### Fordham Intellectual Property, Media and Entertainment Law Journal

Volume 16 Volume XVI Number 4 Volume XVI Book 4

Article 5

2006

### A Defense of the New Federal Trademark Antidilution Law

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#### **Recommended Citation**

Barton Beebe, A Defense of the New Federal Trademark Antidilution Law, 16 Fordham Intell. Prop. Media & Ent. L.J. 1143 (2006).

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## A Defense of the New Federal Trademark Antidilution Law

### Barton Beebe<sup>†</sup>

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#### INTRODUCTION

This Article argues that the Trademark Dilution Revision Act of 2006<sup>1</sup> ("TDRA" or the "Act") represents a sensible and progressive reform of American federal antidilution protection. In bringing a degree of clarity to a doctrine that the Federal Trademark Dilution Act of 1995 ("FTDA")<sup>2</sup> did so much to obfuscate, the Act, read properly, significantly limits both the subject matter and scope of federal antidilution protection under Section 43(c) of the Lanham Act.<sup>3</sup> Part I of the Article defines three forms of trademark dilution and identifies which forms of dilution the Act does and does not seek to prevent. Part II briefly addresses the origins of the TDRA. Part III analyzes the Act's new standard for famousness and its reformulation of the law relating to dilution by blurring and dilution by tarnishment. Part IV concludes.<sup>4</sup>

#### I. THE MEANINGS OF TRADEMARK "DILUTION"

"Dilution" is probably the single most muddled concept in all of trademark doctrine. One reason why this may be the case is that trademark commentators, myself among them, tend to speak of several different species of trademark dilution without identifying them any more specifically than by the generic name "dilution." In this Part, I distinguish three specific species of dilution: dilution of

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<sup>&</sup>lt;sup>1</sup> H.R. 683, 109th Cong. (2006).

<sup>&</sup>lt;sup>2</sup> Pub. L. No. 104-98, 109 Stat. 985, 985 (codified at 15 U.S.C. §§ 1125(c)(1), 1127 (2000)).

<sup>&</sup>lt;sup>3</sup> 15 U.S.C. 1125(c) (2000).

The Article does not directly address the "[e]xclusions" from protection set forth in Section 2 of the Act or the free speech aspects of federal antidilution protection as others in this symposium will do so. *See* Paul Alan Levy, *The Trademark Dilution Revision Act—A Consumer Perspective*, 16 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 1189 (2006).

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uniqueness, dilution by "blurring," and dilution by "tarnishment." The Part emphasizes that the TDRA seeks to prevent only dilution by blurring and dilution by tarnishment. The language of the Act does not address and does not seek to prevent the dilution of a mark's uniqueness.

#### A. Dilution of Uniqueness

In a seminal 1927 article,<sup>5</sup> the trademark practitioner and scholar Frank Schechter introduced to American law the concept of trademark dilution. By "dilution," Schechter meant to refer to the impairment of a trademark's *uniqueness*.<sup>6</sup> His primary concern was to preserve what he variously termed a mark's "arresting uniqueness," its "singularity," its "identity," and "individuality," its quality of being "unique and different from other marks." In Schechter's view, trademark uniqueness was worth protecting because it generated "selling power." Certain very strong marks were not simply a means of identifying and advertising source. In a new age of mass production, they were also a means of endowing the goods to which they were attached with the characteristic of uniqueness, a characteristic for which consumers would pay a premium. <sup>13</sup>

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Frank I. Schechter, The Rational Basis of Trademark Protection, 40 HARV. L. REV. 813 (1927).

<sup>&</sup>lt;sup>6</sup> See William G. Barber, A "Rational" Approach for Analyzing Dilution Claims: The Three Hallmarks of True Trademark Dilution, 33 AIPLA Q.J. 25, 43–44 (2005); Barton Beebe, The Semiotic Analysis of Trademark Law, 51 UCLA L. REV. 621, 681–82 (2004). For an important alternative reading of Schechter, which asserts that he sought to provide antidilution protection only to marks which are "synonymous with a single product or product class," see Sara Stadler Nelson, The Wages of Ubiquity in Trademark Law, 88 IOWA L. REV. 731 (2003).

<sup>&</sup>lt;sup>7</sup> Schechter, *supra* note 5, at 830. *See also* Steven Wilf, *Who Authors Trademarks?*, 17 CARDOZO ARTS & ENT. L.J. 1, 16–17 (1999).

<sup>8</sup> Schechter, *supra* note 5, at 831.

<sup>&</sup>lt;sup>9</sup> *Id*. at 827.

<sup>&</sup>lt;sup>10</sup> *Id.* at 822.

<sup>&</sup>lt;sup>11</sup> *Id.* at 831.

<sup>12</sup> Id at 830

Consider the four principles that Schechter set forth in support of his "conclusion that the preservation of the uniqueness of a trademark [is] the only rational basis for its protection:"

<sup>(1)</sup> that the value of the modern trademark lies in its selling power; (2) that this selling power depends for its psychological hold upon the public, not merely

Schechter believed, quite rightly at the time, that antidilution protection was necessary because anti-infringement protection, based on consumer confusion as to source, would not fully preserve the uniqueness of famous marks. <sup>14</sup> In situations where a defendant used a famous mark on goods unrelated to those on which the famous mark normally appeared (e.g., KODAK pianos, ROLLS ROYCE chewing gum), consumers would not likely assume that the defendant's product had the plaintiff as its source. <sup>15</sup> Thus, no cause of action for consumer confusion as to source would lie.

The beauty of Schechter's original conception of antidilution protection was that it was relatively easy to put into practice. Uniqueness is an absolute concept. A mark is either unique or it is not. If a senior mark is unique in the marketplace and a junior mark appears that is identical to it, then the junior mark will destroy the senior mark's uniqueness. Thus, the test for dilution was an essentially formal one. The judge need only consider the identity or close similarity of the parties' marks. If they were identical or closely-similar, then the loss of uniqueness could be presumed. Where the consumer confusion test was a messy and unpredictable empirical analysis centered on the *consumer*, the trademark dilution test was a simple and relatively predictable

upon the merit of the goods upon which it is used, but equally upon its uniqueness and singularity; (3) that such uniqueness or singularity is vitiated or impaired by its use upon either related or non-related goods; and (4) that the degree of its protection depends in turn upon the extent to which, through the efforts or ingenuity of its owner, it is actually unique and different from other marks.

Id. at 831.

<sup>14</sup> *Id*. at 823–24.

<sup>&</sup>lt;sup>15</sup> Cf. Borden Ice Cream Co. v. Borden's Condensed Milk Co., 201 F. 510 (7th Cir. 1912) (holding that BORDEN as used on ice cream does not infringe BORDEN as used on condensed milk).

Wery much to their credit, the Fourth and Seventh Circuits appear to have appreciated this aspect of antidilution protection in their formulation of the factors that courts in their respective circuits should consider in finding dilution. *See* Eli Lilly & Co. v. Natural Answers, Inc., 233 F.3d 456, 468-69 (7th Cir. 2000) (considering similarity of the parties' marks and the "renown" of the senior mark in finding a likelihood of dilution); Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449, 464 (4th Cir. 1999) ("[O]nly mark similarity and, possibly, degree of 'renown' of the senior mark would appear to have trustworthy relevance under the federal Act.").

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analysis centered on the *trademark*. And like a true trademark purist, Schechter believed that the cynosure of the law should be the latter rather than the former.<sup>17</sup>

As the Sixth Circuit recently recognized in *Ringling Bros.-Barnum & Bailey Combined Shows v. Utah Division of Travel Development*, <sup>18</sup> Schechter's original notion of antidilution protection was quite "radical." The *Ringling Brothers* court observed that its "practical effect if fully adopted would be to create as the whole of trademark-protection law property rights in gross in suitably 'unique' marks." Schechter's original conception has never been enacted into law, <sup>21</sup> and the language of the TDRA is careful to steer clear of it. Indeed, in the early stages of the drafting of the Act, a form of antidilution protection based on "uniqueness" was proposed and rejected. <sup>22</sup>

#### B. Dilution by Blurring

If Schechter looked to antidilution protection to preserve what the marketing literature now calls a brand's "brand

Any theory of trade-mark protection which ... does not focus the protective function of the court upon the good-will of the owner of the trade-mark, inevitably renders such owner dependent for protection, not so much upon the normal agencies for the creation of good-will, such as the excellence of his product and the appeal of his advertising, as upon the judicial estimate of the state of the public mind. This psychological element is in any event at best an uncertain factor, and "the so-called ordinary purchaser changes his mental qualities with every judge."

See Frank Schechter, The Historical Foundations of the Law Relating to Trade-Marks 166 (1925).

<sup>&</sup>lt;sup>17</sup> As is not well-appreciated, Schechter deplored the operation of trademark infringement analysis, in which the court must estimate whether a consumer of ordinary sophistication would be confused as to the true source of the defendant's goods. In his still-authoritative history of trademark law, he argued:

<sup>&</sup>lt;sup>18</sup> 170 F.3d 449.

<sup>&</sup>lt;sup>19</sup> *Id.* at 454.

<sup>&</sup>lt;sup>20</sup> *Id*.

<sup>&</sup>lt;sup>21</sup> Id.

