Protecting Baywatch and Wagamama: Why the European Union Should Revise the 1989 Trademark Directive to Mandate Dilution Protection for Trademarks

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Abstract

This Note argues that the European Union must harmonize the protection afforded trademarks against dilution, and that the European Union should adopt legislation similar to the U.S. Federal Trademark Dilution Act of 1995. Part I discusses pertinent aspects of US and EU trademark law. Part I also describes the dilution doctrine and reviews the US and EU approaches to dilution. Part II presents the debate on whether to provide trademarks protection from dilution. Part III argues that the European Union should adopt a dilution statute similar to the Lanham Act’s dilution provision because dilution protection is necessary to fully protect trademarks. Part III also asserts that only famous marks, as the United States defines them, should be offered dilution protection in the European Union. This Note concludes that the European Union should revise the Trademark Directive, defining the phrase ‘likelihood of association’ or deleting the phrase ‘likelihood of association’ and replacing it with a phrase that grants all famous trademarks protection from uses that cause dilution.
PROTECTING BAYWATCH AND WAGAMAMA: WHY THE EUROPEAN UNION SHOULD REVISE THE 1989 TRADEMARK DIRECTIVE TO MANDATE DILUTION PROTECTION FOR TRADEMARKS

William T. Vuk*

INTRODUCTION

Manufacturers have used trademarks1 as indicators of their goods' source of origin for hundreds of years.2 In order to protect a trademark owner's interests in the source identifying function of a trademark, governments offered trademarks legal protection against uses that resulted in a likelihood of confusion.3

(1) used by a person, or
(2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this Act,
to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.

2. See 1 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 5.01, at 1-18 (3d ed. & Supp. 1996) (noting that humans have utilized trademarks for thousands of years); Edward S. Rogers, Some Historical Matter Concerning Trade-Marks, 9 Mich. L. Rev. 29, 33 (1910) (discussing how French trademarks were granted legal protection against infringement as early as thirteenth century). McCarthy states that the earliest forms of markings were the brands placed on cattle and other animals. 1 McCarthy, supra, § 5.01, at 1-2.

3. See Beverly W. Pattishall, Et Al., Trademarks and Unfair Competition, § 5.01, at 171 (stating that Lanham Act originally only provided trademark owners with
The function of trademarks, however, expanded over time and now trademarks serve as guarantors of the quality of the trademarked good,\textsuperscript{4} embodiments of the trademark owner's good will,\textsuperscript{5} and advertising entities.\textsuperscript{6} To amply protect these additional trademark functions, courts and legislatures have begun to protect trademarks from uses that damage trademarks, but do not result in any likelihood of confusion, namely uses that cause dilution.\textsuperscript{7} Dilution is defined as the diminishment or reduction protection in infringement suits when consumers were likely to be confused as to source of origin of trademarked product; Moon-Ki Chai, \textit{Protection of Fragrances Under the Post-Sale Confusion Doctrine}, 80 \textit{Trademark Rep.} 368, 373 (1990) (discussing Lanham Act, which was instituted in 1946, and provided trademark owners with protection against infringing uses that caused confusion). Under the original trademark laws, a trademark owner had to establish that an unauthorized user was using a similar trademark on similar goods and that such use resulted in a likelihood of confusion as to the good's source of origin. \textit{Pattishall, supra}, § 5.01, at 171.

4. \textit{See} 1 \textit{McCarthy, supra} note 2, § 3.01(2), at 3 (stating that trademarks function as guarantors that all other similar trademarked goods will be of equal level of quality).

5. \textit{See} 1 \textit{id.} (stating that trademarks represent good will that trademark owner has established for trademark); \textit{Pattishall, supra} note 3, § 8.05, at 407 (describing how trademarks have become mechanisms that generate and represent good will).


7. \textit{See} Lanham Act §§ 43, 45, 15 U.S.C. §§ 1125, 1127 (as amended by the Federal Trademark Dilution Act of 1995) (offering trademarks protection against unauthorized uses that cause dilution of trademark even when likelihood of confusion is not present); \textit{Pattishall, supra} note 3, § 8.01, at n.3 (stating that U.S. courts have implicitly relied upon dilution doctrine when protecting trademarks from infringement). Pattishall notes that the court in \textit{Stork Restaurant, Inc. v. Sahati}, 166 F.2d 348 (9th Cir. 1948), utilized the dilution theory to protect a trademark even though there was no statutory protection offered trademark owners from dilution. \textit{Id.; see also} Quality Inns Int'l v. McDonald's Corp., 695 F. Supp. 198 (D. Md. 1988) (protecting McDonald's trademark under implicit finding of dilution by finding likelihood of confusion when evidence of confusion was slim); Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd., 604 F.2d 200 (2d Cir. 1979) (protecting Dallas Cowboys Cheerleaders trademark from use in pornographic movie even though likelihood of confusion was absent); Trademark Directive, \textit{supra} note 1, art. 5, O.J. L 40/1 at 4 ¶ 2 (1989) (affording trademarks, that have reputation, protection against uses that damage this reputation regardless of whether likelihood of confusion is present); Uniform Benelux Trademark Law, art. 13(2) (affording trademarks protection against any economic use that is likely to damage trademark owner); Claeryn/Klarein 7 I.I.C. 420, 426 (1975) (Benelux) (upholding protection of trademark Claeryn against use of Klarein on dissimilar product because trademark protection under Uniform Benelux Trademark Act article 13(a)(1) does not depend upon finding of public confusion); 1994 UK Trade Marks Act § 10(2)(5) (offering trademarks protection against uses that result in likelihood of association or that
of a trademark's ability to clearly distinguish one source, thereby, creating the perception, in the consumer's mind, that a trademark no longer represents one source of goods because a second manufacturer is now using the trademark to represent another source.  

The dilution theory originated in Germany in 1924. In 1927, the dilution theory was brought to the United States in an article, entitled *The Rational Basis of Trademark Protection*, written by Frank I. Schechter. In 1947, trademarks received their first statutorily recognized protection when the state of Massachusetts enacted a statute prohibiting diluting uses of a trademark. Dilution protection for trademarks was also found within the 1972 Uniform Trademark Act passed by the

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8. See Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 Harv. L. Rev. 813, 825 (1927) (defining dilution as whittling away of trademark's distinctiveness); 3 McCarthy, supra note 2, § 24.13(1)(a), at 106 (defining dilution as weakening or reducing trademark's ability to distinguish one source from another); Lanham Act § 45, 15 U.S.C. § 1127 (defining dilution as "the lessening of the capacity of a famous mark to identify and distinguish goods or services . . .").

9. See Civil Court, Elberfeld, 25 Juristische Wochenchrift 503; XXV Markenschutz Und Wettbewerb 264, September 11, 1925 (Germany) (creating concept of dilution when protected trademark Odol for mouthwash from use on steel products). The German court concluded that consumers would think of the mouthwash whenever they were exposed to Odol on steel products and, therefore, the Odol trademark would be diluted. Id. Schechter notes that the Odol decision was based upon general principles of fair trade and not upon any particular theory of German trademark registration. Schechter, supra note 8, at 833.

10. 40 Harv. L. Rev. 813 (1927).


Benelux countries. In 1989, the European Union ("EU") instituted two provisions which apparently related to dilution protection into the First Council Directive to Approximate the Laws of the Member States Relating to Trade Marks ("Trademark Directive"). Both provisions from the Trademark Directive were

14. See Treaty Instituting the Benelux Economic Union, Feb. 3, 1958, Belg.-Lux.-Neth., 381 U.N.T.S. 165 (establishing union between Belgium, Netherlands, and Luxembourg known as Benelux); Uniform Benelux Trademark Law art. 13(a)(2) (describing trademark owner possess against others, including rights against any other economic use that damages individual's trademark). Article 13(a)(2) of the Benelux Trademark Act states that

Without prejudice to the possible application of ordinary civil law in matters of civil liability, the proprietor of a mark may, by virtue of his exclusive right, oppose:

any other use, in economic intercourse, of the mark or of a like symbol made without a valid reason under circumstances likely to be prejudicial to the proprietor of the mark.

Id. The Benelux Courts have interpreted this provision to protect trademarks from uses on non-similar products even when there was no likelihood of confusion. See Claeryn, 7 I.I.C. at 426 (interpreting Uniform Benelux Trademark Law as providing trademarks protection against uses on non-similar goods).


16. Trademark Directive, supra note 1. The two provisions that appear to provide dilution protection state as follows:

1. The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

(a) any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;

(b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark.

2. 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. art. 5 (1)(a)(b), (2), O.J. L 40/1, at 4 (1989).

Following the completion of this Note, the European Court of Justice interpreted the phrase "likelihood of association." See Sabel B.V. v. Puma AG, Rudolf Dassler Sport,
enacted into United Kingdom\(^{17}\) ("UK") law when they were inserted into the 1994 UK Trade Marks Act.\(^{18}\) In 1995, the U.S. Congress enacted federal protection for trademarks against uses that cause dilution when they passed the Federal Trademark Dilution Act of 1995.\(^{19}\) In two cases, \textit{Wagamama}\(^{20}\) in 1995 and

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\(^{17}\) See \textit{Black's Law Dictionary}, supra note 1, at 1533 (defining United Kingdom of Great Britain and Ireland as "[t]he official title of the kingdom composed of England, Scotland, Ireland, and Wales, and including the colonies and possessions beyond the seas, under the act of January 1, 1801, effecting the union between Ireland and Great Britain.").

\(^{18}\) See 1994 UK Trade Marks Act § 10 (implementing infringement provisions from Trademark Directive into UK law). Section 10 reads in relevant part:

\begin{enumerate}
  \item A person infringes a registered trade mark if he uses in the course of trade a sign which is identical with the trade mark in relation to goods or services which are identical with those for which it is registered.
  \item A person infringes a trade mark if he uses in the course of trade a sign where because—
    \begin{enumerate}
      \item the sign is identical with the trade mark and is used in relation to goods or services similar to those for which the trade mark is registered, or
      \item the sign is similar to the trade mark and is used in relation to goods or services identical with or similar to those for which the trade mark is registered, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the trade mark.
    \end{enumerate}
  \item A person infringes a registered trade mark if he uses in the course of trade a sign which—
    \begin{enumerate}
      \item is identical with or similar to the trade mark, and
      \item is used in relation to goods or services which are not similar to those for which the trade mark is registered,
    \end{enumerate}
\end{enumerate}

\textit{Id.} at § 10(1)(2)(3).

\(^{19}\) See Clinton Hein, \textit{Confused About Federal Trademark Dilution?}, 87 \textit{Trademark Rep.} 370, 370 (1997) (stating that on January 16, 1996 Federal Trademark Dilution Act of 1995 was signed into law). The Federal Dilution Trademark Act amended the Lanham Act by adding the following subsection:

\begin{enumerate}
  \item The owner of a famous mark shall be entitled, subject to the principles
Baywatch in 1997, the UK’s Chancery Division interpreted the newly enacted section 10 of the UK Trade Marks Act as not expanding the protection afforded trademarks to situations where there was no showing of a likelihood of confusion.

This Note argues that the European Union must harmonize the protection afforded trademarks against dilution, and that the European Union should adopt legislation similar to the U.S. Federal Trademark Dilution Act of 1995. Part I discusses pertinent aspects of U.S. and EU trademark law. Part I also describes the dilution doctrine and reviews the U.S. and EU approaches to dilution. Part II presents the debate on the reasons of whether to provide trademarks protection from dilution. Part III argues that the European Union should adopt a dilution statute similar to the Lanham Act’s dilution provision because dilution pro-

of equity and upon such terms as the court deems reasonable, to an injunction against another person’s commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark, and to obtain such other relief as is provided in this subsection. In determining whether a mark is distinctive and famous, a court may consider factors such as, but not limited to —

(A) the degree of inherent or acquired distinctiveness of the mark;
(B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;
(C) the duration and extent of advertising and publicity of the mark;
(D) the geographical extent of the trading area in which the mark is used;
(E) the channels of trade for the goods or services with which the mark is used;
(F) the degree of recognition of the mark in the trading areas and channels of trade used by the marks’ owner and the person against whom the injunction is sought;
(G) the nature and extent of use of the same or similar marks by third parties; and
(H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

22. See Wagamama, [1995] F.S.R. at 730 (stating that phrase likelihood of association, found in section 10(2) of 1994 Trade Marks Act, did not extend trademark protection to uses that do not result in confusion as to product origin); Baywatch, [1997] F.S.R. at 30 (stating that 1994 Trade Marks Act, section 10(3), does not offer trademarks protection without finding of likelihood of confusion).
23. See Lanham Act § 45(c), 15 U.S.C. § 1125(c) (discussing famous marks). This section states that

the owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person’s commercial use in commerce of a mark or trade
tection is necessary to fully protect trademarks. Part III also asserts that only famous marks, as the U.S. defines them, should be offered dilution protection in the European Union. This Note concludes that the European Union should revise the Trademark Directive, defining the phrase likelihood of association or deleting the phrase likelihood of association and replacing it with a phrase that grants all famous trademarks protection from uses that cause dilution.

I. TRADEMARK LAW AND THE DILUTION DOCTRINE IN THE UNITED STATES AND THE EUROPEAN UNION

Since 1282, legislatures and courts have granted trademarks name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark, and to obtain such other relief as is provided in this subsection. In determining whether a mark is distinctive and famous, a court may consider factors such as, but not limited to —

(A) the degree of inherent or acquired distinctiveness of the mark;
(B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;
(C) the duration and extent of advertising and publicity of the mark;
(D) the geographical extent of the trading area in which the mark is used;
(E) the channels of trade for the goods or services with which the mark is used;
(F) the degree of recognition of the mark in the trading areas and channels of trade used by the marks' owner and the person against whom the injunction is sought;
(G) the nature and extent of use of the same or similar marks by third parties; and
(H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

Id.

24. See id., 15 U.S.C. § 1125(c) (noting that courts should utilize several factors in determining whether trademark is famous). These factors include:
(A) the degree of inherent or acquired distinctiveness of the mark;
(B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;
(C) the duration and extent of advertising and publicity of the mark;
(D) the geographical extent of the trading area in which the mark is used;
(E) the channels of trade for the goods or services with which the mark is used;
(F) the degree of recognition of the mark in the trading areas and channels of trade used by the marks' owner and the person against whom the injunction is sought;
(G) the nature and extent of use of the same or similar marks by third parties; and
(H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

Id.
legally recognized protection against infringing uses that cause confusion as to the source of origin of the trademarked good. The United States instituted comprehensive statutory protection for trademarks in 1946, but again trademarks were only protected against infringing uses that led to confusion as to the source of origin of the trademarked good. In 1995, the United States passed legislation offering trademarks an additional level of protection, namely against uses that dilute the distinctive nature of the trademark. In 1989, the European Union attempted to harmonize the trademark laws of each Member State by passing the Trademark Directive. The Trademark Directive, however, offered trademarks protection from confusion, which includes a likelihood of association. The Trademark Directive, furthermore, did not specifically mandate that Member States must protect trademarks from uses that dilute the distinctiveness of a trademark.

A. General Principles of Trademark Law

The practice of using trademarks as designators of the source of origin of the good to which they are affixed dates back

25. See Rogers, supra note 3, at 36-37 (discussing law of Parma which afforded trademarks their first recognized legal protection in 1282). The law of Parma stated that guilds would impose a ten pound fine on anyone who infringed a guild members trademark by applying the same or similar mark to a steel or iron article not produced by the mark owner. Id. at 37.

26. See PATTISHALL, supra note 3, § 5.01, at 171 (discussing how Lanham Act originally only offered trademark owners legal protection against infringers when consumers were likely to be confused as to source of origin of trademarked product); Chai, supra note 3, at 373 (stating that Lanham Act initially provided trademark owners with legal protection against infringing uses that caused confusion).


28. See Trademark Directive, supra note 1, O.J. L 40/1, at 1 (1989) (stating that purpose of Trademark Directive was to approximate Member States' laws).

29. Id. art. 5, O.J. L 40/1, at 4 ¶ 1(b) (1989) (stating that trademarks will be protected against infringing uses when there "exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark.").

30. Id. art. 5, O.J. L 40/1, at 4 ¶ 2 (1989) (stating that Member States may provide trademarks that have reputations with additional protection against uses on non-similar goods that take unfair advantage of or are detrimental to character of such trademark).
into antiquity. As the law surrounding trademarks developed, legislatures began to offer trademark owners legally recognized protection against uses of the trademark by others that the legislatures deemed to be infringing. The function of trademarks has expanded over time, and now trademarks serve as quality connotaters, embodiments of the trademark owners good will, and advertising agents.

1. Development of Trademark Law

A trademark is generally defined as a symbol used by a manufacturer or merchant to identify his or her goods from those

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31. See PATRISHALL, supra note 3, § 1.01, at 1 (discussing origins of trademarks and commercial identification).

32. See 1 MCCARTHY, supra note 2, § 5.02, at 3-6 (discussing development of trademark law and protection first afforded trademarks by Anglo-American common law).

33. See 1 id. § 3.01(2), at 3 (stating that trademarks function to signify that all goods sold under trademark are of equivalent level of quality).

34. See 1 id. (describing trademark function as symbol of trademark owner's established good will). Good will is an intangible quality which courts have defined the likelihood "that the old customer will resort to the old place." Dial-A-Mattress Operating Corp., v. Mattress Madness, Inc., 841 F. Supp. 1339, 1350 (E.D.N.Y. 1994) (quoting Crotwell v. Lye, 34 Eng. Rep. 129, 134 (UK) (1810) (stating that "good will is the value attributable to a going concern apart from its physical assets — the intangible worth of buyer momentum emanating from the reputation and integrity earned by the [trademark owner."]) ); Des Moines Gas Co. v. Des Moines, 238 U.S. 153, 165 (1915) (describing good will as "that element of value which inheres in the fixed and favorable consideration of customers, arising from an established and well-known and well-conducted business."); Metropolitan Bank v. St. Louis Dispatch Co., 149 U.S. 436, 446 (1893) (defining good will as the advantage or benefit which is acquired by an establishment, beyond the mere value of the capital, stock, funds, or property employed therein, in consequence of the general public patronage and encouragement which it receives from constant or habitual customers, on account of its local position, or common celebrity, or reputation for skill or affluence, or punctuality, or from other accidental circumstances or necessity, or even from ancient prejudices). Essentially, good will is the expectancy of continued patronage. Boe v. Commissioner, 307 F.2d 339, 343 (9th Cir. 1962) (stating that good will is expectancy of continued patronage, regardless of reason for it).

