these marks must inevitably be lost in the commonplace words of the language, despite the originality and ingenuity in their contrivance, and the vast expenditures in advertising them. . . .” 71 In other words, the cause of action was considered necessary to combat the perceived harm caused by the use of well-known trademarks to sell unrelated goods by someone other than the owner of the well-known trademark. Dilution was needed to prevent such uses, because – at least arguably – they fell outside the scope of trademark infringement law, which considers the proximity of goods when determining whether consumers are likely to be confused by defendant’s use of the plaintiff’s trademark. 72 Like the trademark infringement standard, the dilution doctrine as it exists today has evolved far from these historical roots and from the stated reasons for its existence. The scenario perceived by Congress – that dilution was necessary to stop freeriders from copying famous trademarks, thereby damaging them – is not the type of case in which dilution actually matters.

1. The Trademark Dilution Revision Act

The Trademark Dilution Revision Act, or TDRA, prohibits the use of any “famous” mark that is “likely to cause dilution by blurring.” 73 The Act defines dilution by blurring as an “association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark.” 74 In essence, the statute seeks to protect the “uniqueness” of the mark, as Schechter originally proposed in 1927. 75 The TDRA does not require proof of “actual dilution,” in contrast to the 1995 version of the Act (as interpreted by the Supreme Court). 76 The Act lists six non-exclusive factors that courts may consider in determining whether dilution by blurring is likely to occur. 77

The TDRA also includes a cause of action for “dilution by tarnishment,” which is defined as an “association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.” 78 The 1995 version of the federal trademark dilution law (the FTDA) did not explicitly prohibit dilution by tarnishment, although it was

71 Schechter, supra note 6, at 830. Schechter’s statement here blurs the concepts of dilution and genericide, portraying the ultimate “death” of the trademark as the inevitable result of unchecked dilution. See Desai & Rierson, supra note 14, at 1842-44 (discussing the link between the dilution and genericide doctrines).
72 See notes 60-62, supra, and accompanying text.
75 See Schechter, supra note 6, at 831.
76 See notes __—__, infra, and accompanying text.
77 The Act provides that courts may consider “all relevant factors” in “determining whether a mark or trade name is likely to cause dilution by blurring,” including (but presumably not limited to) (1) “[t]he degree of similarity between the mark or trade name and the famous mark”; (2) “[t]he degree of inherent or acquired distinctiveness of the famous mark”; (3) “[t]he extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark”; (4) “[t]he degree of recognition of the famous mark”; (5) “[w]hether the user of the mark or trade name intended to create an association with the famous mark”; and (6) “[a]ny actual association between the mark or trade name and the famous mark.” 15 U.S.C.A. § 1125(c)(2)(B) (i) – (vi).
generally interpreted as having that effect. Unlike a cause of action for dilution by blurring, the TDRA suggests no specific factors for a court to consider when determining whether dilution by tarnishment has occurred.

The TDRA also identifies certain types of trademark use that are not actionable and therefore constitute affirmative defenses to a claim of trademark dilution: 1) fair use, 2) news reporting, and 3) noncommercial use. The Act specifically includes parodies or criticism of a famous trademark within its definition of “fair use.” However, the TDRA specifically excludes from fair use protection any use of a mark that serves as a “designation of source” for the defendant’s “own goods or services.” Arguably, this limitation on the fair use defense makes it largely duplicative of the Act’s general exemption for “noncommercial uses.”

2. The Decline in Relevance of Mark Similarity and the Increase in Significance of Mark Association

The hypothetical case envisioned by the legislatures that enacted dilution statutes was one in which a defendant copied, essentially verbatim, a well-known trademark and used it to sell his own (unrelated) goods or services, thereby diluting the distinctiveness of the well-known trademark. Although imagined cases of “Buick aspirin” and “Dupont shoes” may be the inspiration for dilution law, they bear little resemblance to most of the published cases in which a defendant’s use of plaintiff’s trademark has been found to dilute but does not infringe it, particularly under the current version of the federal dilution statute (the TDRA). In the majority of these cases, the mark used by the defendant is not identical to the famous trademark “owned” by the plaintiff. Rather, defendant’s use of the mark is better characterized as a “play on words” deriving from plaintiff’s famous trademark. In these cases, the defendant typically chooses a name for his business that (presumably deliberately) invokes an association with the plaintiff’s famous trademark but without directly replicating it.

Interpreting the 1995 version of the federal dilution statute (the FTDA), the Supreme Court held that in such cases the plaintiff would have to prove more than mere association between the competing marks to prove that defendant had “impaired the distinctiveness” of and thereby diluted plaintiff’s famous trademark. When Congress amended the Act and passed the TDRA, however, it modified the statutory language in a manner that drastically decreased the importance of mark similarity in analyzing a claim of dilution. As a result, evidence of “mental association” between plaintiff’s and defendant’s marks has become tantamount to proof of dilution itself.

See Moseley v. V Secret Catalogue, Inc., 537 U.S. 418, 432 (2003) (noting the absence of any direct reference to tarnishment in the FTDA and questioning whether the statute actually embraced this cause of action, despite references to tarnishment in the legislative history). Compare Kraft Foods Holdings, Inc. v. Helm, 205 F. Supp. 2d 942, 948–50 (N.D. Ill. 2002) (holding that pornographic website’s use of the mark “VelVeeda” was likely to tarnish the VELVEETA trademark, in violation of the FTDA); Victoria’s Cyber Secret Ltd. P’ship v. V Secret Catalogue, Inc., 161 F. Supp. 2d 1339, 1355 (S.D. Fla. 2001) (holding that defendants’ use of domain names “victoriassexsecret.com” and “victoriassexysecret.com” to sell “entertainment of a lascivious nature suitable only for adults” was likely to tarnish the VICTORIA’S SECRET trademark, in violation of the FTDA).
An early case illustrating the former importance of mark similarity (and the limitations of evidence demonstrating mental association) involved a lawsuit between Ringling Brothers Barnum & Bailey Circus (“Ringling Brothers”) and the state of Utah. Ringling Brothers sued Utah because its tourism slogan, “The Greatest Snow on Earth,” allegedly diluted the “famous” slogan for the Ringling Brothers circus, “The Greatest Show on Earth.” 85 Ringling Brothers’ claim was rejected by the trial judge and the court of appeals, both of which found that Ringling Brothers could not prove that the “Greatest Snow on Earth” slogan had actually diluted its trademark. 86 The Supreme Court, in a unanimous opinion, rejected any suggestion that dilution plaintiffs had to prove actual damages in order to prevail, but it agreed that “at least where the marks at issue are not identical [as in the Ringling Brothers case], the mere fact that consumers mentally associate the junior user’s mark with a famous mark is not sufficient to establish actionable dilution.” 87 The Supreme Court endorsed the Fourth Circuit’s conclusion that Ringling Brothers had not proved dilution merely because it had showed that Utah’s slogan – which admittedly was not identical to “The Greatest Show on Earth” – nonetheless invoked an association with it:

[M]ental association will not necessarily reduce the capacity of the famous mark to identify the goods of its owner, the statutory requirement for dilution under the FTDA. For even though Utah drivers may be reminded of the circus when they see a license plate referring to the ‘greatest snow on earth,’ it by no means follows that they will associate ‘the greatest show on earth’ with skiing or snow sports, or associate it less strongly or exclusively with the circus. ‘Blurring’ is not a necessary consequence of mental association. (Nor, for that matter, is ‘tarnishing.’) 88

The Supreme Court reached the same conclusion in Victoria’s Secret. 89 There, the plaintiff, owner of the admittedly famous Victoria’s Secret trademark, sued Victor and Cathy Moseley, proprietors of a business operating under the name “Victor’s Little Secret,” for trademark infringement and dilution. 90 The trial court granted summary judgment on plaintiff’s trademark infringement and unfair competition claims, finding that the Moseleys’ use of the mark “Victor’s Little Secret” created no likelihood of consumer confusion. 91 However, the court held in favor of Victoria’s Secret on the dilution claim, and the Sixth Circuit affirmed. The Supreme Court reversed, again on grounds that evidence of “association” between the two marks was insufficient to prove dilution, at least in the absence of identical marks.

Plaintiff introduced only one piece of evidence that its famous trademark had been diluted and tarnished by the Moseleys’ use of the name “Victor’s Little Secret.” An army colonel, who happened upon an advertisement for the grand opening of the Moseleys’ store, “was offended by what he perceived to be an attempt to use a reputable company’s trademark to promote the sale of ‘unwholesome, tawdry merchandise,’” and therefore sent a copy of the ad to

85 170 F.3d 449 (4th Cir. 1999).
86 170 F.3d 449, 460 (4th Cir. 1999).
88 Id.
90 Id. at 422. The name of the store was originally “Victor’s Secret,” but the Moseley’s changed the name after receiving a letter from plaintiff’s lawyer indicating that plaintiff believed that the name both infringed and diluted its federally registered trademark. Id. at 423.
91 Id. at 425. Plaintiff did not appeal the court’s ruling on the trademark infringement and unfair competition claims. Id. at 428.
Victoria’s Secret. The Supreme Court observed that the colonel’s “mental association” between Victor’s Little Secret and Victoria’s Secret did not impair the distinctiveness of, or tarnish, the Victoria’s Secret trademark:

There is a complete absence of evidence of any lessening of the capacity of the VICTORIA’S SECRET mark to identify and distinguish goods or services sold in Victoria’s Secret stores or advertised in its catalogs. The officer was offended by the ad, but it did not change his conception of Victoria’s Secret. His offense was directed entirely at petitioners, not at respondents.

The 1995 dilution statute (FTDA), as interpreted by the Supreme Court, therefore made it extremely difficult for a plaintiff to prove dilution of a famous trademark in cases where the marks in question were not identical, even if plaintiff could show that consumers “associated” the defendant’s mark with that of the plaintiff. In the wake of Victoria’s Secret, many courts held that “[a] plaintiff cannot prevail on a state or federal dilution claim unless the marks at issue are ‘very’ or ‘substantially similar.’”

Although Victoria’s Secret may have temporarily sounded the death knell for dilution cases involving non-identical marks, the impact of the decision was decidedly short lived. Congress amended the federal trademark dilution statute, largely in response to the Victoria’s Secret decision, and thereby redefined the standard of proof in these cases.

Under the current version of the Act, the TDRA, a plaintiff need only prove a “likelihood of dilution” to prevail on a claim seeking injunctive relief. The TDRA specifically rejects the “actual dilution” standard articulated in Victoria’s Secret, which was heavily criticized by the holders of famous trademarks. To assist courts in assessing “likelihood” of dilution, the Act contains a list of factors that may be considered in making this determination. Some of these factors relate to the overall strength of the plaintiff’s mark, and in that sense are essentially duplicative of the factors considered relevant to a determination of mark fame. The remaining factors relate to (1) the degree of similarity between the marks, (2) defendant’s intent to create an association with the famous mark (or lack thereof), and (3) any evidence of “actual association”

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92Id. at 423. The advertisement in question promoted the sale of “‘Intimate Lingerie for every woman’; ‘Romantic Lighting’; ‘Lycra Dresses’; ‘Pagers’; and ‘Adult Novelties/Gifts.’” Id.

93Id. at 434.

94537 U.S. at 434. In dicta, the Court suggested that, if the junior and senior marks were “identical,” the plaintiff would have “circumstantial evidence” of actual dilution. Id.

95Playtex Products, Inc. v. Georgia-Pacific Corp. 390 F.3d 158, 167 (2d Cir. 2004); see also Fed. Express Corp. v. Fed. Espresso, Inc., 201 F.3d 168, 176 (2d Cir. 2000) (same); Thane Int’l, Inc. v. Trek Bicycle Corp., 305 F.3d 894, 905 (9th Cir. 2002) (referring to the “recently-established requirement that for a dilution claim to succeed, the mark used by the alleged diluter must be identical, or nearly identical, to the protected mark”); Luigino’s, Inc. v. Stouffer Corp., 170 F.3d 827, 832 (8th Cir.1999) (“To support an action for dilution by blurring, the marks must at least be similar enough that a significant segment of the target group of customers sees the two marks as essentially the same.”) (internal citations omitted).

96See, e.g., Starbucks Corp. v. Wolfe’s Borough Coffee, Inc., 588 F.3d 97, 104 (2d Cir. 2009) (noting that the TDRA was passed “in response to” the Supreme Court’s decision in Victoria’s Secret).


98Trademark Dilution Revision Act of 2005: Hearing before the Subcomm. on Courts, the Internet and Intellectual Property of the Comm. on the Judiciary, 109th Cong. 6 (2005) (statement of Anne Gundelfinger on behalf of the International Trademark Association (INTA)).

99These factors include “[t]he degree of inherent or acquired distinctiveness of the famous mark”; “[t]he extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark”; and “[t]he degree of recognition of the famous mark.” 15 U.S.C.A. § 1125(c)(2)(B) (ii) – (iv).
between the marks. The impact of these statutory amendments – at least in comparison to the Supreme Court’s interpretation of the 1995 Act – has been to de-emphasize the importance of mark similarity and to increase the significance of evidence of “association” between the two marks.

A prime example of the changes arising from the TDRA is Starbucks Corp. v. Wolfe’s Borough Coffee, Inc. In this case, the owner of another undeniably famous trademark, Starbucks, sued a small business, Black Bear Microroastery (“Black Bear”), for federal trademark infringement, dilution, and related state law claims. Black Bear was sued because it sold a dark roasted coffee under the name “Charbucks Blend” and “Mr. Charbucks” (the “Charbucks marks”). The trial court, after a bench trial, ruled in favor of Black Bear, finding no likelihood of confusion and no likelihood of dilution under federal or state law. The Second Circuit affirmed the judgment as to the trademark infringement claim, but reversed and remanded on the claim asserted under the TDRA.

In the Starbucks case, the district court determined that the two trademarks in question – Starbucks and Charbucks – were only “minimally similar” due to the differences in the context in which they were presented to the consumer (e.g., packaging and logos). The court of appeals agreed. The Second Circuit nonetheless reversed in part the trial court’s decision because it held that the trial court had given too much weight to this factor. The circuit court reasoned that if Congress had wanted to require “substantial similarity” between the competing marks to establish a dilution claim, it would have put those words in the TDRA, and it did not do so.

In other words, because Congress did nothing to indicate that the “degree of mark similarity” was more important than the other listed factors, the trial court could not give it special weight. The Ninth Circuit has reached the same conclusion.

The Second Circuit in Starbucks also critiqued the district court for giving too little weight to the evidence presented regarding “association” between the plaintiff’s and defendant’s marks. Although the court found that Black Bear did have an “intent to associate” its coffee with Starbucks, it did not weigh that factor in favor of a likelihood of dilution finding because it determined that Black Bear did not act “in bad faith.”

101 Although some early post-TDRA cases may suggest, and some commentators have argued, that the “identical mark presumption” should persist in the face of the TDRA’s revised statutory language, the case law appears to be trending in the opposite direction. See, e.g., Jeremy M. Roe, Note, The Current State of Antidilution Law: The Trademark Dilution Revision Act and the Identical Mark Presumption, 57 DePaul L. Rev. 571, 590 (2008) (arguing that “courts should strictly enforce the use of the identical mark presumption”); Levi Strauss & Co. v. Abercrombie & Fitch Trading Co., 633 F.3d 1158, 1172 (9th Cir. 2011) (concluding that “the plain language of 15 U.S.C. § 1125(c) does not require that a plaintiff establish that the junior mark is identical, nearly identical or substantially similar to the senior mark in order to obtain injunctive relief”).
102 588 F.3d 97 (2d Cir. 2009).
103 Id. at 103.
104 Id. at 104.
105 Id. at 109, 119. The original lawsuit against Black Bear was filed under the 1995 version of the Act, the FTDA. However, the revised Act (TDRA) went into effect after the bench trial in the case, and the case was reviewed under the TDRA by the Second Circuit on appeal. Id. at 104.
106 Id. at 106-07 (describing differences).
107 Id.
108 Id. at 108.
109 See Levi Strauss & Co. v. Abercrombie & Fitch Trading Co., 633 F.3d 1158, 1172 (9th Cir. 2011) (concluding that “the plain language of 15 U.S.C. § 1125(c) does not require that a plaintiff establish that the junior mark is identical, nearly identical or substantially similar to the senior mark in order to obtain injunctive relief”).
110 588 F.3d at 109.
TDRA does not require or even mention evidence of “bad faith” in the context of this factor, and it was therefore error to consider it.\footnote{\textit{Id.} at 109.} Similarly, it held that the district court erred in failing to take into account evidence of “actual association” between the two marks. That evidence was a survey finding that 30.5% of 600 consumers surveyed thought of “Starbucks” when they heard the name “Charbucks.”\footnote{\textit{Id.} at 109. Only about 3% of consumers who participated in the telephone survey thought Starbucks was the “possible source” of Charbucks. \textit{Id.}} That evidence of actual association, under the TDRA, was significant.

