Reexamining Trademark Dilution

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I. INTRODUCTION

It is unlikely that you ever will see a Kodak chair or a Rolls Royce candy bar. No doubt Eastman Kodak and Rolls Royce would have an army of lawyers in court to have the interlopers sentenced to ignominy (unless, of course, these companies suddenly went into the furniture or candy business). But suppose you did see these products. What would you think? Would you think that Kodak was diversifying? Would you believe that Rolls Royce had gone the way of Calvin Klein, apparently licensing its name for a fast profit? And if not, would these interlopers affect the way you react to a Rolls Royce or Kodak commercial? The psychology of such reactions is at the root of an important trend in modern trademark law—an issue known as trademark dilution.

From their origins in the guilds, trademarks have become important features of contemporary mass marketing techniques. Originally indicia of the source of goods, trademarks are now often products in

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their own right.[1] The protection granted the owner of a trademark has evolved over the years as well. Early cases protected against piracy by competitors seeking to compete dishonestly by passing off their goods as those of the trademark owner.[2] Modern trademark law protects against this and much more. Common law provided the source of protection in the nineteenth and early twentieth centuries.[3] After World War II, the passage of the Lanham Act,[4] a comprehensive federal trademark statute, made federal law the primary source of protection and made its scope nationwide.

Throughout the evolution of trademark law, the linchpin of protection analysis has remained essentially the same—possible confusion of consumers.[5] Consumers see the goods of the person who does not own the mark but uses it in connection with goods and services sold to the public, and they assume that those goods come from or are authorized by the real owner of the mark.

The last decade or so, however, has seen the ascendance of a new form of trademark protection—state statutes protecting against trademark "dilution."[6] These statutes essentially protect against the diminution of the marketing value of trademarks. The protection offered by these statutes differs from traditional trademark protection because they do not require a showing that consumers are likely to be confused by the offending use of the trademark. This form of protection has the potential for granting a virtual exclusive property right in a trademark to its owner, something that traditional trademark law has eschewed.[7]

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1. *See, e.g.*, Boston Professional Hockey Ass'n v. Dallas Cap & Emblem Mfg., 510 F.2d 1004, 1011 (5th Cir.) (recognizing that sports team trademarks have commercial value), *cert. denied*, 423 U.S. 868 (1975). *See generally* Denicola, *Institutional Publicity Rights: An Analysis of the Merchandising of Famous Trade Symbols*, 62 N.C.L. REV. 603 (1984).

2. 1 J. MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 5:2 (2d ed. 1984).

3. *See* Trademark Cases, 100 U.S. 82, 92 (1879) (noting that trademarks are protected by common law and striking down a federal trademark law); *see also* Kellogg Co. v. National Biscuit Co., 305 U.S. 111 (1938) (a trademark case decided under federal common law).

4. Trade-mark Act of 1946 (Lanham Act), ch. 540, 60 Stat. 427 (codified as amended at 15 U.S.C. §§ 1051-1127 (1988)). The Lanham Act was not the first federal trademark statute. The first one was enacted in 1870. *See* Act of July 8, 1870, ch. 230, §§ 77-84, 16 Stat. 198, 210-12. In *Trademark Cases*, 100 U.S. at 82, however, the Supreme Court held the statute unconstitutional because it exceeded Congress's power to regulate interstate commerce. *Id.* at 99. Another statute, far less comprehensive, was passed in 1881. *See* Act of Mar. 3, 1881, ch. 138, 21 Stat. 502. A third statute was passed in 1905, *see* Act of Feb. 20, 1905, ch. 592, 33 Stat. 724, and amended in 1920. *See* Act of Mar. 19, 1920, ch. 104, 41 Stat. 553. This act, too, contained limitations on its usefulness. *See generally* 1 J. MCCARTHY, *supra* note 2, § 5:3; Pattishall, *Two Hundred Years of American Trademark Law*, 68 TRADEMARK REP. 121, 133-38 (1978).

5. 2 J. MCCARTHY, *supra* note 2, § 23:1.

6. The first such statute was passed in Massachusetts in 1947. *See* Act of May 2, 1947, ch. 307, § 7a, 1947 Mass. Acts 300. It is only in the last 10 years, however, that dilution has enjoyed wide acceptance by the courts. *See infra* notes 31-41 and accompanying text.

7. Although trademark law gives an exclusive right to use the mark, free of confusingly simi-

Dilution protection has proved so popular that a serious but unsuccessful bid was mounted in 1988 to incorporate it into federal law.[8]

This Article will examine the efficacy and desirability of protecting trademarks against dilution. The thesis of the Article is that antidilution statutes are an overly broad mechanism for the protection of trademark rights. These statutes protect against something whose existence seems a tenuous proposition at best. Conventional trademark law, as currently interpreted, provides ample protection for nearly all the problems against which one legitimately should protect. Those few remaining problems not covered by trademark law do not require the broad-brush approach of state antidilution laws.

Dilution theory, moreover, grants protection to those least in need of it—owners of "distinctive" trademarks—and does not obtain for the public a benefit commensurate with the private benefit it confers. Finally, the courts are foundering hopelessly in their efforts to promulgate a rational structure for analyzing dilution cases. Whatever the merits of dilution protection in theory, it is producing a confusing body of case law.

II. DILUTION: ORIGINS AND SUPPORTERS

Although one can trace the underpinnings of trademark dilution to an earlier time, Frank Schechter's 1927 article, *The Rational Basis of Trademark Protection*,[9] was the birth of dilution as a recognized theory. In that article, Schechter bemoaned what he believed was the misguidedness of trademark law. He stated that the creation and retention of custom should be recognized as the primary goal of trademark.[10] Thus, he was critical of limitations on trademark law that did not allow protection when the mark was used by another on noncompeting or nonrelated goods.[11] He believed that the advertising power of trademark was the primary—perhaps the only—real value of a trademark worth protecting. As a result, uses that tended to diminish the public's

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lar uses by others, trademark law traditionally did not protect against all uses of the mark by others. For example, a competitor can use the mark in a nonconfusing way in a comparative advertisement. Smith v. Chanel, Inc., 402 F.2d 562, 563 (9th Cir. 1968). One cannot buy and sell trademarks the way one can buy and sell ordinary property. Sales of trademarks must be in conjunction with the business or "good will" to which the mark is connected. *See* cases cited in 1 J. MCCARTHY, *supra* note 2, § 18:1, at 793 n.10.

8. *See infra* notes 42-44 and accompanying text. The attempt failed when the House refused to go along with the Senate's version of the 1988 trademark reform bill. *See* 134 CONG. REC. H10,419 (daily ed. Oct. 19, 1988) (statement of Rep. Kastenmeier) (noting deletion of the bill's dilution provisions).

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

10. *Id.* at 822.

11. *Id.* at 823-24.

association of the mark with a certain level of satisfaction in certain goods and services bearing that mark were to be discouraged. Schechter described the problem as the "whittling away or dispersion of the identity and hold upon the public mind of the mark."[12] This description of the erosion of the mark has become known as trademark dilution.

Schechter's idea of protecting trademarks from dilution began to take root in the celebrated case of *Tiffany & Co. v. Tiffany Productions*.[13] A New York court granted relief to the Tiffany & Co. jewelers against a movie theater attempting to use the Tiffany name. Although evidence of confusion existed, the court chose to use the language of dilution to support its opinion.[14]

Schechter's thesis also found strong support from two noted commentators, Beverly W. Pattishall[15] and Rudolf Callmann.[16] Callmann asserted that serious repercussions often result when "[u]nknown simultaneous use" of a mark occurs "without any visible effect upon the use by the original user."[17] He urged recognition of trademarks as forms of property, with attendant rights to exclude others from their unauthorized use.[18]

Pattishall described dilution as "occur[ring] when an awareness that a particular mark signifies 'a single thing coming from a single source' becomes instead an unmistaken, correct awareness that the

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12. *Id.* at 825.

13. 147 Misc. 679, 264 N.Y.S. 459 (Sup. Ct.), *aff'd*, 237 A.D. 801, 260 N.Y.S. 821 (1932), *aff'd*, 262 N.Y. 482, 188 N.E. 30 (1933).

14. The court stated:

> In recent years the federal courts as well as those of this state have enjoined such use of another's name, irrespective of whether there was actual competition between the parties. . . . The real injury in such cases of noncompetitive products "is 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. The more distinctive or unique the mark the deeper is its impress upon the public consciousness and the greater its need for protection against vitiation or dissociation from the particular product in connection with which it has been used."