<sup>&</sup>lt;sup>22</sup> See Trademark Dilution Revision Act of 2005: Hearing on H.R. 683 Before the Subcomm. on Courts, the Internet, and Intellectual Property of the H. Comm. on the Judiciary, 109th Cong. 12-13 (2005) [hereinafter 2005 Hearing] (statement of Anne Gundelfinger, President, International Trademark Association). See also id. at 22–23 (testimony of William G. Barber on behalf of the American Intellectual Property Law Association).

differentiation,"<sup>23</sup> modern trademark law—and the TDRA with it—looks to antidilution protection to preserve what the marketing literature now calls a brand's "typicality."<sup>24</sup> The law does so by offering qualifying trademarks protection from "blurring." The idea underlying the concept of blurring is that the defendant's use of a mark similar or identical to the plaintiff's mark will "blur" the link between the plaintiff's mark and the goods or services to which the plaintiff's mark is traditionally attached. This understanding of "blurring" is well-settled in trademark commentary<sup>25</sup> and case law.<sup>26</sup> It forms the basis of the economic defense of antidilution protection. As Judge Posner has explained,

A trademark seeks to economize on information costs by providing a compact, memorable and unambiguous identifier of a product or service. The economy is less when, because the trademark has other associations, a person seeing it must think for a moment before recognizing it as the mark of the product or service.<sup>27</sup>

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-marked products may make it more difficult for consumers to figure out which company is responsible for any particular product. (Quick: What does Delta sell?)

See also David J. Franklyn, Debunking Dilution Doctrine: Toward a Coherent Theory of the Anti-Free-Rider Principle in American Trademark Law, 56 HASTINGS L.J. 117, 129 (2004) ("This blurring occurs because consumers no longer associate the famous mark with only one line of goods or only one source of goods."); Michael Pulos, A Semiotic Solution to the Propertization Problem of Trademark, 53 UCLA L. REV. 833, 839 (2006).

See, e.g., Mattel, Inc. v. MCA Records, 296 F.3d 894, 904 (9th Cir. 2002) ("The distinctiveness of the mark is diminished if the mark no longer brings to mind the senior proper plane")

See generally David A. Aaker, Building Strong Brands (1996).

<sup>&</sup>lt;sup>24</sup> See, e.g., Alexander F. Simonson, How and When Do Trademarks Dilute: A Behavioral Framework to Judge "Likelihood of Dilution", 83 TRADEMARK REP. 149, 152–53 (1993) (defining "typicality" as a brand's "ability to conjure up a particular product category").

<sup>&</sup>lt;sup>25</sup> See, e.g., Stacey L. Dogan & Mark A. Lemley, What the Right of Publicity Can Learn From Trademark Law, 58 STAN. L. REV. 1161, 1198 (2006). Dogan and Lemley write:

Richard Posner, When Is Parody Fair Use?, 21 J. LEGAL STUD. 67, 75 (1992). Cf. Ty Inc. v. Perryman, 306 F.3d 509 (7th Cir. 2002). In Ty, Judge Posner writes:

The beauty of the blurring theory of dilution is that it is emphatically empirical in orientation. For the judge to find that a junior mark "blurs" a senior mark, the judge must find that the junior mark is causing consumers to "think for a moment" before recognizing that the senior mark refers to the goods of the senior mark's owner. A merely formal analysis of the similarity of the marks is insufficient. The judge must evaluate the effect of the junior mark on the perceptions of actual consumers and must in the process take into account such factors as the degree of distinctiveness—or typicality—of the senior mark and the sophistication of the relevant consumer population. The blurring theory of dilution thus restores the consumer to her rightful place as the cynosure of trademark law.

Understood in terms of typicality and consumer search costs, the blurring theory of dilution is relatively straightforward. Nevertheless, it continues to perplex the courts. This, I think, is largely the fault of antidilution plaintiffs. Typically, antidilution plaintiffs seek to persuade the court that the antidilution protection provided to them by federal or state statute is the absolute, "in gross," and formal antidilution protection that Schechter originally sought to implement. Invariably quoting Schechter, they seek to argue that the statutes are designed to protect the "uniqueness" and "selling power" of their marks. This, of course, could not be farther from the truth. Anti-blurring protection is very different and far more limited in scope. While two identical marks coexisting in the same marketplace will by definition negate each other's uniqueness, they need not blur each other, i.e., they need not increase consumer search costs or otherwise require consumers to "think for a moment" before recognizing the respective sources

[T]here is concern that consumer search costs will rise if a trademark becomes associated with a variety of unrelated products. Suppose an upscale restaurant calls itself "Tiffany." There is little danger that the consuming public will think it's dealing with a branch of the Tiffany jewelry store if it patronizes this restaurant. But when consumers next see the name "Tiffany" they may think about both the restaurant and the jewelry store, and if so the efficacy of the name as an identifier of the store will be diminished. Consumers will have to think harder-incur as it were a higher imagination cost-to recognize the name as the name of the store. So "blurring" is one form of dilution.

Id. at 511 (citations omitted).

of the marks. This is especially the case when one of the marks is very strong. No one can seriously suggest that the typicality of the trademark FORD has been significantly diminished by the coexistence in the American marketplace of a modeling agency—or of millions of people, for that matter—with the same name. Rather than engage in the hard work of showing blurring in the marketplace, perhaps with survey evidence, perhaps with testimony from actual consumers, plaintiffs tend to rest on the formal similarity of the parties' marks. Schechter would have approved. But modern antidilution law, and the TDRA in particular, calls for much more.

#### C. Dilution by Tarnishment

In his original formulation of his theory of trademark dilution, Schechter had nothing to say about trademark "tarnishment." This should not be surprising. Trademark tarnishment has simply nothing to do with trademark dilution as Schechter originally conceived of it. Nor does it have anything in common with the theory of blurring. By tarnishment, we mean damage to the associations or connotations of a trademark. When a Las Vegas casino called its players club the "New York \$lot Exchange," it arguably tarnished to some degree the registered trademark NEW YORK STOCK EXCHANGE by implying that the latter is in some sense a venue for gambling, if not also for stacked odds. There is no blurring here, however. Instead, the casino's parody relied on and may very well have reinforced the consumer's mental connection between the registered trademark and its source. Nevertheless,

<sup>&</sup>lt;sup>28</sup> See Gerard N. Magliocca, One and Inseperable: Dilution and Infringement in Trademark Law, 85 MINN. L. REV. 949, 983 (2004) ("While tarnishment now comprises one of the two flavors of dilution, Schechter said nothing about it. Furthermore, tarnishment seems to be at odds with the entire concept of dilution."). See also Beebe, supra note 6, at 695–98.

<sup>&</sup>lt;sup>29</sup> See, e.g., Deere & Co. v. MTD Prods., Inc., 41 F.3d 39, 43 (2d Cir. 1994) (noting that "'[t]arnishment' generally arises when the plaintiff's trademark is linked to products of shoddy quality, or is portrayed in an unwholesome or unsavory context likely to evoke unflattering thoughts about the owner's product[s]").

<sup>&</sup>lt;sup>30</sup> See N.Y. Stock Exchange, Inc. v. N.Y., N.Y. Hotel, LLC, 293 F.3d 550, 558 (2d Cir. 2002) (reversing grant of summary judgment on the grounds that a trier of fact could find that the defendant's use "would injure NYSE's reputation" and thus violate New York state anti-tarnishment law).

rather than identifying tarnishment as a separate cause of action, something which the Congress originally set out to do,<sup>31</sup> modern antidilution doctrine—both in the FTDA<sup>32</sup> and the TDRA<sup>33</sup>—has incorporated tarnishment as a form of trademark dilution.

#### II. THE ORIGINS OF THE TDRA

The TDRA is the latest of several attempts by the Congress to establish a viable regime of federal antidilution protection. All previous attempts—including, it must be said, the FTDA—ended in failure.<sup>34</sup> In the 1930s, Schechter himself urged the Congress to adopt antidilution protection, and the Perkins Bill of 1932 included antidilution provisions.<sup>35</sup> The Department of Justice opposed the bill,<sup>36</sup> however, as it did most aspects of trademark protection at the time,<sup>37</sup> and the bill failed. More recently, the Senate version of the Trademark Law Revision Act of 1988 ("TLRA") included provisions designed to prevent trademark dilution, which it defined as "the material reduction of the distinctive quality of a famous mark through use of the mark by another person regardless of [competition among the parties or likelihood of confusion]."<sup>38</sup> On First Amendment concerns, these provisions were deleted from the

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<sup>&</sup>lt;sup>31</sup> See David S. Welkowitz, Trademark Dilution: Federal, State, and International Law 259 (2002).

The Supreme Court suggested in *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 432 (2003), that the language of the FTDA may not address tarnishment. *See infra* note 51 and accompanying text. However, nearly all courts have assumed that the FTDA does in fact provide for anti-tarnishment protection. *See generally* 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 24:95 (4th ed. 2005)

<sup>33</sup> See H.R. 683, 109th Cong. § 2 (2006).

See generally Welkowitz, supra note 31, at 153–62.

<sup>&</sup>lt;sup>35</sup> H.R. 11592, 72d Cong. (1932). As Welkowitz explains, *supra* note 31, at 154, Schechter actually testified in support of a different bill, known then and now as the "Vestal Bill," H.R. 7118, 72nd Cong. (1931).