In the tarnishment context, the potential impact of the TDRA in elevating the importance of “association” between the defendant’s mark and the famous one owned by the plaintiff is even more stark, despite the fact that the TDRA lists no specific factors for courts to consider in cases where plaintiff alleges dilution by tarnishment.\footnote{Of course, it is possible that the Sixth Circuit’s decision in \textit{Moseley II} will not be followed by other federal courts, and that its expansive interpretation of dilution by tarnishment will ultimately die on the vine. At least one commentator has predicted that the tarnishment cause of action under the TDRA is actually “a much narrower cause of action than existed in pre-TDRA tarnishment case law.” \textit{See} Sarah L. Burstein, \textit{Dilution by Tarnishment: The New Cause of Action}, 98 TRADEMARK REP. 1189, 1189 (2008). However, given that the Sixth Circuit decision is the most comprehensive judicial interpretation of the TDRA tarnishment provision to date, particularly in the context of an allegedly tarnishing use with sexual connotations, its opinion should not be ignored and, at the very least, will constitute persuasive authority in other circuits.} In one of the few appellate cases that has considered the tarnishment provisions of the TDRA,\footnote{\textit{Compare} Burnett v. Twentieth Century Fox Film Corp., 491 F. Supp. 2d 962 (C.D. Cal. 2007) (dismissing claim of dilution by tarnishment by actress Carol Burnett based on an offensive portrayal of her “Charwoman” character in an episode of the cartoon Family Guy, on grounds that the use of Burnett’s character was a noncommercial parody).} the Sixth Circuit concluded that proof of association equates to proof of tarnishment, citing both the legislative history of the TDRA as well as Congress’s specific concern that the “actual dilution” standard articulated by the Supreme Court in \textit{Victoria’s Secret} “creates an undue burden for trademark holders who contest diluting uses and should be revised.”\footnote{\textit{V Secret Catalogue, Inc. v. Moseley}, 605 F.3d 382, 387 (6th Cir. 2010) (citing U.S.C.C. A.N., 109th Cong. 2d Sess.2006, Vol. 4, pp. 1091, 1092, 1097) [\textit{Moseley II}].\textit{See} notes 89-93, \textit{supra}, and accompanying text.\textit{Moseley II}, 605 F.3d 382.\textit{Moseley II}, 605 F.3d 382, 387-88 (6th Cir. 2010) (citing cases).\textit{Moseley II}, 605 F.3d at 388. The “rebuttable presumption” language appears in the majority opinion, but it was rejected in the concurrence in favor of creating a “strong inference” of tarnishment. \textit{Id.} at 390.}

The Sixth Circuit case interpreting the tarnishment provisions of the TDRA involved none other than Victor and Carol Moseley, who again were sued by Victoria’s Secret. As discussed above, the Supreme Court held that the Moseleys’ use of the name “Victor’s Little Secret” did not dilute the famous Victoria’s Secret trademark under the FTDA.\footnote{\textit{Moseley II}, 605 F.3d at 388.} However, when the same facts were analyzed under the TDRA, the Sixth Circuit reached the opposite conclusion.\footnote{\textit{Moseley II}, 605 F.3d at 388.}

In analyzing the Moseleys’ case for the second time, the circuit court noted that “[t]here appears to be a clearly emerging consensus. . . that the creation of an ‘association’ between a famous mark and lewd or bawdy sexual activity disparages and defiles the famous mark and reduces the commercial value of its selling power.”\footnote{\textit{Moseley II}, 605 F.3d 382, 387-88 (6th Cir. 2010) (citing cases).} The court concluded that when plaintiff can show a “clear semantic association” between a new mark that is used to sell “sex-related products” and the famous one, this association creates “a kind of rebuttable presumption, or at least a very strong inference” that the new mark is likely to tarnish the famous one.\footnote{\textit{Moseley II}, 605 F.3d at 388.} If the
presumption is established, the owner of the new mark has “the burden of coming forward with evidence that there is no likelihood or probability of tarnishment.”\textsuperscript{120} In effect, the court conflated the blurring factors of mark similarity and mark association, creating a rule that if the marks are similar enough to create a “semantic association” between them, the likelihood of dilution is presumed, even when – as in this case – the court finds that the tarnishing effect on plaintiff’s famous trademark is “somewhat speculative.”\textsuperscript{121} The opinion effectively shifts the burden of proof in a dilution by tarnishment case from the plaintiff to the defendant so long as the plaintiff can show an “association” between the two marks.\textsuperscript{122} Perhaps predictably, when the burden of proof was shifted in this case, the Moseley’s could not produce evidence disproving that their use of the mark “Victor’s Little Secret” had tarnished the image of the famous VICTORIA’S SECRET trademark.\textsuperscript{123}

In sum, one effect of the TDRA has been to decrease the relevance of mark similarity in trademark dilution cases and increase the significance of proof of mark association. Although dilution laws may have been conceived as necessary to prevent a defendant from using a mark identical to plaintiff’s famous one (evading liability for trademark infringement by placing the mark on unrelated goods), this type of case does not appear to be common. Moreover, if such misuse of a mark does occur, it is rarely the case that plaintiff’s only viable claim arises under dilution. Rather, at least in recent cases decided under the TDRA, dilution seems to have relevance as a cause of action primarily when defendant’s mark is not particularly similar to the plaintiff’s, such that the dissimilarity between them precludes, at least in part, a finding of trademark infringement.\textsuperscript{124} In this type of case, proof of mental association between the two marks goes a long way towards proving a likelihood of dilution, and, at least in cases involving claims of tarnishment, may be dispositive.

3. Dilution by Competitors

In addition to mark identity, the other hallmark of the traditional dilution claim – at least as articulated by those who enacted the dilution statutes – has been the use of a famous mark to sell unrelated goods or services. As discussed above, Schechter’s original “rational basis” theory was largely born of frustration with the limitations of trademark infringement law of his era, particularly because it did not always offer relief when the defendant placed its mark on goods that were not of the “same descriptive properties” as those of the plaintiff.\textsuperscript{125} It is therefore not surprising that he cited Kodak bath tubs and Mazda shoes as examples of the harm that dilution

\textsuperscript{120}Moseley II, 605 F.3d at 388. The court suggested that such proof could include “expert testimony or surveys or polls or customer testimony.” Id.

\textsuperscript{121}Moseley II, 605 F.3d at 389.

\textsuperscript{122}One judge in the three-judge panel that decided Moseley II dissented and argued that the court had misinterpreted both the plain language and the legislative history of the TDRA in reaching this conclusion. 605 F.3d at 391-95 (Moore, J., dissenting).


\textsuperscript{124}See Beebe, supra note 59, at 1623-26 (concluding, based on empirical data, that “the similarity of the marks factor is by far the most important factor in the multifactor test” for determining likelihood of confusion and trademark infringement).

\textsuperscript{125}See notes __-__, supra, and accompanying text.
was intended to prevent.\textsuperscript{126} Dilution claims are, however, often litigated under the TDRA in cases where plaintiff and defendant are not selling goods or services in radically different markets and, in fact, may be competitors.\textsuperscript{127}

In these types of cases, the defendant typically chooses a trademark for his business that creates an association with the plaintiff’s famous mark for the purpose of communicating information about his own business to the consuming public. In some of these cases, the defendant is a relatively small business owner who is attempting to tell consumers that there is, at some level, a similarity between his business and that of the famous trademark holder. The desire to create an association with the famous mark is not the same as a desire to “pass off” one’s goods as those of the mark holder. In other words, the defendant does not intend to trick the public into buying his goods instead of the plaintiff’s. If such facts were proven, the case would undoubtedly be one of trademark infringement, without the need to resort to a trademark dilution claim.\textsuperscript{128} However, as discussed above, evidence of an “intent to associate” alone currently constitutes powerful evidence of a likelihood of dilution. It is perhaps not surprising, then, that those with the most incentive to create this kind of association (competitors) may find themselves defending a trademark dilution lawsuit.

The trademark case filed by coffee megagiant Starbucks against Black Bear squarely illustrates this phenomenon. Starbucks and Black Bear both sell coffee, although not in comparable amounts. Black Bear is described as a “family-run business that ‘manufactures and sells ... roasted coffee beans and related goods via mail order, internet order, and at a limited number of New England supermarkets.’”\textsuperscript{129} Black Bear operates one retail outlet and occasionally hires part-time workers.\textsuperscript{130} The Starbucks trademark, on the other hand, is associated with “8,700 retail locations in the United States, Canada, and 34 foreign countries and territories.”\textsuperscript{131} Moreover, Starbucks coffee is sold in “hundreds of restaurants, supermarkets,

\textsuperscript{126}Schechter, supra note 6, at 830.
\textsuperscript{127}The application of the dilution doctrine in cases involving competitors is not without controversy. In his iconic trademark treatise, Professor McCarthy states, “It is difficult to understand why an anti-dilution law is invoked when the parties operate in competitive or closely related product or service lines. The legal theory of anti-dilution was conceived to protect strong marks against a diluting use by a junior user in a product or service line far removed from that in which the famous mark appears. Thus, using the anti-dilution law when the parties are competitors in the same market sounds a dissonant and false note. Why the need to invoke the ‘super weapon’ of anti-dilution law to resolve what appears to be a garden variety infringement case.” J. Thomas McCarthy, 4 McCarthy on Trademarks and Unfair Competition § 24:72, at 24–136 (Supp. 12/2003). The Second Circuit rejected this reasoning (without citing McCarthy), based on the plain language of the FTDA: “In the absence of contrary legislative command, the fact that other remedies [such as trademark infringement] may be available to prevent a perceived ill does not seem to be sufficient reason to construe a statute as not reaching circumstances that fall squarely within its words. The fact that injured senior users may thus be given a choice of remedies is not sufficient reason to read into the antidilution statute limitations that Congress did not write.” Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 223 (2d Cir. 1999). Moreover, the court hypothesized that “failure to construe the antidilution statutes as reaching competing products may lead to a gap in coverage; the products might be found too far apart to support a finding of likelihood of confusion—and therefore an infringement action)—yet too close together to permit a finding of dilution.” Id.
\textsuperscript{128}See Beebe, supra note 59, at 1628 (concluding, based on empirical data, “a finding of bad faith intent creates, if not in doctrine, then at least in practice, a nearly un-rebuttable presumption of a likelihood of confusion”).
\textsuperscript{129}Starbucks Corp. v. Wolfe’s Borough Coffee, Inc., 588 F.3d 97, 103 (2d Cir. 2009).
\textsuperscript{130}Id. at 103.
\textsuperscript{131}Id. at 102.
The district court understandably found that Black Bear’s choice of the names “Mr. Charbucks” and “Charbucks Blend” for its coffee product was intended to invoke an association with the famous Starbucks mark. In its appellate brief, Starbucks claimed that Black Bear adopted “Charbucks” as a mark “because there ‘could not have been a more perfect way for [Black Bear] to grab the attention of consumers.’” In addition to invoking a general association with the famous coffee retailer, the name was apparently chosen to convey information about this particular blend of coffee. “As the owner of Black Bear affirmed during his testimony, ‘[t]he inspiration for the term Charbucks comes directly from Starbucks’ tendency to roast its products more darkly than that of other major roasters.’” The slogans accompanying the name emphasized that the blend was dark roasted, promising that the coffee was “[r]oasted to the Extreme ... For those who like the extreme.” The name and the slogan can be interpreted as suggesting that the Black Bear coffee blend, like some Starbucks coffee, is dark roasted, but better than Starbucks. This is a form of comparative advertising, and one in which a small competitor attempts to enter a market to challenge a dominant competitor.

Victoria’s Secret was similarly a case in which the parties operated in related if not identical markets. The Moseley’s, who had one store in Elizabethtown, Kentucky and no employees, sold “adult videos and ‘adult novelties,’” including women’s lingerie, which accounted for approximately five percent of total sales. The plaintiff, which operated over 750 Victoria’s Secret stores and reported annual sales in excess of $1.5 billion at the time of the litigation, described its product as “moderately priced, high quality, attractively designed lingerie sold in a store setting designed to look like a woman’s bedroom.” Testimony in the case indicated that Victoria’s Secret attempts to create and maintain a “sexy and playful” image.

Although Victoria’s Secret and the Moseley’s may not have shared the same business model, this case is hardly one of Kodak pianos or Dupont shoes. As the record in the case plainly illustrated, the Victoria’s Secret trademark has deliberately cultivated sexual connotations, which is most likely why the Moseley’s initially chose the names “Victor’s

132 Id. at 102.
133 588 F.3d at 109.
134 Brief for Plaintiff/Appellant Starbucks Corporation, 2006 WL 4846966 (May 3, 2006). Black Bear did not admit that its choice of the Charbucks name was intended to invoke an association with Starbucks. In its appellate brief, Black Bear argued that it “chose the descriptor ‘Charbucks Blend’ as a humorous way to alert customers that the very dark roast was different from Black Bear’s typical products.” Brief for Defendant/Appellee Wolfe’s Borough Coffee, Inc., 2006 WL 4846967 (June 6, 2006).
135 588 F.3d at 113.
136 588 F.3d at 103. Another slogan stated, “You wanted it dark ... You've got it dark!” Id.
137 The Second Circuit rejected Starbucks’ claim that Black Bear’s use of the name Charbucks resulted in tarnishment of the Starbucks trademark by evoking an image of “bitter, over-roasted coffee.” Id. at 110. At least one pre-TDRA case did find dilution by tarnishment in a case between competitors, where the plaintiff’s famous logo was used in defendant’s comparative advertisement in a manner that mocked the plaintiff. See Deere & Co. v. MTD Products, Inc., 41 F.3d 39, 44 –45 (2d Cir. 1994) (interpreting New York anti-dilution law).
139 Id. at 422–23.
140 V Secret Catalogue, Inc. v. Moseley, 605 F.3d 382, 394 (6th Cir.2010) (dissent) [Moseley II].
141 The dissent in Moseley II took note of Victoria’s Secret advertisements for “‘sexy little things’ lingerie.” These ads urge customers to “‘[b]e bad for goodness sake’” by wearing Victoria’s Secret merchandise, specifically “’peek-a-boo’s, bras and sexy Santa accessories.’” Moseley II, 605 F.3d at 394. The ads also encourage participation “in the store’s ‘panty fantasy,’ which they describe as ‘Very racy. Very lacy.’” Id.
Secret” and “Victor’s Little Secret” for their business. Although there was little evidence of any likelihood of confusion between the two businesses -- which is why summary judgment was granted on the trademark infringement claim -- they both desired to cultivate a sex-related image. By using a name evoking an association with the famous Victoria’s Secret trademark, the Moseley’s attempted to convey precisely such an image to their potential customers.

We should not be surprised that dilution cases arise in contexts wherein the plaintiff’s goods or services bear some resemblance to those of the defendant. A defendant who copies a mark like “Kodak” onto an unrelated item like a piano gets a limited amount of benefit from doing so, given that the specific attributes of a Kodak camera have little significance in terms of assessing the attractiveness of a large musical instrument. Moreover, to the extent the Kodak piano appealed to the consumer because she was misled into believing that the owner of the Kodak trademark somehow endorsed the product, the defendant would be liable for trademark infringement, and a claim for dilution would be unnecessary.

However, a play on words that associates with a famous brand in a related market – like Victor’s Little Secret or Mr. Charbucks – may signal certain information to the consumer about the product, particularly given the almost universal recognition of famous brands. These types of names, when presented in contexts clarifying that the famous trademark holder is not the source of the relevant good or service, also have the benefit of avoiding the creation of a likelihood of confusion, i.e., trademark infringement. If this type of word play is actionable, dilution is the most likely claim.

4. Dilution of Trade Dress

Dilution claims have also arisen outside the classic formulation of identical marks on unrelated goods in cases involving trade dress. Although the FTDA did not specifically refer to trade dress dilution, some courts did apply the Act in trade dress cases. The current version of the federal dilution statute, the TDRA, explicitly applies to cases involving trade dress. Although the number of trade dress dilution cases is relatively small, they deserve mention because, given the nature of the claim, they tend to arise in the context of disputes between competitors. Defendant’s trade dress is unlikely to allegedly “dilute” that of plaintiff if the parties are in completely unrelated industries.

An early case involving a claim of trade dress dilution was brought by the maker of a product that is certainly “famous” to the parents of young children: the Goldfish cracker, a product of Pepperidge Farms. This case held that, under the 1995 version of the federal trademark dilution law (the FTDA), only proof of a “likelihood of dilution,” rather than “actual dilution” was required. The Supreme Court overruled this holding in Victoria’s Secret, requiring proof of “actual dilution,” but as discussed above, that holding was in turn abrogated by the 2005 amendments to the Act (the TDRA). The TDRA explicitly requires proof only of a “likelihood of dilution” rather than “actual dilution.” See notes 144-145, supra, and accompanying text.

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142See, e.g., Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208 (2d Cir. 1999); I.P. Lund Trading ApS v. Kohler Co., 163 F.3d 27 (1st Cir. 1998) (considering FTDA trademark dilution claim regarding trade dress of KOHLER faucet); compare Syndicate Sales, Inc. v. Hampshire Paper Corp., 192 F.3d 633, 639 (7th Cir. 1999) (expressing doubt as to whether trade dress falls within the scope of the FTDA).


144Nabisco, Inc., 191 F.3d 208. This case held that, under the 1995 version of the federal trademark dilution law (the FTDA), only proof of a “likelihood of dilution,” rather than “actual dilution” was required. The Supreme Court overruled this holding in Victoria’s Secret, requiring proof of “actual dilution,” but as discussed above, that holding was in turn abrogated by the 2005 amendments to the Act (the TDRA). The TDRA explicitly requires proof only of a “likelihood of dilution” rather than “actual dilution.” See notes 144-145, supra, and accompanying text.

Nabisco that included, among other shapes, a cracker in the shape of a fish.\textsuperscript{146} In the ensuing lawsuit, Pepperidge Farms alleged that Nabisco’s cracker mix both infringed and diluted its trade dress in the Goldfish cracker. Its infringement claim failed at the trial court level, but its dilution claim prevailed and was upheld on appeal.