147 Misc. at 681-82, 264 N.Y.S. at 461-62 (citations omitted) (quoting Schechter, *supra* note 9, at 825); *see* Yale Elec. Corp. v. Robertson, 26 F.2d 972, 974 (2d Cir. 1928) (recognizing that "a merchant may have a sufficient economic interest in the use of his mark outside the field of his own exploitation to justify interposition by a court," and stating that another's use borrows the owner's reputation and "is an injury, even though the borrower does not tarnish it, or divert any sales by its use"). Schechter's article was also cited in Philadelphia Storage Battery Co. v. Mindlin, 163 Misc. 52, 54-55, 296 N.Y.S. 176, 179 (Sup. Ct. 1937).

15. *See, e.g.*, Pattishall, *The Case for Anti-Dilution Trade-mark Statutes*, 43 TRADEMARK REP. 887 (1953) [hereinafter Pattishall, *Anti-Dilution*]; Pattishall, *The Dilution Rationale for Trademark—Trade Identity Protection, Its Progress and Prospects*, 71 NW. U.L. REV. 618 (1977) [hereinafter Pattishall, *Dilution Rationale*].

16. 3A R. CALLMANN, UNFAIR COMPETITION, TRADEMARKS AND MONOPOLIES § 21.11 (4th ed. 1983); Callmann, *Unfair Competition Without Competition?*, 95 U. PA. L. REV. 443 (1947).

17. Callmann, *supra* note 16, at 461.

18. *Id.* at 465.

mark signifies various things from various sources."[19] He urged protection of the "commercial magnetism" of marks, likening dilution to the trespass of a property right, rather than a deceit.[20]

The concept of dilution differs from trademark infringement in an important respect. Traditional trademark infringement requires a plaintiff to show that there likely will be confusion concerning the source or sponsorship of a defendant's goods or services as a result of the defendant's use of a mark that is the same or similar to the plaintiff's trademark.[21] Dilution assumes that the "whittling away" can occur even if consumers are not confused about the source or sponsorship of the goods.[22]

Not all early commentators favored the dilution concept. George Middleton, in particular, was a staunch critic. He noted that dilution theory contradicted the traditional notion that trademark law protected the trade, not the mark.[23] He further asserted that dilution gave a property right—in effect, a copyright—in the mark separate from the trade in which it is used.[24] That observation seems consistent with Callmann's thesis. Callmann, however, was not opposed to such an idea—he welcomed the protection.[25] Middleton, writing in 1952, demonstrated that cases to that date purporting to rely on dilution also had found a likelihood of confusion.[26] In his view, expansion of the purview of likelihood of confusion, especially in noncompeting goods cases, provided all the protection necessary for trademarks.[27]

Milton Handler, a more contemporary critic, has questioned whether dilution statutes are consistent with the goals of the Lanham

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19. Pattishall, *Dawning Acceptance of the Dilution Rationale for Trademark-Trade Identity Protection*, 74 TRADEMARK REP. 289, 300 (1984) (footnote omitted) (quoting Coca-Cola Co. v. Koke Co. of Am., 254 U.S. 143, 146 (1920) (opinion of Holmes, J.)).

20. *Id.* at 309-10.

21. The confusion need not be felt by actual consumers. Case law supports a finding of infringement even when the confusion is confined to those who see the defendant's goods after they have been purchased by a knowing consumer. *See, e.g.*, Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-Le Coultre Watches, 221 F.2d 464, 466 (2d Cir.), *cert. denied*, 350 U.S. 832 (1955); Rolls-Royce Motors v. A & A Fiberglass, 428 F. Supp. 689, 694 n.10 (N.D. Ga. 1977).

22. *See infra* note 36 and accompanying text.

23. Middleton, *Some Reflections on Dilution*, 42 TRADEMARK REP. 175, 179 (1952).

24. *Id.*

25. *See supra* notes 17-18 and accompanying text.

26. Middleton, *supra* note 23, at 181-85.

27. *Id.* at 187. A "classic" trademark case would involve a suit between two users of the same or similar marks on the same goods—for example, "Tea Rose" flour. *See* Hanover Star Milling Co. v. Metcalf, 240 U.S. 403 (1916). Early trademark cases were reluctant to extend protection to suits in which the goods using the mark were not competitive. Modern trademark analysis has accepted the thesis that consumers may he confused about the source or approval of goods, even if they do not compete with the goods of the original trademark owner. *See* Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492, 495 (2d Cir.) (setting forth a test for trademark infringement in cases of noncompeting goods), *cert. denied*, 368 U.S. 820 (1961).

Act.[28] First, Handler notes that a liberal use of dilution "could result in an undesirable monopolization of language."[29] He then criticizes the ambiguity of the term "dilution," the varied situations it might encompass, and the potential burden on courts resulting from large numbers of dilution claims. Moreover, Handler is critical of the focus on the protection of plaintiffs in dilution cases, rather than on a balanced consideration of the rights of both parties.[30]

These criticisms, however, seem to oppose the trend of courts and legislatures. When the Lanham Act was passed in 1946, it contained no provisions for dilution protection. The first antidilution statute appeared in Massachusetts in 1947.[31] Six years later, Illinois[32] enacted a similar statute, followed two years later by New York.[33] Subsequently, an antidilution provision was added to the Model State Trademark Act.[34] To date, twenty-four states have adopted antidilution provisions, most of which are similar to that of the model act.[35] The relevant section of the model act provides:

> Likelihood of injury to business reputation or of dilution of the distinctive quality of a mark registered under this Act, or a mark valid at common law, or a trade name valid at common law, shall be a ground for injunctive relief notwith-

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28. Handler, *Are the State Antidilution Laws Compatible with the National Protection of Trademarks?*, 75 TRADEMARK REP. 269 (1985).

29. *Id.* at 278.

30. *Id.* at 279-82. Handler only hints at the desirable characteristics of defendants, namely the competition that they bring. *See id.* at 282 (quoting American Waltham Watch Co. v. United States Watch Co., 173 Mass. 85, 86, 53 N.E. 141, 142 (1899)). In addition, Handler discusses possible preemption of antidilution laws by both the Lanham Act and, to a more limited degree, the commerce clause of the federal constitution. *See id.* at 283-87.

31. Act of May 2, 1947, ch. 307, § 7a, 1947 Mass. Acts 300 (codified as amended at MASS. GEN. LAWS ANN., ch. 110B, § 12 (West 1990)). *See generally* Derenberg, *The Problem of Trademark Dilution and the Antidilution Statutes*, 44 CALIF. L. REV. 439, 452-59 (1956) (summarizing the history of the Massachusetts statute).

32. 1953 Ill. Laws 455, § 1 (codified at ILL. ANN. STAT. ch. 140, para. 22 (Smith-Hurd 1986)).

33. Act of Apr. 18, 1955, ch. 453, § 1 (codified at N.Y. GEN. BUS. L. § 368-d (McKinney 1968)).

34. 2 J. MCCARTHY, *supra* note 2, § 22:3, at 27; Pattishall, *Dilution Rationale*, *supra* note 15, at 620.

35. These states are: Alabama, ALA. CODE § 8-12-17 (Supp. 1990); Arkansas, ARK. STAT. ANN. § 4-71-113 (1987); California, CAL. BUS. & PROF. CODE § 14,330 (West 1987); Connecticut, CONN. GEN. STAT. ANN. § 35-11 i(c) (West 1987); Delaware, DEL. CODE ANN. tit. 6, § 3313 (Supp. 1990); Florida, FLA. STAT. ANN. § 495.151 (West 1988); Georgia, GA. CODE ANN. § 10-1-451(b) (1989); Idaho, IDAHO CODE § 48-512 (1977); Illinois, ILL. ANN. STAT. ch. 140, para. 22 (Smith-Hurd 1986); Iowa, IOWA CODE ANN. § 548.11(2) (West 1987); Louisiana, LA. REV. STAT. ANN. § 51:223.1 (West 1987); Maine, ME. REV. STAT. ANN. tit. 10, § 1530 (1980); Massachusetts, MASS. GEN. LAWS ANN. ch. 110B, § 12 (West 1990); Missouri, MO. ANN. STAT. § 417.061 (Vernon 1990); Montana, MONT. CODE ANN. § 30-13-334 (1989); Nebraska, NEB. REV. STAT. § 87-122 (1987); New Hampshire, N.H. REV. STAT. ANN. § 350-A:12 (1984); New Mexico, N.M. STAT. ANN. § 57-3-10 (1987); New York, N.Y. GEN. BUS. LAW § 368-d (McKinney 1984); Oregon, OR. REV. STAT. § 647.107 (1988); Pennsylvania, 54 PA. STAT. ANN. tit. 54, § 1124 (Purdon Supp. 1990); Rhode Island, R.I. GEN. LAWS § 6-2-12 (1985); Tennessee, TENN. CODE ANN. § 47-25-512 (1989); and Washington, WASH. REV. CODE ANN. § 19.77.160 (Supp. 1990).

standing the absence of competition between the parties or the absence of confusion as to the source of goods or services.[36]

This statute clearly shows that the ability to enjoin acts of dilution exists even if there is no consumer confusion about the source or sponsorship of the goods in question.