<sup>&</sup>lt;sup>36</sup> See 2 Jerome Gilson, Gilson on Trademark Protection & Practice § 5A.03 (2006).

<sup>&</sup>lt;sup>37</sup> See generally Edward S. Rogers, *The Lanham Act and the Social Function of Trade-Marks*, 14 LAW & CONTEMP. PROBS. 173, 183 (1949) ("Whenever there was a hearing before any committee on the trade-mark bill, sooner or later there appeared zealous men from the Department of Justice who raised all manner of objections.").

<sup>&</sup>lt;sup>38</sup> S. 1883 § 36, 100th Cong. (2d Sess. 1988), 134 Cong. Rec. S5864-02 (daily ed. May 13, 1988), S5868 (1988). *See generally* J. Thomas McCarthy, *The 1996 Federal Anti-Dilution Statute*, 16 CARDOZO ARTS & ENT. L.J. 587 (1998).

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final version of the TLRA that emerged from the House-Senate conference committee.<sup>39</sup> In 1995, the provisions deleted from the TLRA were revived and modified to become the FTDA, which defined dilution as, among other things, "the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence of absence of [competition among the parties or likelihood of confusion]."<sup>40</sup> After a minimum of deliberation, consisting of a one-day hearing before the House Judiciary Subcommittee on Courts and Intellectual Property in which the seven witnesses all supported the bill, <sup>41</sup> the FTDA passed the House unanimously and the Senate on a voice vote to become federal law.<sup>42</sup>

An idiosyncratic draft hurriedly enacted into law, the FTDA was wrong from the start. After the original Lanham Act was enacted in 1946, a variety of courts hostile to trademark protection probed the act for weaknesses, all in an effort, one judge wrote at the time, to "cut this Act... down to size consistent with the court's conceptions of public policy."43 Many courts appear to have approached the FTDA with very much the same spirit. The Second Circuit, and the influential Judge Pierre N. Leval in particular, took advantage of the ambiguous wording of the FTDA to deny its protection to non-inherently distinctive marks.<sup>44</sup> Other circuits read the FTDA to require the plaintiff to present evidence of actual dilution, rather than of merely a likelihood of dilution.<sup>45</sup> Some judges and commentators questioned whether the language of the FTDA itself, rather than its legislative history, addressed the tarnishment.46 harm of trademark More recently, in an appropriationist art case, the Ninth Circuit read

<sup>41</sup> See H.R. REP. No. 104-374, (1995), reprinted in 1995 U.S.C.C.A.N. 1029, 1032.

<sup>&</sup>lt;sup>39</sup> See 134 Cong. Rec. H10411 (daily ed., Oct. 19, 1988); 134 Cong. Rec. S16971 (daily ed., Oct. 20, 1988). See also Moseley v. V Secret Catalogue, Inc., 537 U.S. 418, 431 (2003).

<sup>&</sup>lt;sup>40</sup> 15 U.S.C. § 1127.

<sup>&</sup>lt;sup>42</sup> Id. at 1, reprinted in 1995 U.S.C.C.A.N. 1029.

<sup>&</sup>lt;sup>43</sup> S. C. Johnson & Son, Inc. v. Johnson, 175 F.2d 176, 180 (4th Cir. 1949) (Clark, J., dissenting).

<sup>&</sup>lt;sup>44</sup> See, e.g., TCPIP Holding Co. v. Haar Comm., Inc., 244 F.3d 88, 96 (2d Cir. 2001).

<sup>&</sup>lt;sup>45</sup> See, e.g., Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449, 464 (4th Cir. 1999).

<sup>&</sup>lt;sup>46</sup> See, e.g., id. at 452 n.1.

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"[n]oncommercial use" language of Section 43(c)(4)(B) to mean that if the defendant's speech contained one drop of noncommerciality, "if it does more than propose a commercial transaction,"<sup>47</sup> then the speech was immune to the prohibitions of the FTDA.<sup>48</sup>

Matters came to a head with the 2003 Supreme Court decision in Moseley v. V Secret Catalogue. 49 In a guarded opinion, the Court declined to define dilution other than to quote from the statutory definition.<sup>50</sup> The Court did, however, question whether Section 43(c) created a cause of action for tarnishment.<sup>51</sup> It also quoted in a footnote<sup>52</sup> from Judge Leval's Nabisco v. PF Brands<sup>53</sup> opinion, perhaps signaling that it approved of the Second Circuit's restrictive interpretation of Section 43(c). Most importantly, the Court read the language of Section 43(c) to require that the plaintiff show evidence of actual dilution, rather than of a mere likelihood of dilution, in order to be granted relief under the section.<sup>54</sup> The Court acknowledged that requiring evidence of actual dilution may entail "difficulties of proof," but explained that on the language of the statute, it could do no other.<sup>55</sup> To soften the blow, the Court opined that "[i]t may well be ... that direct evidence of dilution such as consumer surveys will not be necessary if actual dilution can reliably be proved through circumstantial evidence—the obvious case is one where the junior

Mattel, Inc. v. Walking Mountain Prods., 353 F.3d 792, 812 (9th Cir. 2003).

See generally Pratheepan Gulasekaram, Policing the Border Between Trademarks and Free Speech: Protecting Unauthorized Trademark Use in Expressive Works, 80 WASH. L. REV. 887 (2005).

<sup>537</sup> U.S. 413 (2003).

Id. at 433.

Id. at 432 ("Whether [tarnishment] is actually embraced by the statutory text, however, is another matter. Indeed, the contrast between the state statutes, which expressly refer to both 'injury to business reputation' and to 'dilution of the distinctive quality of a trade name or trademark,' and the federal statute which refers only to the latter, arguably supports a narrower reading of the FTDA.").

Id. at 427 n.5.

<sup>191</sup> F.3d 208 (2d Cir. 1999).

Moseley, 537 U.S. at 433-34.

Id. at 434 ("Whatever difficulties of proof may be entailed, they are not an acceptable reason for dispensing with proof of an essential element of a statutory violation.").

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and senior marks are identical."<sup>56</sup> This passage has become notorious in American trademark law. Some courts have read the passage to mean that when the parties' marks are identical, then direct evidence of dilution is unnecessary because the identity of the marks is itself sufficient circumstantial evidence of dilution.<sup>57</sup> Other courts have read the passage to mean that when the parties marks are identical, then the only *additional* evidence that is necessary to show dilution is circumstantial, rather than direct, evidence (the so-called "identity-plus interpretation").<sup>58</sup> In

This sentence is not easy to interpret, as is apparent from the differing interpretations of lower courts. Is the Court saying, as plaintiff maintains, that when the junior and senior marks are identical, that in itself is sufficient circumstantial evidence to prove actual dilution? *See* Nike Inc. v. Variety Wholesalers, 274 F. Supp. 2d 1352, 1372 (S.D. Ga. 2003) (basing finding of dilution on identity of the marks). Or, is the Court saying that circumstantial evidence of actual dilution, as opposed to direct evidence, is sufficient when the marks are identical? *See* Pinehurst, Inc. v. Wick, 256 F. Supp. 2d 424, 431–32 (M.D.N.C. 2003) (holding that defendant's use of plaintiff's marks in its domain names constituted circumstantial evidence sufficient to support finding of dilution because defendant's use hindered plaintiff from engaging in electronic commerce under those domain names, hence "reduc[ing] the selling power of plaintiff's marks").

*Id.* at \*14. *Cf.* Lee Middleton Original Dolls, Inc. v. Seymour Mann, Inc., 299 F. Supp. 2d 892, 902 (E.D. Wis. 2004) ("In view of the developing status of the law on the nature of evidence required, the court believes that the best course is to permit the plaintiff the opportunity to present its dilution claim to the jury. The defendant's motion for summary judgment on this issue will be denied.").

See, e.g., Savin Corp. v. Savin Group, 391 F.3d 439, 452 (2d Cir. 2004), cert. denied by Savin Eng'rs, P.C. v. Savin Corp., 126 S. Ct. 116 (2005) ("We interpret Moseley to mean that where a plaintiff who owns a famous senior mark can show the commercial use of an identical junior mark, such a showing constitutes circumstantial evidence of the actual-dilution element of an FTDA claim."); GMC v. Autovation Techs., 317 F. Supp. 2d 756, 764 (E.D. Mich. 2004) ("GM's evidence establishes actual dilution in that Defendant has used marks that are identical to the world famous GM Trademarks."); Nike Inc. v. Variety Wholesalers, Inc., 274 F. Supp. 2d 1352, 1372 (S.D. Ga. 2003) ("[T]he Court concludes that Variety has diluted the Nike trademarks due to the identical or virtually identical character of the marks on the Accused Goods to the Nike trademarks."). Cf. Am. Honda Motor Co. v. Pro-Line Protoform, 325 F. Supp. 2d 1081, 1085 (C.D. Cal. 2004) ("[W]hen identical marks are used on similar goods, dilution—the capacity of the famous mark to identify and distinguish the goods of the trademark holder—obviously occurs."); 7-Eleven, Inc. v. McEvoy, 300 F. Supp. 2d 352, 357 (D.

<sup>&</sup>lt;sup>56</sup> *Id*.