The Second Circuit concluded that the Nabisco crackers were “likely to dilute” the distinctiveness of the Pepperidge Farm goldfish. The court explicitly considered and rejected the argument that dilution was not an appropriate cause of action in a case between two competitors, as snack food giants Pepperidge Farms and Nabisco undoubtedly are. First, it noted that the express language of the FTDA contained no such limitation; to the contrary, the statute provided that dilution could occur “regardless of the presence or absence of ... competition between the owner of the famous mark and other parties.”\textsuperscript{147} The TDRA contains essentially identical language.\textsuperscript{148} Moreover, the court reasoned that “the closer the products are to one another, the greater the likelihood of both confusion and dilution. The senior user has a right to the antidilution law’s remedy in either case.”\textsuperscript{149}

More recently, the Ninth Circuit addressed a trade dress dilution claim involving the pocket stitching on the back pocket of a pair of jeans.\textsuperscript{150} The parties were Levi Strauss (Levis) and Abercrombie & Fitch (Abercrombie), competitors in the jeans market. Levi Strauss sued Abercrombie for trademark infringement and dilution under the TDRA, claiming that Abercrombie’s pocket stitching design both infringed and diluted Levis’ “Arcuate” trademark (i.e., the stitching on the back pocket of Levis jeans).\textsuperscript{151} Because the advisory jury in this case found that the two designs were not “identical or nearly identical,” the district court dismissed the dilution claim.\textsuperscript{152} The Ninth Circuit reversed and remanded, holding that the court had misstated the degree of similarity necessary to support a dilution claim under the TDRA.

These cases are problematic because, as noted previously, they typically arise in cases involving competitors.\textsuperscript{153} The trade dress utilized by a competitor may often bear some resemblance to that of the plaintiff because the two parties are, in fact, competitors, \textit{i.e.}, produce goods or services in the same market. Particularly given that the “substantial similarity” test has been stripped away from the dilution analysis, the danger presented by trade dress cases like \textit{Levi Strauss} is that courts will have difficulty distinguishing between the type of “association” between marks that constitutes actionable dilution under the TDRA and the association between products that is deliberately and legitimately generated in the course of competition. Products

\textsuperscript{146}Nabisco did not randomly choose to manufacture a cracker in the shape of a fish. The Nabisco product was designed as a joint promotion with Nickelodeon Television Network, to promote the Nickelodeon CatDog cartoon. The cartoon featured a two-headed creature (half cat, half dog) that liked to eat fish (for the cat) and bones (for the dog). The CatDog cracker mix was to contain crackers in the shape of the CatDog cartoon character and its favorite foods, fish and bones. \textit{Id.} at 213.

\textsuperscript{147}\textit{Id.} at 222 (citing 15 U.S.C. § 1127(c)).

\textsuperscript{148}\textsuperscript{See 15 U.S.C. § 1125(c)(1).}

\textsuperscript{149}\textit{Nabisco, Inc.}, 191 F.3d at 222; \textit{see also} note 127, supra.

\textsuperscript{150}\textit{Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.}, 633 F.3d 1158 (9th Cir. 2011).

\textsuperscript{151}The parties’ respective stitching designs are reproduced in Attachment A, at the end of this article. Although the Arcuate stitching design is not referred to as “trade dress” in the Ninth Circuit opinion, it is a type of logo, not a word mark, and therefore most appropriately considered a form of trade dress.

\textsuperscript{152}633 F.3d 1158.

that compete are, by their very nature, somewhat similar, and therefore by necessity one may provoke a “mental association” of the other.

5. The Limitations of Fair Use

When it was enacted, the TDRA’s definition of “fair use” was widely perceived to be more generous than that encompassed in the previous version of the statute. However, the statutory language of the Act, combined with the courts’ constricted interpretation of it, have not yielded this result. The fair use defense under the TDRA remains narrow, and fails to insulate from liability many uses of a famous trademark that should not be actionable.

In the context of trademark law, courts have defined “parody” as “a simple form of entertainment conveyed by juxtaposing the irreverent representation of the trademark with the idealized image created by the mark’s owner.” Simply stated, parodies use trademarks (often famous ones) to make fun of the companies who “own” those marks and may profit from them to an enormous degree. Historically, trademark holders have not appreciated this type of humor and often consider it to constitute dilution, particularly dilution by tarnishment. At least to some degree, however, the First Amendment protects “successful” parodies.

The predecessor to the TDRA, the FTDA, did not contain an explicit affirmative defense of fair use based on parody. Rather, if parody was exempted from statutory liability at all, it was because it fell within the scope of the general “noncommercial use” exemption. This omission was heavily criticized for its potential negative impact on the right of free speech. In response to that criticism, the amended version of the Act (the TDRA) exempts from liability any “fair use” of a mark designed to identify and parody, criticize, or comment upon “the famous mark owner or the goods or services of the famous mark owner.” However, this statutory exemption does not apply in cases where the defendant has used the plaintiff’s mark “as a designation of source” for her “own goods or services.”

To be considered “successful” and hence not actionable as trademark infringement or dilution, a parody must copy the original trademark only so much as is necessary to communicate to the public that it is making fun of the trademark (and/or its owner) and is not a message originating from the trademark holder itself. “Thus, ‘[a] parody relies upon a difference from the original mark, presumably a humorous difference, in order to produce its desired

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154 Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC, 507 F.3d 252, 260 (4th Cir. 2007); see also People for the Ethical Treatment of Animals v. Doughney, 263 F.3d 359, 366 (4th Cir. 2001) (same).
155 See, e.g., Haute Diggity Dog, 507 F.3d 252; Hogg Wylde, 828 F.2d 1482; Mattel, Inc. v. MCA Records, Inc., 296 F.3d 894 (9th Cir. 2002); Deere & Co. v. MTD Products, Inc., 41 F.3d 39, 44-45 (2d Cir. 1994).
156 See Mattel, 296 F.3d at 902-07 (discussing tension between liability for dilution under the FTDA and the First Amendment in the context of parody).
157 The FTDA definition of fair use was limited to “use of a famous mark by another person in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark.” The FTDA also contained a general exemption for “noncommercial uses” of a mark, which is identical to the language in the current version of the statute.
effect.”162 In a case that contains perhaps the most thorough judicial analysis of the TDRA’s parody provisions to date, the Fourth Circuit held that Haute Diggity Dog’s use of the mark “Chewy Vuiton” for dog toys was a successful parody of the famous trademark held by Louis Vuitton, maker of luxury purses.163 The court concluded that Haute Diggity Dog’s parody of Louis Vuitton succeeded because it “undoubtedly and deliberately conjures up the famous [Louis Vuitton] marks and trade dress, but at the same time, it communicates that it is not the [Louis Vuitton] product.”164

The Louis Vuitton opinion does not discuss the First Amendment in its parody analysis. Moreover, it holds that a finding of a successful parody does not guarantee immunity from liability under the TDRA fair use affirmative defense, which by its plain language does not apply when defendant’s mark is being used as a designation of source for its goods, as in this case.165 Rather, the court considered the parodic nature of Haute Diggity Dog’s use of the Louis Vuitton mark in balancing the statutory factors for dilution by blurring.166 In affirming the trial court’s grant of summary judgment in favor of Haute Diggity Dog on the dilution by blurring claim, the court of appeal speculated that the Chewy Vuitton parody might actually increase, rather than decrease, the distinctiveness of the Louis Vuitton mark: “[B]y making the famous mark an object of the parody, a successful parody might actually enhance the famous mark’s distinctiveness by making it an icon. The brunt of the joke becomes yet more famous.”167 The court also paid scant attention to Louis Vuitton’s dilution by tarnishment claim, for which it had little to no evidentiary support.168

The scope of the TDRA’s parody exemption, therefore, appears to be quite narrow and still raises First Amendment concerns.169 Because the statute’s fair use defense excludes categorically all cases in which the parody serves as defendant’s trademark, courts must engage in a fact-specific weighing of factors in these types of cases to determine whether the use will “impair the distinctiveness” of the famous trademark or harm its reputation.170 Although the

162*Haute Diggity Dog*, 507 F.3d at 260 (quoting Jordache Enterprises, Inc. v. Hogg Wyld, Ltd., 828 F.2d 1482, 1486 (10th Cir.1987)).

163Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC, 507 F.3d 252, 260 (4th Cir. 2007). In a case interpreting state anti-dilution law, the court held that the use of the mark “Lardashe” for jeans was a successful parody of the “Jordache” jeans trademark. Jordache Enterprises, Inc. v. Hogg Wyld, Ltd., 828 F.2d 1482 (10th Cir.1987).

164*Haute Diggity Dog*, 507 F.3d at 260.

165Id. at 266.

166Id. at 267.

167Id. at 267 (citing cases).

168Id. at 268-69. Although Haute Diggity Dog’s goods, specifically the Chewy Vuiton dog toy, were clearly of inferior quality when compared to luxury Louis Vuitton handbags, the evidence cited in the summary judgment motions (and consequently on appeal) regarding dilution by tarnishment focused on the peculiarly narrow claim that Louis Vuitton’s reputation could be harmed because a dog could choke on the Chewy Vuiton toy. *Id.* Based on this limited evidence and argument, the court affirmed summary judgment on this claim.


170Other circuits may of course choose to reject the test adopted by the Fourth Circuit in the *Louis Vuitton* case, either on statutory or Constitutional (First Amendment) grounds. See, e.g., Starbucks Corp. v. Wolfe’s Borough Coffee, Inc., 588 F.3d 97, 113 (2d Cir. 2009) (declining to decide whether to adopt the Fourth Circuit’s analysis of the parody affirmative defense when defendant’s parody is used as a trademark).
court in *Louis Vuitton* ultimately concluded that the Chewy Vuitton parody would have neither effect, that result was not a foregone conclusion.\(^{171}\)

Moreover, subtle yet potentially humorous references to a famous trademark are not likely to be considered successful parodies. For example, in *Charbucks*, the Second Circuit found that Black Bear’s reference to the Starbucks trademark was at best a “subtle satire” and therefore too indirect to be considered a parody.\(^{172}\) Under the specific language of the Act, the business owner who wishes to choose a trademark that parodies but does not dilute is therefore faced with a difficult task. A parody, by its very nature, evidences an “intent to associate” with a famous trademark.\(^{173}\)

That intent to associate, however, is one of the factors that tends to show a likelihood of dilution by blurring.\(^{174}\) If the parody is ultimately deemed unsuccessful — either because it is not considered humorous, fails to sufficiently distinguish itself from the famous trademark, or any other reason — efforts to associate with the mark owner will almost certainly not be viewed in a favorable light. The would-be parodist must thus choose a name that invokes the original in a humorous way, directly enough so that the humor is apparent, but not so directly as to leave himself open to a claim of trademark infringement or dilution. If the reference is too indirect the parody defense will likewise fail, as it did in the *Starbucks* case.

The statute’s fair use exemption for comparative advertising\(^ {175}\) likewise does not appreciate subtlety. Comparative advertising has long been considered a fair use defense to a claim alleging misuse of a trademark, both in the infringement and dilution contexts.\(^ {176}\) However, if the comparative advertising is not stated in an obvious way, the purveyor of the advertisement will not be insulated from liability. The *Starbucks* case illustrates this principle as well. Black Bear’s parody defense, as noted above, was rejected in part because the reference that it made to the Starbucks trademark was too subtle and indirect. Somewhat ironically, the parody claim was also rejected because the court interpreted Black Bear’s message, as communicated via the Charbucks marks, as one of comparative advertising (casting Starbucks in a positive rather than a negative light) rather than humor. The court described the Charbucks logo as a “beacon to identify Charbucks as a coffee that competes at the same level and quality as Starbucks in producing dark-roasted coffees.”\(^ {177}\) If Black Bear had made this statement directly — “this coffee competes at the same level and quality as Starbucks in producing dark-roasted coffees” — rather than using the Charbucks marks as a “beacon” to convey the same message, presumably its use would have been protected from a dilution claim as a matter of law.

In short, the TDRA has led trademark dilution law far away from its *Rational Basis* roots. Because Congress has eliminated the requirement of proving “actual dilution,” it is now difficult to determine what exactly the plaintiff is required to prove to sustain a claim of dilution. Proof of association (and intent to create same) between the two marks clearly goes a long way. Fair use is often an ineffective safety valve. Proof of harm caused by dilution may in fact be difficult

\(^{171}\) *Compare* Deere & Co. v. MTD Products, Inc., 41 F.3d 39, 44 –45 (2d Cir. 1994) (finding trademark dilution where defendant used plaintiff’s famous logo in a comparative advertisement that mocked plaintiff).

\(^{172}\) Starbucks Corp. v. Wolfe’s Borough Coffee, Inc., 588 F.3d 97, 113 (2d Cir. 2009).

\(^{173}\) *See* Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC, 507 F.3d 252, 260 (4th Cir. 2007) (“A parody must convey two simultaneous—and contradictory—messages: that it is the original, but also that it is not the original and is instead a parody.”) (citations omitted).


\(^{175}\) *See* 15 U.S.C. § 1125(c)(3)(A)(i) (exempting from liability any “advertising or promotion that permits consumers to compare goods or services”).

\(^{176}\) *See*, e.g., Smith v. Chanel, Inc., 402 F.2d 526, 565-66 (9th Cir. 1968).

\(^{177}\) Starbucks Corp. v. Wolfe’s Borough Coffee, Inc., 588 F.3d 97, 113 (2d Cir. 2009).
to come by, because in fact dilution causes no economic harm. These results are profoundly problematic.

C. The Traditional Justification for Trademark Dilution Law and Why It Does Not Work

The claim for dilution—in the TDRA, the FTDA, and in numerous state statutes—derives from the notion that an “association” between the junior and senior users’ marks, even in the absence of a likelihood of confusion, will result in the diminished distinctiveness of the senior mark, thereby reducing its value as a mark. Although some have argued that the dilution cause of action is justified by the same law and economics theories that traditionally support trademark infringement claims, those arguments have been subjected to vigorous critique. The attempt to rationalize dilution on the same terms as trademark infringement is akin to shoving a square peg in a round hole, and is just as futile.

1. Dilution by Blurring

The TDRA defines dilution by blurring as an “association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark.” The mark’s distinctiveness is impaired, at least in theory, because the consumer’s ability to recall the famous trademark is compromised due to the consumer’s exposure to the mark in unrelated contexts. The effect of each dilutive use is cumulative, and eventually can even result in the “death” of the mark. Whether this phenomenon actually occurs in practice is the subject of a substantial debate.

To understand how dilution is supposed to work, it is helpful to start with the traditional law-and-economics explanation for a different cause of action: trademark infringement. This theory rests on the notion that trademarks are economically efficient because they act as a form of commercial shorthand. By quickly and effectively communicating information about goods or services to consumers, they thereby reduce consumer search costs in the marketplace. The efficiency of a trademark depends on its ability to act as a source identifier: when the consumer sees the mark, she has to know that the good or service to which it is attached derives from a

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178See note 74, supra.
179See note 71, supra, and accompanying text.
180See generally Desai & Rierson, supra note 14, at 1796-98 (discussing the traditional law and economics explanation of trademark law).
181See William M. Landes & Richard A. Posner, Trademark Law: An Economic Perspective, 30 J.L. & ECON. 265, 268-70 (1987) (“[A] trademark conveys information that allows the consumer to say to himself, ‘I need not investigate the attributes of the brand I am about to purchase because the trademark is a shorthand way of telling me that the attributes are the same as that of the brand I enjoyed earlier.’”); see also Ralph Folsom & Larry Teply, Trademarked Generic Words, 89 YALE L.J. 1323, 1336 (“A properly functioning trademark provides a short-hand means of associating currently tendered products with past or anticipated experiences and thereby eliminates the need to make repeated searches for nonprice information.”).
182See Qualitex Co. v. Jacobson Products Co., Inc.,514 U.S. 159, 163-64 (1995) (“[T]rademark law . . . reduces the customer’s costs of shopping and making purchasing decisions, for it quickly and easily assures a potential customer that this item—the item with this mark—is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past.”) (emphasis in original and internal citations omitted); see also Missawa Rubber & Woolen Mfg. Co. v. S.S. Kresge Co., 316 U.S. 203, 205 (1942); Ralph Folsom & Larry Teply, Trademarked Generic Words, 89 YALE L.J. 1323, 1335 (1980); Stephen Carter, The Trouble with Trademark, 89 YALE L.J. 759, 762 (1990); Ann Bartow, Likelihood of Confusion, 41 SAN DIEGO L. REV. 721, 728-30 (2004).
particular source, with certain known and attendant attributes.\textsuperscript{183} For example, few people in the United States (and in many other nations around the globe) are forced to wonder or speculate about what they will get when they order a hamburger at McDonalds.\textsuperscript{®} For better or worse, when they see the Golden Arches, consumers know what to expect.

Trademark infringement – using another’s trademark (or a similar mark) in a manner that is likely to confuse consumers – is prohibited, at least in part, because it makes trademarks less reliable and, hence, less efficient.\textsuperscript{184} Several other policy goals are furthered by prohibiting trademark infringement as well. In the classic case of “passing off,” the infringer injures the consumer by tricking her into buying something that she did not want: the consumer wanted to purchase product A, but instead she was lured into buying product B.\textsuperscript{185} Trademark infringement also harms the trademark holder by putting the “goodwill” associated with the mark – loosely defined as the mark’s reputation with consumers – in the hands of someone else (i.e., the infringer), outside the mark holder’s control.\textsuperscript{186}

\textsuperscript{183}See 15 U.S.C. § 1127; accord 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 3.1 (4th ed. 2005) (“to become a ‘trademark’ is to identify the source of one seller’s goods and distinguish that source from other sources”); compare FRANK I. SCHECHTER, THE HISTORICAL FOUNDATIONS OF LAW RELATING TO TRADE-MARKS 150 (arguing that the consumer does not regard a trademark as an indication of origin “but rather as a guaranty that the goods purchased under the trade-mark will have the same meritorious qualities as those previously noted by him in his purchases of other goods bearing the same mark”).