35. See Charles W. Grimes & Gregory J. Battersby, The Protection of Merchandising Properties, 69 TRADEMARK REP. 431, 431-32 (1979) (presenting idea that trademarks serve as marketing and merchandising tools which advertise trademark owner's goods to consumers and thereby create consumer demand for trademarked good); Jerry B. Swann & Theodore H. Davis, Jr., Dilution, an Idea Whose Time Has Gone; Brand Equity as Protectable Property, the New/Old Paradigm, 84 TRADEMARK REP. 267, 274 (1994) (recognizing advertising function of trademarks and terming this function as trademark's economic function); Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co., 316 U.S. 203, 205 (1942) (recognizing advertising function of trademarks).
produced or sold by another. As the definition suggests, manufacturer originally utilized trademarks solely for the function of identifying to the consumer the source of origin for a good. The U.S. courts clarified the identification aspect of trademarks, stating that a trademark does not function to inform the public of the precise location from where a good is produced. The court noted, instead, that a trademark serves to communicate to consumers that the good bearing the trademark has emanated from the source from which other goods bearing that label have always derived.

The practice of placing a mark on a product to serve as an indicator of origin dates back to antiquity. The modern trademark finds its origin in two types of marks that originated with the guilds during the Middle Ages, namely, the proprietary

36. See Lanham Act § 45, 15 U.S.C. § 1127 (stating that trademark consists of "any word, name, symbol, or device, or any combination thereof- (1) used by a person . . . to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others."); Trademark Directive, supra note 1, art. 2, O.J. L 40/1, at 2 (1989) (stating that trademarks "may consist of any sign capable of being represented graphically . . . provided that such signs are capable of distinguishing the goods or services of one undertaking from those of another undertaking.").

37. See Lanham Act § 45, 15 U.S.C. § 1127 (stating that trademarks "indicate the source of the goods, even if that source is unknown . . ."); Hanover Star Milling Co. v. Metcalf, 240 U.S. 403, 412 (1916) (defining function of trademarks as identifying "the origin or ownership of the goods to which it is affixed"); 1 McCarthy, supra note 2, § 3.03, at 11 (discussing original function of trademarks as identification of source of origin of goods); Schechter, supra note 8, at 814 (discussing that for over four hundred years trademarks have been affixed on goods for purpose of indicating either origin or ownership of those goods).

38. See Manhattan Shirt Co. v. Sarnoff-Irving Hat Stores, Inc., 164 A. 246, (1933), aff'd 180 A. 928 (1934) (discussing modified source origination aspect of trademarks and explaining that trademarks do not inform consumers of actual location of manufacture for goods).

39. See id. at 250 (describing function of trademark as representation that good bearing trademark originates from same place as prior goods bearing that trademark).

40. Pattishall, supra note 3, § 1.01, at 1. See Thomas D. Drescher, The Transformation And Evolution of Trademarks — From Signals to Symbols to Myth, 82 TRADEMARK REP. 301, 309 (1992) (providing comprehensive examination of trademark evolution and history). Scholars theorize that the first humans to utilize marks were those that branded cattle and other animals. Leon E. Daniels, The History of the Trade-Mark, 7 TRADEMARK BULL. 239, 240-41 (1911). Marking of cattle is postulated to have first been performed during the Stone or Bronze Ages. Gerald Ruston, On the Origin of Trademarks, 45 TRADEMARK REP. 127, 128 (1955). Support for this proposition is found in cave paintings from southwestern Europe, dating from the late Stone Age to the early Bronze Age, showing cattle that are branded. Id.

41. See Daniels, supra note 40, at 240-41 (discussing medieval work guilds and their use of marks). The medieval guild was an organization composed of artisans who
mark and the regulatory production mark. Once the Government afforded proprietary and regulatory production marks protection, those who infringed either mark, by counterfeiting in an attempt to deceive consumers, suffered legal sanctions.

Initially, the primary purpose behind modern trademark law was to protect a trademark's ability to designate the source of

banded together to protest the usurpation and aggression of the government. Id. at 248. Two types of guilds existed, trade guilds, composed of merchants, and craft guilds, composed of craftsmen. Benjamin G. Paster, Trademarks — Their Early History, 59 Trademark Rep. 551, 556 (1969). A Guild member would train at his craft, and upon becoming a master, he would receive a mark from the guild that only he could affix to goods. Frank I. Schechter, The Historical Foundations of the Law Relating to Trade-Marks, 103-09 (1925). The guilds mandated that the individual guild member affix his assigned mark to the good that he produced or sold, thereby, assuring the guild's control over the trade. Paster, supra, at 556. The primary functions of these marks were to insure the production of high quality goods and to help enforce territorial trade restrictions. Sidney A. Diamond, The Historical Development of Trademarks, 65 Trademark Rep. 265, 277 (1975). Furthermore, the guild gave these marks legal protection, allowing no one to place a mark that was not theirs, a counterfeit mark, on a good. Id. at 108 (quoting I. C. Welch, History of the Worshipful Company of the Cutlers of London 287 (1916-23)).

See Schechter, supra note 8, at 814 (describing functional aspects of guild proprietary marks during Middle Ages). Proprietary marks did not function to identify source of origin. Id. The proprietary mark was affixed to goods by merchants and served two functions. Id. The merchant affixed a proprietary mark to his or her goods for the benefit of illiterates or so that the owner, if the goods were lost due to shipwreck or piracy, could be identified and the goods returned. Id.

See id. (describing guild regulatory marks and discussing functional uses of regulatory marks). Regulatory production marks functioned to designate the source of origin and the producer of a good. Id. According to statute, administrative order, or municipal or guild regulation, producers were required to affix a regulatory production mark to their goods. Id. Regulatory production marks served to ensure that producers created goods of an acceptable quality because the guild would send out wardens or searchers to test the quality of a member's products. Drescher, supra note 43, at 315. The mayor would punish any producer who created inferior goods by a fine, imprisonment, or expulsion from the guild. Id. The guild members also used the regulatory production mark to identify foreign goods that were smuggled into the guild's land so that these goods could be confiscated. Schechter, supra note 8, at 814.

See Rogers, supra note 2, at 36-37 (describing law of Parma dated 1282 which afforded marks legal protection during Middle Ages).

See Edwin R. A. Seligman, Two Chapters on the Medieval Guilds of England 80 (1887) (discussing Middle Age penalties affixed by guilds for infringing another guild members' mark). During the Middle Ages, those the guild found guilty of infringing another's mark were fined, imprisoned, and possibly expelled from the craft. Id. Under the law of Parma dated 1282, the guild would penalize any artisan who applied a same or similar mark as another guild member to knives, swords, or other steel or iron articles in the amount of 10 pounds per offense. Rogers, supra note 2, at 37. Further, the guild punished an innkeeper who sold an inferior wine as a high grade wine by hanging. Ruston, supra note 43, at 140-41.
origin of a product. Courts and legislatures originally offered legal protection to trademark owners against infringers who used identical or similar trademarks on similar or competing goods. The legislatures legal protection, however, was afforded only to the extent that a consumer was likely to be confused.

46. Stephan J. Feder, Trademark — § 368-d Dilution Relief in New York — Abandoning the Confusion/Competition Requirement, 46 FORDHAM L. REV., 1315, 1323 (1978); see Lanham Act § 45, 15 U.S.C. § 1127 (stating that trademarks are used to indicate source of goods); 1 McCarthy, supra note 2, § 3.03, at 11-13 (discussing nature of trademarks as indicator of source of origin); Hanson & Walls, supra note 6, at 482 (stating that original use of trademarks was to identify source of product).

47. See Patterson, supra note 3, § 5.01, at 171 (discussing protection originally offered trademark owners by U.S. trademark statutes against infringement). Originally, in order for an unauthorized use of a trademark to constitute infringement, the unauthorized user must use a trademark that is confusingly similar to that of the trademark owners and the trademark must be used on goods that have similar properties to the goods sold by the trademark owner. Id.


Any person who shall, without the consent of the registrant- 

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive . . . shall be liable in a civil action by the registrant for the remedies . . . provided.

Id. at (1)(a)(b). The Trademark Directive states that any merchant who owns a registered trademark shall be protected against all unauthorized uses in the course of trade where there exists a likelihood of confusion on the part of the public. Trademark Directive, supra note 1, art. 5(1)(b), O.J. L 40/1 (1989). Trademark law was initially developed "not to 'protect' trademarks, but . . . to protect the consuming public from confusion, concomitantly protecting the trademark owner's right to a non-confused public." James Burrough Ltd. v. Sign of Beefeater, Inc., 540 F.2d 492, 495 (2d Cir. 1976); see also 1 McCarthy, supra note 2, §§ 2.06, 2.12, at 30-67 (explaining that trademark owner's rights only involve right to prevent confusion). To prove infringement, a trademark owner does not have to establish that the unauthorized use of a same or similar trademark causes actual confusion of the public, but only that there exists a likelihood that the public will be confused by the unauthorized use of a same or similar trademark. Id. § 25.02(1), at 30-32. The U.S. Supreme Court stated that: "under the Lanham Act, the ultimate test [for trademark infringement] is whether the public is likely to be deceived or confused by the similarity of marks . . . . Whether we call the violation infringement, unfair competition or false designation of origin, the test is identical — is there a "likelihood of confusion?". Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 766 (1992) (Stevens, J., concurring) (quoting New West Corp. v. NVM Co. of California Inc., 595 F.2d 1194, 1201 (1979)). U.S. courts have enumerated numerous factors to be used in the determination of whether a likelihood of confusion exists between trademarks uses between non-identical goods or services. Patterson, supra note 3, § 6.02, at 234. The first U.S. court to set out such factors for testing whether a likelihood of confusion exists was the Second Circuit. See Polaroid Corp. v. Polarad Elec. Corp., 287 F.2d 492, 495 (2d Cir. 1961) (establishing factors to be used in
Legal scholars argue that over time the functions of a trademark have expanded and that currently trademarks function as designators of source of origin, guarantors of the quality of the trademarked goods,\(^4\) embodiments of the trademark owner’s good will,\(^5\) and advertising entities.\(^6\) To amply protect these new functions, legislatures have begun to expand trademark protection, and now protect trademarks from uses that dilute a trade-

determining whether likelihood of confusion exists between two trademarks). In *Polaroid v. Polarad*, the Second Circuit stated that in determining if a likelihood of confusion exists, courts should examine, among other factors,

- the strength of [the plaintiff’s] mark,
- the degree of similarity between the two marks,
- the proximity of the products,
- the likelihood that the prior owner will bridge the gap,
- actual confusion,
- and the reciprocal of defendant’s good faith in adopting its own mark.

*Id.* Although U.S. courts first expressed these *Polaroid* factors to assess the likelihood of confusion between non-identical goods, U.S. courts now utilize the factors in all likelihood of confusion cases, including cases involving identical goods. Jane C. Ginsburg, et al., *Trademark and Unfair Competition Law* 429 (2d ed. 1996). See, e.g., VitartoX Corp. v. Borden, Inc., 644 F.2d 960 (2d Cir. 1981) (utilizing *Polaroid* factors in determining whether likelihood of confusion existed between similar goods). All U.S. circuit courts have adopted factors, similar to those enumerated by the Second Circuit in *Polaroid v. Polarad*, for determining whether a likelihood of confusion exists.

49. *See* 1 *McCarthy*, *supra* note 2, § 3.04, at 14-16.1 (discussing how trademarks function as signs that all similarly trademarked goods are of equivalent level of quality).

50. *See* 1 *id.* § 3.01(2), at 3 (stating that in addition to other functions, trademarks also symbolize good will that trademark owner has established for trademark).

51. *See* 1 *id.* § 3.05, at 20-21 (noting that trademark serves as prime element in advertising and that trademarks function to give consumers information as to what products are available); Hartman, *supra* note 6, at 509 (stating that trademarks have advertising function which refers to capacity of trademark to attract customers and sell goods); Hanson & Walls, *supra* note 6, at 484 (noting that trademarks function in advertising and product promotion); Grimes & Battersby, *supra* note 38, at 431 (discussing possibility that trademarks function as marketing tools whereby trademark owners advertise their trademark owner’s goods to consumers); Swann & Davis, Jr., *supra* note 38, at 274 (recognizing advertising function of trademarks and terming this function as trademark’s economic function); *Mishawaka*, 316 U.S. at 205 (recognizing advertising function of trademarks).
2. Functions of a Trademark

Trademarks originally functioned to designate the source of origin of a product. Trademarks over time started to connote the quality of the product to which they were affixed. Trademarks also began to embody and symbolize the good will that a trademark owner has established for the trademarked product. Trademarks additionally have developed an advertising function.

a. Designation of Source of Origin

The designation of origin function of a trademark benefits consumers by reducing the search costs that a consumer must spend in finding a desired good. The source of origin func-

52. See Lanham Act §§ 43, 45, 15 U.S.C. §§ 1125, 1127 (as amended by the Federal Trademark Dilution Act of 1995) (offering trademarks protection against unauthorized uses that cause dilution of trademark even when likelihood of confusion is not present); Trademark Directive, supra note 1, art. 5, O.J. L 40/1 at 4 ¶ 2 (1989) (affording trademarks, that have reputation, protection against uses that damage this reputation regardless of whether likelihood of confusion is present).

53. See Lanham Act § 45, 15 U.S.C. § 1127 (stating that trademarks are used to indicate source of goods); 1 McCarthy, supra note 2, § 3.03, at 11-13 (discussing nature of trademarks as indicator of source of origin); Hanson & Walls, supra note 6, at 482 (discussing original use of trademarks as identifiers of source of product).

54. See 1 McCarthy, supra note 2, § 3.04, at 14-20 (examining how trademarks act to signify that all similarly trademarked goods will be produced at equivalent level of quality).

55. See 1 id. § 2.08, at 38-44 (describing trademark’s function as symbol of good will that trademark owner has established for trademark); Pattishall, supra note 3, § 8.05, at 407 (stating that advertising motifs and characters, which are trademarks, “have become important mechanisms by which businesses both generate and symbolize good will.”).

56. See 1 McCarthy, supra note 2, § 3.05, at 20-21 (describing how trademarks function as advertising entities); Hartman, supra note 6, at 509 (discussing how trademarks function as advertising entities which have the capacity to attract customers and sell goods); Hanson & Walls, supra note 6, at 484 (stating that trademarks function in advertising and product promotion); Grimes & Battersby, supra note 35, at 431 (examining whether trademarks function as merchandising tools whereby trademark owners advertise their trademark owner’s goods to consumers).

57. See 1 McCarthy, supra note 2, § 2.01(2)(b), at 7-10 (stating that trademarks reduce consumer search costs because they allow consumers to remember names of products they prefer, thereby preventing customers from incurring needless expenses looking for products).

58. See 1 id. (asserting that trademarks promote marketplace efficiency by reducing search costs in consumer purchasing decisions); Scadia Down Corp. v. Euroquilt, Inc., 772 F.2d 1423, 1429 (7th Cir. 1985) (noting that trademarks function to reduce
tion also benefits the trademark owner because it provides a method that guarantees the consuming public will recognize the trademarked good. If trademarks did not exist, a consumer, who wanted what is trademarked as Coke, would have to expend energy searching and asking for that tasty, syrupy, dark colored, carbonated beverage produced by Coca-Cola Company. Having to ask for Coke in this fashion would take longer to say, require the consumer to remember more, and require the server or merchant to recognize that what the consumer asked for was the brown beverage Coke which is produced by the Coca-Cola Company. Furthermore, the problem is amplified because the Coca-Cola Company produces several beverages that are dark, tasty, and syrupy.

b. Quality Connotation

Trademarks also benefit the consumer by reflecting the quality of the good to be purchased. By reflecting quality, trademarks allow consumers to maintain an expectation that the trademarked goods that they buy will have the same quality level as those they previously purchased. This quality connoting costs consumers incur in searching for desired products); New Kids on the Block v. New America Publishing, 971 F.2d 302, 305 n.2 (9th Cir. 1992) (Kozinski, J., dissenting) (stating that “[i]n economic terms, trademarks reduce consumer search costs by informing people that trademarked products come from the same source.”). Landes & Posner analogize the benefits a consumer receives due to trademarks to that of the benefits of designating people with first and last names. William M. Landes & Richard A. Posner, Trademark Law: An Economic Perspective, 30 J.L. & Econ. 265, 270 (1987). Landes and Posner suggest that while trademarks reduce the costs of searching for a particular good, first and last names reduce the costs of searching for a particular person. Instead of having to ask for the decaffeinated coffee made by General Mills, consumers reduce their search costs by asking for a “Sanka”. Similarly, people do not have to ask for Frank the professor from Harvard who originated the theory of dilution, rather they can ask for Frank Schechter. Id. 


60. Landes & Posner, supra note 58, at 270.

61. Id.

62. Id.

63. See H.R. Rep. No. 219, 79th Cong., 1st Sess. 3 (1945) (statement of Rep. Lanham) (stating that “[t]rade-marks encourage the maintenance of quality by securing to the producer the benefit of the good reputation excellence creates.”); Hanson & Walls, supra note 6, at 483-84 (describing quality assurances trademarks convey to consumers); 1 McCarthy, supra note 2, § 2.01(2)(a) at 4-7 (discussing how trademarks function to encourage production of quality products).

64. See Thomas Pride Mills, Inc. v. Monsanto Co., 155 U.S.P.Q. 205, 208 (N.D. Ga. 1967) (stating that trademarks offer assurance to consumers that goods affixed with
function of a trademark further acts as a form of guarantee or warranty that the purchaser will receive the same degree of satisfaction from the trademarked good as they have from prior purchases of similarly trademarked goods.65

c. Embodiment of Good Will

Trademarks symbolize the good will that a trademark owner has established for the trademarked product.66 Good will essentially is the value of the name and symbol recognition that is created in the trademark as a result of the trademark owners use, advertising, and sales.67 The good will aspect of a trademark benefits the trademark owner by allowing consumer reliance on the trademarks reputation, its quality connotation, in making their purchases.68 Good will, additionally, generates buyer momentum, encouraging a purchaser to return to, and purchase again, a good with which the purchaser is familiar.69

trademark will have same quality level as those goods previously purchased); Patricia Kimball Fletcher, Joint Registration of Trademarks and the Economic Value of a Trademark System, 36 U. MIAMI L. REV. 297, 317 (1982) (discussing fact that quality function of trademarks guarantees consistency, not highest possible quality).