<sup>&</sup>lt;sup>57</sup> See, e.g., Savin Corp. v. Savin Group, No. 02 Civ. 9377 SAS, 2003 WL 22451731 (S.D.N.Y. Oct. 24, 2003), rev'd by Savin Corp. v. Savin Group, 391 F.3d 439, 452 (2d Cir. 2004). Judge Scheindlin explained:

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resolving one split among the circuits, the Court created in this passage the conditions for another. <sup>59</sup>

With the effects of the Moseley opinion now being felt, the time has shown itself to be ripe for reform of federal antidilution protection. And if the primary lesson taken from the 1988 TLRA experience and applied to the enactment of the 1995 FTDA was that "twere well / It were done quickly," 60 then the primary lesson taken from 1995 and applied now is that it were well it were done properly. The TDRA is the product of extensive work by the International Trademark Association<sup>61</sup> and the American Intellectual Property Law Association, 62 as well as by the Section of Intellectual Property Law of the American Bar Association.<sup>63</sup> This work culminated in two hearings before the House Judiciary Subcommittee on Courts, the Internet, and Intellectual Property (CIIP). 64 Representatives Lamar Smith and Howard L. Berman, the Chair and the ranking member, respectively, of the CIIP, both evinced close knowledge of the language of the Act in the questions they asked of the witnesses. 65 The well-respected Professor Mark Lemley of Stanford Law School represented the academic community and gave level-headed testimony. 66 An attorney from the American Civil Liberties Union spoke at both hearings to the First Amendment issues implicated by antidilution

Md. 2004) ("Though dilution claims require evidence of actual confusion [sic], that requirement is satisfied when, as here, the defendant uses the plaintiff's mark.").

See generally Graeme B. Dinwoodie, *The Trademark Jurisprudence of the Rhenquist Court*, 8 MARQ. INTELL. PROP. L. REV. 187, 205–206 (2004).

WILLIAM SHAKESPEARE, MACBETH act. 1, sc. 7.

<sup>&</sup>lt;sup>61</sup> See 2005 Hearing, supra note 22, at 6–21 (2005) (testimony and statement of Anne Gundelfinger, President, International Trademark Association).

<sup>&</sup>lt;sup>62</sup> See 2005 Hearing, supra note 22, at 21–29 (testimony and statement of William G. Barber on behalf of the American Intellectual Property Law Association).

<sup>&</sup>lt;sup>63</sup> See Committee Print to Amend the Federal Trademark Dilution Act: Hearing Before the Subcomm. on Courts, the Internet, and Intellectual Property of the H. Comm. on the Judiciary, 108th Cong. 13-33 (2004) [hereinafter 2004 Hearing] (testimony and statement of Robert W. Sacoff, Chair, Section of Intellectual Property Law, American Bar Association).

<sup>&</sup>lt;sup>64</sup> See 2005 Hearing, supra note 22; 2004 Hearing, supra note 63.

<sup>65</sup> See, e.g., 2005 Hearing, supra note 22, at 47.

<sup>66</sup> See id. at 18–21 (testimony and statement of Professor Mark A. Lemley, William H. Neukom Professor Law, Stanford University).

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protection.<sup>67</sup> The civil society organizations Public Citizen and Public Knowledge subsequently became closely involved in the drafting process, particularly when the bill was being considered by the Senate, and won crucial amendments to the language of the Act.<sup>68</sup> Unlike the FTDA, the TDRA is mature legislation and deserves to be read as such.<sup>69</sup>

#### III. THE TDRA AND THE NEW DILUTION DOCTRINE

What, then, does the TDRA do? Among its most important innovations are the following. First, and most importantly, the TDRA provides that the plaintiff need merely show a likelihood of dilution in order to gain relief under Section 43(c)<sup>70</sup>—thus overriding the central holding of Moseley. Second, it explicitly provides that non-inherently distinctive marks may qualify for antidilution protection. 71 Third, it rejects the doctrine of "niche fame" and raises the requirements that a mark must meet to qualify as "famous" for purposes of the Section 43(c). Fourth and relatedly, it reconfigures the factors that courts should consider to determine whether a mark is "famous." Fifth, it explicitly provides that both "dilution by blurring" and "dilution by tarnishment" are forms of dilution actionable under Section 43(c) and formulates definitions of "dilution by blurring" and "dilution by tarnishment."<sup>74</sup> Sixth, it sets forth factors that courts should consider to determine the likelihood of dilution by blurring.<sup>75</sup>

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<sup>&</sup>lt;sup>67</sup> See 2005 Hearing, supra note 22, at 30–39 (testimony and statement of Marvin J. Johnson, Legislative Counsel, American Civil Liberties Union); 2004 Hearing, supra note 63, at 33–43 (testimony and statement of Marvin J. Johnson, Legislative Counsel, American Civil Liberties Union).

<sup>&</sup>lt;sup>68</sup> See generally Public Knowledge, H.R. 683: The Trademark Dilution Revision Act of 2005, http://www.publicknowledge.org/issues/tmdilution (last visited August 4, 2006).

<sup>&</sup>lt;sup>69</sup> Nevertheless, to the extent that it prescribes "new policy," it is probably properly characterized, in Judge Leval's terms, as a "delegating statute" rather than a "micromanager statute." *See* Pierre N. Leval, *Trademark: Champion of Free Speech*, 27 COLUM. J.L. & ARTS 187, 196–98 (2004).

H.R. 683, 109th Cong. § 2 (2006) (to be codified at 15 U.S.C. § 1125(c)(1)).

<sup>&</sup>lt;sup>71</sup> *Id.* (to be codified at 15 U.S.C. § 1125(c)(1)).

<sup>&</sup>lt;sup>72</sup> *Id.* (to be codified at 11 U.S.C.  $\S 1125(c)(2)(A)$ ).

<sup>&</sup>lt;sup>73</sup> *Id.* (to be codified at 11 U.S.C. § 1125(c)(2)(A)(i)-1125(c)(2)(A)(iv)).

<sup>74</sup> *Id.* (to be codified at 11 U.S.C. §§ 1125(c)(1), (2)(B) & (2)(C)).

<sup>75</sup> *Id.* (to be codified at 11 U.S.C.  $\S 1125(c)(2)(B)(i)-1125(c)(2)(B)(vi)$ ).

Seventh and finally, it significantly expands the scope of the Section 43(c)'s "[e]xclusions" relating to conduct, such as "parody," that is not actionable as dilution. <sup>76</sup>

In this Part, I will comment on only a few of these reforms. In doing so, I will argue that the Act is in fact a progressive step towards a more restrictive—and sensible—application of federal antidilution law. I begin with the Act's new formulation of what qualifies as "famous" for purposes of Section 43(c).

#### A. The New Standard for Famousness

#### 1. The Statutory Language

The Act provides, in what will become the new Section 43(c)(2)(A), that "a mark is famous if it is widely recognized by the general consuming public of the United States as a designation of source..." This is an important new formulation that provides guidance to the courts on how famous a mark must be to qualify for antidilution protection, something that the FTDA failed to do. As was intended by the drafters of the Act, the use of the language "widely recognized" and "general consuming public of the United States" repudiates outright the strange doctrine of "niche fame." It also significantly raises the bar for what qualifies as "famous." On this language, it is likely that marks such as INTERMATIC, LEXINGTON, or WAWA, which were

<sup>&</sup>lt;sup>76</sup> *Id.* (to be codified at 11 U.S.C. § 1125(c)(3)).

Id. (to be codified at 11 U.S.C. § 1125(c)(2)(A)).

<sup>&</sup>lt;sup>78</sup> See TCPIP Holding Co. v. Haar Commc'ns, Inc., 244 F.3d 88, 98 (2d Cir. 2001) ("The [FTDA] does not tell *how* famous a mark must be. Nor does it provide any direct guidance as to how courts should answer the question.").

<sup>&</sup>lt;sup>79</sup> See, e.g., 2005 Hearings, supra note 22, at 6 (testimony of Ann Gundelfinger, President, International Trademark Association).

<sup>&</sup>lt;sup>80</sup> On niche fame, see J. Thomas McCarthy, *Proving a Trademark Has Been Diluted: Theories or Facts?*, 41 Hous. L. Rev. 713, 731–33 (2004).

<sup>&</sup>lt;sup>81</sup> See Intermatic, Inc. v. Toeppen, 947 F. Supp. 1227 (N.D. Ill. 1996).

<sup>&</sup>lt;sup>82</sup> See Lexington Management Corp. v. Lexington Capital Partners, 10 F. Supp. 2d 271 (S.D.N.Y. 1998). See also 3 McCarthy, supra note 32, at § 24:92.1 n. 14 ("The court found the mark strong enough that confusion was likely and erroneously concluded that therefore the mark was famous—a non sequitur." (italics omitted)).

found to be famous under the terms of the FTDA, would not be found to be famous under the new terms of the TDRA. None of these marks is "widely recognized" by the "general consuming public" of the entire country. The TDRA's new standard for famousness returns federal antidilution protection to its core principles. The antidilution right is an extraordinary right that only extraordinary marks deserve. In essence, and as was arguably originally intended by Schechter, the mark must be a "household word" to qualify. 84

What the TDRA lacks in this regard, however, is something that it could not have been expected to provide and that the federal courts themselves must establish. In the tradition of Justice Scalia's "err on the side of caution" presumption in *Wal-Mart Stores v. Samara Brothers*, 85 courts should, if in doubt, rule that a given mark is not "famous." This is consistent with Congress' goal in the TDRA to restrict the subject matter of antidilution protection only to truly deserving marks.