Despite the broad brush of these statutes, courts initially were loathe to grant the protection the laws purported to give. Cases frequently required a showing of confusion to recover, even though the statutes expressly eliminated such a requirement.[37] The 1977 case of *Allied Maintenance Corp. v. Allied Mechanical Trades, Inc.*,[38] however, represents a watershed in trademark dilution litigation. Although ultimately denying relief, the New York Court of Appeals clearly stated that the statute was to be read as written—an absence of confusion does not bar an injunction.[39] Following that decision, courts seemed to be more receptive to dilution claims.[40] Recently, one court noted that such claims are now boilerplate in trademark actions.[41]

The mainstream of trademark practitioners today clearly favors dilution. In May 1988, with the assistance and support of the United States Trademark Association, the Senate passed a bill that would have created a federal antidilution remedy.[42] At the hearings on the bill, not a single voice was heard in opposition to the antidilution provision; supporters could not even point to a potential dissenter.[43] The antidilution provisions, however, were deleted in the House-Senate Conference Committee and never were enacted.[44]

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36. MODEL STATE TRADEMARK ACT § 12 (1964), *reprinted in* 2 J. MCCARTHY, *supra* note 2, § 22:4, at 35.

37. This reluctance to apply the statutes as written has been noted by several commentaters. *See, e.g.*, 2 J. MCCARTHY, *supra* note 2, § 24:13, at 215-18; Pattishall, *Dilution Rationale*, *supra* note 15, at 621; Recent Development, *Trademark—§ 368-d Dilution Relief in New York—Abandoning the Confusion/Competition Requirement*, 46 FORDHAM L. REV. 1315, 1326-29 (1978).

38. 42 N.Y.2d 538, 369 N.E.2d 1162, 399 N.Y.S.2d 628 (1977).

39. *Id.* at 543-45, 369 N.E.2d at 1165-66, 399 N.Y.S.2d at 631-32.

40. *See* Pattishall, *supra* note 19, at 294-304.

41. *See* Home Box Office v. Showtime/The Movie Channel, 665 F. Supp. 1079, 1087 (S.D.N.Y.), *aff'd in part, vacated in part*, 832 F.2d 1311 (2d Cir. 1987).

42. *See* 134 CONG. REC. S16,972-73 (daily ed. Oct. 20, 1988) (statement of Sen. DeConcini) (discussing antidilution provisions of the bill, S. 1883). Section 36 of the bill, later enacted as the Trademark Law Revision Act of 1988, would have amended § 43 of the Lanham Act to add a new subpart (c), the antidilution provision. *Trademark Law Revision Act of 1987: Hearings Before the Senate Subcomm. on Patents, Copyrights and Trademarks of the Comm. on the Judiciary on S.1883* at 19 [hereinafter *Hearings*]. Section 35 of the bill would have amended § 43(a) to add a federal claim for trademark tarnishment. *Id.* at 18. This latter provision was deleted before the bill was passed by the Senate. S. REP. No. 515, 100th Cong., 2d Sess. 1, *reprinted in* 1988 U.S. CODE CONG. & ADMIN. NEWS 5577, 5579.

43. *Hearings*, *supra* note 42, at 351.

44. *See* 134 CONG. REC. S16,972-73 (daily ed. Oct. 20, 1988) (statement of Sen. DeConcini)

III. A General Critique of Dilution Theory

Beverly Pattishall, a supporter of dilution theory, probably has come closest to identifying the main problems with dilution. He believes that the concept itself is misunderstood and that legal opinions in this area often reflect an unfamiliarity with the "state of mind" characteristic of the presence of dilution—or even of confusion.[45] The concept of dilution—both legally and psychologically—is not self-defining. Unfortunately, Pattishall's remedial definitions are not particularly satisfying. He suggests focusing on dilution as a remedy for the distinctive quality of a mark.[46] The owner would have to show first that the mark has some distinctive quality in the mind of the consuming public,[47] and second, that the junior use is likely to reduce that distinctiveness.[48] Pattishall regards problems of demonstrating distinctiveness and likelihood of dilution as problems of proof, not of legal theory.[49]

Pattishall's thesis, like those of Schechter, Callmann, and other dilution proponents, suffers from a critical defect of a priori reasoning. He assumes that marks in fact are diluted and that this dilution can occur in the absence of confusion.[50] Although Pattishall does respond to some of the criticisms of the doctrine, he does not present a convincing reason to protect against dilution. Perhaps he assumes that Schechter and Callmann already have made a convincing case. In discussing a reason for protection, Callmann states that a "corresponding sphere of interest" accompanies the legal use of a trademark, and that the probability of injury to the trademark owner determines the protection afforded this sphere of interest.[51] He argues forcefully for a recognition of an

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(discussing deletions from the bill's final version).

45. Pattishall asserts:

> At least a part of what seems to be wrong in the realm of antidilution is a misunderstanding of the concept.
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> . . .
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> Perhaps the peculiar holdings of some courts stem from lack of familiarity with the rather ephemeral "state of mind" nature of both the likelihood of confusion and dilution concepts.

Pattishall, *Dilution Rationale*, *supra* note 15, at 624-25; *see also* Note, *Dilution: Trademark Infringement or Will-O'-The-Wisp?*, 77 Harv. L. Rev. 520, 528 (1964) (calling the dilution concept "bewilderingly intangible").

46. Pattishall, *Dilution Rationale*, *supra* note 15, at 630.

47. *Id.* at 631.

48. *Id.* at 629.

49. *Id.* at 631.

50. It is generally recognized that dilution can occur from confusion, but confusion can be remedied by traditional trademark law. *See id.* at 625.

51. Callmann writes that "[e]very lawful function of a trade-mark creates a corresponding sphere of interest, the legal protection of which is determined by the likelihood of damage to the owner of the trade-mark." Callmann, *supra* note 16, at 453 (footnote omitted).

exclusive property right in a trademark.[52] If this right existed, dilution then would constitute a trespass on that right.[53]

The threshold question of whether dilution exists in the absence of confusion raises a more basic problem. The arguments made by dilution proponents do not demonstrate that a well-known mark is likely to lose its notoriety because of its use on another's goods in the absence of confusion. Rather, they apparently assume that this process is self-evident. If dilution occurs, but only as the result of confusion—contrary to dilution proponents—then the analysis of these cases should be very different.

Testifying before a congressional committee, Frank Schechter stated: "If you take Rolls Royce—for instance, if you allow Rolls Royce restaurants and Rolls Royce cafeterias, and Rolls Royce pants, and Rolls Royce candy, in 10 years you will not have the Rolls Royce mark any more."[54] His description of the destruction of the Rolls Royce mark is a good starting point. The image of numerous Rolls Royce-branded goods eroding the luster of the famous car maker's mark has a serious flaw. It assumes that, at some point, there will be several Roll Royce items of significant public consciousness. In such a circumstance, Rolls Royce candy would be sufficiently well known in comparison to Rolls Royce cars that when people hear "Rolls Royce" they are likely to think of a candy bar instead of a car, or "luxury" or other attributes symbolized by the Rolls Royce mark on cars and jet engines. No reason, however, justifies a belief in that scenario.

Consider another famous mark—Tiffany. The subject of two major cases on dilution, Tiffany is an archetypical "strong" trademark. Yet numerous "Tiffany" establishments exist, none of which threatens to eclipse the fame of Tiffany & Co.[55] The Tiffany mark survives through the marketing efforts of Tiffany, the continued quality of its merchandise, and its enduring image. It is difficult to imagine a Rolls Royce candy or cafeteria achieving sufficient notoriety to detract seriously from the mark's power to conjure the image of luxury connected with the cars sold by Rolls Royce. If Rolls Royce makes a reasonable effort to advertise its mark and maintain the quality of its cars, there should be no dilution. If Rolls Royce cannot or will not advertise its mark and

52. *See id.* at 454-65.

53. *See id.* at 453.

54. *Hearings Before the House Comm. on Patents*, 72d Cong., 1st Sess. 15 (1932) (statement of Frank I. Schechter), *quoted in* Derenberg, *supra* note 31, at 449.

55. Some of these are named for their owners. Names are treated differently in trademark situations; many courts are reluctant to bar persons from operating under their own names. *See* Taylor Wine Co. v. Bully Hill Vineyards, 569 F.2d 731, 734 (2d Cir. 1978). Nevertheless, the existence of such third-party uses has not destroyed the Tiffany mark.

its mark declines in strength, the weakened mark probably reflects a decline in demand for Rolls Royce cars. Such a natural dilution cannot be actionable, even under an exclusive property rights theory of trademark.