65. See Revlon, Inc. v. La Muir, Inc., 157 U.S.P.Q. 602, 605 (T.T.A.B. 1963) (stating that consumers receive warranty that goods bearing trademark will have similar quality to other goods bearing that trademark); Hanson & Wells, supra note 6, at 485-84 (discussing trademark's ability to guarantee quality of product to consumer); see also Schechter, supra note 8, at 818-19 (stating that trademarks imprint "upon the public mind an anonymous and impersonal guaranty of satisfaction, creating a desire for further satisfactions").

66. See 1 MCCARTHY, supra note 2, § 2.07, at 34 (stating trademarks function as symbol of trademark owner's good will); Sheldon H. Klein, Introduction to Trademarks, in UNDERSTANDING BASIC TRADEMARK LAW 1996, at 57, 60 (PLI Pat., Copyrights, Trademarks, and Literary Prop. Course Handbook Series No. G4-3975, 1996) (stating trademarks symbolize and protect good will which company has established for trademarked product); Marshak v. Green, 746 F.2d 927, 929 (2d Cir. 1984) (stating that trademarks are merely symbol by which public recognizes trademark owner's reputation and, therefore, trademarks have no independent significance apart from owner's good will).

67. See SEIGRUN D. KANE, TRADEMARK LAW: A PRACTITIONER'S GUIDE 8, 11 (2d ed. 1991) (defining good will as value of trademark that accrues from use, advertising, and sales which involve trademark); Dial-A-Mattress, 841 F. Supp. at 1350 (defining good will as intangible worth, which results from trademark's reputation, that moves consumers towards purchasing trademarked product).

68. See Osawa & Co. v. B & H Photo, 589 F. Supp. 1163, 1172 (S.D.N.Y. 1984) (discussing function of good will in relation to domestic commerce); American Cyanamid Corp. v. Connaught Lab., Inc., 800 F.2d 306, 308 (2d Cir. 1986) (discussing how trademark owners are encouraged to produce goods of reliable quality since that will create good will).

69. See 1 MCCARTHY, supra note 2, § 2.08(2), at 40-41 (describing how good will
d. Advertising Function

In regards to advertising, Frank Schechter described trademarks as the most effective vehicle available by which companies can establish product acceptance and encourage consumer loyalty. Trademarks serve as advertising agents because, similar to advertisements, trademarks convey information and persuade consumers to purchase the trademarked good. The advertising function of a trademark benefits the trademark owner by allowing the creation and maintenance of consumer demand for a product.

B. Trademark Law and Policy in the United States and the European Union

In the United States, trademark law is governed by the Lanham Act which took effect on July 5, 1947. In addition to the Lanham Act, U.S. trademark laws and court rulings are influenced to lure purchasers into purchasing trademarked goods that they have purchased in the past.

70. Schechter, supra note 8, at 819.
71. TONY MARTINO, TRADEMARK DILUTION 73 (1996). Trademarks convey information directly by way of the natural meaning behind the trademark. Id. Generally only descriptive words convey information directly based on the inherent definitions of the trademark. Id. at 77. For example, if George Eastman had named his camera company Camera, instead of Kodak he would have directly conveyed information concerning the product. Id. Trademarks indirectly convey information by virtue of the mental associations that consumers create between the trademarked good and the knowledge they possess as to how the trademark has been utilized. Id. at 73. For example, generally, the consuming public has now learned to associate Kodak with cameras because of information they have gained through either through word of mouth, disseminated information, or direct experience. Id. at 77.
72. See Hanson & Walls, supra note 6, at 485-86 (stating that trademarks serve function of creating and retaining consumer demand for particular product). One United States Court of Appeals described a trademark’s purpose as being to affix the product and the producer in the minds of those consumers who see the trademark so that afterwards the consumer will themselves be influenced by this knowledge or they will convey it to others who are seeking the type of good for which the trademark is affixed. Northam Warren Corp. v. Universal Cosmetic Co., 18 F.2d 774, 774 (7th Cir. 1927).
73. See 4A RUDOLF CALLMANN, THE LAW OF UNFAIR COMPETITION, TRADEMARKS AND MONOPOLIES, § 25.01, at 5 (4th ed. & Supp. 1997) (noting that Lanham Act, effective July 5, 1957, is present U.S. trademark law and that Lanham Act was intended to combine previous Trademark Act with numerous amendments). Callmann states that additional purposes of the Lanham Act were “to eliminate confusion created by conflicting interpretations, to simplify and liberalize registration and make it more meaningful, to dispense with overly technical prohibitions, and to provide prompt and effective relief against infringement.” 4A Id.
enced by the policies which underlie trademark law. Individual Member States of the European Union each have their own trademark laws, however, all Member States were required to implement the Trademark Directive into their trademark laws.

1. U.S. Trademark Law & Policy

The U.S. Congress afforded trademarks their first recognized statutory protection in 1870. Congress amended this statute in 1876, but in 1879, the U.S. Supreme Court held that the trademark statute was unconstitutional. After enacting several other trademark statutes, Congress finally enacted a comprehensive trademark statute, the Trademark Act of 1946, commonly referred to as the Lanham Act. When examining trademark matters, U.S. Courts and legislatures are influenced by policy considerations as well as the Lanham Act.

a. Initial Attempts at Trademark Legislation

The United States originally based its trademark laws on the English common law governing trademark protection. Congress afforded trademarks their first recognized statutory protection in 1870. Congress amended this statute in 1876, but in 1879, the U.S. Supreme Court held that the trademark statute was unconstitutional. After enacting several other trademark statutes, Congress finally enacted a comprehensive trademark statute, the Trademark Act of 1946, commonly referred to as the Lanham Act.

74. See S. Rep. No. 1333, 79th Cong., 2d Sess. 4 (1946) (stating that preventing public from confusion, maintaining competition, and protecting trademark owners' good will are policies underlying enactment of Lanham Act); 4B Callmann, supra note 73, § 25.01, at 5 (discussing objectives of Lanham Act as securing good will, protecting consumers from false and deceptively trademarked goods, and broadening rights of trademark owner's); 1 McCarthy, supra note 2, § 2.01(1), at 3 (noting that policies underlying trademark law are "consumer protection, property rights, economic efficiency and universal concepts of justice . . . "). McCarthy states that in a trademark case, the policies are sometimes in conflict and courts must weigh each policy in reaching their determination. 1 Id.

75. See Trademark Directive, supra note 1, O.J. L 40/1, at 1 (1989) (discussing how Trademark Directive was not enacted to provide full scale harmonization of Member States' trademark laws). The Trademark Directive required all Member States to incorporate the Trademark Directive's changes into the Member States' trademark laws by January 1, 1993. Id. art. 16, O.J. L 40/1, at ¶ 2 (1989).


78. See United States v. Steffens, 100 U.S. 82, 94 (1879) (holding trademark statutes of 1870 and 1876 unconstitutional due to Congress' basing these statutes on wrong section of U.S. Constitution).


80. See S. Rep. No. 1333, 79th Cong., 2d Sess. 4 (1946) (stating that preventing public from confusion, maintaining competition, and protecting trademark owners' good will are policies underlying enactment of Lanham Act).

81. See Pattishall, supra note 3, § 1.01, at 2 (stating that U.S. adopted English common law relating to trademarks).
gress enacted the first trademark law in 1870\(^{82}\) and amended it in 1876,\(^{83}\) but the Supreme Court declared these statutes unconstitutional.\(^{84}\) The Supreme Court declared the initial trademark statutes unconstitutional because Congress improperly based the statutes on the patent and trademark clause,\(^{85}\) and not the commerce clause,\(^{86}\) of the U.S. Constitution.\(^{87}\) In 1881 and 1905, Congress passed other statutes protecting trademarks.\(^{88}\) Finally, in 1946, Congress passed the most recent federal trademark legislation that addresses trademark law, the Lanham Act.\(^{89}\)

b. The Lanham Act

Section 45 of the Lanham Act defines a federally recognized trademark as any word, name, symbol, or device used by a person to identify their goods and to indicate the source of origin of the goods.\(^{90}\) The Lanham Act initially did not protect against

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\(^{82}\) Act of July 8, 1870, ch. 230, §§ 77-84, 16 Stat. 198, 210-12.

\(^{83}\) Act of Aug. 14, 1876, 19 Stat. 141.

\(^{84}\) See Steffens, 100 U.S. at 94 (holding trademark statutes of 1870 and 1876 unconstitutional due to Congress’ basing these statutes on wrong section of U.S. Constitution). In Steffens, the Supreme Court found the 1870 and 1876 trademark statutes unconstitutional. Id. The Supreme Court stated that because Congress included the trademark laws in the Act entitled “An Act to revise, consolidate, and amend the statutes relating to Patents and Copyrights,” Congress improperly relied on Article I, Section 8, Clause 8, the patent and copyright clause, of the Constitution for the power to regulate trademarks. Id. The Court stated that it would leave undecided the issue of whether Congress could rely on the commerce clause of the Constitution to enact trademark laws because that issue was not currently in front of the court. Id. 95-96.

\(^{85}\) See U.S. Const. art. I, § 8, cl. 8 (governing patents and trademarks). Clause 8 of section 1 grants Congress the power “[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.” Id.

\(^{86}\) See U.S. Const. art. I, § 8, cl. 3 (governing commerce). Clause 3 of section 8 states that Congress shall have the power “[t]o regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes.” Id.

\(^{87}\) See Steffens, 100 U.S. at 93-98 (discussing Congress’ attempt to rely on Constitution’s patent and copyright clause for power to regulate trademark uses); PATTISHALL, supra note 3, § 1.01, at 3. Congress incorrectly utilized the patent and copyright clause of the U.S. Constitution in order to support its enactment of the U.S. trademark acts of 1870 and 1876. Id. The proper constitutional support for U.S. trademark laws enacted by Congress is the commerce clause. Id.


\(^{90}\) Lanham Act § 45, 15 U.S.C. § 1127. According to Section 45 of the Lanham Act, a trademark is “any word, name, symbol, or device, or any combination thereof . . . used by a person . . . to identify and distinguish his or her goods, including a unique
unauthorized uses of a trademark unless the trademark's use caused confusion to consumers as to the source of origin of a good. In 1995, Congress, by amendment, added a dilution provision to the Lanham Act thereby offering trademark owners protection against unauthorized uses that dilute their trademark, regardless of the absence of confusion.

c. Policy Considerations

In the United States, policy considerations, as well as the Lanham Act, influence the protection that courts and legislatures afford trademarks. The two primary policies that Congress has stated underlie U.S. trademark law are the protection of good will and the prevention of public confusion. In recent years, legal scholars have theorized of a third policy behind trademark law, namely, the protection of competition.
i. Protection of a Trademark Owner’s Good Will

The effort that a trademark owner adds to the trademark through advertising and production of quality products creates good will,97 which the public associates with the trademark.98 Free riders99 may attempt to gain an advantage from another’s trademark without paying anything for this advantage.100 The good will policy originated in John Locke's theory of property rights101 where a creator or owner who expends energy, time, money, and effort to develop a piece of property, such as a trademark, is granted protection from others taking it.102 By punish-
ing infringers through the Lanham Act, Congress has discouraged free riding, thereby, incorporating the good will policy into U.S. trademark law.\textsuperscript{103}

ii. Prevention of Public Confusion

The second policy underlying U.S. trademark law, the policy of preventing public confusion, ensures that consumers will recognize the source of origin of a product.\textsuperscript{104} According to this policy, the public should be able to rely on a trademark when purchasing goods or services.\textsuperscript{105} Without this type of protection, search costs would increase because consumers would confuse goods or services and would not always know where the goods were produced.\textsuperscript{106}

iii. Protection of Interbrand Competition

Interbrand competition is the term of art used to describe two competing goods which are similar yet are produced by two different companies.\textsuperscript{107} The policy of protecting interbrand competition is a policy that courts and legislatures use to balance

\textsuperscript{103} See Park N' Fly, 469 U.S. at 198 (discussing policies underlying U.S. trademark law); Union Nat'l. Bank of Texas, Laredo, Texas v. Union Nat'l. Bank of Texas, Austin, Texas, 909 F.2d 839, 843-844 (5th Cir. 1990) (stating that principle concerns underlying trademark law are protection of consumers from confusion and protecting trademark owner's good will from free-riders).


\textsuperscript{105} See International Order of Job's Daughters v. Lindeburg & Co., 633 F.2d 912, 918 (9th Cir. 1980) (stating that one purpose of Lanham Act is to protect consumers from confusion as to origin of goods); Michael K. Cantwell, Confusion, Dilution, and Speech: First Amendment Limitations on the Trademark Estate, 87 TRADEMARK REP. 48, 65 (1997) (stating that policy of preventing consumer confusion which would lead to purchase of undesired goods is heart of trademark law).


\textsuperscript{107} Continental T.V. v. GTE Sylvania, 433 U.S. 36, 52 n.19 (1977) (defining interbrand competition as competition among manufacturers of same generic product).
the interests of providing protection for trademarks and preventing trademark owners from acquiring a monopoly. This policy fosters competition by preventing a trademark owner from receiving protection for anything that others need to compete effectively, thereby, precluding a trademark owner from establishing a monopoly that would exclude others from effectively competing in the market-place.

2. European Union Trademark Law

The European Union emerged from the European Economic Community ("EEC") which was formed in order to create a unified economic Europe. In 1989, the European Commission ("Commission") enacted the Trademark Directive which

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108. See Carrie Weinfeld, Carrie@ONULREV.ONYU.EDU.: Internet Domain Names and Trademark Infringement, 23 OHIO N.U. L. REV. 229, 240 (1996) (stating that Lanham Act does not protect trademarks which are so essential to way good operates, thereby, preventing trademark owner from gaining monopoly over product itself, nor does Lanham Act "protect trademarks that so affect a product's cost or quality that the owner's exclusive use would unfairly hinder competition."); Coffee Dan's, Inc. v. Coffee Don's Charcoal Broiler, 305 F. Supp. 1210, 1217 n.13 (N.D. Cal. 1969) (finding that California statute should be narrowly interpreted so as not to provide broad trademark protection, thereby, preventing any damage to competition); K Mart Corp. v. Cartier, Inc., 486 U.S. 281, 301 (1988) (stating that "trademarks do not confer on the [trademark] owner property interests or monopoly power over intrabrand competition. . . ."); Sunbeam Lighting Co. v. Sunbeam Corp., 183 F.2d 969, 973 (1950) (stating that trademark owners, even with reputations, cannot have legally enforceable monopoly over trademarked term).

109. See Ronald L. Panitch, Product Simulation and Protection of Industrial Designs, C848 ALI-ABA COURSE OF STUDY TRADEMARKS, COPYRIGHTS, AND UNFAIR COMPETITION FOR THE GENERAL PRACTITIONER 363, 365-66 (1993) (stating that functionality doctrine encourages competition by preventing one manufacturer from acquiring monopoly by attempting to trademark product's design features which are essential to success of every similar product of that type); Union Nat'l Bank, Laredo v. Union Nat'l Bank, Austin, 909 F.2d 839, 843-44 (5th Cir. 1990) (noting that two principle concerns of trademark law, namely preventing confusion and protecting investment in trademarks, promote competition).


[T]he Commission is chiefly a decision-making body whose main powers lie in
was intended to harmonize the legal protection Member States afford trademarks.\(^{112}\) The Trademark Directive states that Member States must afford trademarks protection from infringing uses that cause a likelihood of confusion directly or through a likelihood of association.\(^{113}\) Additionally, the Trademark Directive stated that Member States may provide trademarks protection against infringing uses that take unfair advantage of, or are detrimental to, the distinctive character of the trademark.\(^{114}\) These provisions appear to afford trademarks protection for uses that cause dilution, however, the UK Chancery Division held that the Trademark Directive did not offer trademarks protection against infringement unless there was a showing of a likelihood of confusion.\(^{115}\)

a. European Union Institutions Relating to Trademarks

In 1951, Belgium, France, Germany, Italy, Luxembourg, and the Netherlands organized the European Coal and Steel Community\(^{116}\) ("ECSC") to regulate production and to promote

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113. Id., art. 5, O.J. L 40/1, at ¶ 1(b) (1989). The relevant part of Article 5 reads

1. The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

(b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark.

114. Id., art. 5 O.J. L 40/1, at ¶ 2 (1989). Article 5 paragraph 2 states in relevant part that

2. 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 of the repute of the trade mark.

115. See Wagamama, [1995] F.S.R. at 730 (stating that phrase likelihood of association, found in section 10(2) of 1994 Trade Marks Act, did not extend trademark protection to uses that do not result in confusion as to product origin); Baywatch, [1997] F.S.R. at 30 (stating that 1994 Trade Marks Act, section 10(3), does not offer trademarks protection without finding of likelihood of confusion).

116. Treaty Establishing the European Coal and Steel Community, Apr. 18, 1951,
free trade in the coal and steel industries. The ECSC prompted the six ECSC members to sign the Treaty of Rome, an agreement establishing criteria for political and economic integration. The Treaty of Rome established the EEC. In order to further the idea of a unified economic Europe, the members of the EEC, known as Member States, agreed to relinquish national sovereignty in areas covered by the Treaty of Rome. The Treaty of Rome also established the Commission, the Council of Ministers ("Council"), and the European Court of Justice ("ECJ"). From 1978 until 1993, the ECSC and the EEC, combined with the European Atomic Energy Community were collectively referred to as the European Community. In 1993, the Maastricht Treaty, or Treaty on European Union, replaced the term European Economic Community with European Union. Today, the European Union is composed of Austria,
Belgium, Denmark, the Federal Republic of Germany, Finland, France, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, and the United Kingdom.\(^{126}\)

i. The European Commission

The Commission acts as the executive body of the European Union.\(^{127}\) In this position, the Commission ensures that Member States introduce and enforce EC legislation in compliance with the EC Treaty.\(^{128}\) In order to assure that Member States are enacting the EU legislation, the Commission is empowered by the EC Treaty to bring an action before the ECJ if it contends that a Member State has not properly implemented an EC Treaty requirement.\(^{129}\)

ii. The Council of Ministers

The Council is composed of representatives from each Member State,\(^{130}\) and is the acting legislative body of the European Union.\(^{131}\) The Council is responsible for harmonizing na-
tional laws that affect the common market.\textsuperscript{132} The Council accomplishes this harmonization of the laws of Member States by issuing directives\textsuperscript{133} that require Member States to revise their laws according to guidelines specified in the directive.\textsuperscript{134}

iii. The European Court of Justice

The ECJ is the judicial branch of the European Union.\textsuperscript{135} The ECJ is comprised of fifteen Judges,\textsuperscript{136} one from each Member State, and nine Advocates-General.\textsuperscript{137} The EC Treaty grants the ECJ jurisdiction to decide matters wherein an action by a Member State may be proscribed by the EC Treaty.\textsuperscript{138}

b. 1989 European Union Trademark Directive

By adopting the Trademark Directive, the Commission attempted to harmonize the protection each Member State affords trademarks.\textsuperscript{139} Prior to the Trademark Directive, each Member State had its own trademark laws and many Member States provided different protection for trademarks.\textsuperscript{140} With the adoption of the Trademark Directive, the Council partially aligned the Member States' policies on the protection Member States should grant trademarks.\textsuperscript{141}

\textsuperscript{132} See id. (discussing Council's function of coordinating Member State's economic policies).