The TDRA also establishes new factors for courts to consider in determining whether a mark is famous. The FTDA set forth an

<sup>&</sup>lt;sup>83</sup> See Wawa Dairy Farms v. Haaf, No. 96-4313, 1996 WL 460083, at \*3 (E.D. Pa. Aug. 7, 1996) ("There is simply no question that WAWA is a highly renowned, famous mark").

<sup>&</sup>lt;sup>84</sup> See TCPIP Holding Co.v. Haar Commc'ns, Inc., 244 F.3d 88, 99 (2d Cir. 2001) ("The examples of eligible 'famous marks' given in the House Report—Dupont, Buick, and Kodak, see H.R. Rep. No. 104-374, at 3 (1995), as reprinted in 1995 U.S.C.C.A.N. 1029, 1030—are marks that for the major part of the century have been household words throughout the United States. They are representative of the best known marks in commerce.").

<sup>&</sup>lt;sup>85</sup> 529 U.S. 205, 215 (2000) ("To the extent there are close cases, we believe that courts should err on the side of caution and classify ambiguous trade dress as product design, thereby requiring secondary meaning.").

One initial rule of thumb may be that if the finder of fact is a long-time resident of the United States and has not heard of the mark or is only vaguely familiar with it, then the mark is probably not "famous" for purposes of antidilution protection. After all, the plaintiff seeks exclusive rights in its mark across *all* product categories and should be able to show that its fame is at least as extensive. If the plaintiff falls back to arguing that its mark is "famous" in some area of commerce with which the finder of fact happens not to be familiar (either because of his or her age, geographic location, consuming habits, or lack of fashion sense), then this is a good sign that the plaintiff's mark is not, in fact, "famous" for purposes of antidilution protection. The TDRA is simply not intended to protect trademarks whose fame is at all in doubt.

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unwieldy list of eight factors.<sup>87</sup> The TDRA shortens this list to four: first, the extent of advertising of the mark; second, the extent of sales of goods offered under the mark; third, the "extent of actual recognition of the mark;" and fourth, whether the mark is registered on the principal register. 88 This is a curious formulation of factors. As an empirical matter, the first and second factors are subsidiary to and are logically incorporated by the third factor the "extent of actual recognition of the mark." A court should not grant antidilution protection to reward—i.e., to promote spending on advertising, just as it should not grant such protection in recognition of something like the plaintiff's good faith in trying as hard as it can to make its mark famous. What we are concerned with are the facts on the ground, the "actual" fame of the mark. The first two factors in particular should only help us to determine the outcome of this third and by far most important factor. Otherwise, they are mere formal distractions from what should in all events be a purely empirical—and, ideally, a survey-based analysis. The fourth factor, concerning the registration status of the mark, is arguably irrelevant to the fame analysis. At best, it could weigh against a finding of fame on the assumption that the plaintiff did not consider the mark to be of sufficient value to justify registration. But the mere fact that a mark is registered cannot logically weigh in favor of a finding that it is famous.

#### 2. Inherent Distinctiveness and Famousness

Notably absent from the TDRA's new list of factors to be considered in assessing the fame of the mark is any reference to the degree, if any, of inherent distinctiveness of the plaintiff's mark.

H.R. 683, 109th Cong. § 2 (2006) (to be codified at 15 U.S.C. § 1125(c)(2)(A)(i)–1125(c)(2)(A)(iv)). The version of the Act reported to the House proposed only three factors to determine the degree of recognition of the mark. *See id.* The fourth factor, concerning the registration status of the mark, appears to have been added to the version of the Act subsequently reported to the Senate. *See* S. 683., 109th Cong. §2.

<sup>&</sup>lt;sup>87</sup> 15 U.S.C. § 1125(c)(1)(A)–1125(c)(1)(H).

<sup>&</sup>lt;sup>89</sup> *Id.* (to be codified at 15 U.S.C. § 1125(c)(2)(A)(iii)). *Cf.* Barton Beebe, *An Empirical Study of the Multifactor Tests for Trademark Infringement*, 95 CAL. L. REV. (forthcoming 2006) (manuscript at 45, on file with author) (noting that the assessment of a mark's "actual" marketplace strength logically incorporates the effects of its inherent strength).

Indeed, in addressing the issue of famousness, the Act avoids altogether the term "distinctiveness" and instead refers to the "degree of recognition" of the mark. Elsewhere, the Act amends Section 43(c)(1) to provide protection to the owner of a famous mark "that is distinctive, inherently or through acquired distinctiveness..." It may therefore appear that the Act repudiates outright the controversial Second Circuit reading of the FTDA that limits antidilution protection only to marks which are inherently distinctive.

It is important to recognize, however, that this need not be the The Act's list of factors to be considered in assessing famousness is non-exclusive: "the court may consider all relevant factors, including the following . . . "92 Thus, it is consistent with the provisions of the Act for the Second Circuit to continue to factor in a mark's degree of inherent distinctiveness in assessing the mark's fame. In light of the language of the new Section 43(c)(1), the Second Circuit may not establish a per se rule that only inherently distinctive marks will qualify as "famous" under TDRA, but it may continue to consider inherent distinctiveness—indeed, to weight it strongly—in its analysis of the mark's "degree of recognition" as a "designation of source of the goods or services of the mark's owner."93 As an empirical matter, non-inherently distinctive marks such as UNITED or AMERICAN may be widely recognized as designations of source, but not necessarily as designations of source of the plaintiff's goods in particular.

Furthermore, as we will see below, the TDRA sets out factors that courts should consider in determining whether the plaintiff's mark is likely to be blurred, and there, the mark's "degree of inherent or acquired distinctiveness" is explicitly incorporated as a factor. <sup>94</sup> Arguably, though now in need of some tailoring, Second

<sup>90</sup> H.R. 683, 109th Cong. § 2 (2006) (to be codified at 15 U.S.C. § 1125(c)(2)(A)).

<sup>&</sup>lt;sup>91</sup> *Id.* (to be codified at 15 U.S.C. § 1125(c)(1)).

<sup>&</sup>lt;sup>92</sup> *Id.* (to be codified at 15 U.S.C. § 1125(c)(2)(A)).

<sup>&</sup>lt;sup>93</sup> *Id.* (to be codified at 15 U.S.C. § 1125(c)(2)). On why a court may want to weigh the inherent distinctiveness of a plaintiff's mark against the plaintiff, see Levy, *supra* note 4, at 1207–08.

<sup>&</sup>lt;sup>94</sup> See infra note 123 and accompanying text.

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Circuit inherent distinctiveness doctrine remains alive and well—or at least, given sufficient judicial interest, *could* remain alive and well—under the TDRA.

## 3. The Ironies of Anti-Blurring Protection for "Famous" Marks

There are two ironies to anti-blurring protection for "famous" marks. The first is well-recognized. It is that the very marks which are so famous as to deserve anti-blurring protection already receive the same scope of protection from source-confusion-based anti-infringement protection. 95 Unlike those of Schechter's time, modern branding practices routinely leverage brands into new product areas. This has conditioned consumers to expect that a trademark will appear on products far afield from the products on which the trademark normally appears. For example, where the mark HARLEY-DAVIDSON originally appeared only on motorcycles and closely-related paraphernalia, now it can be found on a wide variety of more or less ridiculous products and services.<sup>96</sup> The result is that if a famous brand name, particularly an inherently distinctive one such as INTEL or NIKE were to appear on nearly any product, regardless of its nature, it is likely that consumers would assume that that product originates from the same company responsible for all the other products bearing the brand name—or, at least, that it is likely that an injunction would issue on that basis.<sup>97</sup> Relatedly, as a matter of trademark doctrine, because the

<sup>95</sup> See, e.g., Beebe, supra note 6, at 687; Robert N. Klieger, Trademark Dilution: The Whittling Away of the Rational Basis for Trademark Protection, 58 U. PITT. L. REV. 789, 846–47 (1997); Jerre B. Swann, Sr., Dilution Redefined for the Year 2000, 90 Trademark Rep. 823, 834–41 (2000).

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This is as good an example as any of what Sara Stadler has termed self-dilution. *See generally* Nelson, *supra* note 6. *Cf.* Justin Hughes, "*Recoding*" *Intellectual Property and Overlooked Audience Interests*, 77 Tex. L. Rev. 923, 1006 (1999) (discussing the downscaling of brands and observing that "[u]ntil the trademark loses its cachet, these activities will bring happiness—lots of designer utility—to people who might not otherwise be able to afford it").

<sup>&</sup>lt;sup>97</sup> My colleague Justin Hughes raises the examples of "DISNEY cigarettes" or "INTEL garbage collecting services" as uses of famous marks on goods sufficiently unrelated to the goods to which the marks are traditionally attached that consumer confusion as to source would not likely occur. These are persuasive counterexamples on the issue of the actual likelihood of consumer confusion in the marketplace. However, courts have

scope of anti-infringement protection expands with the strength of the mark, famous brands enjoy an extraordinarily broad scope of protection, likely extending across all product categories. Thus, for the marks which truly deserve it, anti-blurring protection is mostly superfluous and is not uncommonly treated as such by federal courts.