If anything, weaker marks are more likely to suffer the fate described by Schechter. Having only weakly established their identity in the marketplace, the entrance of other products using the same mark would inhibit their ability to gain a strong foothold in the public's mind as a unique source of goods. Schechter, however, excluded these marks from his protective theory.[56] Although other commentators have argued in favor of extending protection to a larger number of marks,[57] this would grant protection to marks that do not warrant it, as well as to marks that do not need it. Until a mark is firmly established in the public consciousness, there is no reason to give the mark special treatment merely because it is first in time. To do so would give its owner an artificial advantage in the marketplace, an advantage not earned by its own efforts.

A second problem with Schechter's image is the assumption that there is a transition from strong mark to weak mark without any point at which the public will be confused by the existence of two similar marks.[58] It seems more likely that the public would become confused at some point before the celebrated mark became weak. Any resolution of this problem, however, requires some understanding of the ephemeral "state of mind" difficulties alluded to by Pattishall.

To understand how likelihood of confusion differs from dilution, one first must describe that state of mind which the law of trademark refers to as "confusion." An obvious requirement is that the second user's mark must create some mental association with the first user's mark. It is not enough, however, that the second mark "call to mind" the first one.[59] The consumer[60] must have some understanding or belief that the source of the second mark is connected to the source of the first mark. But what kind of connection is required? Many assumptions are possible. The simplest one is confusion of goods—that the widgets of the second user are the same, or are made by the same source, as the widgets of the first user. Another possibility is confusion of

56. Schechter, *supra* note 9, at 828-29.

57. *See, e.g.*, 3A R. CALLMANN, *supra* note 16, § 21.12, at 53.

58. *See* Schechter, *supra* note 9, at 825 (bemoaning the need to show confusion to succeed in trademark cases and promoting as an alternative the dilution or "whittling away" concept).

59. 2 J. MCCARTHY, *supra* note 2, § 23:1, at 47-48; *see* University of Notre Dame du Lac v. J.C. Gourmet Food Imports Co., 703 F.2d 1372, 1374-75, 1377 (Fed. Cir. 1983).

60. By using the word "consumer," I do not mean to exclude types of confusion not involving purchases. The term is used simply as a convenient shorthand. Trademark confusion can include confusion of nonpurchasers as well as purchasers. *See* cases cited *supra* note 21.

source—that the source of the goods using the mark is that of the first user, even though the first user, in fact, may not manufacture such goods. An example would be a Kodak photo album. Even if Kodak does not actually make photo albums, a consumer could assume that Kodak now has gone into that business, particularly given the close connection between photo albums and the photographic equipment made and distributed by Kodak. A third type of confusion is confusion of association or sponsorship. One might not assume that Kodak makes sneakers, but one might assume that Kodak licensed its mark for this use and has some responsibility for its quality. Moreover, the person confused need not be the purchaser. Even though the buyer knows the difference, one court has held that confusion on the part of those who see the goods at the buyer's home or on the buyer's person is actionable.[61]

These three categories of confusion constitute a broad field of situations that may be actionable.[62] How then does the state of mind fostering dilution differ from that fostering confusion?[63] Consider first the operation of dilution on a person familiar with the well-known mark. If the second mark does not even call to mind the first, it is difficult to see how the established connection between the well-known mark and its products would be broken by the second use. One would have to posit that over a long period of seeing Kodak chairs, Kodak candy, and Kodak cars, without ever having Kodak film called to mind upon seeing those items, the word "Kodak" no longer would conjure up the image of film or photography for the consumer. This is not going to happen. The more likely dilution scenario, in the absence of confusion, is that the second mark calls to mind the first, but the consumer does not assume any association between the sources of the two marks.

The dilution theory must assume that when consumers see a suffi-

61. Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-Le Coultre Watches, 221 F.2d 464, 466 (2d Cir.), *cert. denied*, 350 U.S. 832 (1955).

62. Another catcgory of confusion—subliminal confusion—has been identified by one commentater. As Steven H. Hartman describes it, subliminal confusion occurs when a seller uses a mark that conjures up the quality of a well-known brand, but without causing overt purchaser confusion. *See* Hartman, *Subliminal Confusion: The Misappropriation of Advertising Value*, 78 TRADEMARK REP. 506, 508 (1988). He states that purchasers are lured into buying the nonfamous good with the famous name, even though they know consciously that there is no connection. Citing cases in the Second Circuit, he argues that consumers unconsciously transfer the qualities of the well-known brand to the unknown goods. *Id.* at 508-13. Although he states that the "deception" underlying this theory differentiates it from dilution, *id.* at 509-10, the distinction is a thin one. The misappropriation that he describes may occur, but I believe most courts would put his concept under the dilution umbrella. If not, the concept further supports the notion that dilution is an unnecessary form of protcction.

63. This discussion focuses on dilution occurring in the absence of confusion. I would concede that dilution can result from confusion. Current trademark law, however, provides a remedy for confusion. *See* Lanham Act §§ 32, 43(a), 15 U.S.C. §§ 1114, 1125(a) (1988).

cient number of Kodak chairs or Kodak candy bars, the link that Kodak has established between its mark and its product line will be destroyed. Eventually, when one hears the word "Kodak" it would call to mind any one of a number of products, perhaps randomly. But why would this happen? Kodak and other owners of distinctive marks can and do advertise. Their position in the marketplace, resulting from their distinctive marks, should give them an advantage in this area. If other Kodak items—candy, chairs, or cheese—do not gain loyal followings, it is hard to see how they would make a sufficient impression on the consumer to break the ties Kodak already has established. The situation posited by dilution theory, then, must be one in which the second user's product builds up a sufficient reputation in an unrelated field, thus enabling it to be a constant player in the advertising market and to present continually to consumers the Kodak mark on a nonphotographic good.

It is worth noting that even word marks like Kodak or Rolls Royce are used by their owners in particular settings. Kodak uses a particular yellow color and a certain type style, for example. If the second user were to use precisely the same setting—color, type style—commonly used by the trademark owner, some form of confusion certainly would result. Thus, for dilution to exist without confusion, the second user's mark also must be sufficiently different to eliminate confusion between the marks. This difference, however, lessens the likelihood of consumer association between the marks.

Consider what would happen if a manufacturer came out with Kodak bleach.[64] If consumers thought that Kodak had gone into the bleach business, there would be ordinary trademark confusion and a federal trademark suit should be successful. Another possible reaction could be, "Hmm, how interesting. Somebody is giving bleach the same name as the film."[65] By hypothesis, this consumer knows that Kodak bleach is not made by Eastman Kodak. One might question the reasonableness of that assumption, however. With such a famous mark and the tendency of companies to diversify, a significant percentage of consumers likely would posit a connection.

Nevertheless, assume that there is no confusion. The consumer, thus, will decide whether to use the product based on its own perceived merits, not on the qualities associated with Eastman Kodak products.[66]

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64. I use bleach as an item far removed from Kodak's main business. I assume that a use in the same or a related business field of such a famous mark would cause confusion.

65. A sophisticated consumer might even wonder whether Kodak was aware of this use and had allowed it.

66. If the choice *is* made because of an unconscious association, then confusion arguably exists. *See supra* note 62 (discussing "subliminal confusion").

A consumer possibly would make an initial purchase based on the novelty of the name, although one would think that bleach is less of an impulse item than, say, candy. Over time, Kodak bleach will succeed or fail based on its own merits or the cleverness of its marketing.[67] If it fails, there is little, if any, damage to the Eastman Kodak company. If it succeeds, then there are two Kodak marks in the public consciousness. Dilution theory holds that the existence of the second mark necessarily detracts from the selling power of the original mark. The unanswered question is "why?"

If Kodak bleach is of good quality, then there will be no tendency to perceive Kodak-branded goods as inferior goods. If Kodak has no plans to go into the bleach business, or a related business, then Kodak is not harmed.[68] Kodak apparently feels harmed, however, if upon hearing the word "Kodak," their consumers do not automatically associate the word with Eastman Kodak and its products. But what, precisely, is the injury? If Eastman Kodak continues to advertise and make useful products, it should continue to succeed. Most likely, Kodak's complaint is that the maintenance costs of its fame have increased because of the need to compete with Kodak bleach in the "market" for "Kodak attentiveness." It is easier to print an advertisement saying just "Kodak" than to continue to foster traditional perceptions of the mark. If Kodak were to make use of its logo, instead of just the word mark, its print advertisements would be just as effective. If Kodak bleach copied the famous Kodak logo, however, confusion certainly would exist.