\textsuperscript{184}Landes and Posner have observed that “[t]he benefits of trademarks in lowering search costs presuppose legal protection because the cost of duplicating someone else’s trademark is small and the incentive to incur this cost in the absence of legal impediments will be greater the stronger the trademark.” WILLIAM M. LANDES & RICHARD A. POSNER, THE ECONOMIC STRUCTURE OF INTELLECTUAL PROPERTY LAW 168 (2003).

\textsuperscript{185}See Amoskeag Mfg. Co. v. Spear, 2 Sand. 599, 605-06 (N.Y. Sup. Ct. 1849) (observing that, when a trademark is infringed, “[t]he purchaser has imposed upon him an article that he never meant to buy”). Arguably, the consumer is not really injured if product B is actually equal to, or better than, product A in terms of quality, but this kind of consumer injury is not required to prove trademark infringement. See, e.g., Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co., 799 F.2d 867, 875 (2d Cir. 1986) (noting that defendant’s manufacture of similar-quality goods (as opposed to goods of lesser quality) may actually increase the likelihood of confusion and therefore be more likely to infringe). Moreover, the trademark holder (here, the maker of product A) can decrease the quality of his own goods or services at will, without notice to the consumer, at any time. See generally Elizabeth C. Bannon, The Growing Risk of Self-Dilution, 82 TRADEMARK REP. 570 (1992); Irene Calboli, The Sunset of “Quality Control” in Modern Trademark Licensing, 57 AM. U. L. REV. 341, 348 (2007). For these reasons, several commentators have argued that the benefit to consumers provided by traditional trademark law has been overstated. See, e.g., Ann Bartow, Likelihood of Confusion, 41 SAN DIEGO L. REV. 721, 730-32 (2004); see also Irene Calboli, Trademark Assignment ‘with Goodwill’: A Concept Whose Time Has Gone, 57 FLA. L. REV. 771, 830-31 (2005) (arguing that trademarks should be transferable “with or without goodwill,” in part because trademark owners have always had the ability to change the quality or nature of their products at will); Glynn S. Lunney, Jr., Trademark Monopolies, 48 EMORY L.J. 367 (1999) (further critiquing the economic justification for trademark law).

\textsuperscript{186}The “goodwill” associated with a trademark has been described by financier Warren Buffet (in the context of discussing the Sees Candies brand) as a “pervasive favorable reputation with consumers based on countless pleasant experiences that they have had with both product and personnel.” Warren E. Buffet, The Essays of Warren Buffet: Lessons for Corporate America, 19 CARDozo L. REV. 1, 173 (1997) (selected, arranged, and introduced by Lawrence E. Cunningham); see also Hanover Milling Co. v. Metcalf, 240 U.S. 403, 413 (1916) (reasoning that “a party has a valuable interest in the good will of his trade or business, and in the trademarks adopted to maintain and extend it”); Hilson Co. v. Foster, 80 F. 896, 897 (C.C.N.Y. 1897) (“Where the goods of a manufacturer have become popular not only because of their intrinsic worth, but also by reason of the ingenious, attractive and persistent manner in which they have been advertised, the good will thus created is entitled to protection.”); FRANK I. SCHECHTER, THE HISTORICAL FOUNDATIONS OF LAW RELATING TO TRADE-MARKS 144 (stating that, when a trademark is infringed, “the owner is robbed of the fruits of the reputation that he had successfully labored to earn”); Irene Calboli, Trademark Assignment ‘with Goodwill’: A Concept Whose Time Has Gone, 57 FLA. L. REV. 771, 785-95 (2005) (explaining the history and evolution of the concept of goodwill in trademark law); see generally
For example, if a consumer sees the Golden Arches and thinks she is in McDonalds but, in reality, the restaurant is a “McDowells” and serves food that doesn’t taste as good as McDonalds, then both the consumer and McDonalds will potentially suffer.\(^\text{187}\) The consumer is harmed because she thought she paid for and was getting a McDonalds hamburger, but in fact she got something different and, in this example, something worse. McDonalds is similarly harmed because the goodwill associated with its trademark has suffered a blow, at least as to this consumer. The customer’s experience with the imposter McDowells has lowered her expectations as to quality associated with the McDonalds brand, and therefore may buy her fast food somewhere else in the future. Moreover, the next time she sees the Golden Arches, she is not quite as sure about what she is going to get when she places an order.

The law and economics theory for trademark infringement does not easily transfer to a cause of action for dilution, because dilution – by definition – does not require the plaintiff to prove that consumers are likely to be confused.\(^\text{188}\) If the consumer is not confused (or even likely to be confused) by the defendant’s use of a mark, then she has not been tricked into buying something that she does not want. Moreover, the mark holder’s goodwill has not taken a beating, because the consumer knows that the goods or services are coming from two distinct sources, and neither is owned or endorsed by the other.\(^\text{189}\)

Therefore, a claim for “dilution by blurring” does not further the policy goals of either preventing consumer fraud or preserving the mark owner’s goodwill. Rather, the traditional justification for dilution by blurring focuses on the source identifying function of the mark and its ability to bolster economic efficiency in the marketplace. Commentators have argued that trademarks function less efficiently in the marketplace if the consumer makes multiple associations with a given mark, rather than just one. At least in theory, what Schechter characterized as the “uniqueness” of the famous mark is imperiled by these noninfringing uses. Trademark scholars Stacey Dogan and Mark Lemley give the following example:

Blurring takes a formerly unique mark (say, Exxon), which consumers can associate with the mark owner without any necessary context, and applies it to unrelated products – say, Exxon pianos or Exxon carpets. Even if the consumer understands that these different Exxons are unrelated, the proliferation of Exxon-

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\(^\text{187}\) In the 1988 film Coming to America, comedian Eddie Murphy gets a job at a fast food restaurant called “McDowells.” COMING TO AMERICA (Paramount Pictures 1988). The ongoing legal conflict between McDonalds and McDowell’s is a humorous subplot in the movie. This conflict is summarized when the in-movie owner of McDowell’s, Cleo McDowell, states: “Look . . . me and the McDonald’s people got this little misunderstanding. See, they’re McDonald’s; I’m McDowell’s. They got the Golden Arches; mine is the Golden Arcs. They got the Big Mac; I got the Big Mick. We both got two all-beef patties, special sauce, lettuce, cheese, pickles and onions, but their buns have sesame seeds. My buns have no seeds.” Id.

\(^\text{188}\) See 15 U.S.C. § 1125(c)(1) (specifying that dilution is actionable “regardless of the presence of absence of actual or likely confusion”); see also Starbucks Corp. v. Wolfe’s Borough Coffee, Inc. 588 F.3d 97, 109 (2d Cir. 2009) (noting that “the absence of actual or even of a likelihood of confusion does not undermine evidence of trademark dilution”); Franklin Mint Co. v. Manatt, Phelps & Phillips, LLP, 109 Cal. Rptr. 3d 143, 170 (Cal.App. 2010) (“In the dilution context, likelihood of confusion is irrelevant.”).

\(^\text{189}\) As discussed infra, dilution by tarnishment proceeds on the theory that association with unsavory goods or services can damage a trademark holder’s reputation or goodwill, even when consumers are not likely to be confused and therefore understand that the senior user is not the source of, and does not endorse, the offensive goods or services. See notes __-__ and accompanying text, infra.
marked products may make it more difficult for consumers to figure out which company is responsible for any particular product.\textsuperscript{190}

Dogan and Lemley conclude that blurring “can make it somewhat more difficult for consumers to associate a famous mark with its owner.”\textsuperscript{191}

The cause of action for dilution by blurring thus rests upon two critical assumptions: 1) that using the same (or similar) marks on different goods or services, in contexts that will not support a cause of action for trademark infringement (because consumers are not likely to be confused), decreases consumers’ ability to “associate [the famous mark] with the mark owner without any necessary context;” and 2) that preserving consumers’ ability to identify the famous trademark with the holder of the mark – outside “any necessary context” – has value and should be protected. Both of these statements are properly subject to substantial empirical challenge.

The first conclusion – that imbuing a famous trademark with multiple meanings devalues or weakens the original definition of the word – requires the belief that trademarks do not behave like other words in the human language. Language is not immutable.\textsuperscript{192} Countless words in the English language have multiple meanings, and – outside the trademark context – few people would suggest that additional or even derivative meanings necessarily sap the strength from the word’s original definition.\textsuperscript{193} Deven Desai and I have made a similar argument in the context of the genericism doctrine, reasoning that “unorthodox” uses of a trademark in noncommercial contexts should not necessarily indicate that a mark has fallen victim to genericide. In that piece, we gave the following example:

\[
{T}h e \ w o r d \ 's n o w ' \ \text{is defined as} \ 1) \ ' p r e c i p i t a t i o n \ i n \ t h e \ f o r m \ o f . . . \ \ w h i t e \ i c e \ c r y s t a l s ' ; \ 2) \ ' a \ d e s s e r t \ m a d e \ o f \ s t i f f l y \ b e a t e n \ w h i t e s \ o f \ e g g s , \ s u g a r , \ a n d \ f r u i t \ p u l p ' ; \ 3) \ c o c a i n e \ o r \ h e r i n o n ; \ o r \ 4) \ ' t o \ d e c e a v e , \ p e r s u a d e , \ o r \ c h a r m \ g l i b l y . ^ { 1 9 4 } \n\]

Even though definitions 2-4 are fairly clearly derived from the first definition of the word ‘snow,’ their existence does not undermine . . . the validity of the word ‘snow’ as it refers to fluffy, white, frozen precipitation. We determine the meaning of the word by the context in which it is used.\textsuperscript{195}

\textsuperscript{190} Stacey L. Dogan & Mark A. Lemley, What the Right of Publicity Can Learn from Trademark Law, 58 STAN. L. REV. 1161, 1198 (2005-06) (emphasis added); see also Jerre B. Swann, Sr., Dilution Redefined for the Year 2000, 37 HOUS. L. REV. 729, 759 (2000) (defining dilution as “the difference between a brand with a meaning substantially in the abstract, and a brand with a substantial meaning only in context or after cueing”).

\textsuperscript{191} Dogan & Lemley, note 190, supra, at 1198; see also Tushnet, supra note Error! Bookmark not defined.13, at 516-17 (describing dilution theory, in cognitive terms, as a “tragedy of the mental commons, in which a consumer’s mind is overpopulated with meaning and her understanding of a brand descends into incoherence”); Stacey L. Dogan & Mark A. Lemley, Trademarks and Consumer Search Costs on the Internet, 41 HOUS. L. REV. 777, 790 (2004); Mark A. Lemley, The Modern Lanham Act and the Death of Common Sense, 108 YALE L. J. 1687, 1704 n.90 (1999) (“The information consumers can obtain and process is in part a function of how clear the association between mark and product remains in their minds; ‘clutter’ therefore imposes real costs on consumers.”); Shahar J. Dilbary, Famous Trademarks and the Rational Basis for Protecting “Irrational Beliefs,” 14 GEO. MASON L. REV. 605 (2007).

\textsuperscript{192} See Shawn M. Clankie, Brand Name Use in Creative Writing: Genericide or Language Right?, in PERSPECTIVES ON PLAGIARISM AND INTELLECTUAL PROPERTY IN A POSTMODERN WORLD 259, 262 (Lide Buranen & Alice M. Roy eds., 1999) (“Language change and innovation are natural and, in general, unmanageable.”).

\textsuperscript{193} In the trademark context, multiple definitions of the same word are assumed to have dilutive effect. \textit{See, e.g.}, Jerre B. Swann, Sr., Dilution Redefined for the Year 2000, 37 HOUS. L. REV. 729, 759 (2000) (“Dilution equals the diffusion of a singular definition in the dictionary of commercial terms.”).

\textsuperscript{194} WEBSTER’S NINTH NEW COLLEGIATE DICTIONARY 1117 (1983).

\textsuperscript{195} Desai & Rierson, supra note 14, at 1839.
If the word “snow” were a famous trademark and frozen precipitation were a commercial product, dilution by blurring could prevent the use of the word “snow” in other contexts – e.g., using the word to refer to a dessert – on the grounds that doing so would impede the word’s ability to identify the fluffy white stuff that is a form of precipitation, rather than food. Using the word to refer to cocaine or heroin would additionally support a cause of action for dilution by tarnishment.

Some empirical research has attempted to prove that, in fact, the use of a famous trademark on an unrelated product does impede the mark’s effectiveness as a source identifier for the original user of the mark. Maureen Morrin and Jacob Jacoby conducted a study in which consumers were exposed to “dilutive” ads: ads using famous trademarks in unfamiliar contexts, e.g., Heineken popcorn and Hyatt legal services. The consumers were then asked to identify the senior user’s mark, e.g., Heineken beer and Hyatt hotels. The results of the study were inconsistent between these two brands. The study showed that exposure to dilutive ads, as compared to exposure to unrelated ads, increased the amount of time required to identify the proper mark by 125 milliseconds (increasing the response time from 645 milliseconds to 770 milliseconds), as to the Heineken brand. However, exposure to dilutive ads had no measurable negative impact on response rates with regard to the Hyatt brand. In fact, response rates of study participants who were exposed to dilutive ads were 130 milliseconds faster than those of participants exposed to unrelated ones (decreasing the response time from 810 milliseconds to 680 milliseconds).

Although these studies are frequently cited as empirical evidence of a dilutive effect, their findings are less than convincing. The impact identified by these studies, even taken at face value, is objectively minimal, literally measured in milliseconds. As Daniel Klerman has argued, an increase in response time of 125 milliseconds (approximately one-tenth of a second), as in the Heineken example, is not economically significant. Moreover, the study results also demonstrate that the dilutive effect, even measured in milliseconds, does not impact all marks equally and should not be presumed. In the Hyatt example, for instance, exposure to dilutive ads appeared to reinforce rather than undermine the brand’s distinctiveness. This data tends to suggest, and Morrin and Jacoby have concluded, that the strongest, or most “famous” trademarks

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197Morrin & Jacoby, supra note 196, at 268.
198Id. at 268-69.
199Id. at 269.
200Id. at 269.
201Id. at 269-70.
202Daniel Klerman, Trademark Dilution, Search Costs, and Naked Licensing, 74 FORDHAM L. REV. 1759, 1765 (2006). Klerman calculates that, at the rate of $250 an hour, the increase in search costs shown in the Heineken example would cost less than a cent. Id. Although it is difficult to fathom how milliseconds of delay in associating a mark with its proper product could harm the trademark holder, some dilution proponents have argued that this kind of delay is substantial enough to ultimately affect consumer purchasing decisions. See Tushnet, supra note 13, at 522 (citing sources).
are more resilient and therefore less likely to suffer a dilutive effect, which is somewhat ironic given that those marks are the only ones entitled to protection from dilution.

Another limitation of the study derives from the examples of “dilution by blurring” that it utilized. The facts supporting a dilution claim are typically not as clear-cut as those shown to survey respondents in the Morrin and Jacoby study. The 2006 amendments to the federal dilution statute (the TDRA have been interpreted by the circuit courts to de-emphasize mark similarity. Marks like “Heineken popcorn” and “Hyatt legal services,” which employ direct copies of famous marks on unrelated goods or services, are simply not the typical dilution case.

Another question not addressed by this study is whether the effect measured in the laboratory persists in real-life commercial settings. Rebecca Tushnet and others have convincingly argued that any diminution in the source identifying power of the mark – which may in itself be illusory and transient – is readily solved by the addition of context. When determining the meaning and the effectiveness of language, the power of context is difficult to overstate. As discussed previously, the law and economics explanation of trademark law is based on the notion that trademarks function as source identifiers in the commercial marketplace. A mark’s ability to act as a source identifier for the consumer outside that context, or in no context at all (a situation which is much more likely to exist, if at all, in a controlled study rather than any ordinary consumer experience), is of questionable value. The aim of trademark law is not (and should not be) to preserve a mark’s ability to identify a particular source in the abstract, outside the realm of commerce and indeed devoid of any context at all.

Context is crucial because trademarks are words – even though they are words that simultaneously function as valuable corporate assets – and therefore do not behave in the same manner as more tangible forms of “property.” Dilution by blurring stems from the premise that a trademark is essentially a rivalrous good: one that is depleted by use. Any child will tell you (in so many words) that candy, for example, is a rivalrous good. If one child takes a bite of a chocolate bar, then there is less chocolate to go around for everyone else. If everyone helps themselves to the chocolate – even by small bites – eventually the chocolate is gone. Dilution assumes that the source identifying capacity of a trademark similarly functions as a rivalrous

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203 Morrin & Jacoby, note 196, supra, at 270-71. Morrin and Jacoby found that “very strong brands are immune to dilution because their memory connections are so strong that it is difficult for consumers to alter the or create new ones with the same brand name.” Id. at 274; see also Klerman, supra note 202, at 1765.