\textsuperscript{133} Id. art. 100, [1992] 1 C.M.L.R. at 633. "The Council shall . . . issue directives for the approximation of such laws, regulations or administrative provisions of the Member States as directly affect the establishment of the common market." Id.

\textsuperscript{134} See TEU, supra note 110, art. 189, O.J. C 224/1, at 65 (1992), [1992] 1 C.M.L.R. at 693-94 (describing how Council directives are to be implemented by Member States). A directive does not set out precise policies that a Member State must comply with, instead "[a] directive shall be binding, as to the result to be achieved, upon each Member State to which it is addressed, but shall leave to the national authorities the choice of form and methods." Id.


\textsuperscript{136} Id. art. 165, [1992] 1 C.M.L.R. at 684.

\textsuperscript{137} Id. art. 166, [1992] 1 C.M.L.R. at 684.

\textsuperscript{138} See id. arts. 169, 170, [1992] 1 C.M.L.R. at 686-87 (stating that ECJ has jurisdiction over matters when Commission or Member State takes action due to Member State's failure to fulfill Treaty requirements).

\textsuperscript{139} Id.

\textsuperscript{140} See id., O.J. L 40/1, at 1 (1989) (stating that current Member States' trademark laws are not uniform and contain disparities).

\textsuperscript{141} Id. The Trademark Directive states that it was not designed to bring a full scale approximation, instead it was designed to only harmonize those "national provisions of law which most directly affect the functioning of the internal market." Id.
The Trademark Directive's purpose was to eliminate disparities between Member State trademark laws that inhibited the free movement of goods and distorted competition within the European Union. The Commission required all Member States to incorporate the Trademark Directive's changes into their trademark laws by January 1, 1993, however, according to the harmonization principle of the Trademark Directive, the Member States' existing trademark rights would continue to exist. Member States, therefore, still retain the ability to establish various areas of trademark law, including differing protections for trademarks and the ability to interpret the Trademark Directive differently.

The Trademark Directive does not provide a statutory definition for a trademark, but the Trademark Directive states that a merchant may register as a trademark anything that is capable of graphical representation and that will serve to distinguish the merchant's goods from another merchant's goods. The Trademark Directive also establishes certain rights for trademark holders. Article 5 paragraph 1(b) of the Trademark Directive provides trademark owners with protection against uses by others that causes a likelihood of confusion on the part of the public, including a likelihood of confusion directly or through

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142. See id. (stating that present trademark laws of Member States "contain disparities which may impede the free movement of goods and freedom to provide services and may distort competition within the common market.").

143. Id. art. 16, O.J. L 40/1, at 7 (1989).

144. See id., O.J. L 40/1, at 1 (1989) (stating that presently it is not necessary to undertake full-scale approximation of Member States' trademark laws). Specifically, the Trademark Directive does not attempt to harmonize a Member State's rights as to protecting trademarks acquired through use, establishing the protocol for registering, revoking, and invalidating trademarks, applying principles of other areas of law, such as unfair competition or civil liability, to trademarks, providing rules as to how trademarks may be assigned or transferred. Id., O.J. L 40/1, at 1-2 (1989).

145. Id.

146. Id. art. 2, O.J. L 40/1 (1989).

147. Id. art. 5, O.J. L 40/1 (1989) (describing trademark rights conferred to trademark owner under Trademark Directive).
association. Following the Benelux countries, the Council included the phrasing confusion due to association in the Trademark Directive. Article 5 paragraph 2 of the Trademark Directive states that a Member State may also provide protection for an owner of a trademark which possess a reputation in the Member State from uses that take unfair advantage of, or are detrimental of the distinctive character of the trademark.

C. The Dilution Doctrine of Trademark Law

The dilution doctrine, whereby a trademark is damaged and loses its distinctiveness when it is used on a non-competing good, was created in Germany in 1924. Frank I. Schechter

148. Id. art. 5, O.J. L 40/1, at 4 ¶ 1(b) (1989). Article 5 paragraph 1(b) reads in relevant part,

1. [t]he registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

(b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark.

149. See Paul Harris, UK Trade Mark Law: Are You Confused?, 12 EUR. INTELL. PROP. REV. 601, 601 (1995) (stating that delegates from Benelux nations “sought to have the risk of association concept incorporated in . . . the Directive.”). The Benelux countries experienced considerable difficulties in persuading the European Commission and other European nations’ delegates to accept the inclusion of the concept of risk of association. Id. Finally, a compromise was reached, and the European Commission included the phrase likelihood of association in the Trademark Directive. Id. at 602. Additionally, the European Commission noted that the concept of likelihood of association was a concept which developed by Benelux case law. Id.; see also Charles Gielen, Harmonisation of Trade Mark Law in Europe: The First Trade Mark Harmonisation Directive of the European Council, 8 EUR. INTELL. PROP. REV. 262, 267 (1992) (noting that in minutes of meetings concerningTrademark Directive, Council and Commission state that likelihood of association is a concept from Benelux caselaw).

150. Trademark Directive, supra note 1, art. 5 O.J. L 40/1, at 4 ¶ 2 (1989). The Trademark Directive, Article 5 paragraph 2, states that

2. [a]ny 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 of the repute of the trade mark.

151. See Civil Court, Elberfield, 25 Juristische Wochenschrift 502; XXV Markenschutz Und Wettbewerb 264, September 11, 1925 (developing concept known as dilution
brought the dilution concept to the United States in 1927, however, the U.S. legislature did not offer trademarks statutory protection against dilution until 1995. To date, the European Union does not mandate that Member States offer trademarks protection against dilution, but many scholars argue that the 1989 Trademark Directive does include statutory protection for trademarks against dilution.

1. Definition and Origin of the Dilution Doctrine

Trademark dilution occurs when a trademark's distinctive quality is reduced due to the use of the trademark on noncompeting products. The dilution doctrine provides that trademarks may suffer a second type of damage, separate from confusion as to source of origin, that diminishes the trademark's ability to function as a recognition agent. Unlike damage due to confusion, damage due to dilution does not lessen a consumer's...
ability to determine the source of a good's origin.\textsuperscript{157} Dilution instead weakens the strength of the trademark by dispersing the trademark's identity,\textsuperscript{158} thereby, causing a loss of the trademark's ability to indicate the good.\textsuperscript{159} The damage due to confusion is immediate,\textsuperscript{160} while damage due to dilution has been described as similar to an infection that slowly destroys the value of a trademark.\textsuperscript{161} Furthermore, protecting trademarks from confusion applies only to uses on identical or similar goods, while protecting trademarks from dilution extends the protection afforded a trademark to situations involving uses on non-similar goods.\textsuperscript{162}

In 1924, the Elberfeld trial court of Germany upheld a trademark owner's application to cancel a registration for an

\textsuperscript{157} See Toho Co., Ltd. v. Sears, Roebuck & Co., 645 F.2d 788, 793 (9th Cir. 1981) (stating that dilution doctrine focuses on damage to trademark's inherent value and not whether public has been misled as to source of origin).

\textsuperscript{158} See Schechter, supra note 8, at (stating that use of trademarks on non-competing goods damages trademarks by dispersing their identity).

\textsuperscript{159} See Horowitz & Prager, supra note 156, at 7 (finding that dilution damages trademark's "uniqueness, singularity and capacity to identify the source of goods sold under it."). One U.S. District Court stated that "[d]ilution is an injury that differs materially from that arising out of the orthodox confusion. Even in the absence of confusion, the potency of a mark may be debilitated by another's use. This is the essence of dilution." Mortellito v. Nina of California, Inc., 335 F. Supp. 1288, 1296 (S.D.N.Y. 1972).

\textsuperscript{160} See Norm Thompson Outfitters, Inc. v. GMC, 448 F.2d 1293, 1299 (9th Cir. 1971) (stating that trademark confusion results in immediate loss of sales and immediate injury).

\textsuperscript{161} See Mortellito, 335 F. Supp. at 1296 (analogizing damage due to dilution to viral infection); GMC, 449 F.2d at 1299 (analogizing damage due to dilution to "a cancer, which if allowed to spread, will inevitably destroy the advertising value of the mark.").

\textsuperscript{162} See Pro-phy-lac-tic Brush Co. v. Jordan Marsh Co., 165 F.2d 549, 553 (1st Cir. 1948) (describing how dilution doctrine extends trademark protection to situation where similar marks are used on dissimilar goods). The Pro-phy-lac-tic court stated that the dilution doctrine operates to extend the protection of the trademark law to the situation presented when similar marks are used on dissimilar goods, and... it has no application when the question is whether the marks being used on goods of substantially the same descriptive properties are similar enough to cause confusion in the minds of consumers with respect to the source of the goods.... [T]he dilution doctrine operates to give the owner of a registered trade-mark the same protection against the use of his mark by others on goods of different descriptive properties.... But the marks must be deemed similar before the doctrine has any application.

\textit{Id.}
identical trademark on a non-similar good. The trademark owner used Odol, the trademark in controversy, on mouthwash, while the registrant sought to obtain the right to use Odol on steel products. The Elberfeld Court noted that the Odol trademark was famous. The court then stated that upon seeing Odol on steel products, the public would think of the mouthwash and assume that the steel products were of a high quality. The court concluded that the owner of the Odol trademark had an interest in preventing the dilution of the Odol trademark because any lessening the trademark would negatively affect the ability of the trademark owner from competing with other mouthwashes. This historic decision spawned the trademark concept known as dilution.

In 1927, Frank I. Schechter stated that the legislature should expand the protection afforded trademarks in order to prevent producers' of non-competing goods from using another's trademark because this use would weaken the trademark's ability to capture the public's mind. Schechter's thesis, thus, introduced the concept now known as the dilution doctrine to the U.S. While not discounting the importance of the

163. See Civil Court, Elberfeld, 25 Juristische Wochenschrift 502; XXV Markenschutz Und Wettbewerb 264, September 11, 1925 (developing concept known as dilution by recognizing infringing use on dis-similar products, namely that Odol on steel products infringed earlier use of Odol on mouthwash).

164. Id.

165. Id.

166. Id.

167. Id.

168. See Martino, supra note 71, at 4 (stating that German court appears to have originated concept of dilution in Odol case). Tony Martino notes that the court in the Odol case referred to this concept with the word diluted, instead of the word dilution. Id. at 5 n.21.

169. See Schechter, supra note 8, at 825. Schechter did not directly refer to dilution, instead he commented that trademark protection should prevent the "gradual whittling away or dispersion of the identity and hold upon the public mind of the mark or name by its use upon non-competing goods." Id. The principle underlying Schechter's argument was that the United States did not offer any protection against an unauthorized use of a trademark on noncompeting goods. Id. at 824-26. To further his position, Schechter asserted that trademarks sell products thus warranting additional protection. Id. at 831.

170. See Garcia, supra note 11, at 491 (discussing origins of concept of dilution and stating that Schechter introduced concept of dilution to United States); Martino, supra note 71, at 46 (discussing origination of dilution concept in German Odol case). Some commentators state that dilution was first developed in the English case of Eastman Photographic Materials Co. v. John Griffith Corp., 15 R.P.C. 105 (UK) (1898). See Walter J. Derenberg, The Problem of Trade-Mark Dilution and Anti-Dilution Statutes, 44 Calif. L.
source identifying function of a trademark, Schechter argued that dilution protection of trademarks was necessary to provide adequate and thorough protection of a trademark by preserving the uniqueness or singularity of a trademark.\(^1\) Schechter asserted that the aspect of a trademark's uniqueness was important because in a free-market economy trademarks serve primarily as marketing tools and only secondarily as identifiers of source.\(^2\)

2. Theories of How Dilution Damages a Trademark

U.S. Courts have advanced several theories as to how dilution damages a trademark.\(^3\) The primary theories, blurring\(^4\) and tarnishment,\(^5\) were the first theories of dilution U.S. courts articulated and courts often refer to them in cases involving dilution.\(^6\) U.S. courts, later, announced the periphery theories,  


\(^{174}\) See Horowitz & Prager, *supra* note 156, at S7 (stating that dilution by "[b]lurring occurs when a distinctive trademark is used in connection with non-competing goods such that the uniqueness of the [trade]mark and its capacity to identify source is damaged.").

\(^{175}\) See Deere, 41 F.3d at 43 (stating that dilution by tarnishment "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.").

\(^{176}\) See Polaroid, 319 F.2d at 836-37 (stating that dilution can occur by blurring); Tiffany, 231 F. Supp. 836, 843-44 (stating that trademark dilution can occur by tarnishment as well as by blurring); Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., Inc.,
genericization\textsuperscript{177} and disparagement\textsuperscript{178}

i. Blurring

Legal scholars have referred to blurring as one of the traditional or classic methods of dilution\textsuperscript{179} The use of an exact or similar trademark on a dissimilar product blurs a trademark by lessening the distinctiveness of a senior trademark\textsuperscript{180} The blurring theory provides that a consumer knows that the original or senior trademark owner did not produce the good, but upon viewing the second or junior user's trademark on the non-competitive goods, the consumer has a mental association with the senior holder's trademark\textsuperscript{181} If this association continues, it will eventually blur the senior trademark because the senior trademark will no longer remind the purchaser of the unique association of the trademark with the senior user's product\textsuperscript{182}

Schechter's oft quoted example provides a demonstration of how blurring damages a trademark\textsuperscript{183} Schechter postulated that if competitors were allowed to utilize the trademark Rolls Royce on any type of non-competing good that eventually the

\textsuperscript{177} See Sykes Lab., 610 F. Supp. at 857 (stating that dilution claim can be brought under theory that second user's identification of its product as product of senior user may turn senior trademark into generic term).

\textsuperscript{178} See Deere, 41 F.3d at 44-45 (noting that dilution can occur in comparative advertisement when competitor alters trademark).

\textsuperscript{179} Id. at 42-43; 3 McCarthy, supra note 2, § 24.95 (noting that blurring comprises one of classic prongs of dilution).

\textsuperscript{180} See, e.g., Mead Data, 875 F.2d at 1026 (2d Cir. 1989) (finding that use of trademark Lexus for cars does not blur trademark Lexis for computer research software); McDonald's Corp. v. McBegel's, Inc., 649 F. Supp. 1268, 1280-91 (S.D.N.Y. 1986) (finding that use of trademark McBegels for bagels blurs McDonald's trademarks).

\textsuperscript{181} See 3 McCarthy, supra note 2, § 24.13(2), at 24-115 (noting that blurring occurs because of perception by consumers that trademark represents two different sources.

\textsuperscript{182} Id.; see Beverly W. Pattishall, Dawning Acceptance of the Dilution Doctrine Rationale for Trademark-Trade Identity Protection, 74 Trademark Rep. 289, 300 (1984) (explaining that blurring of trademark occurs when consumers stop viewing trademark as indicator of "single thing coming from a single source" and instead consider trademark as signifying "various things from various sources.").

\textsuperscript{183} See Hearings Before the House Comm. on Patents, 72d Cong. Sess. 15 (1932) (stating that trademark Rolls Royce would be lost if allowed on any and all non-competing goods) (quoted in David S. Welkowitz, Reexamining Trademark Dilution, 44 Vand. L. Rev. 531, 539 (1991)). Schechter stated that "if you allow Rolls Royce restaurants, and Rolls Royce cafeterias, and Rolls Royce pants, and Rolls Royce candy, in ten years you will not have the Rolls Royce mark any more." Id.
trademark would no longer exist.\textsuperscript{184} The Rolls Royce trademark would be lost because the consumer's association between the Rolls Royce trademark and the Rolls Royce car would be blurred due to its presence on countless other goods.\textsuperscript{185}

ii. Tarnishment

While the theory of dilution by blurring protects the distinctiveness of a trademark,\textsuperscript{186} the tarnishment theory attempts to protect the quality associations that consumers have for the trademark.\textsuperscript{187} Tarnishment occurs when a junior trademark holder either uses a senior trademark in an unwholesome or unsavory context or discolors the distinctiveness of a senior trademark by associating it with undesirable or inferior-quality products.\textsuperscript{188} Tarnishment damages a trademark because it causes consumers to view the senior trademark in an unflattering way\textsuperscript{189} and to associate the junior user's inferior products with the senior user's trademark and products.\textsuperscript{190} This association diminishes a senior trademark's reputation because consumers will associate the lack of quality of the junior user's products with the

\textsuperscript{184} Id.
\textsuperscript{185} See Staffin, \textit{supra} note 173, at 118-19 (discussing how Schechter's concerns enunciated in his example are encompassed by the theory of dilution by blurring). Staffin modernized the example by inserting the electronic corporation trademark, Sony. \textit{Id.} at 119. Staffin stated that if there existed countless non-electronic goods trademarked under the name Sony, that eventually this widespread, divergent use would cause dilution to the Sony trademark because consumers would no longer associate Sony with electronic goods produced by Sony. \textit{Id.} at 119.
\textsuperscript{187} See Staffin, \textit{supra} note 173, at 131 (stating that implicit in tarnishment theory "is the notion that a trademark represents the reputation and goodwill of the holder, which are susceptible to injury.").
\textsuperscript{188} See \textit{McCarthy}, supra note 2, § 24.16(1), (3); \textit{see also} \textit{Tiffany}, 231 F. Supp. at 844-45 (describing tarnishment as detraction from trademark owner's good will due to use of trademark on products produced by infringer whose goods cause public dissatisfaction and this dissatisfaction is held against trademark owner); Hormel Foods Corp. v. Jim Henson Prods. Inc., 73 F.3d 497, 507 (2d Cir. 1996) (stating that dilution by tarnishment occurs when trademark owner's trademark is "linked to products of shoddy quality, or is portrayed in an unwholesome or unsavory context.").
\textsuperscript{189} See Beth Warnken Van Hecke, \textit{But Seriously, Folks: Toward a Coherent Standard of Parody as Fair Use}, 77 Minn. L. Rev. 465, 484 n.94 (1992) (asserting that tarnishment damages trademark's reputation by creating "unwholesome or negative associations in consumers' minds.").
\textsuperscript{190} See Horowitz & Prager, \textit{supra} note 156, at S7 (discussing how tarnishment damages trademarks).
senior user's unrelated products.\textsuperscript{191}

iii. Disparagement

Trademark disparagement\textsuperscript{192} occurs when a junior user alters a senior user's mark so as to mock or denigrate it.\textsuperscript{193} One example of this type of dilution is when an advertiser mocks a widely recognized mark of a competing\textsuperscript{194} or noncompeting product,\textsuperscript{195} to promote a product rather than to parody or provide a social comment.\textsuperscript{196}

iv. Genericization

Trademark genericization\textsuperscript{197} is a form of dilution that oc-

\textsuperscript{191} See Deere, 41 F.3d at 43 (noting that tarnishment diminishes trademark's reputation and commercial value because public associates lack of quality in infringing goods with trademark owner's goods).