Given Eastman Kodak's enormous head start, it is difficult to believe that Kodak bleach ever could overtake and surpass Kodak film in the public's consciousness.[69] Even if another user of the mark gains some notoriety in a different field, it is not certain that the original

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67. Again, we assume that its marketing is not aimed at fostering confusion among consumers and does not in fact do so.

68. If this is the problem, it is not "dilution" but preemption of future markets that is at issue. Even with federal registration, the potentially nationwide scope of protection under the Lanham Act can be limited by the existence of a prior unregistered user, particularly one in a remote geographic area. Lanham Act § 33(b)(5), 15 U.S.C. § 1115(b)(5). It is unclear whether we want to give trademark owners a greater right to unlimited business expansion. If we do, then federal law provides the answer. Assuming that Kodak bleach is a second user of the Kodak mark, then Eastman Kodak should be able to move into that market with its own brand, causing inevitable confusion. Since Eastman Kodak is a first, registered user of the mark, it should be able to obtain relief under federal law. *See id.* § 33(a), (b), 15 U.S.C. § 1115(a), (b) (stating that registration is prima facie evidence of a "registrant's exclusive right" to use the mark and that incontestable registrations are "conclusive evidence" of that right); *id.* § 7(b) (to the same effect); *see also* Dawn Donut Co. v. Hart's Food Stores, Inc., 267 F.2d 358, 365 (2d Cir. 1959).

69. *See* Mead Data Cent., Inc. v. Toyota Motor Sales, 875 F.2d 1026, 1038 (2d Cir. 1989) (Sweet, J., concurring) (citing this as a "rare" instance in which the new user surpassed the established user in mark recognition).

owner has lost the value of the mark. Dreyfus Fund's lion mark is well known.[70] The MGM lion is also well known. Even if the image of a lion does not automatically call to mind Dreyfus, if one were to see a lion on a page of the Wall Street Journal, one likely would think of Dreyfus.[71] Its power to conjure an image within the financial services sphere is still very much intact.

A more common circumstance than dilution is the decline of the well-known mark through lack of advertising or lack of continued demand for the product. Pattishall conceded as much in a 1953 article. The root of his support for antidilution statutes came from his perception that the likelihood-of-confusion test provided inadequate protection for trademarks in a noncompeting goods situation.[72] But since 1953 the protection of trademarks under the Lanham Act from noncompeting uses has been strengthened.[73]

Modern marketing and corporate structure compound the problem of describing the dilution process. Conglomerates often control far flung and disparate product lines. Modern marketing has brought franchising and licensing. The public generally is aware that a well-known mark may be licensed to another company to help market goods that are fairly unrelated to the goods on which the mark originally appeared.[74] It is unlikely that someone could make unauthorized use of a well-known mark without confusing a substantial segment of the public. It is even more unlikely that someone could use a well-known mark *and* become well known without causing public confusion.

If we consider a consumer who is still ignorant of the well-known mark,[75] perhaps the chances of dilution increase. At a future point when there are many items carrying the once-strong mark, dilution may have occurred. But this assumes that Kodak, for example, has done little to keep its standing as a strong mark in the interim. It also assumes that because these other products have become sufficiently well known, the consumer is presented with enough of them not to think of film, other Kodak goods, or the ephemeral Kodak "quality" when hearing of

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70. Dreyfus Fund, Inc. v. Royal Bank of Canada, 525 F. Supp. 1108, 1111-13 (S.D.N.Y. 1981) (indicating the fame of the Dreyfus mark).

71. *Id.* at 1114.

72. *See* Pattishall, *Anti-Dilution*, *supra* note 15, at 892-93.

73. *See, e.g.*, Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492, 495 (2d Cir.) (setting forth a test for trademark infringement in noncompeting goods cases), *cert. denied*, 368 U.S. 820 (1961).

74. There are limits to the licensing ability. A mark is not owned in gross, and the licensor must exercise at least some control over the use of the mark. *See, e.g.*, Pepsico, Inc. v. Grapette Co., 416 F.2d 285, 287 (8th Cir. 1969). These are legal niceties, however, about which the general public likely will be ignorant.

75. There obviously is some inconsistency between having a well-known mark and having any real segment of the public not know of it. I am assuming, however, a time in the future when Kodak chairs, candy, cars, and clothing exist.

a "Kodak" item. There is little reason to believe this will take place. As long as Kodak keeps its mark before the consumer, it should be able to maintain its strong status.

The illustrations used in this Article thus far have assumed that the diluted mark is very well known. This assumption is consistent with most proponents' views of the proper scope of dilution.[76] An analysis similar to the one above also would apply to a less famous, although still distinctive, mark. The main difference is that the second or junior user actually might overtake the fame of the established owner of the mark. At some point in this process, however, a significant number of consumers probably would be confused by the two marks. Alternatively, they may be able to separate the two and the established user would not be injured. In any event, the original mark's ability to call to mind a particular source of goods, by hypothesis, is weaker than that of a famous mark. To protect these weak marks would give authority to marks that have not gained that authority in the marketplace. Thus, although we need not limit ourselves to coined or arbitrary marks, as Schechter did,[77] our discussions will assume that the mark has achieved some reasonable level of distinction. The mark should call to mind a single source of goods by at least a substantial number of people.

The objections presented in this section question the existence of the state of mind required by dilution theory. This is not to deny entirely that dilution occurs. In some form, it may. If a trademark owner fails to keep up with what is demanded—through product reformulation or advertising—the mark will decline in strength. At that point, a noncompeting user might be able to surpass the weakened mark. But that does not seem terribly unfair. If confusion exists, a chance for dilution also exists. Assuming that the associational values of the second user differ from the original mark, the confusing second use may alter consumer perceptions of and reactions to the mark. This situation, however, can be attacked by means other than dilution.[78]

These objections do not deal with the issue of whether protection from such a state of mind, if it exists, is desirable. Even if dilution occurs without confusion, to give trademarks such broad protection would be a poor idea. Furthermore, case law indicates that courts are responding more to the problem of a second user taking a "free ride" on the

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76. *See, e.g.*, 2 J. McCarthy, *supra* note 2, § 24:14; Schechter, *supra* note 9, at 828-29; Shire, *Dilution Versus Deception—Are State Antidilution Laws an Appropriate Alternative to the Law of Infringement?*, 77 Trademark Rep. 273, 275-83 (1987).

77. *See* Schechter, *supra* note 9, at 825-26, 828-29.

78. *See infra* subparts IV(C)(1), (3) (suggesting the use of tort law and misappropriation doctrines for certain forms of dilution). If the second use causes, or is likely to cause, confusion, then a remedy exists under the Lanham Act. 15 U.S.C. § 1114 (1988).

well-known mark than to the gradual "whittling away" concept of dilution. In other words, in practice dilution may be a tort of misappropriation or unjust enrichment. Following an examination of the courts' treatment of dilution, the desirability of such broad protection will be discussed further.[79]

IV. Dilution in the Courts

Despite years of support from noted commentators, dilution has had rather mixed success in the courts. Until the end of the 1970s, the federal courts generally were hostile to the idea of dilution. There are numerous examples of courts requiring that plaintiffs demonstrate a likelihood of confusion between the two marks,[80] despite the statutory language obviating the need for such a showing.[81] Courts have expressed reservations that a stringent application of antidilution statutes would swallow up much of the law of trademark and unfair competition and would foster unwanted monopolies.[82] These reservations represent a significant limit on the use and development of dilution protection because most dilution cases are brought as pendent state claims to federal trademark actions.[83] Recent state court decisions often rely on older federal decisions for guidance.[84]

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79. *See infra* Part VI.

80. *See, e.g.*, HMH Publishing Co. v. Lambert, 482 F.2d 595, 599 (9tb Cir. 1973); DCA Food Indus. v. Hawthorn Mellody, Inc., 470 F. Supp. 574, 582 (S.D.N.Y. 1979); Girl Scouts of the United States v. Personality Posters Mfg. Co., 304 F. Supp. 1228, 1233-34 (S.D.N.Y. 1969); *see also* Pattishall, *Dilution Rationale*, *supra* note 15, at 621 n.28 (citing additional cases).

81. *See, e.g.*, N.Y. Gen. Bus. Law § 368-d (McKinney 1984).

82. *See, e.g.*, Tobo Co. v. Sears, Roebuck & Co., 645 F.2d 788, 793 (9th Cir. 1981) (quoting Coffee Dan's, Inc. v. Coffee Don's Charcoal Broiler, 305 F. Supp. 1210, 1217 n.13 (N.D. Cal. 1969)) (stating that the court has "regarded the antidilution doctrine with some concern 'lest it swallow up all competition in the claim of protection against trade name infringement' "); Carter-Wallace, Inc. v. Procter & Gamble Co., 434 F.2d 794, 803 n.3 (9th Cir. 1970); Societe Comptoir De L'lndustrie Cotonniere Etablissements Boussac v. Alexander's Dep't Stores, 299 F.2d 33, 36-37 (2d Cir. 1962); *see also* Anti-Defamation League of B'nai B'rith v. Arab Anti-Defamation League, 72 Misc. 2d 847, 861 & n.7, 340 N.Y.S.2d 532, 548 & n.7 (Sup. Ct. 1972).