The second irony is not well-recognized and strikes to the heart of anti-blurring doctrine. It is that the very marks which are so famous as to deserve anti-blurring protection are essentially immune to blurring on account of their overriding fame. We have long lacked empirical knowledge of how trademark blurring works and how it can be measured. The one good exception is work by Jacob Jacoby, the leading survey expert in American trademark law, along with Maureen Morrin. In 2000, Morrin and Jacoby reported the results of a study they designed to assess the accuracy and speed of subjects' memory retrieval of brand information after subjects were exposed to potentially brand-diluting stimuli. 98 In other words, they sought to measure blurring. One of their findings is quite striking: "It appears that very strong brands are immune to dilution because their memory connections are so strong that it is difficult for consumers to alter them or create new ones with the same brand name."99

This finding touches upon a fundamental problem in trademark doctrine, one which most students of trademark law quickly recognize and are told just as quickly to forget in a sort of "move along, nothing to see here" manner. The problem is that trademark doctrine protects strong marks far more than it does weak marks; it treats the strongest brands as also the most fragile brands.

shown a willingness to enjoin such uses in the name of preventing consumer confusion when it is clear that the court is actually seeking to prevent tarnishment or misappropriation. Consumer confusion as to source has proven to be a very flexible legal concept. *See, e.g.*, Original Appalachian Artworks, Inc. v. Topps Chewing Gum, Inc., 642 F. Supp. 1031, 1039 (N.D. Ga. 1986) (finding, in a case of clear parody, that "there is a likelihood of confusion as to origin, approval, endorsement or *other association* of the Garbage Pail Kids' products and mark with the plaintiff['s Cabbage Patch Kids products and mark]" (emphasis added)).

Maureen Morrin & Jacob Jacoby, *Trademark Dilution: Empirical Measures for an Elusive Concept*, 19 J. Pub. Pol. & Marketing 265 (2000).

<sup>99</sup> *Id*. at 274.

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Consider the situation in *Moseley*. There, the plaintiff argued that its brand—VICTORIA'S SECRET—was so strong as to be famous, perhaps even a household word. But then the plaintiff argued that the use of VICTOR'S SECRET by one Victor Moseley as the name of his store in a strip-shopping center in Elizabethtown, Kentucky, that crossroads of the world, would damage the VICTORIA'S SECRET brand to such an extent that Moseley's use should be enjoined. One wonders, if so trivial a use can damage a brand name so much as to merit a federal court's injunction, then perhaps the brand name isn't so strong after all.

For apologists of anti-blurring protection, this is an old and tiresome argument, which they meet with two standard responses. The first is to speak of a slippery slope, of "death by a thousand cuts" or the "first of a hundred bee stings." But perhaps it is time to challenge this facile response. As an initial matter, like the FTDA before it, the TDRA does not establish a slippery slope standard. It asks whether the defendant's use is itself "likely to cause dilution," not whether the defendant's use together with some number of other similar uses sometime in the future would be likely to cause dilution. 103 Moreover, the only good empirical knowledge we have of how trademark dilution works suggests that truly famous marks are much stronger than we thought, that there may be no slippery slope, that the first "cut" or the thousandth may never draw blood. Courts should not take the slippery slope for granted. Rather, anti-blurring plaintiffs should be required to show not only that others are likely to do as the defendant has done, but

Moseley v. V Secret Catalogue, Inc., 537 U.S. 418, 424–25 (2003).

<sup>102</sup> For a fine discussion of these metaphors, *see* Petitioners' Reply Brief on the Merits at 7–9, Moseley v. V Secret Catalogue, Inc., 537 U.S. 418 (2003) (No. 01-1015).

<sup>101</sup> *Id.* at 424

H.R. 683, 109th Cong. § 2 (2006) (to be codified at 15 U.S.C. § 1125(c)(1)). Admittedly, the lack of statutory language in support of a slippery slope standard has not prevented courts from reading such a standard into the fourth fair use factor in copyright law. See 17 U.S.C. § 107(4) (2000); Sony Corp. of Am. v Universal City Studios, Inc., 464 U.S. 417, 451 (1984) (stating that the plaintiff must prove "either that the particular unauthorized use is harmful, or that if the use should become widespread, it would adversely affect the . . . market for the copyrighted work"); A&M Records v. Napster, 239 F.3d 1004, 1016 (9th Cir. 2001).

also that these uses will indeed be likely to blur the plaintiff's brand name. As it stands, the slippery slope argument in anti-blurring doctrine is a formalism that distracts from marketplace reality, and the reality, if the empirical evidence can be credited, is that blurring is far less common and far less of a threat than we might have thought.

The second response of trademark apologists goes to the issue of misappropriation or "free-riding." The argument is that when a court enjoins someone like Moseley from using a variation of a famous brand, the court seeks to prevent not so much the blurring as the misappropriation of the mystique or "selling power" of the famous brand. 104 Thus, though Moseley's use may itself cause little or no harm to the VICTORIA'S SECRET brand name, still, Moseley is reaping where he has not sown and should be prevented from doing so. 105 While this may be a sound basis for judicial intervention under some other area of law, the TDRA is, on its plain language, not a misappropriation statute, nor for that matter was the FTDA. Where, by comparison, the antidilution article of the EC Trademark Directive explicitly prohibits conduct that "takes unfair advantage of . . . the distinctive character or the repute of the trade mark,"106 the American Congress has now had two chances to address misappropriation in Section 43(c) and has

<sup>&</sup>lt;sup>104</sup> See generally Franklyn, supra note 25, at 117 ("[W]hile American dilution law purports to be about preventing dilutive harm, it really is about preventing free-riding on famous marks."). See also Ty Inc. v. Perryman, 306 F.3d 509, 512 (7th Cir. 2002) (Posner, J.) (discussing an anti-free riding rationale for antidilution protection).

See generally Franklyn, supra note 25.

<sup>&</sup>lt;sup>106</sup> Council Directive 89/104, art. 5(2), 1989 O.J. (L 40) 1, 5 (EC). Article 5(2) reads in full as follows:

Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

Id. See generally Ilanah Simon, Dilutive Trade Mark Applications: Trading on Reputations or Just Playing Games?, 26 Eur. Intell. Prop. Rev. 67 (2004).

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not done so. Rather, in language that was the result of a quite deliberate drafting process, the Act establishes that only uses which "impair[] the distinctiveness" or "harm the reputation" of the famous mark will be enjoined.  $^{107}$  Misappropriation per se is not actionable under Section 43(c).

#### B. The New Blurring: Guilt by "Association"

# 1. The TDRA's Four-Part Definition of "Dilution by Blurring"

The TDRA defines two forms of dilution: "dilution by blurring" and "dilution by tarnishment." The Act defines dilution by blurring as "association arising from the similarity between a designation of source and a famous mark that impairs the distinctiveness of the famous mark." The term "association" is, of course, extraordinarily broad in meaning and may appear to give little guidance to the courts. One dictionary defines it as "the mental connection or bond existing between any sensations, perceptions, ideas, or feelings that to a subject or observer have a relational significance with one another." Fortunately, the definition of dilution by blurring contains important limitations on what kind of "association" is actionable. On the language of the new Section 43(c)(2)(B), the plaintiff must show, first, that the

<sup>&</sup>lt;sup>97</sup> H.R. 683, 109th Cong. § 2 (2006) (to be codified at 15 U.S.C. § 1125(c)(1)).

Franklyn's defense of what is arguably the strongest basis for antidilution protection is compelling. *See generally* Franklyn, *supra* note 25. Nevertheless, the language of the FTDA and TDRA does not contemplate a misappropriation cause of action.

<sup>&</sup>lt;sup>109</sup> H.R. 683, 109th Cong. § 2 (2006) (to be codified at 15 U.S.C. § 1125(c)(2)(B)).

Webster's Third International Dictionary (1986). The term "association" is used elsewhere in the Lanham Act. Section 43(a)(1)(A) prohibits the use in commerce of a mark which is "likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or *association* of [a] person with another person." 15 U.S.C. § 1125(a)(1)(A) (emphasis added). This notion of "association" is based on confusion as to source: A consumer must associate the parties' marks in a way that leads the consumer to assume that the parties are somehow affiliated. In anti-blurring doctrine, by contrast, a consumer associates the parties' marks to the extent that she sees the marks as similar, but is nevertheless aware that the parties themselves are otherwise entirely unrelated.

defendant's blurring speech is perceived by consumers as a designation of source, i.e., as a "mark or trade name," for the *defendant's* goods; second, that consumers make an association, i.e., a "mental connection [of] relational significance," between the plaintiff's mark and the defendant's mark; third, that consumers do so because of the similarity between the two marks; and fourth, that this association "impairs the distinctiveness" of the plaintiff's mark. It consider here in turn each of these aspects of the Act's definition of dilution by blurring.