205 See notes ___ supra, and accompanying text.

206 The Morrin and Jacoby study examined only one mark (Dogiva Dog Biscuits) that was not identical to the famous mark that it theoretically diluted (Godiva Chocolates). The Dogiva ad was included in the study to provide an example of tarnishment. Morrin & Jacoby, supra note 196, at 268.

207 Tushnet, supra note Error! Bookmark not defined.13, at 529-32 (discussing the impact of context in terms of the source-identifying power of trademarks, and words in general). As Tushnet succinctly concludes, “When context is king, dilution loses much of its theoretical appeal.” Id. at 529.

208 As linguist Roger Shuy has written, “Words in isolation seldom occur in our lives, except in spelling bees and grocery lists. Since humans commonly use context to disambiguate and figure out what is meant, it is reasonable to expect them to keep on doing this with trademarks.” Roger Shuy, Linguistic Thoughts on Trademark Dilution, 5-6 (2003) (unpublished manuscript, on file with the author). See also Daniel Klerman, Trademark Dilution, Search Costs, and Naked Licensing, 74 FORDHAM L. REV. 1759, 1765-66 (2006) (observing that “[c]onsumers just do not confront trademarks in the abstract very often, and, when they do, context usually makes the product category obvious”).
good. In theory, the famous mark has a finite amount of source identifying capacity, which is depleted by non-infringing (yet commercial) uses on unrelated goods and services.

Trademarks, by contrast, may well be nonrivalrous goods. Nonrivalrous goods, like information or scientific research, can be “consumed” by multiple people at the same time, without depletion and at low additional cost per additional consumer. Outside the context of trademark law, words or language would almost certainly be characterized as nonrivalous. Words are not depleted and do not lose their expressive meaning due to “overuse.” In fact, the opposite is true: if the population stops using a word, its meaning may be permanently lost, and the repetition of a word actually reinforces (rather than detracts from) its meaning. Entire languages have died or become extinct due to lack of use. Nor does the evolution of multiple definitions of a word (as in the case of the word “snow” discussed above) necessarily indicate that the word’s primary or original definition is weak. The question is whether trademarks (particularly famous ones), which are both language and valued assets, behave more like words or tangible property in terms of their rivalrous or nonrivalous characteristics.

Because trademarks are words, there is a strong argument that trademarks largely function like other words -- which are capable of being used in multiple contexts simultaneously, without depletion -- as opposed to tangible property that is necessarily dissipated through use. Moreover, even assuming that the source-identifying function of a trademark is “whittled away” by allegedly diluting uses, the resulting chips are infinitesimally small, which is why no trademark holder is ever required to prove damages to prevail on a dilution claim. If proof of damages were required, the cause of action would almost certainly be practically meaningless.

One possible explanation is that trademark holders cannot prove damages in these types of cases because they simply do not exist.

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209 As Boyle explains, “Unlike the earthy commons, the commons of the mind is generally ‘non-rival.’ Many uses of land are mutually exclusive. If I am using the field for grazing, it may interfere with your plans to use it for growing crops. By contrast, a gene sequence, an MP3 file, or an image may be used by multiple parties; my use does not interfere with yours. To simplify a complicated analysis, this means that the threat of overuse of fields and fisheries is generally not a problem with the informational or innovational commons.” James Boyle, The Second Enclosure Movement and the Construction of the Public Domain, 66 LAW & CONTEMP. PROBS. 33, 41 (2003); see also Sonia Katyal, Trademark Intersectionality, 57 UCLA L. REV. 1601 (2010); Brett M. Frischmann, An Economic Theory of Infrastructure and Commons Management, 89 MINN. L. REV. 917 (2005).

210 See Tushnet, supra note __, at 536 (describing one study as suggesting that “dilution does not harm many famous trademarks because adding associations to low-frequency words does not interfere with retrieval or recognition – and may even help”); see also id. at 540 (“By adding branches to a trademark’s mental tree, multiple associations make it bigger, which improves availability in a well-forested mind.”)


213 Although the Supreme Court initially interpreted the FTDA to require proof of “actual dilution,” it specified that, under this standard, plaintiffs were not required to prove “the consequences of dilution, such as an actual loss of sales or profits.” Moseley v. V Secret Catalogue, Inc. 537 U.S. 418, 433 (2003). The revised statute, the TDRA, changed the standard of proof to one of “likelihood of dilution” and specifies that plaintiffs were not required to prove any “actual economic injury.” 15 U.S.C. § 1125 (c)(1) (2006). The Subcommittee on Courts, the Internet, and Intellectual Property, in 2004 and 2005, heard testimony from a representative of the International Trademark Association, who argued that the “actual dilution” standard established in Victoria’s Secret was too burdensome for trademark holders: “By the time measurable, provable damage to the mark has occurred much time has passed, the damage has been done, and the remedy, which is injunctive relief, is far less effective.” H.R. Rep. No. 109-23, at 5 (2006), reprinted in 2006 U.S.C.C.A.N. 1091, 1093-94.
2. Dilution by Tarnishment

The TDRA also prohibits use of a trademark that is “likely to dilute [a famous mark] by tarnishment.”\(^\text{214}\) Dilution by tarnishment is further defined as a use which “harms the reputation of the famous mark.”\(^\text{215}\) The language of the statute itself provides no further guidance as to what constitutes an actionable claim for dilution by tarnishment. Dilution by blurring and dilution by tarnishment are similar in that, as to both causes of action, the plaintiff need not prove likelihood of consumer confusion, actual economic injury, or actual dilution.\(^\text{216}\) Moreover, both causes of action stem from the consuming public’s “association” of the junior user’s mark with that of the senior user. However, in a claim for dilution by tarnishment, the association between the two marks is actionable not because it harms the mark’s distinctiveness, but because, in theory, it harms the mark owner’s goodwill. As stated by the Second Circuit, “[t]he sine qua non of tarnishment is a finding that plaintiff’s mark will suffer negative associations through defendant’s use.”\(^\text{217}\)

Dilution via tarnishment arguably increases consumer search costs in the same manner as a claim for dilution by blurring: by diminishing the mark’s capacity as a source identifier.\(^\text{218}\) However, tarnishment is more commonly associated with an alternative policy justification for trademark law: the preservation of the mark owner’s goodwill.\(^\text{219}\) Unlike the injury suffered by a mark holder in a case of trademark infringement, the alleged injury to goodwill targeted by a cause of action for dilution by tarnishment is indirect, due to the lack of consumer confusion. The tarnishment claim arises from the fear that the famous trademark holder will suffer guilt by (admittedly indirect) association. In other words, the theory is that even though the consumer is unlikely to think that the trademark holder is the source of the junior user’s unsavory or inferior product or service, she will nonetheless no longer have uniformly positive associations with the original trademark as a result of her exposure to the tarnishing use. In a case of tarnishment, the consumer’s distaste for the unsavory or inferior product has “rubbed off” on the famous trademark, thereby damaging it.\(^\text{220}\)

The concept of dilution by tarnishment has more intuitive appeal than the claim of dilution by blurring, and therefore has proved to be less controversial (although not without its critics).\(^\text{221}\) Even if we assume that the tarnishment phenomenon of guilt by association can in fact occur, however, we still must wrestle with the difficult question of how it should be proven. Like dilution by blurring, tarnishing uses of a trademark are thought to cause the trademark


\(^{218}\) See Ty Inc. v. Perryman, 306 F.3d 509, 511 (7th Cir. 2002) (characterizing tarnishment as “a second form of dilution,” reasoning that “[a]nalytically it is a subset of blurring, since it reduces the distinctness of the trademark as a signifier of the trademarked product or service”); see also Layne T. Smith, Comment, Tarnishment and the FTDA: Lessening the Capacity to Identify and Distinguish, 2004 BRIG. Y. UNIV. L. REV. 825, 850-60 (2004).

\(^{219}\) See notes 186-189, supra, and accompanying text.

\(^{220}\) See Tushnet, supra note 28, at 522-23 (noting that “emotion drives cognition, meaning that negative associations may do real, even measurable harm” to a trademark holder, describing such associations as “poisoned fruit”); see also Stacey Dogan & Marc Lemley, The Merchandising Right: Fragile Theory or Fait Accompli?, 54 EMORY L.J. 461 (2005) (describing dilution by tarnishment as a form of “subconscious pollution”).

holder an economic harm, albeit one of such a minor degree that it may not be capable of measure in an individual case. Proving that consumers’ exposure to an allegedly tarnishing use of a famous trademark has negatively impacted their opinion of the mark, or the opposite (lack of tarnishing effect), can be difficult if not impossible, at least not without the expenditure of large sums of money for experts and survey consultants.

In most cases, of course, the plaintiff bears the burden of proving its case. For that reason, the Supreme Court held in the Victoria’s Secret case, interpreting the FTDA, that plaintiff could not prevail on its dilution claim because it had not proven that its trademark was diluted or tarnished through association with the Moseleys’ mark. However, Congress rejected the “actual dilution” standard articulated in Victoria’s Secret in favor of “likelihood of dilution,” and, on remand, the burden of proof was essentially shifted to the Moseleys. Once Victoria’s Secret proved a “semantic association” with defendants’ Victor’s Little Secret mark, the Moseleys bore the burden of proving that they had not tarnished the Victoria’s Secret trademark, which they could not do.

The decision in Moseley II, although based on the statutory language and legislative history of the TDRA, is also consistent with earlier cases decided under the FTDA and state anti-dilution statutes. In tarnishment cases involving uses of a mark related to sex, as in Moseley II, courts have rarely required trademark holders to prove harm to sustain a claim of dilution by tarnishment. In fact, the courts have adopted a virtual per se rule regarding uses of trademarks in contexts involving pornography: such uses almost uniformly have been found to tarnish the image of the mark holder, regardless of whether the defendant asserts a parody defense. On the other hand, when the allegedly tarnishing use is a non-vulgar parody, or more generally does not relate in any way to sex or the illegal use of drugs, the dilution plaintiff is less likely to prevail.

Proof of dilution by tarnishment, like dilution by blurring, is elusive, perhaps because – at least in the typical case – no dilution has occurred. In other words, the trademark holder probably cannot prove that he has been harmed because, in fact, he has not been harmed. Even if he has suffered some economic harm, it is likely to be minute. All of which tends to suggest that something more than a desire to avoid economic harm is driving trademark holders’ demand for dilution.

222 See notes __-__, supra, and accompanying text.
223 See, e.g., Dallas Cowboys Cheerleaders v. Pussycat Cinemas, Ltd., 604 F.2d 200 (2d Cir. 1979) (enjoining use of Dallas Cowboy cheerleader uniforms in a pornographic film); Kraft Foods Holdings, Inc. v. Helm, 205 F. Supp. 2d 942, 948–50 (N.D. Ill. 2002) (holding that pornographic website’s use of the mark “VelVeeda” was likely to tarnish the VELVEETA trademark); Victoria’s Cyber Secret Ltd. P’ship v. V Secret Catalogue, Inc., 161 F. Supp. 2d 1339, 1355 (S.D. Fla. 2001) (holding that defendants’ use of domain names “victoriassexsecret.com” and “victoriassexyssecret.com” to sell “entertainment of a lascivious nature suitable only for adults” was likely to tarnish the VICTORIA’S SECRET trademark). When a defendant uses sexual imagery, particularly pornography, to mock the trademark holder or the mark itself in a manner that might otherwise be considered a parody, courts are typically not amused. See, e.g., Pillsbury Co. v. Milky Way Prods., Inc., 215 U.S.P.Q. 125, 126 (N.D. Ga. 1981) (enjoining use of Pillsbury Doughboy character in magazine which featured the Doughboy in various sexual positions); but see Burnett v. Twentieth Century Fox Film Corp., 491 F. Supp. 2d 962 (C.D. Cal. 2007) (dismissing claim of dilution by tarnishment by actress Carol Burnett based on lewd portrayal of her “Charwoman” character in an episode of the cartoon Family Guy, on grounds that use of Burnett’s character was noncommercial parody).
224 See, e.g., Hormel Foods Corp. v. Jim Henson Productions, Inc., 73 F.3d 497 (2d Cir. 1996) (finding defendant’s use of wild boar puppet named “Spa’am” in the movie Muppett Treasure Island did not dilute or tarnish the SPAM trademark (for lunch meat)). See also notes 163-168, supra, and accompanying text (discussing Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC, 507 F.3d 252 (4th Cir. 2007)).
II. The Moral Predicate of Dilution

The economic justification for the dilution cause of action is accordingly weak at best. Given that the holders of the famous trademarks qualifying for protection under the TDRA are typically corporations with a duty to maximize shareholder value, it therefore may seem facially surprising that these corporate entities would champion the dilution cause of action and often spend vast sums of money pursuing litigation asserting these claims. The economic harm caused by dilution – assuming it exists – is almost certainly dwarfed by the cost of enforcement. If economic harm were the only, or even a primary, rationale motivating these claims, we would expect the holders of famous trademarks to be considerably less enthused about dilution.

A better explanation for dilution, as well as its practical utilization, is that it is a moral right that has been statutorily conferred upon the corporations that create, nurture, and profit from famous trademarks. Like the authors of creative works, these corporate entities would like to control all uses of their marks, particularly those that are offensive to them, and not just those that cause them economic harm. For example, when testifying before Congress on the subject of the Federal Trademark Dilution Act, counsel for Warner Brothers Studios said: “[T]he trademark owner, who has spent the time and investment needed to create and maintain the property, should be the sole determinant of how that property is to be used in a commercial manner.” 225 Dilution – at least as currently construed – comes close to granting this wish.

A. Moral Rights in the United States

A moral right is one which explicitly does not – unlike most intellectual property law in the United States – depend upon an economic or utilitarian framework to justify its existence. Moral rights are based on the personal rights of the creator, with the idea being that the creator of an artistic work should retain some amount of control over it, even if he does not “own” the work: primarily, the right of attribution (the right to be named as the author of the work) and the right of integrity (the right to prevent others from mutilating the work or to present it in a manner not approved by the author). 226 The right of attribution broadly “gives the author the right to control the association of his name with the work,” including the right “not to associate his name with the work,” and the right to be anonymous. 227 The right of integrity, sometimes referred to as the “right of respect,” enables the author to prevent any modification or distortion of his work that misrepresents his “vision or concept.” 228 In sum, these rights “function to safeguard the author’s


226See KWall, supra note 13, at 6-7 (noting that “both the right of attribution and the right of integrity function to safeguard the author’s meaning and message, and thus are designed to increase an author’s ability to safeguard the integrity of her texts”); Edward J. Damich, The Visual Artists Rights Act of 1990: Toward a Federal System of Moral Rights Protection for Visual Art, 39 Cath. U. L. Rev. 945, 958-64 (1990).

227Damich, supra note 226, at 949 (emphasis added); see also KWall, supra note 13, at 5 (“The right of attribution safeguards the author’s right to be recognized as the creator of the work.”); Id. at 87-110 (discussing the right to be anonymous or to use a pseudonym).

228Damich, supra note 226, at 949.
meaning and message, and thus are designed to increase an author’s ability to safeguard the integrity of her texts.”

Perhaps as a result of the lack of economic or utilitarian justification for moral rights, moral rights have gained limited traction in the United States. Although other U.S. laws may be interpreted as indirectly supporting the moral rights of the author, the statute that most explicitly protects the rights of attribution and integrity is the Visual Artists Rights Act, or VARA, which was appended to the Copyright Act in 1990. VARA was enacted in an effort to comply with the Berne Convention, which the United States had signed two years earlier. The Berne Convention requires its signatories to provide authors with the moral rights of attribution and integrity:

Independently of the author’s economic rights, and even after the transfer of the said rights, the author shall have the right to claim authorship of the work and to object to any distortion, mutilation or other modification of, or other derogatory action in relation to, the said work, which would be prejudicial to his honor or reputation.

VARA is largely regarded as insufficient to satisfy the United States’ obligations under the Berne Convention. Although VARA does provide for basic rights of attribution and integrity, it does not apply to all types of authorial works. As its name implies, VARA’s protections extend solely to authors of works of “visual art.” A work of visual art is defined as a “painting, drawing, print, or sculpture” and some photographs. VARA’s exclusion of entire categories of works, such as sound recordings and books, is probably the most obvious way in which it conflicts with the Berne Convention. VARA also allows an author to waive (but not transfer) her rights. VARA’s waiver provisions are arguably inconsistent with Berne’s definition of a moral right, which is said to exist “independently of the author’s economic rights, and even after the transfer of the said rights.” Traditionally, moral rights have been

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229KWALL, supra note 13, at 6.
231See KWALL, supra note 13, at 27-28 (discussing legislative history of VARA).
232Berne Convention for the Protection of Literary and Artistic Works art. 6bis(1), Sept. 9, 1886, 828 U.N.T.S. 221. Article 6bis further provides that “[t]he means of redress for safeguarding the rights granted by this Article shall be governed by the legislation of the country where protection is claimed.” Id. at 6bis(3).
233See, e.g., KWALL, supra note 13, at 37 (“[T]here is a stark reality that we may not be in compliance with our obligations under the Berne Convention.”); Damich, supra note 226, at 996 (characterizing VARA as “a step in the right direction ,” although it “does not meet the requirements of the Berne Convention”); Coree Thompson, Note, Orphan Works, U.S. Copyright Law, and International Treaties: Reconciling Differences to Create a Brighter Future for Orphans Everywhere, 23 ARIZ. J. INT'L & COMP. LAW 787, 805 (2006) (“VARA failed to . . . bring the United States into full compliance with the Berne Convention . . . .”).
23417 U.S.C. § 106A.
23517 U.S.C. § 101. Photos are covered only if produced “for exhibition purposes only,” and then only if signed by the author. Id. Copies of the original, as to any type of work, are protected only if signed and consecutively number by the author; 200 is the maximum number of allowed copies. Id. The Act specifically excludes from the definition of a visual work of art, among other things, “applied art, motion picture or other audiovisual work, book, magazine, [and] newspaper.” Id.
236See Damich, supra note 226, at 951-58 (discussing this aspect of VARA); KWALL, supra note 13, at 28 (describing this exclusion as problematic).
238Berne Convention for the Protection of Literary and Artistic Works art. 6bis(1), Sept. 9, 1886, 828 U.N.T.S. 221.
considered inalienable and nonwaivable, owing to their intrinsically personal nature. As a result of these and other limitations, one commentator has characterized VARA as the “Mini Me” of moral rights laws.