83. For a long time, trademark law has had moderately well-known, if perhaps ambiguously defined, standards. The key element in a trademark infringement claim is a showing tbat the alleged infringer's mark is likely to cause confusion with the plaintiff's mark. *See* Lanham Act § 32, 15 U.S.C. § 1114 (1988); 1 J. McCarthy, *supra* note 2, § 2:3. (Admittedly, what constitutes confusion is sometimes the subject of debate.) Dilution is not defined in the state statutes (except that of Washington, *see infra* note 91), and states have not developed a generally accepted set of statutory standards defining the elements of the claim. There are, of course, many dilution cases brought solely in the state courts, and it is these decisions that are most authoritative on the proper construction of tbe state statutes. *See* Wedgwood Homes, Inc. v. Lund, 294 Or. 493, 502 n.11, 659 P.2d 377, 382 n.11 (1983). Even in the state cases, however, the dilution claim may be an adjunct to other unfair competition claims. *See, e.g.*, Adirondack Appliance Repair, Inc. v. Adirondack Appliance Parts, Inc., 148 A.D.2d 796, 538 N.Y.S.2d 118 (1989).

84. *See, e.g.*, Gaeta Cromwell, Inc. v. Banyan Lakes Village, 523 So. 2d 624, 625-26 (Fla. Dist. Ct. App. 1988); Kern v. WKQX Radio, 175 Ill. App. 3d 624, 633, 529 N.E.2d 1149, 1156 (1988).

Even after courts began to overcome their hostility toward dilution claims, they failed to develop a useful framework for analyzing the claims. There does seem to be an agreement, however, on the following four general categories of dilution claims: (1) Dilution by confusion—a situation in which the infringement by the second user not only confuses the public as to the source or sponsorship of the goods, but causes the erosion of the selling power of the mark;[85] (2) Parody or tarnishment cases—a situation in which the trademark owner claims that another's use of the mark sullies the good reputation associated with the trademark;[86] (3) "Genericide"—a situation in which the second use of the mark is such that it will cause the mark to become generic, which by definition causes it to lose protection;[87] and (4) "Pure" dilution—a situation in which the second use does not fall within the other three categories, but the court considers granting protection based on potential diminution of the selling power of the mark.[88]

Unfortunately, beyond these categories there is considerable disagreement on the basic elements of dilution. State courts disagree on who can sue for dilution. Some states do not allow competitors to sue for dilution, relegating them to trademark infringement (confusion) and other unfair competition claims.[89] In other states, courts have permitted competitors to sue for dilution.[90] Courts also seem to disagree on the level of public recognition or "distinctiveness" of the mark necessary for the mark's owner to claim protection against dilution.[91] The New

85. *See infra* subpart IV(A).

86. *See infra* subpart IV(B).

87. *See infra* subpart IV(C).

88. This is the Author's own term for the situation described. *See infra* subpart IV(D).

89. *See, e.g.*, Filter Dynamics Int'l, Inc. v. Astron Battery, Inc., 19 Ill. App. 3d 299, 311 N.E.2d 386 (1974); *see also* Weight Watchers Int'l v. Stouffer Corp., 744 F. Supp. 1259 (S.D.N.Y. 1990); President & Trustees of Colby College v. Colby College-New Hampshire, 374 F. Supp. 1141, 1143 (D.N.H. 1974), *vacated on other grounds*, 508 F.2d 804 (1st Cir. 1975).

90. *See, e.g.*, Plasticolor Molded Prods. v. Ford Motor Co., 713 F. Supp. 1329, 1343 (C.D. Cal. 1989); Wedgwood Homes, Inc. v. Lund, 294 Or. 493, 502, 659 P.2d 377, 382 (1983).

91. The recently enacted statute in Washington state attempts to remedy this problem. The statute, apparently modeled after the failed federal antidilution bill, expressly applies only to "famous" marks. WASH. REV. CODE ANN. § 19.77.160 (Supp. 1990). It lists several factors to consider in deciding whether a trademark is famous:

> (1) Whether the mark is inherently distinctive or has become distinctive through substantially exclusive and continuous use;
>
> (2) Whether the duration and extent of use of the mark are substantial;
>
> (3) Whether the duration and extent of advertising and publicity of the mark are substantial;
>
> (4) Whether the geographical extent of the trading area in which the mark is used is substantial;
>
> (5) Whether the mark has substantial renown in its and in the other person's trading areas and channels of trade; and
>
> (6) Whether substantial use of the same or similar marks is being made by third parties.

York Court of Appeals has stated that only the more celebrated marks may be protected from dilution.[92] A Florida appeals court found a mark to be sufficiently distinctive more by negative implication—whether the mark was used by third parties—than by positive evidence of distinction.[93] The Oregon Supreme Court has held that dilution protects a mark that is well known locally even if it is not known nationally.[94]

Because the categories of dilution claims represent an area of agreement, they are a good starting point for case law analysis. Each category will be discussed separately, but the standards used in one category often can be applied to the others.

A. *Dilution by Confusion*

Dilution by confusion is the least useful category from a plaintiff's perspective. In theory, it may make sense to assume that dilution follows from confusion. After all, if a consumer mistakenly believes that Company *B*'s goods are made, sponsored, or approved by Company *A*, then to the confused consumer, the value of Company *A*'s mark with respect to that consumer is lessened. Thus, assuming the propriety of the dilution doctrine in general, instances of confusion would seem to be good examples of dilution.[95]

The problem with using dilution in such instances can be summed up in two words: Why bother? Federal law—the Lanham Act—provides a remedy for confusion resulting from Company *B*'s use of a confusingly similar trademark as that of Company *A*. Company *A*'s trademark need not even be registered in order to qualify for federal protection.[96] Al-

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Id. Generally, these are useful factors. It is unclear, however, how a showing that the mark "has substantial renown" in an area differs markedly from tests used under other state laws. On the other hand, the limitation of "famous" marks should eliminate some of the relatively weak marks protected under other state statutes.

The statute also provides the following definition of dilution: " 'Dilution' means the material reduction of the distinctive quality of a famous mark through use of a mark by another person . . . ." *Id.* § 19.77.010(4). The statute provides a remedy for causing dilution, which would seem to indicate that evidence of actual, as opposed to likely, dilution is required. *See id.* § 19.77.160. As of this writing there were no cases interpreting the statute.

92. Allied Maintenance Corp. v. Allied Mechanical Trades, Inc., 42 N.Y.2d 538, 545, 369 N.E.2d 1162, 1166, 399 N.Y.S.2d 628, 632 (1977); 2 J. McCarthy, *supra* note 2, § 24:14. *But see* American Optical Corp. v. North Am. Optical Corp., 489 F. Supp. 443, 451 (N.D.N.Y. 1979) (stating that one need only show secondary meaning to claim dilution protection under New York law.).

93. Gaeta Cromwell, Inc. v. Banyan Lakes Village, 523 So. 2d 624, 625-26 (Fla. Dist. Ct. App. 1988); *see* Midwest Research Inst. v. S & B Promotions, Inc., 677 F. Supp. 1007, 1017 (W.D. Mo. 1988) (holding that under a Missouri statute a mark need only have "secondary meaning" to merit protection).

94. *Wedgwood Homes, Inc.*, 294 Or. at 499 & n.9, 659 P.2d at 381 & n.9.

95. *See* James Burrough Ltd. v. Sign of Beefeater, Inc., 540 F.2d 266, 274 n.16 (7th Cir. 1976) (stating that dilution necessarily follows from confusion).

96. *See* Lanham Act § 43(a), 15 U.S.C. § 1125(a) (1988).

though courts were restrictive at one time in protecting against various uses of trademarks on noncompeting goods, that is no longer the case.[97] Thus, in confusion cases, a separate state remedy is redundant.