First, in specifically requiring that the defendant's blurring speech take the form of a "mark or trade name," the Act makes clear that the anti-blurring provisions of Section 43(c) will not prohibit speech that consumers perceive as non-source-distinctive, such as advertising copy or a non-distinctive description of the defendant's goods. In essence, then, the plaintiff must show that the defendant's mark (or trade name) would qualify for protection under the Lanham Act as a designation of source but for the fact that it blurs the plaintiff's mark. The anti-blurring plaintiff may thus find itself in the awkward position of arguing in favor of the "distinctiveness" of the defendant's mark, however descriptive and lacking in secondary meaning it may otherwise appear to be. For example, if the plaintiff sells its computers under the trademark APPLE, and the defendant establishes a website with the domain name applecomputerrepairs.com or a store called Apple Computer Repairs, then the anti-blurring plaintiff will be required to show that consumers perceive the defendant's speech as a "mark," i.e., as distinctive of the defendant's source, as having secondary meaning, rather than as merely a description of what the defendant does or a reference to the plaintiff's source. Consider another example. If the plaintiff sells its automobiles under the mark FORD and the defendant manufactures automobile floor mats with the mark FORD embossed on them (to match the interior of the car), then the plaintiff will be required to show that consumers perceive

<sup>111</sup> H.R. 683, 109th Cong. § 2 (2006) (to be codified at 15 U.S.C. § 1125(c)).

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the embossment as distinctive of the defendant's source rather than the plaintiff's. 112 To the extent that the plaintiff shows that consumers perceive the embossment as distinctive of the plaintiff's source, then the plaintiff is showing consumer confusion under Section 32 or Section 43(a) of the Lanham Act, not blurring under Section 43(c) of the Lanham Act. 113

Second, in requiring that the plaintiff show "association" in addition to "similarity," the Act requires that the plaintiff do more than merely show that its mark is similar to or identical with the Otherwise, why bother including the defendant's mark. "association" requirement? In the aftermath of *Moseley*, some courts have concluded that if the parties' marks are identical, then blurring may be presumed. 114 This presumption is inconsistent with the language of the new Act, however, if not also with the empirical work referenced above. 115 To conclude simply that two marks are similar or identical is an essentially formal determination; a judge may make this fairly arid finding without reference to the marketplace. But to conclude further that consumers associate the two marks, be they identical or merely similar, requires an empirical analysis of the marketplace itself. The plaintiff must establish that consumers are exposed or likely to be exposed to both marks and, upon being exposed to them, actually connect or are likely to connect the two marks in their Consider examples from the marketplace: UNITED for airlines and for moving services, ACE for bandages and for

See supra notes 98–99 and accompanying text.

<sup>112</sup> Cf. Ford Motor Co. v. Lloyd Design Corp., 184 F. Supp. 2d 665 (E.D. Mich. 2002) (finding dilution where the defendant manufactured automobile floor mats bearing the plaintiff's trademarks).

Relatedly, the Act provides no antidilution cause of action for conduct in the nature of keyword or pop-up advertising. Cf. 1-800-Contacts, Inc. v. WhenU.com, 414 F.3d 400 (2d Cir. 2005); Government Employees Ins. Co. v. Google, Inc., 2005 WL 1903128 (E.D.Va. 2005); U-Haul Int'l, Inc. v. WhenU.Com, Inc., 279 F.Supp.2d 273 (E.D.Va. 2003). In these situations, the harm, if any, to the plaintiff does not arise from any similarity between the plaintiff's and the defendant's marks. Rather, the defendant, be it a search engine company, a pop-up advertising company, or a buyer of their services, is using or instructing computers to use the plaintiff's mark as a signifier of the plaintiff. See generally Margreth Barrett, Internet Trademark Suits and the Demise of "Trademark Use," 39 U.C. DAVIS. L. REV. 371 (2006); Eric Goldman, Deregulating Relevancy in Internet Trademark Law, 54 EMORY L.J. 507 (2005).

See supra note 58.

hardware stores, LEXIS for information services and LEXUS for automobiles, APPLE for computers and APPLE for banking services, TIME for the magazine and TIME for the cafe on Broadway in Manhattan, BALLY for fitness clubs and for high-end leather goods, etc. It is not clear as an empirical matter that consumers actually make a "mental connection" between these marks notwithstanding the identity or close-similarity of the marks as a formal matter. <sup>116</sup> And certainly, in establishing the further requirement of "association," the Act itself appears to recognize that some similarities or identities will not lead to "association." In sum, the TDRA requires plaintiffs to present evidence beyond the mere fact of the "similarity" between the parties' marks to show that this "similarity" actually produces or is likely to produce "association" in the minds of consumers.

Third, in requiring that the plaintiff show that "association" arises from "the similarity between a mark or trade name and a famous mark," the Act recognizes that some associations will arise from sources other than the similarity of the parties' marks. Thus, if consumers associate the two marks only because the products to which they are affixed have similar characteristics, then no action for blurring will lie. More difficult is the question of two marks that are dissimilar as written but similar in connotation. example is HÄAGEN-DAZSYOPLAIT and FRUSEN GLÄDJÉLA YOGURT, both for ice cream. 117 In such cases, it is likely that a court will look to the remainder of the Act's definition of dilution by blurring to conclude that though a consumer's association between the two marks may stem from their similarity in connotation, this association is nevertheless not actionable. The consumer's association between the marks may impair the distinctiveness of both brand's connotations, but it does not impair the distinctiveness of the brand names themselves, at least not in a way that antidilution protection, for all of its scope, is willing to

However, even if consumers do not in the first instance make a mental connection between these marks, it may be worth recognizing that search engines such as Google may make an association between such marks to which consumers may then be exposed. The emergence of what might be termed "machine association" may give plaintiffs a reasonable means of persuading a court that similarities between marks will, at least in the internet context, give rise to an association between the marks.

<sup>&</sup>lt;sup>117</sup> Cf. Häagen-Dazs, Inc. v. Frusen Glädjé Ltd. 493 F.Supp. 73 (S.D.N.Y. 1980).

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prevent. Think of what might otherwise result. As an example, one German beer manufacturer could seek to prevent all other German beer manufacturers from giving German-sounding names to their beers. The exclusive right to a connotation would lead to the exclusive right to an entire language or variations on it. In light of this problem, which goes not simply to languages but also to fields of connotation, similarity analysis for purposes of anti-blurring protection should tread lightly when it extends its analysis beyond similarities of sight and sound to consider similarities of meaning.

Fourth, and in the pattern of the reasoning above, the Act makes clear that the plaintiff must present evidence beyond the mere fact of "similarity" arising from "association" to show that the defendant's mark "impairs the distinctiveness" of the plaintiff's mark. After all, as above, if a showing of association arising from similarity were enough, then there would be no need to include this further requirement. Here, the term "distinctiveness" means distinctiveness of source. It does not mean uniqueness or what I elsewhere called "differential distinctiveness," i.e., distinctiveness from other marks. 119 On its plain language, the Act establishes a cause of action for "blurring" in the minds of consumers, not for the loss of uniqueness in the marketplace. Thus, the plaintiff must show, as an empirical matter, that consumers who are exposed to both the plaintiff's and the defendant's marks are less competent to make a "mental connection" between the plaintiff's mark and the plaintiff's source, and plaintiffs must do so in the face of empirical evidence that suggests that, for very strong marks, this loss of consumer competence is unlikely. 120 Mere formal reasoning along the lines of "if similarity, then association, and if association, then

between an attempt to trade off the good will of another and the legitimate imitation of an admittedly effective marketing technique. . . . [W]hen consumers became increasingly aware of the ingredients in food products, producers rushed to extoll the virtues of their 'all natural' products. It would be ludicrous, however, to suggest that in our free enterprise system, one producer and not another is permitted to take advantage of the 'all natural' marketing approach to enhance consumer reception of its product.")

See Beebe, supra note 6.

<sup>&</sup>lt;sup>120</sup> See Morrin & Jacoby, supra notes 98–99 and accompanying text.

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impairment of distinctiveness" will not suffice. This was Judge Phillips' essential insight in his *Ringling Bros*. opinion <sup>121</sup> and the Supreme Court could not have been clearer in *Moseley* in its statement of this fundamental point: "Blurring' is not a necessary consequence of mental association." In explicitly calling for a showing of impairment of distinctiveness, the TDRA has, very much to its credit, only reinforced this basic premise.

### 2. The Blurring Factors

How then might a court determine whether the defendant's mark does or will "impair the distinctiveness" of the plaintiff's mark? The Act sets forth a non-exclusive list of six factors that courts may consider in making this determination:

- (i) The degree of similarity between the designation of source and the famous mark.
- (ii) The degree of inherent or acquired distinctiveness of the famous mark.
- (iii) The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark.
- (iv) The degree of recognition of the famous mark.
- (v) Whether the user of the designation of source intended to create an association with the famous mark.
- (vi) Any actual association between the designation of source and the famous mark. 123

Two of these factors are particularly interesting, and they highlight the difference between the *subject matter* of anti-blurring protection and the *scope* of anti-blurring protection. While the Act elsewhere explicitly provides that non-inherently distinctive marks come within the subject matter of anti-blurring (and anti-

<sup>&</sup>lt;sup>121</sup> See Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Development, 170 F.3d 449, 458–61 (4th Cir. 1999).

<sup>&</sup>lt;sup>122</sup> Moseley v. V Secret Catalogue, Inc., 537 U.S. 418, 434 (2003).

 $<sup>^{123}</sup>$  H.R. 683, 109th Cong. § 2 (2006) (to be codified at 15 U.S.C. § 1125(c)(2)(B)(i)-1125(c)(2)(B)(vi)).