The federal trademark statute (the Lanham Act) makes no specific reference to moral rights or the right of attribution or integrity. However, Section 43(a) of the Act, which prohibits “false designations of origin,” has been cited as a source of moral rights protection. At least in some cases, Section 43(a) has been successfully invoked to prevent a “mutilated” version of the author’s work from being presented under the author’s name. However, the Supreme Court in *Dastar Corp. v. Twentieth Century Fox Film Corp.* interpreted Section 43(a) narrowly and specifically rejected the argument that the “origin” of the goods in that case – videotapes of a D-Day documentary – was the author of the work rather than the producer of the tapes. The Court reasoned that extending the Lanham Act in this manner would “conflict with the law of copyright, which addresses [the right of attribution] specifically,” in VARA. Absent Congressional intent explicitly to the contrary, the Court concluded that “[t]he right to copy, and to copy without attribution, once a copyright has expired . . . passes to the public.”

*Dastar’s* interpretation of Section 43(a) thus severely restricted its applicability in these types of cases.

Given the intensely personal nature of moral rights, it is hard to imagine why a corporation would even want them. Moreover, as the Supreme Court’s decision in *Dastar* illustrates, the Lanham Act itself has no applicability in terms of guaranteeing moral rights, at least by its literal terms. To understand the analogy between moral rights law and dilution, one first must consider the sometimes intensely personal relationship between corporate America and its brands.

**B. Corporate America’s Love Affair with the Brand**

Corporate megabrands – the type of trademarks that are easily considered “famous” under the TDRA – are much more than source-identifiers for a particular product. These brands also derive a massive amount of value due to their embodiment of expressive meanings, well beyond their concurrent roles of source identifier and symbol of corporate goodwill. The corporations

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239 See Damich, supra note 226, at 966-67 (arguing that moral rights should not be waivable, due to their personal nature and the inequality of bargaining power likely to exist between artist and patron).


242 See KWALL, supra note 13, at 30-31 (discussing 43(a) as a source of moral rights protection under US law).

243 See, e.g., Gilliam v. American Broadcasting Co., Inc., 538 F.2d 14, 24-25 (2d Cir. 1976) (holding that re-broadcast of substantially edited or “mutilated” Monty Python scripts, attributed to Monty Python, constituted a false designation of origin and therefore violated Section 43(a)).

244 539 U.S. 23 (2003).

245 *Dastar*, 539 U.S. at 33-34.

246 Id.

247 Id. at 33. Similarly, in Shakespeare Co. v. Silstar Corp. of America, Inc., 9 F.3d 1091, 1103 (4th Cir. 1993), the court observed that to preserve competition, “Congress. . . has therefore confined and limited the rewards of originality to those situations and circumstances comprehended by our patent, copyright, and trade-mark laws. When these statutory frameworks are inapplicable, originality per se remains unprotected and often unrewarded. For these reasons and with these limitations the bare imitation of another’s product, without more, is permissible. And this is true regardless of the fact that the courts have little sympathy for a willful imitator.”

248 See notes __-__, infra, and accompanying text.
that develop and promote these trademarks deliberately cultivate expressive meanings associated with a given mark. In doing so, the creators of the mark try to generate a specific type of “emotional connection” with the consumer.\(^249\) When the trademark is used in an unapproved manner, inconsistent with the corporation’s vision of its mark, the message becomes distorted. Corporations accordingly try to control the manner in which their marks are used to the full extent permitted by the dominant legal regime.

The famous trademarks that perhaps best illustrate this phenomenon are the anthropomorphized corporate children that have fictional personalities and actual “friends” on Facebook. For example, Mattel’s iconic doll/trademark, Barbie, has over 2.5 million “friends” on the social media website Facebook and identifies herself as a Public Figure who is “[i]n a relationship” (presumably with Ken).\(^250\) In one recent post, Barbie reported the following status: “Relaxing today with my tried and true solution… retail therapy!”\(^251\) Sometimes her posts are more inspirational: “I’ve had over 130 careers and I don’t plan on stopping! If you can dream it, you can be it!”\(^252\) Barbie even comments on recent events.\(^253\) She ostensibly seems to think she is a real person.\(^254\) Mattel deliberately uses Barbie’s online image to create a specific persona associated with the famous Barbie trademark.

Even corporate icon/trademarks less human-looking than Barbie -- like the Pillsbury Doughboy and the Planters Peanut – similarly articulate scripted personalities that endeavor to create an emotional connection with the consumer. Pillsbury maintains a detailed set of official Guidelines dictating the Doughboy’s personality and what he can and cannot do.\(^255\) The Doughboy is described as “warm and sweet and enthusiastic and helpful.”\(^256\) Mr. Peanut is apparently more emotionally complex.\(^257\) According to a Planters corporate officer, Mr. Peanut is “very classy and upscale” -- “someone you might meet at a celebrity party, or at a new club, or lounge or bar. And – to your surprise – he talks to you! He engages you in conversation! So yes, he’s got his top hat and monocle. But paradoxically, he’s also quite approachable and down-to-earth.”\(^258\)

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\(^{249}\) Ruth Shalit, *The inner Doughboy: How an army of admen battle to define and protect the true nature of the Jolly Green Giant, the Pillsbury Doughboy and other advertising spokescharacters*, Salon.com (March 23, 2000); available at http://www.salon.com/media/col/shal/2000/03/23/doughboy (quoting David Altschul, president of the advertising division at Will Vinton Studios, as stating, “We are focused on the emotional connection with the consumer”).

\(^{250}\) See https://www.facebook.com/#!/barbie.

\(^{251}\) See https://www.facebook.com/#!/barbie (August 29, 2011). In the same vein, Barbie reports, “Woke up from a terrible nightmare that all of my shoes went missing! I was so happy to open my closet and see them safe and sound. Phew!” Id. (August 10, 2011).

\(^{252}\) See https://www.facebook.com/#!/barbie (August 24, 2011).

\(^{253}\) On August 23, Barbie commented on a rare East-coast earthquake: “O.M.D. Seems like my dolls on the East Coast and in Colorado experienced an LA-style quake! Hope everyone is safe and sound.” Id.

\(^{254}\) Studios have also established on-line identities for movie characters (e.g., Ricky Bobby, played by Will Ferrell in the film *Talladega Nights*). See Elizabeth Holmes, *On MySpace, Millions of Users Make ‘Friends’ with Ads*, Section B.1, WALL ST. JOURNAL (Aug. 7, 2006); see also https://www.facebook.com/#!/pages/Ricky-Bobby/146097352118333 (Facebook site for Ricky Bobby, self-identified “Athlete”).


\(^{256}\) Id.

\(^{257}\) Mr. Peanut also identifies himself as a Public Figure on Facebook. See https://www.facebook.com/mrpeanut.

\(^{258}\) Shalit, supra note 255. Other trademark icons are similarly invested with personalities. An advertising executive described the M&M characters as follows: “The red M&M – he’s the calculating one. A little bit small-
One common feature of brand guidelines is a keen concern for maintaining the “icon’s moral hygiene.” Pillsbury’s desire to keep the Doughboy morally flawless, for example, prevented him from appearing in a commercial sponsored by the California Milk Processor Board. As part of the Board’s “Got Milk?” campaign, the planned ad featured an “all-American family” sitting down to enjoy a plate of freshly baked Pillsbury cookies. In the ad, the dad discovers, to his dismay, that someone has drunk the last of the milk. The culprit turns out to be a chagrined Doughboy, who promptly dashes off camera. Pillsbury would not, however, consent to the Doughboy being portrayed in this manner. Pillsbury’s director of brand development explained why the company rejected the ad: “For some other character, taking the milk might be fine. [ ] But not the Doughboy. He doesn’t trick people. He doesn’t take advantage. It’s not in his character to do that.”

Given Pillsbury’s refusal to have the Doughboy portrayed as “mischievous” enough to drink the last of the milk, it is perhaps not surprising that it filed a lawsuit when the Doughboy appeared in Screw magazine engaging in sexual intercourse and fellatio. In that case, Pillsbury prevailed on its state law dilution claim, but the court declined to grant relief for “tarnishment of trade characters,” which it characterized as a “theretofore unheard of cause of action.” In this cause of action, Pillsbury claimed that the defendant had “altered the image” of the Doughboy, to whom it referred as its “corporate spokesman,” in a way that made him “distasteful or even repulsive” to many Pillsbury customers. Pillsbury’s “tarnishment of trade character” cause of action clearly evinces a perceived entitlement to a type of moral right in its trademark Doughboy. Significantly, although the purported “trade character” cause of action was unsuccessful, Pillsbury got the same injunctive relief under a claim of dilution.

In a similar vein, Mattel sued artist Thomas Forsythe when he produced a series of photos that depicted “one or more nude Barbie dolls juxtaposed with vintage kitchen appliances” in “various absurd and often sexualized positions” (“Food Chain Barbie”). The artist explained that the photos were intended to critique and lambaste the “objectification of women” and “conventional beauty myth” embodied by Barbie. Forsythe earned less than $3,700 in gross revenue from the Food Chain Barbie series of photographs, over half of which derived from sales

mindened, a little ambitious and full of himself. Yellow is good hearted, but a bit slow on the uptake. Blue is closer to Woody Allen in terms of attitude. A little more wry, a little more understated. Occasionally a bit sarcastic.” Id.

259 Ruth Shalit, The Mr. PeanutChronicles: Burned by past disasters, icon managers have learned the hard way that the suave mascot must never wear a wetsuit and that Ronald McDonald cannot hang out in bars, Salon.com (March 24, 2000); available at http://www.salon.com/media/col/shal/2000/03/24/doughboy2.

260 Shalit, supra note 255.

261 Shalit, supra note 255. According to the Milk Processor Board, one reason cited by Pillsbury for refusing the milk-and-cookies ad was the lack of the word “mischievous” in the Doughboy guidelines. “‘Playful’ is there. ‘Mischievous’ is not.” Id.


263 Pillsbury Co., 214 U.S.P.Q. at 135. The court reasoned that “[t]he basis for [the dilution] cause of action is the belief that the owner of these marks should not have to stand by and watch the diminution in their value as a result of unauthorized uses by others. All the plaintiff need show to prevail is that the contested use is likely to injure its commercial reputation or dilute the distinctive quality of its marks.” Id.

264 Id.

265 Id.

266 Mattel, Inc. v. Walking Mountain Prod., 353 F.3d 792, 796 (9th Cir. 2003). “For example, ‘Malted Barbie’ features a nude Barbie placed on a vintage Hamilton Beach malt machine. ‘Fondue a la Barbie’ depicts Barbie heads in a fondue pot. ‘Barbie Enchiladas’ depicts four Barbie dolls wrapped in tortillas and covered with salsa in a casserole dish in a lit oven.” Id.
to Mattel investigators. Fortunately, the Ninth Circuit affirmed summary judgment on Mattel’s trademark and trade dress dilution claims on grounds that the works constituted a noncommercial fair use and were protected by the First Amendment.

These lawsuits are clearly about more than mere economics. In these examples, Pillsbury and Mattel were obviously offended by the unintended uses of their trademarks, but it is highly unlikely that either of them was economically harmed, at least to any measurable degree, as a result. Especially in the Barbie case, the company spent more money litigating the claim than the economic harm caused by the artist, if any, could possibly justify. Both used claims for trademark dilution as a tool to preserve the perceived integrity of their famous trademarks, much like an artist who raises a claim of moral rights to prevent the mutilation or distortion of his work. In the United States, however, the corporate trademark holder is much more likely to succeed on such a claim, under a theory of dilution, than would be the artist.

C. How Trademark Holders Have Obtained Moral Rights

Given this country’s hesitance to guarantee or enforce the moral rights of authors, even in the face of an international treaty compelling it to do so, it is difficult to imagine why the U.S. would be willing to extend such rights to corporations. If dilution is in fact a type of moral right, or at least analogous to one, then the immediate question becomes why it exists.

One reason why trademark dilution has encountered less legislative resistance than moral rights in the copyright context is because dilution does not expressly bear the “moral rights” label. Dilution as a cause of action is instead justified under the same basic economic model that grounds claims for trademark infringement; i.e., reduction of consumer search costs and preservation of goodwill. Although some commentators have referred to dilution as a “moral right” in a trademark, Congress and the courts have not. If the corporations who hold famous trademarks had directly asked Congress to pass legislation preserving their “moral rights” in those marks, they probably would have been considerably less successful.

The relative ease with which trademark dilution legislation was passed in the U.S. Congress, as compared to VARA, can also be explained through pure and simple politics. The corporations that hold famous trademarks are some of the wealthiest and most influential companies in the United States. For example, in 2011, the three most valuable brands – Apple, Google, and IBM – were all listed among the top 100 of the Fortune 500 companies. These corporations are all members of the International Trademark Association (INTA), a group that describes itself as “a leading advocate for the interests of brand owners” and “a powerful network of powerful brands.” Representatives of INTA and other advocacy groups promoting the interests of trademark holders, such as the American Intellectual Property Law Association

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268 Id. at 797 & n.3.
269 See notes __-, supra, and accompanying text.
270 See, e.g., Kenneth L. Port, The Expansion Trajectory: Trademark Jurisprudence in the Modern Age, 92 J. PAT. & TRADEMARK OFF. SOC’Y 474, __ (2010) (“The trademark right in the United States has slowly come to be far more similar to the nature and extent of moral right protection, rather than the mere right to exclude.”).
272 On the Fortune 500 list for 2011, IBM ranked 18th; Apple was 35th; and Google was 92d. http://money.cnn.com/magazines/fortune/fortune500/2011/full_list/index.html.
274 http://www.inta.org/About/Pages/Overview.aspx. INTA’s members include “5,900 trademark owners, professionals and academics from more than 190 countries.” Id.
(AIPLA), provided extensive testimony to Congress on the TDRA.\(^{275}\) By contrast, only a limited amount of opposing testimony was offered by free speech advocates such as the ACLU. In passing the earlier version of the federal dilution law, the FTDA, Congress heard hardly any testimony at all, and all of it was in favor of the bill.\(^{276}\) Comparatively speaking, federal dilution legislation cut through Congress like a hot knife through butter.

By contrast, proponents of moral rights legislation in the copyright context faced a much stiffer opposition; in particular, the powerful entertainment and film industries.\(^{277}\) Although, like the FTDA, the Visual Artists Rights Act passed Congress with little debate, that lack of debate did not evidence a lack of opposition. VARA passed on the last day of the Congressional session, and it was included in a bill that authorized eighty-five new federal judgeships.\(^{278}\) Without that piece of legislative horse-trading (and the compromises that have weakened VARA’s impact), it is unclear whether and in what form VARA would have been passed.

Finally, there are substantive as well as political reasons for the ease with which dilution has been accepted and implemented as a moral right, when those same types of rights in the copyright context have encountered so much hostility. First, dilution neatly fits into the rhetoric of the natural law of property rights and hostility to free riding on the efforts and property of others. These themes are pervasive in American jurisprudence, including intellectual property law. Moral rights in the copyright context, however, cut directly against that grain. Dilution is viewed as protecting property holders’ rights against interlopers; the moral rights of authors are seen an undermining property holders’ legitimate rights. Second, extensive moral rights protections in copyright law have been criticized for having a negative impact on the First Amendment rights of others, due to the restrictions moral rights may place on works that have otherwise entered the public sphere. Although trademark dilution has also been criticized as negatively impacting that same public sphere and conflicting with the First Amendment, that criticism has been more muted because trademark law, by its nature and by statutory definition, impacts commercial speech. At least until relatively recently, commercial speech has been entitled to limited First Amendment protection.

The rhetoric of property rights is prevalent in trademark law.\(^{279}\) The Lockean notion that one should not reap where one has not sown has intuitive appeal, and is frequently cited as the true


\(^{276}\)The Supreme Court summarized the legislative history of the TDRA as follows: “On July 19, 1995, the Subcommittee on Courts and Intellectual Property of the House Judiciary Committee held a 1-day hearing on H.R. 1295. No opposition to the bill was voiced at the hearing and, with one minor amendment that extended protection to unregistered as well as registered marks, the subcommittee endorsed the bill and it passed the House unanimously. [ ] In the Senate an identical bill, S. 1513, 104th Cong., 1st Sess., was introduced on December 29, 1995, and passed on the same day by voice vote without any hearings.” Moseley v. V Secret Catalogue, Inc., 537 U.S. 418, 431 (2003).

\(^{277}\)See Kwall, supra note 13, at 28; see also David Goldberg and Robert J. Bernstein, Legislation by the 101st Congress, N. Y. L. JOURNAL, Jan. 18, 1991, at 3 (noting “intense and extensive opposition to extending specific moral rights protection to audiovisual and other works”).