A possible argument can be made against redundancy. In a case in which the issue of confusion is a close one, the availability of a dilution claim may make the court more comfortable in concluding that there is actual confusion. The court may reason that if confusion is "reasonably possible," even if not "likely," dilution probably would exist, and the same remedy would ensue. There are, however, several difficulties with this line of reasoning. First, its honesty is questionable. Although this may seem a naive and impractical view, judicial policy should be made openly. If the court uses dilution to cover a weak case for confusion, it should do so openly, without obfuscating. Second, this reasoning makes the development of both trademark and dilution theory uncertain. When courts do not say what they really are doing, other courts may draw improper conclusions from the resulting precedent. Finally, the remedy may not be the same for dilution and confusion. Damages, although seldom awarded, are available for trademark infringement (in which confusion is a necessary element),[98] but damages normally are not available for dilution.[99] Moreover, a federal court acting under federal law clearly can issue a nationwide injunction. A federal or state court's power to do that under a state law is unclear.[100]

Many courts have taken the view that dilution claims are unnecessary when confusion exists. In several cases, courts have refused to consider dilution claims once a remedy is found under federal trademark law.[101] When courts do allow both claims—the court finds confusion

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97. *See, e.g.*, L.E. Waterman Co. v. Gordon, 72 F.2d 272 (2d Cir. 1934) (fountain pen and razor blades); National Football League v. Governor of Delaware, 435 F. Supp. 1372 (D. Del. 1977) (suit by football league against use of NFL in conjunction with state lottery); Bacardi & Co. v. Bacardi Mfg. Jewelers, 174 U.S.P.Q. (BNA) 284 (N.D. Ill. 1972), *aff'd*, 475 F.2d 1406 (7th Cir. 1973) (rum and jewelry); Allstate Ins. Co. v. Allstate Inc. Co., 307 F. Supp. 1161 (N.D. Tex. 1969) (insurance company and a car wash).

98. Lanham Act § 35, 15 U.S.C. § 1117(a); *see id.* § 32, 15 U.S.C. § 1114.

99. The *Model State Trademark Act*, which is used by most states with antidilution laws, provides only for injunctive relief. *See* MODEL STATE TRADEMARK ACT § 12 (1964), *reprinted in* 2 J. MCCARTHY, *supra* note 2, § 22:4, at 35. The Washington state statute permits damages in limited circumstances. *See, e.g.*, WASH. REV. CODE ANN. § 19.77.160 (Supp. 1990) (authorizing damages when the junior user "willfully intended . . . to cause dilution of the owner's mark").

100. *See* American Dairy Queen Corp. v. RTO, Inc., 16 U.S.P.Q.2d (BNA) 1077 (N.D. Ill. 1990); Hyatt Corp. v. Hyatt Legal Servs., 610 F. Supp. 381, 383-84 (N.D. Ill. 1985) (refusing to grant a nationwide injunction, citing commerce clause problems).

101. *See, e.g.*, Quabaug Rubber Co. v. Fabiano Shoe Co., 567 F.2d 154, 161 n.14 (1st Cir. 1977); Union Carbide Corp. v. Ever-Ready Inc., 531 F.2d 366, 389 (7th Cir.), *cert. denied*, 429 U.S. 830 (1976); *see also* Mobil Oil Corp. v. Pegasus Petroleum Corp., 818 F.2d 254, 260 (2d Cir. 1987); E. Remy Martin & Co. v. Shaw-Ross Int'l Imports, 756 F.2d 1525, 1534 (11th Cir. 1985); Robarb, Inc. v. Pool Builders Supply of the Carolinas, 696 F. Supp. 621, 629 n.3 (N.D. Ga. 1988) (finding

and permits a claim for dilution—relief can be a problem. At first glance it would seem simple: the same injunctive relief would serve both claims. But the remedy is not that simple. Often courts will not delineate with great specificity the acts being restrained. In one case in which the court did attempt to delineate specific acts in the injunction, the injunction also restrained the defendant from using the plaintiff's mark on chemical metering pumps or using any other notation that would be likely to confuse, to deceive, or "to cause dilution of the distinctive quality" of the plaintiff's trademark.[102] Although the injunction did attempt to be specific in parts,[103] the inclusion of the catch-all language is troubling. Unless the acts constituting "dilution"—other than those specified in the injunction—are defined with reasonable precision, the defendant will find it difficult to determine which acts are enjoined. Indeed, a defendant must guess about what would be likely to cause dilution without knowing what constitutes dilution. The result could be significant overdeterrence of lawful activity by the defendant. Furthermore, it has been held that state law might not require a balancing of the equities before an injunction is issued,[104] thus giving a court an excuse to avoid the normal requirements for an injunction against alleged infringement. In light of these problems, no remedy for dilution should be available when only a likelihood of confusion is shown.

B. Dilution by Parody and Tarnishment

Perhaps the most judicially favored cases of dilution prevention are cases concerning disparaging parodies of trademarks. One of the earlier examples involved a poster manufacturer who parodied the Coca-Cola mark "Enjoy Coca-Cola" by creating a poster saying "Enjoy Cocaine" and using the same script style with the distinctive red and white background used by Coke.[105] Clearly unhappy with the defendant's poster, the court conceded that in the strict trademark sense there was no confusion or passing off, but there was a sufficient showing that the defendant's use had impaired the selling power of the plaintiff's mark.[106] Oddly, this statement was not made in connection with Coca-Cola's dilution claim under state law. In discussing the dilution claim, the court stated that confusion did exist and noted that the state remedy was

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injunction against federal violations sufficient to protect against dilution).

102. AMF Inc. v. Jewett, 711 F.2d 1096, 1115 (1st Cir. 1983).

103. *See, e.g., id.* (in paragraph 1(b)(i)-(iv) of the order, the court makes specific reference to permitted acts).

104. Gilbert/Robinson, Inc. v. Carrie Beverage-Missouri, Inc., No. 85-2471C(5), 1991 U.S. Dist. LEXIS 2432 at *36-37 (E.D. Mo. 1991) (LEXIS, Genfed library, Dist. file).

105. Coca-Cola Co. v. Gemini Rising, Inc., 346 F. Supp. 1183 (E.D.N.Y. 1972).

106. *Id.* at 1191.

appropriate in any event.[107]

The entire subject of trademark parodies is complicated by the frequently inappropriate use of traditional trademark doctrine to enjoin such parodies. Courts often will strain to find confusion and justify an injunction under federal law. This has prompted justifiable criticisms by commentators.[108]

As dilution has become a more accepted doctrine, courts increasingly have used it to enjoin perceived tarnishments of trademarks. In a more recent action by Coca-Cola, the company sued to enjoin a candy manufacturer from producing a bubble gum in white powder form sold in bottles resembling Coca-Cola bottles.[109] Enjoining the production of the defendant's bottles of candy, the court cited the earlier "Enjoy Cocaine" case as analogous to the candy case.[110] The court clearly was concerned that the bubble gum resembled cocaine and, in the current climate of concern about drug abuse, could sully the reputation of Coke.[111]

In another case the American Express Company successfully sued the maker of a novelty "condom card" that resembled the well-known American Express card.[112] The court acknowledged that there was no evidence of likely confusion between the two products or their sources.[113] The court also admitted that, although confusion is unnecessary for dilution, a plaintiff's precise burden of proof is uncertain.[114] Nevertheless, the court cited two factors in granting relief. One was the defendant's "predatory intent" in attempting to exploit the recognizability of the plaintiff's trademark for its own commercial benefit.[115] Second, and perhaps more telling, the court expressed concern that the defendant's conduct might tarnish the reputation of American Express's products.[116] But there was no apparent showing by American

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107. *Id.* at 1192. Apparently, the court felt that a few critical letters received by Coca-Cola were evidence of confusion concerning Coca-Cola's approval of the poster.

108. *See, e.g.*, Dorsen, *Satiric Appropriation and the Law of Libel, Trademark and Copyright: Remedies Without Wrongs*, 65 B.U.L. REV. 923, 926, 941 (1985); *see also* Note, *Trademark Parody: A Fair Use and First Amendment Analysis*, 72 VA. L. REV. 1079, 1094-96 (1986).

109. Coca-Cola Co. v. Alma-Leo U.S.A., Inc., 719 F. Supp. 725 (N.D. Ill. 1989).

110. *Id.* at 728.

111. *Id.*

112. American Express Co. v. Vibra Approved Laboratories Corp., 10 U.S.P.Q.2d (BNA) 2006 (S.D.N.Y. 1989).

113. *Id.* at 2012.

114. *Id.* at 2013.

115. *Id.* The court also noted that such predatory intent was not the same as bad faith as defined under the Lanham Act. *Id.* Courts use bad faith as a factor in determining trademark infringement under the Lanham Act. *See, e.g.*, Mushroom Makers, Inc. v. R.G. Barry Corp., 580 F.2d 44, 47-48 (2d Cir. 1978), *cert. denied*, 439 U.S. 1116 (1979).

116. *Vibra Approved Laboratories*, 10 U.S.P.Q.2d (BNA) at 2014.

Express of any likely problem. Thus, without requiring an affirmative showing by the plaintiff of real injury, the court granted injunctive relief.