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tarnishment) protection, the second factor allows that the scope of this protection for non-inherently distinctive marks may be quite thin. The third factor does the same and more. A mark such as APPLE for computers is "arbitrary" and thus inherently distinctive. Nevertheless, it is used by several other firms, most notably the record production company and the bank that go by the same name. This may function to narrow the scope of anti-blurring protection for such marks even though they are inherently distinctive. This is a progressive development and makes sense from the point of view of competition. Firms do not likely need to use the entirely fanciful marks (e.g., NOVARTIS, ACCENTURE) of other firms, but they may need or want to use the marks of other firms that are arbitrary (e.g., ACE, TIME) or suggestive (e.g., CATERPILLAR) with respect to those other firms' products.

As for the other factors, they are very much in the mainstream of anti-blurring doctrine. On the first factor, the court must limit its assessment of similarity to the parties marks themselves and may not consider the similarity of the parties advertising or nonsource-distinctive trade dress. This is required both by the language of the first factor and the Act's definition of blurring. 125 With respect to the fifth factor, the court should consider the defendant's intent on the assumption—made familiar consumer-confusion analysis 126—that if the defendant intended to create an association with the plaintiff's mark, we may assume that the defendant was successful in doing so. Again, however, the mere creation of an "association" does not necessarily lead to the impairment of distinctiveness. This maxim applies as well to the sixth factor, which calls for survey or anecdotal evidence of "association." The plaintiff must present evidence of a sufficient degree of association, just as it must show a sufficient degree of similarity and recognition, to show that the defendant's mark does

<sup>124</sup> It is interesting in this regard that in the conclusion of his 1927 article, Schechter spoke of providing antidilution protection only to "coined" marks, Schechter, *supra* note 5, at 830, whereas earlier in the article he spoke of providing such protection to "arbitrary, coined, or fanciful" marks, *id.* at 828.

<sup>&</sup>lt;sup>125</sup> H.R. 683, 109th Cong. § 2 (2006) (to be codified at 15 U.S.C. § 1125(c)(2)(B)).

See, e.g., Cable News Network L.P., L.L.L.P. v. CNNews.com, 177 F. Supp. 2d 506, 520 (E.D. Va. 2001) ("one who intends to confuse is more likely to succeed in doing so").

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or is likely to impair the source distinctiveness of the plaintiff's mark.

#### C. "Tarnishment" and Dilution

The Act defines dilution by tarnishment as "association arising from the similarity between a designation of source and a famous mark that harms the reputation of the famous mark." This definition of tarnishment may be parsed in the same way that the Act's definition of blurring was parsed above. The plaintiff must show, first, that the defendant is tarnishing the plaintiff's mark by means of something that consumers perceive as a designation of source of the defendant's goods; second, that consumers perceive an "association" between the parties' marks; third, that this association arises from the "similarity" of the parties' marks; and fourth, that this association harms or is likely to harm the reputation of the famous mark.

The first aspect of the Act's definition of tarnishment may very well play a crucial role in limiting the reach of anti-tarnishment protection under the Act. Consider a t-shirt or bumper sticker that states "Wal-Mart is Evil." This conduct, though certainly tarnishing, is not prohibited under the Act. The reason is that in neither of these cases will consumers perceive these signs as designations of the source of the defendants' goods. Similarly, a motion picture about the exploitation of service industry workers that prominently features the Wal-Mart mark would also not be enjoinable under the Act. The motion picture is not using the mark as a designation of the source of the motion picture—though, of course, the motion picture is using the plaintiff's mark as a designation of source of the *plaintiff's* goods. For this reason,

H.R. 683, 109th Cong. § 2 (2006) (to be codified at 15 U.S.C. § 1125(c)(2)(C)).

<sup>&</sup>lt;sup>128</sup> Cf. Caterpillar Inc. v. Walt Disney Co., 287 F. Supp. 2d 913 (C.D. Ill. 2003). Consider other canonical cases in anti-tarnishment law. Neither "Michelob Oily" nor "Enjoy Cocaine" nor the Dallas Cowboy Cheerleaders uniform would be seen as designations of source of the defendant's goods and thus would not be enjoinable under the anti-tarnishment provisions of the TDRA, though courts might conceive of some category of "conjectural goods" as the basis for an injunction. See Anheuser-Busch, Inc. v. Balducci Publ'ns, 28 F.3d 769 (8th Cir. 1994); Coca-Cola Co. v. Gemini Rising, Inc., 346 F. Supp. 1183 (E.D.N.Y. 1972); Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd., 604 F.2d 200 (2d Cir. 1979).

analysis of appropriationist art is also greatly simplified. <sup>129</sup> As above with respect to blurring, the plaintiff bears the burden of showing that the defendant's speech would qualify for protection under the Lanham Act as a designation of source for the defendant's goods but for the fact that it tarnishes the plaintiff's trademark. <sup>130</sup>

The third aspect of the Act's definition of tarnishment provides another important and related limitation on the reach of the Act's anti-tarnishment protection. The plaintiff can only claim anti-dilution protection against harmful associations that arise from the "similarity" of the parties' marks. Thus, the tarnishing alteration of the plaintiff's mark<sup>131</sup> or the placing of the mark in a tarnishing

<sup>129</sup> Cf. Mattel, Inc. v. Walking Mountain Prod., 353 F.3d 792, 812 (9th Cir. 2003). There, the defendant would have been able quite easily to show that he is not using the BARBIE trademark or doll as a designation of source of his own goods.

130 Consider, finally, a website under the domain name walmart.net that engages in extensive negative commentary about the retail chain. The proprietor of the website may be liable for initial interest confusion, but in no event would it be liable for tarnishment unless the court is willing to find that consumers perceive the walmart.net domain name as a designation of source of the *defendant's* goods or services. To the extent that the court finds that consumers perceive the domain name as a designation of source of the *plaintiff's* goods or services, then the court must limit its analysis to a consumer confusion cause of action, not a tarnishment cause of action. For similar reasons, the use of the WAL-MART trademark throughout the website would also not be grounds for an anti-tarnishment cause of action under the TDRA unless the court is willing to find that consumers perceive these uses as referring to the defendant's goods or services rather than the plaintiff's.

The basis of antidilution doctrine as set forth it the TDRA is that consumers perceive two separate entities using two similar or identical designations of source; the junior mark may then either blur or tarnish the senior mark. But if consumers believe that the junior entity is using the senior entity's mark simply to refer to the senior entity rather than as a designation of source for the junior entity, then the senior entity has no basis for an antitarnishment cause of action. There are no longer *two* designations of source. Rather, there is the senior entity's designation of source and the junior's nominative use of that designation.

<sup>131</sup> Cf. Deere & Co. v. MTD Prods., 41 F.3d 39 (2d Cir. 1994). In *Deere*, the defendant aired a television commercial that showed a stylized depiction of the plaintiff's mark being chased around the screen by a stylized depiction of the defendant's mark and a barking dog. The Second Circuit held, under New York law, that:

Alterations of that sort, accomplished for the sole purpose of promoting a competing product, are properly found to be within New York's concept of dilution because they risk the possibility that consumers will come to attribute unfavorable characteristics to a mark and ultimately associate the mark with inferior goods and services.

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context<sup>132</sup> are not actionable under the TDRA. In neither case do the tarnishing associations arise from the similarity of the parties marks. To the extent that such conduct is actionable under state antidilution doctrine, state law may very well be preempted as being in conflict with the intentions of the TDRA.<sup>133</sup>

#### IV. CONCLUSION

Schechter's original theory of trademark dilution and antidilution protection was indeed "radical." Fortunately, the TDRA does not implement anything like his original theory. Indeed, much confusion could be avoided in the case law and commentary by steering clear of the muddled term "dilution" altogether. What the Act provides is two very specific forms of trademark protection: anti-blurring protection and anti-tarnishment protection. Plaintiffs will nevertheless urge courts to interpret the Act as an implementation of Schechter's original theory and to find in the term "dilution" a receptacle for all imaginable harms to their marks. Courts must resist this compulsion and they have no better basis for doing so than the specific language of the Act itself.

*Id.* at 45. The TDRA would not provide the plaintiff in Deere with an anti-tarnishment cause of action because the defendant merely altered the plaintiff's mark. In any event, there was no similarity in *Deere* between the plaintiff's mark, altered or otherwise, and the defendant's mark.

<sup>&</sup>lt;sup>132</sup> *Cf.* Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd., 604 F.2d 200 (2d Cir. 1979) (finding tarnishment where pornographic motion picture "Debbie Does Dallas" made extensive use of elements of the uniform of the Dallas Cowboy Cheerleaders); Edgar Rice Burroughs, Inc. v. Manns Theatres, No. 76-3612, 1976 WL 20994 (C.D. Cal. Dec. 20, 1976) (finding that title of pornographic motion picture "Tarz & Jane & Boy & Cheeta" "dilutes the value of the registered trademark Tarzan").

<sup>&</sup>lt;sup>133</sup> Cf. K. Keith Facer, The Federal Trademark Dilution Act of 1995: A Whittling Away of State Dilution Statutes, 10 SETON HALL CONST. L.J. 863, 908–25 (2000). The Act is careful to speak only of "dilution by blurring" and "dilution by tarnishment," never of "dilution" tout seul. The regulation of other forms of dilution may be understood to have been left to the states.