\textsuperscript{192} See Howard J. Shire, Lawn Tractor Manufacturer Pays Dearly for Trademark Dilution: 'Deere v. MTD' Greatly Expands Protection Provided by Statute, N.Y.L.J., Apr. 3, 1995, at S7 (claiming that U.S. courts could have found disparagement in Deere case under theory of tarnishment).

\textsuperscript{193} See, e.g., Deere, 41 F.3d at 39 (finding unflattering use of trademark diluted trademark through disparagement). The Deere court made it clear that it might allow the use of a trademark for purposes of parody, when the parodist is not selling any goods. Id. at 44-45. The court indicated that it might also allow the use of a non-altered trademark in comparative advertising as long as the competitor does not significantly alter the trademark. Id.; see, e.g., Girl Scouts of U.S.A. v. Personality Posters Mfg. Co., 304 F. Supp. 1228, 1233 (S.D.N.Y. 1969) (finding that poster depicting pregnant Girl Scout, which suggests that traditional image of Girl Scouts as wholesome and chaste is illusory, does not damage Girl Scouts' trademark); R.G. Smith v. Chanel, Inc., 402 F.2d 562, 567 (9th Cir. 1968) (stating that using competitor's trademark in advertisement does not damage trademark).

\textsuperscript{194} See, e.g., Wendy's Int'l, Inc. v. Big Bite, Inc., 576 F. Supp. 816, 822 (S.D. Ohio 1983) (finding that damage occurred when competitor mocked Wendy's trademark). The Deere court stressed that advertisements that are "not [done] for worthy purposes of expression, but [are done] simply to sell products" are not deserving of protection. Deere, 41 F.3d at 44-45. Furthermore, courts will likely hold that advertisements, which mock competitors, cause dilution to a trademark because a competitor has "both an incentive to diminish the favorable attributes of the mark and an ample opportunity to promote its products . . . ." Id. at 45.

\textsuperscript{195} See, e.g., Eveready Battery Co., Inc. v. Adolph Coors Co., 765 F. Supp. 440, 451-52 (N.D. Ill. 1991) (finding no dilution when Coors Brewery spoofed Eveready's trademarked Energizer Bunny in advertisement). Even though the Coors court did not find dilution, the Deere court noted that advertisements, such as the one in Eveready case, which mock a non-competitor's trademark, can still dilute the selling power of the mocked trademark, but the court should examine the degree of alteration to the trademark. Deere, 41 F.3d at 45.

\textsuperscript{196} See Pattishall, supra note 182, at 300 (discussing parody and commentary of trademark).

\textsuperscript{197} See 2 McCarthy, supra note 2, § 12.01, at 12-2 (stating that test for trademark
curs when a competitor uses a trademark in a way that encourages the public to view the mark as a product type and not a source indicator. The damage inherent in this type of dilution is that the trademark owner will lose their rights to protection of the trademark because when a trademark becomes generic the trademark owner loses all legal protection and any competitor may use the trademark. Competitors may freely use the trademark because once it is deemed generic, the public owns the term and no one may trademark the word. Generally, dilution by genericism can only occur in a few situations, namely the use of the trademark in advertising and the use of the trademark in a literary work.

3. U.S. Protection Against Dilution

The United States did not protect trademarks from dilution through legislation until 1995 but certain states offered trade-

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198. See, e.g., Sykes Lab., 610 F. Supp. at 856 (finding that product entitled Generic Brand Version of Sykes' Perfect Nail diluted trademark Sykes' Perfect Nails due to possibility of genericism); Kellogg Co. v. National Biscuit Co., 305 U.S. 111, 116 (1938) (finding that trademark Shredded Wheat had become generic and, thus, no longer deserved trademark protection). Genericide of a trademark occurs when the trademark no longer identifies a unique source of a good, and instead becomes the name for the good. Id.

199. See Kellogg, 305 U.S. at 116 (stating that generic trademark owner does not have exclusive rights to use of term); Pattishall, supra note 3, § 4.01, at 117 (stating that trademark rights are lost when trademark becomes generic and no longer denotes good's source of origin).

200. See Vincent N. Palladino, Trade Dress After Two Pesos, 84 Trademark Rep. 408, 415 (1994) (noting that competitors and general public have right to utilize trademarks which become generic).

201. See Welkowitz, supra note 183, at 559.

202. See Sorenson, supra note 158, at 1095 (stating that U.S. House of Representatives enacted statutory protection for trademarks from dilution on December 12, 1995). President Clinton signed this statute, known as the Federal Trademark Dilution Act of
marks protection from dilution as early as 1947.\footnote{203} Even without a Federal statute, Federal courts began protecting trademarks from dilution.\footnote{204} Finally, after an unsuccessful initial attempt,\footnote{205} Congress enacted the Federal Trademark Dilution Act of 1995\footnote{206} to ensure that trademark owners could prevent, and would have a remedy from, dilution.\footnote{207}

\textbf{a. U.S. State Protection}

In 1947, twenty years after Schechter’s article first discussed his dilution thesis,\footnote{208} Massachusetts passed a statute to protect trademarks from dilution.\footnote{209} The Massachusetts statute was the first legislative protection afforded a trademark against dilution in the United States.\footnote{210} Other states began to follow suit, and by 1997, twenty-nine states had enacted statutes protecting trademarks from dilution.\footnote{211} While the dilution provisions vary

\footnote{203. \textit{See} Garcia, \textit{supra} note 11, at 492 n.19 (stating that Massachusetts was first state to enact statute protecting trademarks against dilution in 1947).}

\footnote{204. \textit{Pattishall}, \textit{supra} note 3, § 8.01 at n.3. Pattishall notes that Federal Courts implicitly protected trademarks from dilution by claiming to find a likelihood of confusion where one did not exist. \textit{Id.}}


\footnote{206. 15 U.S.C. § 1125(c).}

\footnote{207. \textit{See} Frank, \textit{supra} note 202, at 525 (stating that Federal Trademark Dilution Act of 1995 creates cause of action for dilution for owner's of famous trademarks).}

\footnote{208. \textit{See} Schechter, \textit{supra} note 8, at (urging that uniqueness of trademark should constitute basis for trademark protection). Schechter's article was published in 1927. \textit{Id.}}


\footnote{210. \textit{See} Derenberg, \textit{supra} note 170, at 452-59 (summarizing history surrounding Massachusetts anti-dilution statute and stating that Massachusetts enacted first statute protecting trademarks from dilution in United States).}

slightly from state to state, they generally provide protection to any trademark that the courts determine to be distinctive or strong in its ability to identify the source of origin, and, when a trademark owner establishes that a junior user has employed a similar trademark on dissimilar goods or services in a manner that will injure the trademark’s reputation by diluting the trademark’s distinctiveness of tarnishing the trademark’s image.

b. Federal Protection Prior to 1995

The U.S. Legislature did not immediately follow its state counterparts in offering trademarks protection from dilution. In 1988, the House of Representatives rejected a measure which would have granted trademarks legal protection against uses that resulted in dilution. Federal courts, however, still protected trademarks from uses that diluted the trademark even though there was no statutory basis for granting this protection.

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213. See id. (discussing requirements that most state statutes utilize in determining trademark dilution).


216. See PATTISHALL, supra note 3, § 8.01 at n.3 (discussing cases where U.S. courts implicitly relied on dilution doctrine, without any statutory support, in protecting trademarks from uses that judges considered infringing).
i. Judicial Efforts to Prevent Dilution

Even without a statutory basis for protecting trademarks from dilution, federal courts began to implicitly protect against dilution by finding a likelihood of confusion when no likelihood of confusion was actually present.\textsuperscript{217} In \textit{Quality Inns Int'l v. McDonald's Corp.},\textsuperscript{218} the U.S. District Court for Maryland found a likelihood of confusion, but it has been asserted that the court was actually recognizing dilution.\textsuperscript{219} The \textit{Quality Inns} case revolved around Quality Inns' plans to market an economy hotel chain entitled McSleep Inn.\textsuperscript{220} In response to Quality Inns’ plan, McDonald’s Corporation demanded that Quality Inns not utilize the name McSleep Inn because it infringed upon McDonald’s trademarked Mc-words.\textsuperscript{221} Quality Inns then brought suit seeking a declaratory judgment that the trademark McSleep Inn did not infringe McDonald’s trademarks.\textsuperscript{222} McDonald’s initiated counterclaims against Quality Inns, alleging trademark infringement and dilution.\textsuperscript{223}

\textsuperscript{217} Pattishall, supra note 3, § 8.01 at n.3. Pattishall notes that even prior to Schechter's development of the dilution doctrine, courts were resolving trademark cases with an implicate reliance on the yet unnamed concept of dilution. \textit{Id.}; see Wall v. Rolls-Royce of America, 4 F.2d 333, 334 (3d Cir. 1925) (protecting automobile trademark Rolls Royce from use on radio tubes). After the publication of Schechter’s thesis on dilution, courts continued to implicitly rely, without legislative authority, on the dilution concept to settle trademark cases. \textit{See} Stork Restaurant, Inc. v. Sahati, 166 F.2d 348, 353 (9th Cir. 1948) (finding that use of New York restaurant’s trademarked logo by bar in California displayed enough likelihood of confusion to justify injunction).

\textsuperscript{218} 695 F. Supp. 198 (D. Md. 1988).

\textsuperscript{219} \textit{See} Hansen, supra note 96 (asserting that in ruling for infringement in \textit{McSleep} case, court was implicitly relying on concept of dilution). Professor Hansen states that the evidence of confusion relied upon by the court would not establish a likelihood of confusion. \textit{Id.} He further states that the policy considerations for protecting trademarks, namely that Quality Inns would be usurping McDonald’s good will, thereby diluting McDonald’s trademark via blurring, lead the court to find dilution. \textit{Id.}


\textsuperscript{221} \textit{Id.} at 201-03. In 1977, McDonald’s started an advertising campaign based upon a McLanguage. \textit{Id.} at 203. This language featured the prefix Mc and a noun or adjective, such as McService, McPrice, and McBest. \textit{Id.} Furthermore, McDonald’s has registered trademarks for numerous other Mc words, including McChicken, Egg McMuffin, McCola, McFeast, and McPizza. \textit{Id.}

\textsuperscript{222} \textit{Id.} at 201.

\textsuperscript{223} \textit{Id.} McDonald’s alleged dilution violations under the Illinois Anti-Dilution Act, Ill. Rev. Stat. Ch. 140 § 22. \textit{Id.} Without ever analyzing or discussing the Illinois dilution statute, the Court does state that dilution had occurred. \textit{Id.} at 221. Professor Hugh C. Hansen asserts that in actuality the dilution theory drove the case, yet because a federal dilution statute did not exist, the Court hid their holding behind a finding of confusion. Hansen, supra note 96.
The Court noted that both the McSleep trademark and McDonald's trademarks identified products in unrelated markets, and that in situations like that, both trademarks could coexist without causing confusion.\textsuperscript{224} In support of this proposition, the court noted that several other dissimilar products that used the same trademark, namely, Notre Dame cheese and Notre Dame University, Bulova watches and Bulova shoes, and this Bud's for you for beer and flower commercials.\textsuperscript{225} Also, the survey evidence Quality Inns admitted at trial\textsuperscript{226} further established that no likelihood of confusion existed between McDonald's and McSleep.\textsuperscript{227} The Court, however, stated that the public can nonetheless receive a perception or expectation that goods emanate from the same source when the markets for the products are close.\textsuperscript{228} The Court, finally, concluded that the McSleep trademark would infringe upon McDonald's trademarks due to the likelihood of confusion between the two trademarks and because of dilution.\textsuperscript{229}

A second example of federal courts protecting a trademark against dilution and finding confusion where none existed is

\begin{itemize}
\item \textsuperscript{224} \textit{Quality Inns}, 695 F. Supp. at 210.
\item \textsuperscript{225} Id. The goods offered by McDonald's and Quality Inn were noncompeting and, therefore, under a strict confusion test, the McSleep trademark should have been allowed. Hansen, \textit{supra} note 96.
\item \textsuperscript{226} \textit{Quality Inns}, 695 F. Supp. at 207-09. Quality International utilized a mall intercept survey which is performed by showing participants, at various shopping malls, visual stimuli and obtaining their responses. \textit{Id.} at 207. The mall intercept survey employed four separate tests. \textit{Id.} The first showed a magazine advertisement for Quality Inns that referred to McSleep, but did not specifically advertise McSleep. \textit{Id.} 57% of those surveyed realized that McSleep was being advertised and 7.5% of them thought that McDonald's operated McSleep. \textit{Id.} The second was a telephone directory advertisement where McSleep Inn was advertised with the McSleep logo. \textit{Id.} 83% of those surveyed realized that McSleep was being advertised and 10.3% of them thought that McDonald's operated McSleep. \textit{Id.} The third was an artist's rendering of a proposed McSleep Inn, including a sign which stated the name McSleep. \textit{Id.} 90% of those surveyed realized that McSleep was being advertised and 16.3% of them thought that McDonald's operated McSleep. \textit{Id.} The fourth was a picture of an Egg McMuffin with the word Egg McMuffin printed underneath it. \textit{Id.} at 208. 87% of those surveyed realized was the producer of the Egg McMuffin. \textit{Id.}
\item \textsuperscript{227} See Hansen, \textit{supra} note 96 (asserting that survey evidence was at best inconclusive as to confusion and more likely established that no confusion was present).
\item \textsuperscript{228} See \textit{Quality Inns}, 695 F. Supp. at 210 (stating that trademarks have been protected against infringing uses on non-competitive, but related, goods); Aunt Jemima Mills Co. v. Rigney & Co., 247 F. 407 (2d Cir. 1917) (originating theory that trademarks deserve protection against infringing uses on closely related, but non-competitive, goods).
\item \textsuperscript{229} \textit{Quality Inns}, 695 F. Supp. at 221.
\end{itemize}
Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd. The plaintiff, the Dallas Cowboys Cheerleaders, are a cheerleading squad that perform dance and cheerleading routines at the games of the American football team the Dallas Cowboys. Furthermore, the cheerleaders make numerous television and public appearances and license others to produce and distribute posters, calendars, T-shirts, and other goods that depict the cheerleaders in their uniforms. At all times, the members of the Dallas Cowboys Cheerleaders are dressed in their distinctive outfits for which they possess a valid trademark.

The defendant, Pussycat Cinema Ltd., is a New York corporation who owns a movie theater located in New York City. In November of 1978, the Pussycat Cinema began to show Debbie Does Dallas, a pornographic movie. The plot of this movie surrounds a high school cheerleader, Debbie, who has been selected to become a Texas Cowgirl. In order to raise money with which to send Debbie to Dallas, Debbie and her fellow cheerleaders engage in various sexual escapades for money. The final scene of the movie involves Debbie donning a uniform that is similar to those worn by the Dallas Cowboys Cheerleaders. Finally, while wearing all or some of the uniform, Debbie engages in various sex acts for approximately twelve minutes.

230. 604 F.2d 200 (2d Cir. 1979). See Ethan Horowitz, Advance Trademark Law Lecture at Fordham University School of Law (Sept. 17, 1997) (stating that courts have found ways to protect trademarks against dilution and Pussycat was example of court finding likelihood of confusion where one did not exist).
232. Id.
233. See id. (discussing Dallas Cowboys Cheerleaders uniforms and stating that they consist of “white vinyl boots, white shorts, a white belt decorated with blue stars, a blue bolero blouse, and a white vest decorated with three blue stars on each side of the front and a white fringe around the bottom.”).
234. Id. at 203-04 (granting Dallas Cowboys Cheerleaders trademark rights in their uniforms because they are arbitrary and functional use does not prohibit granting trademark in clothes) (citing In re Penthouse Int’l Ltd., 565 F.2d 679, 681 (Cust. & Pat. App. 1977)).
235. Id. at 202.
236. Id.
237. Id. The court noted that the district court found that the Dallas Cowboys Cheerleaders also possessed a trademark in the name “Texas Cowgirl,” which was made popular by the media. Id. at n.1.
238. Id. at 203.
239. Id.
240. Id.
In response to this final scene and the advertising surrounding the movie,\textsuperscript{241} the Dallas Cowboys Cheerleaders brought suit against Pussycat Cinema alleging trademark infringement under the Lanham Act, unfair competition, and dilution in violation of section 368-d of the New York General Business Law.\textsuperscript{242} The United States District Court for the Southern District of New York found that the Dallas Cowboys Cheerleaders had succeeded in proving each of their allegations.\textsuperscript{243} As to dilution, the court merely sets forth the definition and rationale behind dilution and then states that it is clearly present in this situation.\textsuperscript{244} On appeal, the United States Court of Appeals, Second Circuit, affirmed the findings of the district court.\textsuperscript{245}

Pussycat Cinema's primary defense against plaintiffs’ infringement and dilution allegations is that the Lanham Act only protects trademarks against uses that confuse the consumer as to the origin of a good.\textsuperscript{246} The court stated that this reading of confusion was too narrow.\textsuperscript{247} In the court's opinion, all that was necessary to satisfy the confusion requirement was that the public perceived that the trademark owner sponsored or otherwise approved the use of the trademark.\textsuperscript{248}

The court then analyzed the plaintiffs’ contentions.\textsuperscript{249} In the court's eyes, it was unquestionable that the uniform used in Debbie Does Dallas causes viewers to call to mind the Dallas Cowboys Cheerleaders, thereby associating them with the movie.\textsuperscript{250} The court proceeds to state, without discussing dilution, that the aforementioned mental association between the Dallas Cowboys Cheerleaders trademark and the movie Debbie Does Dallas results in confusion which injures the Dallas Cow-

\textsuperscript{241} Id. In order to advertise Debbie Does Dallas, Pussycat Cinema utilized marquee posters and newspaper ads that depicted Debbie in the infringing uniform. \textit{Id.}


\textsuperscript{243} See \textit{Pussycat}, 467 F. Supp. at 374-78 (granting preliminary injunction based upon fact that Dallas Cowboys Cheerleaders made meritorious showing as to likelihood of success as to these issues).