\(^{278}\)See Kwall, supra note 13, at 28 (describing VARA legislative history).

\(^{279}\)The Lockean notion that one is entitled to the fruits of one’s labor – and the converse, that one is not entitled to profit from the results of someone else’s labor – was dominant in the nineteenth century and prevalent in early
policy concern driving the development and expansion of trademark dilution law in the United States.\textsuperscript{280} Although trademark law, at least in the modern era, has consistently warned that trademark rights are limited and do not exist “in gross,” it is equally certain that the holders of famous trademarks view them as extremely valuable forms of property over which they should exercise considerable, if not complete, control. As explained by a spokesperson for Ralph Lauren, “We consider the Polo brands to be the essence of our company. They are our identity, our face, our worth – in other words, our property. For Polo Ralph Lauren, and many other American companies, the most valuable piece of property that they own is their good name, or, as we say in the industry, their brand . . . .”\textsuperscript{281} Dilution law allows trademark holders to prevent others from free-riding on their “property,” an idea that resonates in U.S. law.\textsuperscript{282} In the copyright context, however, moral rights are controversial largely because they restrict property rights rather than enhance them. Under U.S. law, copyrights are completely alienable and transferrable. Compared to a trademark, a copyright carries with it more absolute rights, albeit for a finite period of time. The notion that an author should be able to control the manner in which her work is used, even after she has sold her copyright in the work to someone else, contradicts the fundamental definition of what it means to “own” something in the United States. Therefore, moral rights law, in the copyright context, directly clashes with the rhetoric of property. Moreover, that clash generated considerable political opposition from powerful groups who purchase and hold large numbers of copyrights (e.g., movie studios), who did not wish to have laws enacted that would constrain their ability to exploit their copyrights.

Moral rights in copyright law have also encountered resistance due to their perceived negative impact on the public domain. Unlike trademarks, which can continue to exist so long as they are being used, copyrights eventually expire. When they do, works of authorship pass into the public domain, for the public to use as they see fit, regardless of the desires of the author.\textsuperscript{283} Moreover, even during the life of the copyright, the statutory fair use doctrine and the First Amendment permit uses of copyrights that are arguably inconsistent with the concept of moral rights. For these reasons, not only copyright owners but also free speech advocates have opposed the adoption and vigorous enforcement of moral rights laws in the copyright context.


\textsuperscript{282}The anti-free riding impulse in U.S. unfair competition law only goes so far, however, given the law’s concurrent resistance to monopoly and devotion to the value of competition, which is inevitably restrained when the ability to copy is impeded. In the words of an iconic First Amendment scholar, “Most of us get along by developing the ideas of others. That is how the world progresses. [ ] ‘A dwarf standing on the shoulders of a giant can see farther than the giant himself.’ Columbus discovered America, but here we are.” Zechariah Chafee, \textit{Unfair Competition}, 53 Harv. L. Rev. 1289, 1318 (1940).

\textsuperscript{283}VARA does not conflict with this aspect of copyright law, as it provides that its rights do not extend beyond the life of the author.
Free speech advocates have opposed the enactment and enforcement of dilution law as well, but their arguments have had less impact, in part for the political reasons discussed above. Moreover, as a substantive matter, free speech arguments in the trademark context have had limited success because most trademark disputes arise in the commercial speech arena. When trademark holders have filed lawsuits to constrain noncommercial speech -- specifically artistic speech that is more frequently the subject of copyright disputes -- their arguments have met with limited success. Although dilution law undoubtedly imposes costs in terms of its impact on the right to free expression protected by the First Amendment, those costs have often been characterized as negligible or nonexistent because the speech constrained is purely commercial.

If dilution is characterized as a moral right, certain aspects of the dilution cause of action make more sense. If the point of dilution is to allow the holders of famous trademarks to preserve the integrity of their marks and to prevent others from mutilating them, then logically they should not be required to prove actual harm, actual dilution of the mark’s distinctiveness or goodwill, or actual damages. The harm caused by the violation of a moral right is inchoate and essentially incapable of economic proof. When the proper label is placed on the cause of action, however, a further question should be answered: Do corporations deserve a cause of action that enables them to protect their “moral rights” in a trademark? If so, should that cause of action look like the current version of the federal dilution law? The answer to those questions, as explained below, is “No.”

III. The Absence of Moral Rights.

Vindicating the moral rights of corporations may seem like a questionable legislative endeavor. However, if dilution imposed no costs – in other words, if dilution were harmless, as some have perceived it to be – then the exact nature of the interest it is intended to protect would be a largely academic enterprise. Dilution does, however, impose substantial costs that must be considered in assessing whether the cause of action should continue to exist, at least in its current form. Those costs, particularly dilution’s negative impact on speech and competition, outweigh its benefits. Although the outright repeal of the TDRA is unlikely, the statute should be amended, or at least narrowly construed, to minimize the externalities that it imposes.

A. Dilution Matters

The practical effect of a dilution cause of action is difficult to precisely identify. Few complaints, for example, solely assert a cause of action for trademark dilution. Famous trademarks are entitled to such a broad degree of protection in trademark infringement actions that, in the typical case, the dilution claim is largely superfluous. Moreover, empirical data from the ten-year period preceding enactment of the TDRA (1996-2006) indicated declining rates of enforcement of dilution claims in federal court. Based on this data, Clarissa Long has noted that “[i]n the federal courts, . . . dilution cases are not exactly a juggernaut.”

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284See, e.g., Mattel, Inc. v. MCA Records, Inc., 296 F.3d 894 (9th Cir. 2002); Mattel, Inc. v. Walking Mountain Prod., 353 F.3d 792 (9th Cir. 2003).
287Id.
empirical study of cases decided in the year following enactment of the TDRA yielded similar results, leading Barton Beebe to opine that the dilution claim remained superfluous and that anti-dilution law had “no appreciable effect on the outcomes of federal trademark cases or the remedies issuing from those outcomes.”

Arguing that dilution claims as superfluous, however, hardly constitutes a ringing endorsement of this principle. As Beebe and others have argued, famous trademark holders may perhaps not “need” dilution protection in the vast majority of cases given the scope of modern trademark infringement law. And if dilution claims imposed no costs, their superfluous nature would at least potentially render them harmless if not helpful.

However, in the cases where dilution does matter – i.e., when trademark infringement claims fail the test of likelihood of confusion, even under today’s broad standards – dilution’s potential for negative impact on both speech and competition is at its peak. Moreover, the likelihood that the trademark holder has suffered any real economic injury is at its nadir. The manner in which courts have interpreted the TDRA (in addition to the language of the Act itself) has exacerbated this problem. Moreover, the mere threat of a dilution suit in federal court, with the possibility of being forced to pay plaintiff’s attorney fees in addition to your own, is often more than enough to chill protected speech and potentially suppress competition. As a result, the cost of even purportedly “meaningless” dilution claims are substantial.

B. The Externalities of Dilution

Dilution comes close to granting trademark rights “in gross.” There are fundamental reasons why trademark law traditionally has not reached this far, primarily because: (1) unlike copyrights and patents, trademarks are not Constitutionally sanctioned monopolies; and (2) also unlike copyrights and patents, trademarks do not have an expiration date – they endure so long as they continue to be used to identify the mark holder’s goods or services. The expansive right of trademark dilution has been justified or at least excused, on the grounds that, in practical application, it imposes very little in terms of costs. In other words, granting the right of dilution to trademark holders has been characterized as creating little in the way of externalities. This view of trademark dilution, however, is largely erroneous.

1. The Clash between Dilution and the Value of Speech

The famous trademarks that are most likely to qualify for dilution protection – think Google and Coca-Cola – are ironically the marks that objectively need dilution protection the least. Empirically speaking, their famousness insulates them from dilution, as the brand is so well established in the consumer’s mind that it is difficult to budge. Moreover, their sheer ubiquity makes it easy to argue, whatever the context, that another’s use of the same or a similar mark will lead to a likelihood of consumer confusion.

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289 The phrase “damning with faint praise” comes to mind.
290 See Desai & Rierson, *supra* note 14, at 1800-01 (discussing distinctions between trademarks and copyrights and patents, and the policies underlying the prohibition of trademark rights “in gross”).
291 See generally Carter, *supra* note 182 (arguing that, in general, trademark law insufficiently accounts for the externalities that it creates).
These marks are also the ones that carry with them the most potential for expressive use. The famous brands that are entitled to protection under the TDRA are not just “mega-valuable corporate assets”; they also are part of contemporary culture and, as such, embody a host of linguistic meanings. As discussed supra, the corporations that seek dilution protection for these famous marks are definitely aware of their marks’ significance beyond their commercial function and attempt to cultivate (and control) that aspect of their meaning.

The value of these brands – which is objectively staggering – derives in large part from their expressive function. “Brands can become symbols by which people define and express themselves, such that people spend money far beyond the cost of the utility of the good to reinforce that identity or have that means of expression.” For example, a Louis Vuitton purse signals that the consumer who owns it is in the company of celebrities and others who can afford to pay $1000 for a purse (and are willing to do so). Although the purse is surely well constructed, it is highly unlikely that the majority of the purchase price derives from the value of the labor and materials required to make it. Reduction in consumer search costs and even “goodwill” does not account for billions of dollars in brand value.

Famous trademarks may also take on expressive meanings that are not deliberately created by their corporate handlers, and which may be neutral or even negative in terms of their impact on brand value. For example, the word “Barbie” not only signals a doll manufactured by Mattel, complete with the image Mattel would like her to represent, but also functions expressively when used to refer to a beautiful yet “empty-headed” woman. The pop band Aqua undoubtedly intended to tap into the unofficial expressive meaning of Barbie when it produced the hit song Barbie Girl, as the lyrics demonstrate. As is often the case, Mattel was not amused and filed suit for trademark infringement and dilution. Although the court ultimately held that the use of the BARBIE mark in a song was not actionable because it was a constitutionally protected parody, the language of the FTDA (the governing statute at the time)
by no means clearly embraced the “Barbie Girl” song as a fair use.\(^{299}\) Moreover, the litigation was enormously contentious and hence expensive, prompting Judge Koziński to end his opinion by advising the parties “to chill.”\(^{300}\)

The federal dilution statute, both in its current version (the TDRA) and its previous incarnation (the FTDA), provides scant room for these types of expressive uses, particularly in commercial contexts. Although the TDRA more clearly exempts parodies from dilution liability than did the FTDA, the parody affirmative defense does not apply when the parody is embodied within a trademark.\(^{301}\) As a result, at least one circuit court has held that parodies that are also trademarks are protected only if they do not dilute. Although the court in that case found no dilution, it is far from certain that every court will reach the same conclusion, given the fact-specific nature of the inquiry. For example, in the Barbie Girl case, the court concluded that the Barbie Girl song was in fact “dilutive” and insulated from liability only because it fell within the scope of the “noncommercial use” affirmative defense.\(^{302}\) The narrow scope of the fair use defense therefore raises serious First Amendment concerns.\(^{303}\)

It is unclear why proprietors should not be allowed to choose names for their businesses (i.e., trademarks) that tap into the expressive function of famous marks, particularly when those names are not identical or even “substantially similar” to the relevant marks and, most likely as a result, do not create a likelihood of consumer confusion. The desire to “associate” with a famous trademark in this manner is completely understandable and perhaps even pro-competitive, as it increases the efficiency of the new mark by conveying useful information about the good or service to which it is attached. Someone who sees an ad for “Victor’s Little Secret” has some idea of what is for sale, even without knowing anything about the store other than the name of it. Yet that intent to associate weighs in favor of a finding that the proprietor of such a business has diluted the famous mark, which undoubtedly (and intentionally) discourages such associative uses.

The corporations that “own” famous trademarks cultivate and profit enormously from the expressive meanings that these marks convey. Much like an artist who has crafted a great sculpture, these trademark holders wish to control all uses of their creations, especially those they find offensive. However, in the absence of any real economic injury to the trademark holder (and certainly not any measurable one), the control which is granted via the dilution cause of action should take into account the costs that go along with it. Prohibiting others from tapping into these expressive meanings, even in commercial settings, is a substantial externality of the statutory dilution cause of action.

2. Dilution’s Impact on Competition

\(^{299}\)See Mattel, 296 F.3d at 904-07 (interpreting “noncommercial use” affirmative defense and discussing First Amendment limitations); see also Patrick D. Curran, Comment, Diluting the Commercial Speech Doctrine: ‘Noncommercial Use’ and the Federal Trademark Dilution Act, 71 Univ. Chi. L. Rev. 1077 (2004).


\(^{301}\)See notes __—__, supra, and accompanying text.

\(^{302}\)Mattel, 296 F.3d at 903, 904-07

The expressive function of famous trademarks is enormously valuable, both for the holders of such marks and the public at large. Preventing proprietors from tapping into those expressive meanings in developing their own trademarks in contexts in which there is no likelihood of confusion deprives the proprietor of an efficient trademark and hence negatively impacts his ability to compete. Current dilution doctrine, particularly under the TDRA and recent interpretations of that statute, poses more direct threats to competition as well. Although the original dilution cause of action was never envisioned as reaching suits between direct competitors, such lawsuits are in fact often the cases in which dilution claims matter most. When a trademark infringement claim fails because the facts will not support it, dilution is a useful stand-in. In such cases, it may be difficult if not impossible to distinguish the kind of association between two marks that causes actionable dilution from the “injury” that a trademark holder suffers as a result of regular – beneficial -- competition. The extent to which dilution suppresses competition in this regard should be recognized as a cost and considered in examining the scope of the doctrine.

Lawsuits between competitors, based on the use of their respective trademarks, have traditionally been resolved under the rubric of the trademark infringement cause of action, specifically under the likelihood of confusion standard. The interests of consumers and the plaintiff are largely aligned in such cases: both are harmed by trademark infringement.\textsuperscript{304} At least in theory, the dilution claim should have no impact in these lawsuits. In such suits, one would expect that a dilution claim would be superfluous.\textsuperscript{305} However, the plain language of the TDRA (and its predecessor, the FTDA) does not bar its application in lawsuits between competitors and, in fact, says the opposite. As a result, dilution claims are becoming increasingly relevant in such lawsuits, to the detriment of competition.

Some courts have interpreted the TDRA’s six-factor test for dilution as eliminating the “substantial similarity” test from trademark dilution analysis. As a result, in some cases a trademark dilution claim has survived summary judgment or other adjudication when a trademark infringement claim has not, often because the marks in question were not similar enough to support an infringement claim. In essence, the dilution claim picks up where infringement leaves off, resulting in potential liability -- or at least the inability to win the case on a summary judgment motion -- in a case where the plaintiff would otherwise be expected to lose. Such cases may do more to create “unfair competition” than eliminate it.

A recent case involving Levi Strauss and Abercrombie & Fitch, two competitors in the market for blue jeans, illustrates the conundrum posed by dilution claims in suits between direct competitors.\textsuperscript{306} Both Strauss and Abercrombie sell jeans that are adorned with pocket stitching.\textsuperscript{307} The pocket stitching by Strauss, the plaintiff, is considered famous, and in fact would be easily recognized by most American consumers. Abercrombie’s pocket stitching was alleged to infringe and dilute Strauss’s design. Analyzing an infringement claim in this context requires an answer to this question: Would a person encountering Abercrombie’s pocket stitching on the backside of a pair of jeans likely be confused into thinking that the jeans were in fact made by Strauss? The answer to that question was apparently “no.”

\textsuperscript{304}See notes \_\_\_\_\_, supra, and accompanying text.
\textsuperscript{305}See notes \_\_\_\_\_, supra, and accompanying text.
\textsuperscript{306}Levi Strauss & Co. v. Abercrombie & Fitch Trading Co., 633 F.3d 1158 (9th Cir. 2011).
\textsuperscript{307}Attachment A, appended to the end of this article, reproduces a photo of the parties’ respective designs that was attached to the court’s opinion in this case.
The dilution claim, by contrast, poses a much more difficult question: After encountering Abercrombie’s pocket stitching on the backside of a pair of jeans (which the consumer would not be likely to mistake for Levi’s), would the consumer think of Strauss just as quickly the next time she saw Strauss pocket stitching, or would her response time be slower because her mind had been “polluted” by subconscious images of the Abercrombie design? As an empirical matter, that is an exceedingly difficult question to answer, but more importantly, it is unclear how this kind of “mental pollution” is any different than the desired effect generated by legitimate competition. Of course Abercrombie wants to pollute the customer’s mind with images of its own jeans in addition to the ones sold by Levis; that is the point of competition. If Abercrombie is prohibited from provoking these kinds of associations, its ability to compete will be compromised. Although Strauss might like to prevent all other jean makers from adorning the backsides of jeans, lest such adornments intrude upon the “uniqueness” of the Strauss trademark, it is unclear why this is a desirable result from anyone’s perspective other than Strauss.

The same issue may arise in cases involving word marks, particularly when a small business owner desires to compete with the owner of a famous trademark. Small business owners may want, both understandably and legitimately, to draw upon the expressive meaning of the famous trademark to communicate a message about his own business. The proprietor may also wish to convey to consumers, through his own trademark, that he not only is competing with the famous trademark holder, but that his product is better than the famous one. If such claims were made directly – e.g., my coffee is better than Starbucks – they would almost certainly be considered comparative advertising and hence a fair use of the Starbucks trademark. However, when the proprietor attempts to convey the same message in a more subtle or humorous way – e.g., by selling a blend called “Mr. Charbucks” – he may be subject to a claim of trademark dilution.308 Both instances of comparative advertising threaten the distinctiveness of the Starbucks mark in the same way. It is unclear why one should be actionable but not the other.