\textsuperscript{244} See \textit{id.} at 377 (discussing how continued use of trademarked uniform in pornographic movie would dilute and whittle down trademark’s reputation and good will).

\textsuperscript{245} \textit{Pussycat}, 604 F.2d at 202.

\textsuperscript{246} \textit{Id.} at 204.

\textsuperscript{247} \textit{Id.}

\textsuperscript{248} \textit{Id.} at 205.

\textsuperscript{249} \textit{Id.} at 205-07.

\textsuperscript{250} \textit{Id.} at 205.
ii. Legislative Attempts to Prevent Dilution

In 1988, Congress attempted to provide federally recognized protection against dilution of trademarks by incorporating a dilution provision into a proposed amendment to the Lanham Act, the Trademark Revision Act. The proposed dilution provision would have provided federal protection against dilution only for trademarks that were famous. The House of Representatives, however, did not accept this proposal because it was concerned that protecting a trademark from dilution would infringe upon advertisers' First Amendment rights. Accordingly, the House of Representatives removed the dilution provision from their version of the Trademark Revision Act. Finally, after a compromise between the Senate and the House of Representatives, they passed the Trademark Revision Act without the dilution provision.

c. Federal Trademark Dilution Act of 1995

In 1995, Congress enacted federal protection for dilution by amending the Lanham Act to include the Federal Trademark

251. Id. (citing Coca-Cola Co. v. Gemini Rising, Inc., 346 F. Supp. 1183, 1189 (E.D.N.Y. 1972); Chemical Corp. of America v. Anheuser-Busch, Inc., 306 F.2d 433 (5th Cir. 1962), cert. denied, 372 U.S. 965 (1965)).

252. See Kenneth L. Port, The "Unnatural" Expansion of Trademark Rights: Is a Federal Dilution Statute Necessary?, 85 TRADEMARK REP. 525, 525 (1995) (stating that in 1988 Lanham Act was nearly amended to include provision providing trademarks protection against dilution); Garcia, supra note 11, at 492 (discussing Congresses considerations in 1987-88 to amend Lanham Act to include provision offering trademarks protection against diluting uses).


254. H.R. REP. No. 100-1028, 2d Sess. (1988). During the legislative proceedings that preceded enactment of the Trademark Revision Act, the Senate supported the inclusion of a dilution provision, S. REP. No. 1883, 100th Cong, 2d Sess. (1988), but the House of Representatives were against the idea, and when strong opposition was voiced by the advertising, publishing and broadcasting industries arising out of First Amendment concerns, the dilution provision was left. H.R. REP. No. 100-1028, 100th Cong, 2d Sess (1988); see Jerome Gilson, A Federal Dilution Statute: Is it Time?, 83 TRADEMARK REP. 108, 114-15 (1993) (discussing events leading up to enactment of Federal Dilution Act).


256. Id.; see Garcia, supra note 11, at 492 (discussing last minute compromise between Senate and House of Representatives).
Dilution Act of 1995 ("Dilution Act"). The Dilution Act became effective on January 16, 1996 when President Clinton signed the Act. In order to receive protection under the Dilution Act against dilution, a trademark must meet the criteria for a famous trademark that is set forth in the statute.

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257. H.R. REP. No. 104-1295 (1996). Congress amended section 43 of the Lanham Act by inserting the following subsection:

(c) (1) The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark, and to obtain such other relief as is provided in this subsection. In determining whether a mark is distinctive and famous, a court may consider factors such as, but not limited to —

(A) the degree of inherent or acquired distinctiveness of the mark;
(B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;
(C) the duration and extent of advertising and publicity of the mark;
(D) the geographical extent of the trading area in which the mark is used;
(E) the channels of trade for the goods or services with which the mark is used;
(F) the degree of recognition of the mark in the trading areas and channels of trade used by the marks' owner and the person against whom the injunction is sought;
(G) the nature and extent of use of the same or similar marks by third parties; and
(H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.


258. See Versfelt, supra note 212, at 333-34 (stating that Federal Trademark Dilution Act became effective immediately when signed by President Clinton on January 16, 1996).

259. See 15 U.S.C. § 1125(c) (A)-(H) (listing factors that Courts should consider in determining whether trademark is distinctive). The statute sets forth the following factors which should be considered:

(A) the degree of inherent or acquired distinctiveness of the mark;
(B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;
(C) the duration and extent of advertising and publicity of the mark;
(D) the geographical extent of the trading area in which the mark is used;
(E) the channels of trade for the goods or services with which the mark is used;
(F) the degree of recognition of the mark in the trading areas and channels of trade used by the marks' owner and the person against whom the injunction is sought;
(G) the nature and extent of use of the same or similar marks by third parties; and
(H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

4. EU Member State Protection Against Trademark Dilution

To date, the EU has not passed EU wide legislation mandating protection of trademarks from dilution. The Trademark Directive, furthermore, while attempting to harmonize legislation between Member States, allows individual Member States to freely interpret the Trademark Directive and to impose their original laws. Allowing Member States the freedom to interpret the provisions of the Trademark Directive has resulted in one Member State, the United Kingdom, not offering trademarks protection from dilution under the Trademark Directive's mandatory likelihood of association provision or under the non-mandatory dilution provision.

a. Benelux Countries

The Benelux countries offer trademarks protection from dilution. Benelux courts have based dilution protection on the wording of Article 13(a)(2) of the Uniform Benelux Trademark Law ("Benelux Trademark Law"), which states that trademarks

260. See Trademark Directive, supra note 1, art. 5, O.J. L 40/1, at 4 ¶ 2 (1989) (stating that Member States have option to protect trademarks from uses that dilute trademark's distinctiveness). Several legal scholars have claimed that dilution protection is found in the wording likelihood of association, but the UK courts did not interpret this provision to provide dilution protection. See Wagamama Ltd. v. City Centre Restaurants PLC, [1995] F.S.R. 713, 730 (UK) (finding that inclusion of phrase likelihood of association does not extend trademark protection to uses that do not result in confusion as to product's origin); Baywatch Production Co. Ltd. v. Home Video Channel, [1997] F.S.R. 22, 30 (UK) (stating that likelihood of association does not grant trademarks any protection without presence of likelihood of confusion).

261. See Gielen, supra note 149, at 264 (stating that existing national trademark rights continue to exist under Trademark Directive).

262. See Trademark Directive, supra note 1, art. 5, O.J. L 40/1, at 4 ¶ 1(b) (1989) (stating that Member States must protect trademarks from uses that infringe due to any resulting likelihood of association); Wagamama, [1995] F.S.R. at 730 (finding that Trademark Directive's phrase likelihood of association does not extend trademark protection to uses that do not result in confusion as to product's origin).

263. Trademark Directive, supra note 1, art. 5, O.J. L 40/1, at 4 ¶ 2 (1989) (providing that Member States may protect trademarks that have reputations from uses on non-similar goods that take unfair advantage of or are detrimental to the character of such trademark); Baywatch, [1997] F.S.R. at 30-31 (finding that Trademark Directive's article paragraph 2 did not grant trademarks any protection absent showing of likelihood of confusion).

will be protected from any economic use that is prejudicial to the owner of the trademark. The case law surrounding Article 13 of the Benelux Trademark Act demonstrates that Benelux courts find that many, but not all, unauthorized uses of a trademark can constitute dilution of a trademark.

The Trademark Directive was largely inspired by the Benelux Trademark Law, and therefore, the Trademark Directive did not alter the Benelux Trademark Law to a large extent. The only significant change affecting the Benelux approach to infringement, and specifically dilution, is the addition of a reputation requirement and a description of the type of damage that is protected against, namely uses that damage the distinctive character or the reputation of the trademark. A

265. See Uniform Benelux Trademark Law art. 13(a)(2) (describing rights trademark owner possess against others). Article 13(a)(2) of the Benelux Trademark Act states that

Without prejudice to the possible application of ordinary civil law in matters of civil liability, the proprietor of a mark may, by virtue of his exclusive right, oppose:

any other use, in economic intercourse, of the mark or of a like symbol made without a valid reason under circumstances likely to be prejudicial to the proprietor of the mark.

Id. See also Mak & Molijn, supra note 264, at 52-57 (discussing protection offered trademark owners by article 13(a)(2) of Benelux Trademark Act). The Benelux Trademark Law came into effect on January 1, 1971 and was added as an annex to the Benelux Treaty of Trade Marks ("BTM") of March, 19, 1962. Id. at 12. The Benelux Trademark Law provided Belgium, the Netherlands, and Luxembourg with one system of trademark law. Gielen, supra note 149, at 262. In order to uniformly enforce this joint act, the countries created a supranational Benelux Court of Justice. Id. Prior to the Benelux Trademark Law, the Benelux countries each maintained different trademark laws. Mak & Molijn, supra note 264, at 12. In creating the Benelux Trademark Law, each of the three Benelux countries compromised, therefore, each member country did not consider every provision in the BMW as an improvement. Id. Nonetheless, all three countries enacted the Benelux Trademark Law pursuant to Article 1 of the BTM which required them to include the Benelux Trademark Law in their legislation. Id.

266. See Claeryn/Klarein 7 I.I.C. 420 (1975) (finding use of Klarein trademark for all-purpose cleanser dilutes Claeryn trademark for gin); but see 1976 B.I.E. 214 (finding that female pornography film star masturbating with Coca-Cola bottle did not dilute Coca-Cola's trademark).


268. In Claeryn, the Benelux Court stated that trademarks did not have to be deemed famous to receive protection under Article 13 of the Benelux Trademark Law. Claeryn, 7 I.I.C. at 424. However, the new protocol states that

[r]egardless of the application of the general law concerning responsibility on the basis of tort, on the basis of his exclusive right the trademark holder may oppose against: (c) any use, without due cause in the course of trade, where the mark or similar sign has a reputation in the Benelux, in relation to goods,
Benelux trademark now must have a reputation in order for the owner to successfully bring a dilution suit.269

b. United Kingdom

In response to the Trademark Directive, the United Kingdom enacted new legislation, the 1994 UK Trade Marks Act ("Trade Marks Act").270 The most significant dilution related additions to UK law were the inclusion of the directive mandated likelihood of association271 and the incorporation of language which offered protection for the distinctive character of a trademark against uses on goods which are not similar.272 Several dissimilar to those for which the mark is registered, if this use can lead to the unfair taking of advantage of, or detriment to the distinctive character or repute of the mark.


269. See id. (stating that Benelux law now has reputation requirement for trademarks seeking protection).

270. See 1994 UK Trade Marks Act (enacting, into UK law, provisions from Trademark Directive).

271. See Gielen, supra note 149, at 262. Article 5(1)(b) of the Trademark Directive provides protection against uses where "there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark." Trademark Directive, supra note 1, art. 5 O.J. L 40/1, at 4 ¶ 1(b) (1989). The United Kingdom has incorporated this language into section 10 of their recently enacted 1994 UK Trade Marks Act. Section 10 reads in relevant part:

10(1) A person infringes a registered trade mark if he uses in the course of trade a sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered.

(2) A person infringes a trade mark if he uses in the course of trade a sign where because —

(a) the sign is identical with the trade mark and is used in relation to goods or services similar to those for which the trade mark is registered, or

(b) the sign is similar to the trade mark and is used in relation to goods or services identical with or similar to those for which the trade mark is registered, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the trade mark.

1994 UK Trade Marks Act § 10(1)(2).

272. See id. at § 10(3) (offering trademarks protection against uses that take advantage of reputation of trademark or uses that damage trademark's character). Section 10(3) states that:

(3) A person infringes a registered trade mark if he uses in the course of trade a sign which —

(a) is identical with or similar to the trade mark, and

(b) is used in relation to goods or services which are not similar to those for which the trade mark is registered,

where the trade mark has a reputation in the United Kingdom and the use of the
legal scholars believed that the inclusion of a likelihood of association for finding infringement would allow trademarks dilution protection in the United Kingdom. These scholars based their conclusion on the fact that the Trademark Directive was largely influenced by Benelux law which interprets the likelihood of association as protecting a trademark whenever the trademark is called to mind.

When confronted with the likelihood of association, however, the Chancery Division of the United Kingdom did not believe that the Benelux interpretation had to control, and they concluded that any infringement under a likelihood of association still required a finding by the court of a likelihood of confusion, thereby refusing to recognize dilution protection. The Chancery Division also stated that section 10(3), which protects trademarks that have a reputation from damage to the trademarks goodwill or that tarnishes the trademark, does not apply unless there is a showing of a likelihood of confusion. This occurred in the cases of Wagamama Ltd. v. City Centre Restaurants PLC and Baywatch Prod. Co., Inc. v. Home Video Channel.

WAGAMAMA is the trademark of a Japanese restaurant.
The restaurant opened in 1992 and has become fairly successful, developing an excellent reputation in England and winning numerous culinary awards. In 1995, an American theme restaurant, serving Indian food, opened and named themselves RAJAMAMA. The WAGAMAMA trademark owner brought suit alleging trademark infringement and passing off. In response, the owner’s of RAJAMAMA altered the name of the restaurant to RAJA MAMA’S.

The Chancery Division noted that under the 1938 Trademark Act, UK courts determined trademark infringement by answering the question of whether the mark complained of was confusingly similar to the registered trademark. The court further stated that UK courts only found trademark infringement when a consumer associated a good with another trademark only if that association led to confusion as to source of origin. The Chancery Division termed trademark infringement under the 1938 Act as classic infringement.

The Chancery Division further noted that this type of classic infringement continued to constitute a cause of action under the 1994 Trade Marks Act. Wagamama, however, asserted that aside from classic infringement, the 1994 Trade Marks Act also offered protection against the mere association between the trademarks. Wagamama’s counsel argued that infringement would be found if the registered trademark was called to mind.

280. Id. at 717-18.
281. Id. at 718.
282. Id. at 719.
283. Id. at 718.
284. Id. at 720-21. The Court noted that “[u]nder the 1938 Act, . . . [w]hether there was infringement was determined by answering the question ‘is the mark of which complaint is made confusingly similar’ to the one which is registered.” Id. at 720. Furthermore, the Court stated that the case law surrounding the 1938 Act “made it clear that what counted was confusion as to the source of the goods or services bearing the offensive mark.” Id.
285. Id. at 721. The Court noted that under the 1938 Act, “the confusion which was looked for was confusion as to source or origin of the goods. . . . [and that] the association had to be an association as to source of origin.” Id.
286. Id.
287. Id. The Chancery Division commented that “[t]here [was] no dispute between the parties that such classic infringement by confusion as to the source of origin of goods or services will also constitute an infringement under section 10 of the 194 Act.” Id.
288. Id.
by a customer regardless of whether the customer was confused as to source of origin.\footnote{289} Plaintiff claimed this type of protection was found in the wording of section 10(2) of the 1994 Trade Marks Act which offers trademarks protection against the likelihood of confusion which includes the likelihood of association.\footnote{290} Wagamama's counsel further asserted that the proper interpretation of this language is found by examining Benelux case law.\footnote{291}

The court, through Justice Laddie, outrightly rejected any extension of trademark rights to situations where a likelihood of confusion was not present.\footnote{292} The court rationalized that the Benelux view did not have to control and that the addition of the phrase likelihood of association did not have to expand the protection afforded trademarks.\footnote{293} The Wagamama court further stated that the extension of any trademark rights to situations where no confusion was present would grant a monopoly

\footnote{289} Id. The Chancery Division stated that:
[Wagamama] says that section 10(2), covers confusion in a much broader sense. [Wagamama asserts] that the registered proprietor can prevent mere association between the marks. [Wagamama asserts] that there will now be infringement if, on seeing the defendant's mark, the registered mark would be 'called to mind' by a customer even if there is no possibility of the customer being under any misapprehension as to the origin of the goods. This is a new concept to those steeped in British trade mark law.

\footnote{290} Id. at 721-22. The language of section 10(2) of the 1994 Trade Marks Act is almost identical to the wording of Article 5 of the Trademark Directive. Harris, \textit{supra} note 149, at 601.

\footnote{291} Id. at 722-28. Wagamama advance[d] a group of arguments based upon the European origins of the 1994 Act in support of the proposition that [the UK] trade mark law must be construed to be consistent with Benelux trade mark law where non-origin association has for some years been accepted as a form of trade mark infringement.

\footnote{292} Id. at 722. Justice Laddie noted that
there are two possible constructions which may be placed on Article 5 of the [Trademark Directive] and section 10(2) of the [Trade Marks Act]. The rights of the proprietor against alleged infringers may be limited to classic infringement which includes association as to origin or, following the Benelux route, it could cover not only classic infringement but also non-origin association. In my view, the former construction is to be preferred.

\footnote{293} Id. at 730-31. Justice Laddie stated that "[i]f it had been the [Commission's] intention to make the [Trademark Directive] identical with Benelux law on this important issue it could have said so." \textit{Id.}
to the trademark owner, thereby thwarting interbrand competition. Finally, the Wagamama court rejected the notion that trademarks serve as anything other than an indicator of the source of origin.

The Chancery Division’s next opportunity to rule on the 1994 Trade Marks Act came in Baywatch Prod. Co. Ltd. v. Home Video Channel. Baywatch is a popular television series that is produced and marketed by a U.S. company. The series is one of the top television series in the United Kingdom. During the introduction and, generally, at some point during each episode of the television show, a group of male and female lifeguards wearing red bathing suits and carrying floatation devices run down the beach usually in order to save and resuscitate a drowning victim.

The Adult Channel is a television network that broadcasts erotic adult entertainment to its subscribers. The Adult Channel has approximately 150,000 subscribers, and no one outside of this group is able to view the broadcasts. In May and June of 1996, The Adult Channel broadcast episodes of a pornographic film entitled Babewatch. This film begins with a

294. Id. at 730-31. Justice Laddie asserted that if the protection afforded trademarks was expanded to include infringement via non-origin association then “the [Trademark] Directive and [the Trade Marks] Act would be creating a new type of monopoly not related to the proprietor's trade but in the trade mark itself.” Id.
295. Id. at 722.
297. Id. at 22.
298. Id. at 25. The Court noted that
[i]t appears that the programme [Baywatch] has been the second most popular United States series with a 41.9 per cent share of viewers at the time the programme is shown. It is also rated as one of the top TV series in the United Kingdom produced by a company outside the United Kingdom.

Id.

299. Id. at 24. In describing Baywatch, the Court stated that the show is set in California and features a team of lifeguards who patrol the Santa Monica beaches. The members of the team wear a distinctive uniform consisting of a red jacket and a red costume with a circular badge on the left-hand side. The badge includes a logo and the words ‘Baywatch’ and ‘Lifeguard’ . . . . Each programme in the series involves at least one rescue by the lifeguards which invariably involves the lifeguards running along the beaches together and may also involve resuscitation of the victim.

Id.

300. Id. at 25.
301. Id.
302. Id. at 25-26.
beach sequence similar to Baywatch wherein characters wearing red bathing suits and carrying floatation devices run down a beach in order to save a drowning victim, however, in this version, soon after running down the beach the characters engage in sexual acts.\textsuperscript{303}

In \textit{Baywatch}, Baywatch sought an interlocutory injunction, thereby preventing any rebroadcast of Babewatch until the end of a full hearing.\textsuperscript{304} Baywatch asserted three causes of action, namely trademark infringement under section 10(2) and 10(3) of the Trade Marks Act and passing off.\textsuperscript{305} Baywatch contended that The Adult Channel's use of Babewatch was intended to take advantage of the reputation and distinctive character of the Baywatch trademark.\textsuperscript{306} Furthermore, Baywatch claimed that the Babewatch series tarnished Baywatch's reputation.\textsuperscript{307} Additionally, Baywatch admitted that there was no likelihood of confusion between the Baywatch program and the Babewatch program.\textsuperscript{308}

The Chancery Division, relying on Justice Robin Jacob's decision from \textit{British Sugar Plc. v. James Robinson \& Sons Ltd.},\textsuperscript{309} stated that section 10(2) of the Trade Marks Act does not merely ask is there confusion, but it also asks whether the goods are similar.\textsuperscript{310} The court further stated that if both questions were not asked then strong trademarks would receive protection of a

\textsuperscript{303} Id. at 26. After viewing excerpts from Baywatch and Babewatch, the Chancery Division described the Babewatch program as

\textsuperscript{304} Id. at 27.

\textsuperscript{305} Id.

\textsuperscript{306} Id. at 26. Baywatch contended “that the defendant's use of Babewatch, a similar trade mark to the registered trade mark Baywatch in connection with a television programme, was clearly intended to take advantage of the reputation and distinctive character of the plaintiff's trade mark.” \textit{Id.}

\textsuperscript{307} Id. at 27.

\textsuperscript{308} Id. at 28.

\textsuperscript{309} [1996] R.P.C. 281 (UK)

\textsuperscript{310} \textit{Baywatch}, [1997] F.S.R. at 28. In \textit{British Sugar}, Justice Jacob stated that "[t]he sub-section [10(2)] does not merely ask 'will there be confusion?': it asks 'is there similarity of goods?', if so, 'is there a likelihood of confusion?'" [1996] R.P.C. at 294.
greater range as compared to weak trademarks. The court concluded that Baywatch and Babewatch were not goods of a similar nature, and, therefore, the question of whether there is a likelihood of confusion does not arise. Furthermore, the court stated that for purposes of section 10(2) there must be confusion as to source of origin, not merely a likelihood that the other trademark will be recalled by the consumer.

The court proceeded to analyze Baywatch's claim of trademark infringement under section 10(3) of the Trade Marks Act. Baywatch argued that section 10(3) was drafted to provide protection for trademark owners when another person appropriates the trademark's goodwill or acts in a way which tarnishes the trademark's reputation through the association of the infringing trademark and the registered trademark. Baywatch further asserted that trademark infringement could be found under section 10(3), regardless of whether there was any confusion of the public.

The Chancery Division did not agree with this assertion, stating that it was not well founded. The court concluded that the use of the concept of similarity in section 10(3) introduces the concept of likelihood of confusion as a requirement for trademark infringement. This conclusion was based on a determination that neither the Trademark Directive, nor the White Paper on the Trade Marks Act, support giving a greater amount of protection to trademarks in situations where the use of a simi-

311. Baywatch, [1997] F.S.R. at 28. The Chancery Division noted that Justice Laddie argued that if the "Kodak" trademark were used on socks on bicycles there might be confusion, but no infringement due to the fact that socks and bicycles are not similar to films or cameras. Id. (quoting British Sugar, [1996] R.P.C. at 294). Justice Laddie stated that "if one [asked] the two questions then a 'strong' mark would get protection for a greater range of goods than a 'weak' mark. For instance 'Kodak' for socks or bicycles might well cause confusion, yet these goods are plainly dissimilar from film or cameras." British Sugar, [1996] R.P.C. at 294.

312. Baywatch, [1997] F.S.R. at 28-29. In support of this contention, the court cited the fact that the Babewatch show is encryptically broadcast in the early hours of the morning, compared to Baywatch which may be viewed during the day by anyone with a television set. Id. at 28.

313. Id.
314. Id. at 30.
315. Id.
316. Id.
317. Id. at 31.
318. Id.
lar trademark was not on a similar good or service.\textsuperscript{319} Furthermore, the Court goes on to conclude that trademark infringement under section 10(3) is only found when an unauthorized user uses a trademark which is similar to a registered trademark, so that there is a likelihood of confusion, uses a trademark that has a reputation in the United Kingdom on goods that are not similar to the trademark's goods, and the use of the trademark takes advantage of or is detrimental to the trademark.\textsuperscript{320} Accordingly, the Chancery Division dismissed Baywatch's motion for an interlocutory injunction.\textsuperscript{321}

The rules to be taken from Wagamama and Baywatch, as summarized by Sir Robin Jacob, Justice of the UK Chancery Division, is that the United Kingdom will not protect trademarks from uses that cause dilution unless there is a showing of a likelihood of confusion.\textsuperscript{322} Furthermore, the likelihood of association language from section 10(2) also requires a showing of confusion before any protection will be granted a trademark because association is a \textit{species} of the \textit{genus} confusion.\textsuperscript{323} Finally, any finding of trademark infringement under section 10(3) also requires a showing of confusion.\textsuperscript{324}

\textsuperscript{319} Id. at 30-31. The court's decision was based in part on the unpublished opinion of Justice Knox from \textit{BASF Plc. v. CEP Plc.}. In that decision, Justice Knox states that "neither the distinctive character nor the repute of the plaintiff's mark is adversely affected when there is no risk of relevant confusion." \textit{Id.}

\textsuperscript{320} Id. at 31. The Chancery division concludes that section 10(3) only applies when:

1. A sign which is similar to the trade mark, so that there is a likelihood of confusion on the part of the public, is used in relation to goods and services which are not similar to the mark. 2. The mark has a reputation in the United Kingdom. 3. The use of the sign, being without due cause, takes advantage of, or is detrimental to the distinctive character or the repute of the trade mark.

\textit{Id.}

\textsuperscript{321} Id. at 33.

\textsuperscript{322} See Chancery Division Justice, Sir Robin Jacob, Lecture at the Fifth Annual International Intellectual Property Law and Policy Conference held at Fordham University School of Law (April 4, 1997) (stating that "I do not accept... that there is dilution. Dilution is an assertion, not a fact."). Justice Jacob stated that trademark owner's were not previously given any additional protection outside of protection against a likelihood of confusion. \textit{Id.}

\textsuperscript{323} Id.

\textsuperscript{324} Id.
II. THE DEBATE OVER WHETHER THE EUROPEAN UNION SHOULD REVISE THE TRADEMARK DIRECTIVE TO INCLUDE A PROVISION PROTECTING TRADEMARKS FROM DILUTION

Legal Scholars and judges disagree on whether trademarks are deserving of protection against unauthorized uses that dilute the trademark, but do not cause a likelihood of confusion. Those legal scholars and judges who favor offering trademarks protection against dilution note that the function of trademarks has expanded and that dilution damages a trademark. Those legal scholars and judges who are against protecting trademarks from uses that cause dilution are fearful that dilution protection will afford trademark owner’s monopolies in words. Additionally, these scholars assert that dilution does not address a real injury and that the function of trademarks has not expanded outside of the designation of source of origin.

A. Arguments in Favor of Offering Trademarks Protection Against Dilution

One of the primary arguments advanced by legal scholars and judges as to why trademarks should be provided protection against uses that cause dilution is that the functional aspects of trademarks have expanded. Courts, legal scholars, and legislatures, additionally, have noted that trademarks should be protected against uses that cause dilution because dilution damages the trademark. Finally, trademarks should be protected

325. See Baywatch, [1997] F.S.R. at 30 (refusing to protect trademark because unauthorized use did not result in likelihood of confusion); Claeryn, 7 I.I.C. at 426 (stating that trademarks deserve protection against unauthorized uses regardless of presence of likelihood of confusion).

326. Trademarks are damaged by unauthorized uses because the trademark’s ability to identify the source of goods bearing the trademark is diminished. Horowitz, supra note 156, at S7. The dilution damage threatens to destroy the trademark’s uniqueness, singularity, and capacity to identify the source of goods sold with the trademark affixed to it. Id.

327. See Hanson & Walls, supra note 6, at 484-90 (discussing expanded function of trademarks and noting that trademarks function to advertise and promote product); Mishawaka, 316 U.S. at 205 (recognizing advertising function of trademarks).

328. See Civil Court, Elberfield, 25 Juristische Wochenschrift 502; XXV Markenschutz Und Wettbewerb 264, September 11, 1925 (protecting trademark owner against use of same trademark on non-competing product and terming this protection dilution); Uniform Benelux Trade Mark Law art. 13(a)(2) (stating that trademark owners may oppose any other economic uses of same or similar trademark); Claeryn, 7 I.I.C. at 426 (protecting trademark owner from use of similar trademark on non-competing
against dilution because the U.S. policies underlying trademark support protecting trademarks from dilution.\textsuperscript{329}

1. Trademarks Function as Advertising Agents and Consumers Now Associate the Trademark with the Product

According to several legal scholars, trademarks have developed a function whereby they advertise the good to the public.\textsuperscript{330} Frank I. Schechter, the legal scholar who originated the concept of dilution,\textsuperscript{331} asserted that trademarks serve as more than an indicator of source and that the confusion doctrine does not protect these functional aspects of trademarks.\textsuperscript{332} Schechter’s thesis went against the notion that the primary function of a trademark was to serve as a source indicator.\textsuperscript{333} Instead, he argued that the primary function of a trademark was that of a marketing or advertising tool which exhibited drawing power to stimulate consumers to purchase a certain good.\textsuperscript{334} Legal scholars note that Supreme Court Justice Frankfurter recognized the expanded advertising function of a trademark, and that he referred to it as a trademark’s commercial magnetism.\textsuperscript{335}
Under Benelux law, trademarks are also considered to have an expanded advertising function.\textsuperscript{336} According to Benelux trademark law, trademarks do not function as indicators of origin, instead trademarks distinguish goods and services.\textsuperscript{337} A trademark's advertising function involves the publicity surrounding a trademark which constantly infers the trademark name to the public, resulting in good will.\textsuperscript{338} Allowing dilution will result in a loss of this good will because the public will no longer solely associate the trademark name with a single good, product, or manufacturer, instead the consuming public will associate the trademark with multiple goods, products, or manufacturers.\textsuperscript{339}

Schechter also contended that consumers form a mental association between the trademark and the product, not between the trademark and the producer.\textsuperscript{340} Similarly, Schechter's views were later echoed by Supreme Court Justice Frankfurter who believed that consumers psychologically associate the trademark with the product and that trademarks induce consumers to purchase products.\textsuperscript{341} The psychological aspect of a consumers association between trademarks and products needs to be protected because once a consumer develops this recognition, the trademark owner has something of value.\textsuperscript{342}

\textsuperscript{336} See Uniform Benelux Law on Trademarks art. 1 (stating that trademarks serve to distinguish goods and services not to indicate origin).

\textsuperscript{337} Id.

\textsuperscript{338} See id. (discussing functional aspect of trademarks in Benelux countries).

\textsuperscript{339} See Elizabeth Cutter Bannon, \textit{Revisiting "The Rational Basis of Trademark Protection: Control of Quality and Dilution — Estranged Bedfellows"}, 24 \textit{J. MARSHALL L. REV.} 65, 72 (1990) (noting that dilution causes consumer to think about two or more producers, instead of one, when associating trademark with product, thus damaging trademark's communicative value).

\textsuperscript{340} Schechter, \textit{supra} note 8, at 822. Schechter stated that the true function of a trademark was "to identify a product as satisfactory and thereby stimulate further purchases by the consuming public." \textit{Id.} at 818.

\textsuperscript{341} Mishawaka, 316 U.S. at 205. Justice Frankfurter stated that a trademark's function was to convey, "in the minds of potential customers, the desirability of the commodity upon which it appears." \textit{Id.}

\textsuperscript{342} See Allen v. National Video, Inc., 610 F. Supp. 612, 625 (S.D.N.Y. 1985) (stating that "[o]nce the manufacturer has achieved the consumer's association of the trademark with the quality and desirability of the manufacturer's products, then this symbol has gained a commercial value recognized and protected under the law."); Han-
2. Dilution Damages a Trademark

The courts, legislatures, and legal scholars in the Benelux countries, Germany, and the United States have recognized that dilution damages a trademark. Legal scholars assert that the damage to a trademark due to dilution is far more severe than the damage to a trademark due to confusion. The damage a trademark owner suffers from confusion caused by an infringing mark is, generally, a loss of one sale. As long as the quality of the good does not disappoint the consumer, no brand loyalty is lost, and the consumer will continue to buy the trademark owners product. The damage caused by the negative association, due to dilution, distorts the image that the purchaser and potential purchaser has towards the trademark. For example, the Coca-Cola Company would suffer less economic damage from having an occasional consumer, who wants a can of Coke, mis-

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343. See See Uniform Benelux Trade Mark Law art. 13(a)(2) (stating that trademark owners may oppose any other economic uses of same or similar trademark); Claeryn/Klarein 7 I.I.C. 420 (1975) (protecting trademark owner from use of similar trademark on non-competing product); 15 U.S.C. § 1125 (offering famous trademarks protection from uses that dilute their value or distinctiveness); Civil Court, Elberfield, 25 Juristische Wochenschrift 502; XXV Markenschutz Und Wettbewerb 264, September 11, 1925 (protecting trademark owner against use of same trademark on non-competing product and terming this protection dilution); Dilution damages a trademark by diminishing the trademark’s ability to identify the source of goods bearing the trademark. Horowitz & Prager, supra note 156, at S7. Damage due to dilution harms the trademark’s uniqueness, singularity, and capacity to identify the source of goods sold with the trademark affixed to it. Id. Dilution primarily damages the mental associations that consumers have with respect to a trademark. Trademark owners are concerned that the damage due to dilution will affect the consumers’ mental impressions of the trademark, resulting in a decrease in sales. Trademark owners are also concerned that the consumers’ impressions will be altered by the use of an identical or similar trademark. Swann & Davis, supra note 35, at 274; see, e.g., Trial Transcript at 197-98, 274, Original Appalachian Artworks, Inc. v. S. Diamond Ass., Inc., 28 U.S.P.Q. 2d 1545 (N.D. Ga. 1993). The owner of the Cabbage Patch Kids property stated that she was afraid that the Garbage Pail Kids Stickers would make consumers associate the Cabbage Patch Kids trademark with “uncoolness”. Id.

344. Swann & Davis, supra note 35, 274.
345. Id.
346. Id.
347. Id. The damage due to the purchaser’s tarnished association “attacks the attributes of the brand itself and overtly distorts [the trademarks] image both among purchasers and potential purchasers.” Id.
takenly purchase a can of Pepsi, than having the consumer associate Coke with cocaine.\footnote{348}

U.S. case law surrounding dilution further establishes that dilution damages a trademark.\footnote{349} In 
\textit{Coca-Cola Co. v. Gemini Rising, Inc.},\footnote{350} a poster manufacturer was selling posters that had the phrase Enjoy Cocaine written across them.\footnote{351} This slogan was written in the same stylized script and in the same colors as that of a registered Coca-Cola trademark, Enjoy Coca-Cola.\footnote{352} The 
\textit{Gemini Rising} court stated that, in the strictest trademark sense, there was no confusion, but that the poster had impaired the selling power of Coca-Cola's trademark because of the negative association in the consumers' mind.\footnote{353}

3. Encourages Policies Underlying Trademark Law

Protecting trademarks from dilution maintains and encourages the policies underlying trademark law.\footnote{354} First, dilution protection offers trademark owners a way to protect the good-will that is generated and surrounds their trademarks.\footnote{355} The maintenance of this good-will is critical to the success of the trademarked product.\footnote{356} Also, this type of protection further prevents free-riders from utilizing the success and investment of others.\footnote{357} Second, protecting trademarks from dilution does not

\footnote{348. Id.}
\footnote{349. See \textit{American Express}, 10 U.S.P.Q.2d at 2013 (finding that novelty credit card with attached condom, that resembled American Express's well known trademarked credit card, might tarnish American Express's reputation and thereby dilute trademark); \textit{Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Celozzi-Ettelson Chevrolet,} 855 F.2d 480, 482-85 (7th Cir. 1988) (finding that trademarked slogan, "The Greatest Show on Earth," for well known circus was tarnished by advertisement for used car dealer using slogan "The Greatest Car Show on Earth"); \textit{but see} \textit{Ringling Bros.-Bar- num & Bailey Combined Shows, Inc. v. Chandris Am. Lines,} 321 F. Supp. 707, 713 (S.D.N.Y. 1971) (finding that well known circus trademark, "The Greatest Show on Earth," was not tarnished by a cruise line using the slogan "The Greatest Show on Earth Isn't" in advertisements).
\footnote{350. 346 F. Supp. 1183 (E.D.N.Y. 1972).}
\footnote{351. Id.}
\footnote{352. Id.}
\footnote{353. Id. at 1191. The \textit{Gemini Rising} court did not rely entirely on dilution for a finding of infringement. \textit{Id.} at 1192. Instead, the \textit{Gemini Rising} court stated that several letters Coca-Cola had received inquiring about the offensive posters justified a finding of confusion. \textit{Id.}
\footnote{354. See \textit{Hansen}, supra note 96.}
\footnote{355. Id.}
\footnote{356. Id.}
\footnote{357. Id.}
thwart or prevent interbrand competition. Nor does it confer a monopoly onto the trademark owner.358

B. Arguments Against Offering Trademarks Dilution Protection

Map

1. Protecting Against Dilution Affords Trademark Owner a Monopoly

Critics of dilution are wary that if trademark owners are offered protection from dilution that they will receive a monopoly in the language composing the trademark.359 They believe that any and all trademark owners will be granted exclusive use of their trademark. These critics believe that this will prevent others from entering the marketplace and competing effectively on similar and non-similar goods.