In sum, the dilution doctrine may impact competition in a negative way when it is raised in cases between competitors. The cost of allowing such claims is particularly evident when the trademark infringement claim that accompanies it is weak and perhaps does not survive, and only the dilution claim keeps the case in court. These costs should also be considered in construing the TDRA and contemplating its future.

3. The Cost of Trademark Bullying

The final dilution externality involves the phenomenon of trademark “bullying.”309 The true impact of dilution cannot be measured by tallying the number of cases in which it appears as a stand-alone cause of action, or by any alternative measure that focuses on complaints actually

308 The record in the Starbucks case demonstrated that defendant’s intent in choosing the Charbucks mark was at least in part a desire to convey a message of comparative advertising. The Second Circuit characterized the Charbucks logo as a “beacon to identify Charbucks as a coffee that competes at the same level and quality as Starbucks in producing dark-roasted coffees.” Starbucks Corp. v. Wolfe’s Borough Coffee, Inc., 588 F.3d 97, 113 (2d Cir. 2009).

filed (or published decisions). A more accurate account would have to consider the number of times the dilution claim is threatened and attempt to gauge the impact of those threats—certain percentage of which are objectively meritless—on consumer behavior. Like the harm caused by dilution itself, this injury is one which is difficult if not impossible to accurately measure. However, the phenomenon of trademark overreaching in the form of threatened lawsuits of questionable merit is real, and it is exacerbated by the existence of the federal dilution cause of action. This, too, is a cost to be considered an assessing the externalities of dilution.

As Deven Desai and I have elsewhere observed, “Typically, the threat of litigation alone (even when ever so lightly implied) by a corporate giant is sufficient to dissuade a person from making fair use of a trademark.” Frequently, when small businesses like Victor’s Little Secret and Black Bear Coffee receive a cease-and-desist letter from the likes of Victoria’s Secret and Starbucks, threatening to sue them in federal court, they will do whatever is necessary to prevent such lawsuit from being filed. The primary action typically required is changing the name of a business or its website. Given the level of financial resources and time and energy required to defend a federal lawsuit, even one a “winnable” one, most people would rationally choose to change the name of their business. Moreover, given the inherent ambiguity of dilution law, discerning the winnable cases from the unwinnable ones poses a challenge for even the most competent of lawyers.

The website Chillingeffects.org, a joint project of the Electronic Frontier Foundation and various law school clinics, acts as a depository for a wide range of demand letters in all areas of intellectual property law. A recent example taken from this Website illustrates the type of over-reaching that often appears in such letters. This letter was sent by the National Pork Board, an agency representing purveyors of “The Other White Meat,” a slogan that is a federally registered trademark. The recipient was The Lactivist Breastfeeding Blog, which was selling t-shirts and other merchandise bearing the slogan: “The Other White Milk.” The National Pork Board threatened suit for both trademark infringement and dilution. The National Pork Board claimed that “even were this use of the slogan ‘The Other White Milk’ found to be not confusing, which we think is unlikely, this slogan nevertheless damages National Pork Board’s rights in the famous mark THE OTHER WHITE MEAT, because the slogan significantly dilutes the distinctiveness of the mark.”

The letter ends by demanding that the Breastfeeding Blog (1) destroy all of the t-shirts and promotional materials bearing the offending slogan; (2) cease use of the slogan on any website; and (3) agree to never again use the slogan “The Other White Milk.”

Even a person who knows little to nothing about trademark law can probably figure out that people buying “The Other White Milk” t-shirts are not likely to mistakenly believe that the

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310 See Long, supra note 286, at 1031 (acknowledging that “[i]t could well be the case that dilution law is a powerful bargaining chip in cease-and-desist letters and in negotiations outside the legislative arena”).
311 Desai & Rierson, supra note 14, at 1839-40.
312 http://chillingeffects.org/
313 http://chillingeffects.org/trademark/notice.cgi?NoticeID=6418 (letter from National Pork Board attorneys Faegre & Benson to The Lactivist Breastfeeding Blog, dated January 30, 2007). The letter also contains a somewhat humorous claim of dilution by tarnishment: “[Y]our use of this slogan also tarnishes the good reputation of National Pork Board’s mark in light of your apparent attempt to promote the use of breastmilk beyond merely for infant consumption, such as with the following slogans on your website in close proximity to the slogan ‘The Other White Milk’: ‘Dairy Diva,’ ‘Nursing, Nature’s Own Breast Enhancement,’ ‘Eat at Mom’s, fast-fresh-from the breast,’ and ‘My Milk is the Breast.’” Id.
314 Id.
shirts are sold or endorsed by the National Pork Board. Even though the law is far from crystal clear, the standard is at least intuitive. However, understanding what dilution is, let alone whether a t-shirt like the one referenced in this letter is “likely to dilute,” is entirely another matter. The inchoate nature of dilution makes it difficult for anyone, particularly a layman, to separate the cases that have merit from those that do not.

The provisions in the TDRA that allow for recovery of damages and attorney’s fees in cases involving “willful dilution” make it even more likely that a threat of suit will chill uses of a trademark that do not, in fact, dilute it. The TDRA permits recovery of profits and attorney’s fees, in the case of dilution by blurring, whenever “the person against whom the injunction is sought willfully intended to trade on the recognition of the famous mark.”315 It is unclear how willful intent to “trade on the recognition of the famous mark” is any different than an intent to “associate” with the famous mark, which is just one of the factors that the court considers in assessing a dilution claim. Whenever a person makes a referential use of a trademark, at least in a commercial context, there is at least arguably an attempt being made to “trade on the recognition of the famous mark.” Even the purveyors of t-shirts bearing the slogan “The Other White Milk” were in some sense attempting to sell more t-shirts by trading off the recognition of the allegedly famous316 slogan, “The Other White Meat.” If the famous pork slogan were not recognizable to the average consumer, the pro-lactation slogan would not be funny. It is perhaps not surprising that the cease-and-desist letter from the National Pork Board included a promise to “recover from you a judgment for all of your profits in connection with any infringing sale as well as all of [the National Pork Board’s] reasonable attorney’s fees and costs” in the event its demands were not met.317 The average person or business proprietor simply cannot risk the possibility of being stuck with that kind of bill.318

In assessing the externalities of dilution, therefore, we must assume that some fair uses of famous trademarks will be suppressed. Due to the inherently amorphous nature of the dilution claim, a potential defendant has a low ability to assess her real exposure and, given the potential penalties, a high incentive to avoid the risk of litigation.

C. Proposals for Reform

For these reasons and others, federal trademark dilution law is, at the very least, in desperate need of reform. Dilution does not cause measurable economic harm to the holders of famous trademarks (hence the statute’s explicit exemption from proving any such harm). Moreover, enforcing dilution law, at least in its current state, imposes costs by negatively impacting speech, at least some of which is constitutionally protected, as well as competition. Because dilution is

316 The ambiguousness of the term “famous” itself makes it difficult to predict when a plaintiff may be entitled to sue under the TDRA, and hence even the holders of marks that are unlikely to qualify as famous may credibly threaten suit under the Act. Although the TDRA was supposed to codify a fame standard solely for marks that qualify as “household names,” see, e.g., Nissan Motor Co. v. Nissan Computer Corp., 378 F.3d 1002, 1011 (9th Cir. 2004), some of the trademarks that have been deemed “famous” under this Act objectively do not seem to meet this standard. See, e.g., New York City Triathlon, LLC v. NYC Triathlon Club, Inc., 2010 WL 808885, *10 (S.D.N.Y. 2010); Dallas Cowboys Football Club, Ltd. v. America’s Team Properties, Inc., 616 F. Supp. 2d 622, 643 (N.D. Tex. 2009); University of Kansas v. Sinks, 644 F. Supp. 2d 1287, 1307 (D. Kan. 2008); Harris Research, Inc. v. Lydon, 505 F. Supp. 2d 1161, 1166 (D. Utah 2007).
essentially a form of moral right that has been extended to the holders of famous trademarks, the vast majority of which are corporations, without requiring them to prove that the harm they claim has actually occurred, at the very least it needs to be narrowly construed and statutorily reformed, and potentially abolished outright.

1. Doing Away With Trademark Dilution

Perhaps the most obvious conclusion to draw from the observations made in this article, although politically the least feasible, would be to repeal the trademark dilution statutes, particularly the federal act (the TDRA). The moral rights theory may go a long way towards explaining why famous mark holders want dilution protection, but it does not tell us why they should get it. In the copyright context, moral rights exist for the purpose of preserving uniquely personal interests in artistic creation. In the words of Professor Kwall, moral rights exist to protect the “honor, dignity, and artistic spirit of the author in a fundamentally personal way.”\textsuperscript{319} Works of art may embody “the author’s intrinsic dimension of creativity,” which emanates from “inner drives that exist in the human soul.”\textsuperscript{320} Although corporations may embrace their brands with fervor and take pride in their creation, they do not have the type of soul that cries out for protection via a moral right.

If dilution law is forced to justify its own existence on traditional trademark (\textit{i.e.}, economic) grounds, it almost certainly is a loser. The benefits gained by dilution enforcement – which are slim, at best – are simply outweighed by the attendant costs, including those that are occasioned by the inevitable overreaching that it enables. If a famous trademark holder is injured by another’s use of its mark, trademark infringement law – particularly in the breadth of its modern application – should be more than adequate to prevent any real economic injury. Even in trademark infringement cases, the famous trademark holder can obtain injunctive relief without proving anything beyond a likelihood of confusion; harm is presumed.\textsuperscript{321} Moreover, to the extent another’s use of a famous mark harms the mark’s reputation, traditional tort law should provide a remedy. If it does not, then presumably it is because the plaintiff has no proof of harm, which is typically required in such cases. Dilution by tarnishment is the preferred cause of action because, like dilution by blurring, it does not require plaintiff to prove damages, or even any actual injury. Whether mark holders should be entitled to such broad protection, particularly given the impact of these claims on the First Amendment rights of others, is dubious.

Dilution, then, is the legal equivalent of a sledgehammer levied against a gnat: a bug that may well be annoying, but that has little capacity to injure. When there are plenty of fly swatters lying about, perhaps it is time to put away the sledgehammer. Whether a proposal to do away with dilution is feasible, from a political standpoint, however, is another matter. As discussed \textit{supra}, the corporate holders of famous trademarks feel deeply entitled to dilution protection and, for that reason, they have lobbied hard (and successfully) to get it. For this reason, the federal dilution cause of action is unlikely to go away any time soon.

\textsuperscript{319}K\textsc{wall}, \textit{supra} note 13, at xiii.
\textsuperscript{320}\textsc{id.}
\textsuperscript{321}Whether an automatic presumption of irreparable harm should persist in trademark infringement cases, in light of the Supreme Court’s decision in eBay v. MercExchange, LLC, 547 U.S. 388 (2006), doing away with such presumptions in the patent infringement context, is an interesting question which is beyond the scope of this article. See Sandra L. Rierson, \textit{IP Remedies After eBay: Assessing the Impact on Trademark Law}, 2 AKRON INTELL. PROP. J. 163 (2008).
2. Amending the TDRA

Given that the TDRA is likely to be part of the legal landscape of trademarks for some time to come, a more productive proposal may be one which focuses on minimizing its negative externalities. Although dilution may continue to be superfluous and hence unnecessary, its attendant costs could be reduced by modifying the statute.

When Congress amended the federal dilution statute in 2005, it weighted the scales too heavily in favor of plaintiffs claiming trademark dilution. The essential flaw in the TDRA is that it eliminated the plaintiff’s burden of proving “actual dilution” without clearly establishing what plaintiffs do have to prove to prevail in these cases. Because the circuit courts’ current construction of the statutory likelihood of dilution factors has elevated the importance of evidence indicating “association” between the parties’ marks and de-emphasized the degree to which courts can consider mark similarity, the TDRA has been extended in cases in which plaintiff’s case is better characterized as a weak one of alleged trademark infringement. Once the plaintiff has proven that his trademark is truly “famous” and that consumers may “associate” plaintiff’s mark with his, he has gone a long way towards proving a likelihood of dilution. That burden is too light.

The Act should be amended to reinstitute the “identical or substantially similar” standard previously adopted by the courts in assessing claims under the FTDA. This rule had the advantage of eliminating claims that were based on non-infringing but arguably referential uses of famous marks. Perhaps more importantly, a requirement that the defendant’s mark be “identical or substantially similar” to that of the plaintiff provides at least the potential for obtaining summary judgment in appropriate cases, a result not likely to occur when the court must engage in the intensely factual process of weighing the statutory factors, of which mark similarity is just one.

Another way to limit harmful dilution litigation under the TDRA would be to amend the Act to restrict the availability of dilution claims in cases between competitors. This end could potentially be achieved by deleting the statutory reference to the “presence or absence of competition” and replacing it with a statutory factor targeting the level of competition between the parties. A high level of competition between the parties would tend to suggest that a likelihood of dilution did not exist. Addressing the competition issue by adding a factor rather than an outright prohibition of dilution claims between competitors would have the advantage of avoiding the “coverage gap” problem posited by the Second Circuit in Nabisco; i.e., that a plaintiff would have no remedy under either infringement or dilution due to an insufficient level of competition for one claim but too much for the other. Whether this objection has any merit, particularly given the marginal relevance of competition under modern infringement law, is dubious. However, the factorial approach (as opposed to a ban) would allow the courts to account for the fact that “competition” is not an all-or-nothing concept, and allow the judiciary to weigh it appropriately, according to the facts in a given case.

The Act should also be amended to eliminate the availability of damages and attorney’s fees in cases of willful dilution. If the prospect of damages and attorney’s fees is deemed necessary to prevent parties from acting in bad faith, then the statute should be amended to explicitly require a finding of bad faith in such cases. By contrast, the current statute is hopelessly ambiguous, as almost any dilution claim may carry with it a credible threat of damages and attorney’s fees in addition to injunctive relief. The attorney fee provision
significantly increases the likelihood that the threat of dilution will be used to suppress fair uses of famous trademarks.

Finally, the TDRA’s fair use affirmative defense needs to be strengthened. Specifically, the requirement that the fair use defense be limited to uses “other than as a designation of source for the person’s own goods or services” should be eliminated. Trademarks, like the Chewy Vuiton dog toy, may well be parodies. They may also communicate a subtle comparative advertising message, like Mr. Charbucks. These uses should be protected as a matter of law. To the extent these marks are perceived as harmful to the more famous trademarks to which they refer, that injury, if any, is outweighed by the harm to both speech and competition that results from the suppression of such uses.

3. Re-thinking Interpretation of the TDRA

In the absence of Congressional action to modify or repeal the TDRA, any changes in the manner in which it is interpreted will have to come from the judiciary. At a bare minimum, the Act should be read narrowly to minimize the negative impact of over-enforcement on speech and competition.

First, even if the TDRA is not amended to codify the “identical or substantially similar standard,” courts should still heavily emphasize this factor when considering a likelihood of dilution claim. The Act specifies that courts may consider “all relevant factors,” including the six that are listed. In any given case, one or more of the listed factors may be more relevant than others, and some will routinely carry more weight.322 The mere fact that the statute lists six non-exclusive factors, without more, does not compel the court to give each factor equal weight.

Similarly, even if the Act is not amended to specifically include a factor referencing the level of competition between the parties, courts could consider such evidence regardless. The statute instructs the courts to consider “all” relevant factors in assessing likelihood of dilution; the six listed factors are not meant to be all-inclusive. The level of competition between the parties is relevant to a determination of whether defendant’s use of plaintiff’s mark is likely to dilute it. This solution would admittedly face a potential hurdle given that the statute specifically says that a mark holder is entitled to an injunction against another who uses her mark in a way that is likely to dilute it, “regardless of the presence of absence of . . . competition.” However, that language should be read as prohibiting an outright ban on diluting uses made by competitors or noncompetitors. It does not properly preclude the court from considering the level of competition when determining whether a likelihood of dilution has occurred in the first place.

Courts should finally construe the damages and attorney fee provisions of the statute narrowly. Even though the words “bad faith” do not appear in the statute, they should be read into it, as some circuits have done in the context of trademark infringement claims.323 Attorney fee awards are “subject to the discretion of the court and the principles of equity,” which gives the courts broad leeway in determining whether the case presents “exceptional circumstances” justifying such an award. Attorney fee awards in particular should be reserved for cases in

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322See generally Beebe, supra note 59 (discussing multi-factor balancing test for likelihood of confusion).
32415 U.S.C. § 1125(c)(5).
which one of the parties (either plaintiff or defendant) has truly acted in an abusive or bad faith manner.

Conclusion

This article proposes a new way of looking at the cause of action for dilution. The dilution cause of action imbues corporations with a broad “moral” right to control and exclude others from the expressive sphere surrounding their famous trademarks. In enforcing this right, we impose costs on those who are excluded and controlled, both in terms of their right to speak freely and compete fairly. When dilution is viewed for what it really is, or at least what it has become, it becomes apparent that it causes more harm than good. It should either be abolished or substantially reformed.
Attachment A to Footnote 151. These photographs were copied from the appendix to the Ninth Circuit’s decision in Levi Strauss & Co. v. Abercrombie & Fitch Trading Co., 633 F.3d 1158 (9th Cir. 2011).

The Abercrombie Pocket Stitching Design

[Image of Abercrombie pocket]

The Levi Strauss Pocket Stitching Design

[Image of Levi Strauss pocket]