2. The Function of Trademarks Has Not Expanded

In Wagamama, the UK Court of Chancery rejected the notion that trademarks now serve as advertising entities.360 Many critics of dilution agree with this and argue that trademarks only serve the sole function of designating the source of origin of a good.361 Therefore, they contend that dilution protection is not necessary for trademarks because the origination function is not damaged by dilution.362

3. Dilution Protection Does Not Address a Real Injury

The dilution doctrine has not been embraced by some legal scholars because they do not accept that dilution actually dam-

358. See Simone A. Rose, Will Atlas Shrug? Dilution Protection for “Famous” Trademarks: Anti-competitive “Monopoly” or Earned “Property” Right?, 47 Fla. L. Rev. 653, 707-08 (1995) (agreeing with scholars who have stated that protecting trademarks from dilution actually contributes to competitive economic environment and does not promote anti-competitive monopolies); Mead Data, 702 F. Supp. at 1031 (noting that dilution doctrine guards against monopolization of common words).

359. See Milton Handler, Are the State Antidilution Laws Comparable with the National Protection of Trademarks?, 75 Trademark Rep. 269, 278 (1985) (stating that protecting trademarks from dilution “could result in an undesirable monopolization of language”).


361.

362.
ages a trademark. Further, even if dilution does damage a trademark, these scholars believe protection is still inappropriate because the damage is ephemeral. Their views criticize the metaphors used to describe how dilution damages a trademark, and stress the lack of empirical proof and support for actual dilution.

III. THE EUROPEAN UNION SHOULD ADOPT PROTECTION AGAINST DILUTION OF TRADEMARKS

Throughout their evolution, trademarks have taken on additional functions which require additional protection outside that afforded by the confusion doctrine. The Benelux countries, Germany, and the United States have responded to this new requirement, adopting protection for trademarks against uses which dilute the trademark's distinctiveness, provided that the trademark is famous, strong, and has a national reputation. Initially, it appeared that the European Union also responded to these changes and adopted protection against uses that dilute famous trademarks.

This potential protection was located in Article 5 paragraphs 1(b) and 2 of the 1989 Trademark Directive. When faced with trademark infringement cases involving these provisions, however, the Chancery Division of the United Kingdom responded that there could never be trademark infringement unless there was a showing of confusion as to source of...
In order to properly offer trademarks total protection, therefore, the European Union must either revise the 1989 Trademark Directive, providing precise guidelines stating that trademarks can be infringed without confusion, or issue a new Trademark Dilution Directive, providing strong and famous trademarks with protection against uses that dilute the trademark.

A. Protecting Against Dilution is Supported by the Policies Underlying Trademark Law

Protecting trademarks from uses which cause dilution is warranted because this type of protection comports with the policies underlying trademark law. One of the central policies for protecting trademarks is the protection of the good will which trademark owners create through the use of the trademark. This goodwill is not damaged exclusively by uses of the trademark which cause confusion, it also can be damaged in uses that do not confuse the consumer. Examples of this type of damaging use are parodies involving a trademark, like the Babewatch series or the John Deere advertisement, and production of non-similar products of bad quality. These types of uses detract from the consumer’s attitudes towards the trademark, but in no way confuse the consumer as to the source of origin. The confusion doctrine, therefore, does not offer a method of protecting trademarks from these damaging uses and another source of protection, namely the dilution doctrine, is required.

The policies of protecting interbrand competition and preventing monopolies also support offering trademarks pro-

370. See supra notes 279-321 and accompanying text (discussing UK cases, Wagamam and Baywatch, wherein Chancory Division refused to extend trademark protection to situations without presence of likelihood of confusion).
371. See supra notes 98-103 and accompanying text (defining and detailing policy known as good will).
372. See supra notes 296-303 and accompanying text (discussing Babewatch series and Baywatch).
373. See supra notes 192-96 and accompanying text (discussing John Deere advertisement parody).
374. See supra notes 187-91 and accompanying text (detailing how inferior quality products damage trademark via dilution).
375. See supra note 191 and accompanying text (discussing how trademarks can be damaged without consumer confusion).
376. See supra notes 107-09 and accompanying text (explaining policies of protection of interbrand competition and preventing monopolies).
tection from dilution. Granting trademark owners dilution protection does not thwart interbrand competition, nor does it confer a monopoly to the trademark owner. This is the case because a competitor does not require the use of another competitor's trademark to effectively compete. Legal scholars, furthermore, have stated that protecting trademarks from dilution actually enhances, instead of hinders, competition. Additionally, other aspects of trademark law, such as the requirements for obtaining a trademark and the concept of genericism, prevent companies from thwarting competition by trademarking words required for effective competition.

An example of dilution not thwarting competition is the Coca-Cola company and their trademark Coke. Competitors of the Coca-Cola Company do not need the Coke trademark to compete, and therefore, any use of the trademark that damages Coca-Cola should be prevented, even absent any confusion. Uses of the trademark Coke, as in references to cocaine or as a trademark for a poor quality automobile, dilute the strength of the trademark and are not necessary for effective competition. These uses merely tarnish the trademark and dilute the strength and recognition of the trademark. Furthermore, Pepsi, and their trademark Pepsi, demonstrate that granting Coca-Cola dilution protection for the trademark Coke does not inhibit a competitor from entering an industry and succeeding. Dilution protection for trademarks, therefore, is supported by the policies underlying trademark law and the protection should be granted.

Furthermore, the function of trademarks has expanded to advertising and now it is necessary to protect this function. Initially, trademarks only served as indicators of source of origin, but as one scholar noted that function has altered overtime. Today, trademarks are everywhere, yet for the most part they do

377. See supra note 358 and accompanying text (discussing how protecting trademarks from dilution enhances competition).

378. See supra note 197 and accompanying text (detailing restraints that prevent trademark owners from thwarting competition).

379. See supra notes 186-91 and accompanying text (describing tarnishment and stating how it damages and dilutes trademarks).

380. See supra notes 70-72 and accompanying text (discussing expansion of trademark's function to advertising).

381. See supra notes 169-72 and accompanying text (detailing Frank Schechter's views as to how trademarks function as advertising agents).
The brand recognition that consumers rely on in making their purchases occurs because the consumer has been enticed by advertisements to purchase that good, not because of the origination point of the good.

Uses of the same trademark on different goods weakens this advertising function. If multiple types of goods are all referred to by the name of a famous trademark, the consumer, while not believing the goods are produced by the same company, will associate the strong trademark with the other good. If this continues, overtime the trademark will not have any value.

B. Trademarks are Able to Become so Large that Confusion is Impossible

Another reason why trademarks must be offered protection against uses that dilute the trademark, and do not cause confusion, is that certain trademarks are able to become so powerful and so well known that confusion is no longer possible. McDonald’s and Coca-Cola both own numerous trademarks and have established themselves as world leaders in their respective fields of fast-food and soft-drinks. Due to the fact that these trademarks and their accompanying goods are known worldwide by nearly every human being, the likelihood of confusion is extremely minimal.

Unless the competitor combines the words which compose the trademarks with their respective pictorial symbols, consumer confusion as to source of origin is unlikely. A blue car that says Coke on it or a pair of socks that says McDonald’s are not likely to be thought of as coming from the Coca-Cola Company or McDonald’s. These goods, however, will cause a subliminal association between the goods and the two companies. If these goods are of an inferior quality, McDonald’s and Coca-Cola will indirectly lose some of their good will due to this association.

C. Trademark Directive was Drafted so as to Offer Trademarks Dilution Protection

As noted, it appeared that the European Union accepted the concept of dilution and instituted EU wide protection for

382. See supra notes 53-72 and accompanying text (discussing how trademarks no longer serve predominantly as designators of good’s source of origin).
trademarks against diluting uses.\textsuperscript{383} This protection was meant to be located in the phrase likelihood of association, found in Article 5 paragraph 1(b) of the Trademark Directive,\textsuperscript{384} and also in the additional protection afforded to trademarks with a reputation, found in Article 5 paragraph 2 of the Trademark Directive.\textsuperscript{385} The UK, however, did not follow this view in either \textit{Baywatch}\textsuperscript{386} or \textit{Wagamama}.\textsuperscript{387}

\textit{Wagamama} was correctly decided since the Chancery Division did protect the Wagamama trademark, but the court should have offered protection under the concept of likelihood of association regardless of the presence or absence of confusion. The second restaurant RAJAMAMA or as it was later named RAJAMAMA's was a similar trademark used upon similar goods.\textsuperscript{388} The closeness of the wording and the similarity of the sound of the trademark definitely caused consumers to form a mental association between the two restaurants. RAJAMAMA, therefore, would be usurping some of the goodwill associated with WAGAMAMA.

In \textit{Wagamama}, the court stated that the phrase likelihood of association did not expand the protection to be offered a trademark as the precise wording was a likelihood of confusion which includes a likelihood of association.\textsuperscript{389} The court and commentators rationalized that because the association clause comes after the confusion clause that it does not add additional types of protection, but that association is another \textit{species} of the \textit{genus} confusion. The Chancery Division, therefore, states that any association between two trademarks will not be protected against, regardless of the damage to the trademark, unless a likelihood

\begin{itemize}
  \item \textsuperscript{383} See supra notes 149-50 and accompanying text (discussing rationale behind EU's adoption of likelihood of association).
  \item \textsuperscript{384} See supra note 148 and accompanying text (describing article 5 paragraph 1 of Trademark Directive).
  \item \textsuperscript{385} See supra note 150 and accompanying text (describing article 5 paragraph 2 of Trademark Directive).
  \item \textsuperscript{386} See supra notes 304-21 and accompanying text (discussing UK's Chancery Division's decision in \textit{Baywatch}).
  \item \textsuperscript{387} See supra notes 292-95 and accompanying text (explaining UK's Chancery Division's decision in \textit{Wagamama}).
  \item \textsuperscript{388} See supra notes 279-83 and accompanying text (discussing infringer in \textit{Wagamama} case).
  \item \textsuperscript{389} See supra note 290 and accompanying text (discussing Chancery Divisions interpretation of phrase likelihood of association).
\end{itemize}
of confusion is also present.  

This rationale is flawed due to the use of the words genus and species. The genus of an item represents a less specific grouping of that item than does the heading species. Thus, there are more items under a given genus than under a given species. For example, there are five mammals under the genus Mustela in North America, however, each of the five animals has their own species, namely erminea, rixosa, frenata, nigripes, and vison. In this situation, whenever one of the five species is present there is automatically a member of the genus present. The reverse, however, is not true. Therefore, whenever the trademark infringement species known as association is present, there would automatically be the trademark infringement genus confusion present. Thus, the test for confusion would be pre-empted and unnecessary if association is present.

Furthermore, the Chancery Division refused to accept that the Commission enacted the phrase likelihood of association with the intent of utilizing the Benelux interpretation of this phrase. Because the Commission did not define likelihood of association, then the UK court was free to interpret the statement as not granting trademarks additional protection when a likelihood of confusion was not present. The problem presented here is not the courts ruling, however, as courts are granted discretion in interpreting statutes that are not precisely defined, but that the Commission failed to define the phrase likelihood of association. While the intention of the Commission appears to be that Article 5 paragraph 1(b) extends trademark protection to situations involving no confusion, the Commission failed to specifically annunciate this.

The Commission, therefore, should rectify this by issuing an amendment or a revision to the Trademark Directive which explicitly sets out the definition for likelihood of association.

390. See supra note 292 and accompanying text (discussing UK Chancery Division’s findings that trademarks should never be granted protection absent likelihood of confusion).

391. See RANDOM HOUSE WEBSTER’S COLLEGE DICTIONARY 893 (1991) (stating that term Mustela represents genus of “numerous carnivorous mammals of the family Mustelidae, comprising the weasels, martens, skunks, badgers, and otters.”).


393. See supra 293 note and accompanying text (discussing motivation behind inclusion of likelihood of association in Trademark Directive).
When it does this, the Commission should define it as a protection afforded a trademark whenever that trademark is called to a consumer's mind by another trademark regardless of the presence of any confusion or any likelihood of confusion as to source of origin. The Commission should further state that all Member States must utilize Benelux case law in interpreting and understanding the concept of a likelihood of association. Finally, the Commission should affix a list of cases that courts should refer to for guidance in applying the likelihood of association.

While *Wagamama* reached the right decision under the wrong analysis, *Baywatch* was wrongly decided. The Chancery Division again interpreted the phrase likelihood of association from Article 5 paragraph 1(b) of the Trademark Directive as not expanding the protection afforded a trademark to realms where a likelihood of confusion was present. Unlike *Wagamama*, in *Baywatch*, the Chancery Division had the opportunity to interpret Article 5 paragraph 2 of the Trademark Directive. This provision provides trademarks with protection against uses on non-similar goods if the trademark’s reputation or distinctive are damaged. In its ruling, the Chancery Division stated that Article 5 paragraph 2 offered no protection to a trademark unless a likelihood of confusion was also present.

The Chancery Division's interpretation of Article 5 paragraph 2 is erroneous because there is no support for its conclusion that a likelihood of confusion is mandated by this paragraph. Their rationale that paragraph 2 is not able to expand the protection afforded by paragraph 2 is flawed. Paragraph 2 is a separate entity from paragraph 1. If it were intended to flow with paragraph 1, the Commission likely would have labeled it as paragraph 1 section c.

In *Baywatch*, the Babewatch series was clearly intended to

394. See supra notes 292-95 and accompanying text (discussing Chancery Division’s interpretation of likelihood of association).

395. See supra notes 305-07 and accompanying text (stating claims brought by plaintiff in *Baywatch*)

396. See supra note 150 and accompanying text (discussing Trademark Directive's article 5 paragraph 2).

397. See supra notes 284-95 and accompanying text (explaining Chancery Division’s interpretation of article 5 paragraph 2 of Trademark Directive).
IMITATE THE BAYWATCH SERIES. By utilizing images characteristic of Baywatch in a pornographic movie, the reputation of the Baywatch trademark was tarnished. Furthermore, the only reason Babewatch imitated these scenes was to utilize some of the goodwill of Baywatch, thereby, increasing sales of the pornographic movie.

This type of situation confronted courts in the United States in the Debbie Does Dallas case. In that situation, trademark infringement was found based upon the fact that the Dallas Cowboys trademark was being tarnished by its use in a pornographic movie. If Baywatch were held in the United States the Trademark Dilution Act would control. Utilizing the popularity of Baywatch in the United Kingdom, under U.S. law, Baywatch would earn the status of a famous trademark due to its popularity, renown and reputation, and strength of the trademark. The U.S. courts likely would hold that use of a famous trademark in a pornographic movie constitutes infringement via dilution. A U.S. court would find that Babewatch was free-riding off of the reputation and good will of Baywatch. The court would almost definitely conclude that a pornographic movie, even if claimed to be a parody or social commentary, would tarnish the reputation of Baywatch. This view is consistent with U.S. courts views in Debbie Does Dallas and Gemini Rising.

Additionally, offering Baywatch dilution protection would not confer to them a monopoly. The makers of Babewatch did not need to utilize a trademark similar to Baywatch in order to effectively compete in a market place, nor did they need it to produce their pornographic movie. By ruling that Babewatch could not continue to utilize the name Babewatch, the red lifeguard suits, and the characteristic scenes of Baywatch, the U.S. court would not hinder the manufacturers of Babewatch from

398. See supra notes 297-99 and accompanying text (discussing similarities between Babewatch and Baywatch).

399. See supra notes 66-69 and accompanying text (discussing trademark owner’s goodwill in trademark).

400. See supra notes 230-51 and accompanying text (discussing Debbie Does Dallas).

401. See supra notes 249-51 and accompanying text (describing holding in Debbie Does Dallas).


403. See supra notes 350-53 and accompanying text (discussing Gemini Rising).
producing other pornographic movies. They would merely be precluded from producing movies that called to mind Baywatch.

Benelux courts would follow the ruling of the U.S. courts. Under the modified Benelux Trademark Law, Benelux courts would first analyze whether Baywatch had garnered a reputation. Again, utilizing the fame and ratings of Baywatch in the UK, Baywatch would gain this reputation. Next, the Benelux court would examine whether Babewatch was a use that economically hindered Baywatch. The court likely would hold that Babewatch usurped Baywatch’s good will and tarnished Baywatch’s trademark, thereby, economically damaging it.

As in Wagamama, any error in Baywatch can be attributed to the Commission’s failure to provide any guidance for how courts should interpret Article 5 paragraph 2 of the Trademark Directive. To rectify this situation, the Commission should issue a revision or amendment to the Trademark Directive. In this revision or amendment, the Commission should set out explicit details for how Article 5 paragraph 2 should be applied. The Commission should state that this provision protects trademarks that have a reputation from uses on non-similar products when that use dilutes, meaning takes unfair advantage of, or is detrimental to the character or repute of the trademark, regardless of whether or not confusion or a likelihood of confusion is present.

Additionally, the Commission should establish guidelines to be utilized in determining whether or not a trademark has a reputation. The Commission’s reputation guidelines should mirror those annunciated by the U.S. legislature in the U.S. Federal Trademark Dilution Act. These criteria are demonstrative of what a famous trademark or a trademark with a reputation will look like. Furthermore, the fact that the list is not all inclusive allows courts flexibility so that they can apply the criteria to diverse and novel situations.

CONCLUSION

The European Union should remove the phrase likelihood of association from the Trademark Directive, thereby, eliminat-

404. See supra notes 267-69 and accompanying text (discussing modifications to Benelux Trademark Law in response to Trademark Directive).

405. See supra note 259 and accompanying text (listing guidelines to be utilized by U.S. courts in determining whether trademark is famous).
ing any confusion that this phrase may cause. Furthermore, the European Union should revise the Trademark Directive or issue a Trademark Dilution Directive mandating that Member States provide the owners of famous trademark, like Baywatch and Wagamama, with protection against uses which cause dilution of the trademark. Offering trademark owners this type of protection is justified by the policies underlying U.S. trademark law, as well as being necessitated by the expanded functional aspects of trademarks.