Interestingly, the trademark "Greatest Show on Earth," used by Ringling Brothers-Barnum & Bailey circus, has been the subject of conflicting decisions. In a 1971 case a federal district court refused to enjoin an advertisement for a Caribbean cruise using the slogan "The Greatest Show on Earth Isn't."[117] In a more recent case, the Seventh Circuit invoked the Illinois antidilution law and enjoined a car dealership from using the slogan "The Greatest Used Car Show on Earth."[118] These two cases indicate both the uncertain boundaries of lawful parody and the increased willingness of courts to grant dilution relief in the last decade.

Trademark parodies are a doctrinally confused area in general, and the parody dilution cases reflect this problem. Many courts obviously are searching for ways to halt what are perceived as slights on well-known marks and unauthorized capitalization on the success of well-known marks. Although the parody cases raise many of the same problems as other dilution cases, they also exhibit some distinctive problems.

In its frequently cited decision in *Sally Gee, Inc. v. Myra Hogan, Inc.*,[119] the Second Circuit set forth certain factors to be considered in a dilution case. One of these is predatory intent.[120] When such intent is found, there is a greater probability that a remedy for dilution will be granted. The essence of parody is to capitalize on the notoriety of the parodied mark. Predatory intent is a given, and consequently, parodies start off behind the eight ball, so to speak, when a lawsuit is filed.

The predatory intent factor, however, overlooks the essence of a dilution claim—the supposed "whittling away" of the distinctiveness of the well-known trademark. The parodist's interests are antithetical to this diminution in the power of the mark. The parodist wants the famous mark to continue to be famous in order to assure the continued success of the parody. If the mark becomes diluted, the parodist's business becomes less successful.[121] Although this is true to some degree for

117. Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Chandris Am. Lines, 321 F. Supp. 707, 713 (S.D.N.Y. 1971).

118. Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Celozzi-Ettelson Chevrolet, 855 F.2d 480, 482-85 (7th Cir. 1988). In this case the district court also found likelihood of confusion, making the dilution analysis somewhat less important. *See id.* at 485.

119. 699 F.2d 621 (2d Cir. 1983).

120. *Id.* at 626.

121. Of course, there may be some who will want to capitalize on the associational value only for a short time to turn a quick profit. The short-lived nature of such ventures, however, diminishes the likelihood of any long-term damage—such as dilution—from the parody.

other dilution situations, in these other circumstances the second user likely will not care about the dilution of the well-known mark once its own mark is established. Even with predatory intent, the pure dilution case—one not involving a parody—will either be a short-lived, grab-the-money-while-you-can matter or an attempt to establish a separate market for the second user's own product. By contrast, parodists require the continued fame of the well-known mark to continue their own success.

The first amendment presents another problem in parody cases. Although courts have waffled on the application of the first amendment in trademark cases,[122] at least some courts have recognized the potential first amendment difficulties raised by dilution. The most prominent of these decisions is *L.L. Bean, Inc. v. Drake Publishing, Inc.*[123] The defendant published a spoof of the L.L. Bean catalog, entitled *L.L. Beam's Back to School Sex Catalog*, in its *High Society* magazine. The format was made to look like an actual L.L. Bean catalog. The district court granted relief under the Maine antidilution statute,[124] but the First Circuit reversed.[125] The district court cited[126] the Second Circuit's discussion of the first amendment in *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*,[127] a case rejecting a first amendment argument on grounds that property rights, such as trademark rights, can supersede the exercise of free speech when alternative means of communicating the message are available.[128] The First Circuit disagreed with the district court's application of *Dallas Cowboys Cheerleaders* and its use of *Lloyd Corp. v. Tanner*,[129] a Supreme Court case that upheld the right of a private shopping mall owner to exclude antiwar leafleters.[130] The First Circuit stated that "[t]rademark rights do not entitle the owner to quash an unauthorized use of the mark by another

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122. *See, e.g.*, Mutual of Omaha Ins. Co. v. Novak, 836 F.2d 397 (8th Cir. 1987), *cert. denied*, 488 U.S. 933 (1988). In *Novak* the defendant produced T-shirts, caps, and mugs with a "Mutant of Omaha" logo as a protest against nuclear power. The logo was patterned after Mutual of Omaha's famous Indian mark. The court enjoined the defendant's use of the logo and rejected a first amendment defense, reasoning that the offending parody was used on articles which were sold and that alternative means existed for the defendant to communicate his point of view. 836 F.2d at 402. *See generally* Welkowitz, *Trademark Parody After* Hustler Magazine v. Falwell, 11 COMM. & LAW 65 (1989).

123. 811 F.2d 26 (1st Cir.), *cert. denied*, 483 U.S. 1013 (1987).

124. L.L. Bean, Inc. v. Drake Publishing, 625 F. Supp. 1531, 1538 (D. Me. 1986), *rev'd*, 811 F.2d at 26.

125. *L.L. Bean*, 811 F.2d at 34.

126. *L.L. Bean*, 625 F. Supp. at 1537-38.

127. 604 F.2d 200 (2d Cir. 1979).

128. *Id.* at 200.

129. 407 U.S. 551 (1972).

130. *Id.* at 552, 570.

who is communicating ideas or expressing points of view."[131] The court distinguished the case at hand from a situation in which the unauthorized use is purely commercial, without any attempt to comment on the values represented by the mark.[132] The mere fact that the use might be offensive did not preclude protection of the parody.[133]

The Supreme Court's decision in the so-called "Gay Olympics" case further complicates matters in this area.[134] The Court held that Congress could grant the United States Olympic Committee the exclusive right to use the word "Olympic" in connection with any athletic event.[135] The Court rejected a first amendment challenge to the law, holding that the use of the word Olympic in connection with the Gay Olympics was a form of commercial speech and that the statute was a reasonable regulation of such speech.[136] The case hints that a purely political use of a mark might merit greater protection than a commercial one. The Court cited, without apparent disapproval, a lower court case permitting the use of the word "Olympic" on a poster protesting the planned use of the Olympic Village in Lake Placid as a prison.[137] Because the spoof in *L.L. Bean* was created to poke fun at a value system and, thus, had value beyond the mere merchandise, the Olympic poster case is consistent with the *L.L. Bean* result.[138]

The Supreme Court's reasoning, however, would provide little guidance for those with mixed motives—to use a parody as both a trademark to sell goods and a means to poke fun at the actual trademark owner. *Jordache Enterprises v. Hogg Wyld, Ltd.*[139] is one such case. The defendant used the mark "Lardashe" with a smiling pig on blue

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131. *L.L. Bean*, 811 F.2d at 29 (citing Lucasfilm Ltd. v. High Frontier, 622 F. Supp. 931, 933-35 (D.D.C. 1985)).

132. *Id.* at 32.

133. *Id.* at 33. In a similar case, Pillsbury Co. v. Milky Way Prods., 215 U.S.P.Q. (BNA) 124 (N.D. Ga. 1981), the plaintiff obtained an injunction against a *Screw* magazine parody of the Pillsbury "Poppin Fresh" and "Poppie Fresh" characters. The *L.L. Bean* court distinguished *Pillsbury* on the grounds that the latter court did not determine whetber parody is a defense to a dilution claim. *L.L. Bean*, 811 F.2d at 33 n.5. This, however, is a thin distinction. The *Pillsbury* court should have recognized and decided the constitutional issue since it was raised as a defense to the copyright aspects of tbe case.

134. San Francisco Arts & Athletics, Inc. v. United States Olympic Comm., 483 U.S. 522 (1987).

135. *Id.* at 534-35.

136. *Id.* at 533-37. The Court has held in several cases that commercial speech does not merit the same level of protection as other forms of speech. *See, e.g.*, Friedman v. Rogers, 440 U.S. 1, 10 n.9 (1979).

137. *San Francisco Arts*, 483 U.S. at 536 n.14 (citing Stop the Olympic Prison v. United States Olympic Comm., 489 F. Supp. 1112 (S.D.N.Y. 1980)).

138. *Cf. Lucasfilm*, 622 F. Supp. at 934-35 (rejecting George Lucas's attempt to prevent the use of the words Star Wars in advertisements protesting the Strategic Defense Initiative).

139. 828 F.2d 1482 (10th Cir. 1987).

jeans for women, obviously a parody of the plaintiff's "Jordache" mark for high fashion jeans.[140] The court recognized that first amendment concerns were somewhat low in this case.[141]

In most parody cases, problems of mixed motives will exist; and in most cases, the commercial bent of the parodist will be found to outweigh any independent satirical benefits derived from the parody. Situations range from the *L.L. Bean* case in which *High Society* magazine's desire to sell magazines is matched with the independent value of its parody, through the *American Express* case in which the commercial motive underlying the "condom card" is arguably stronger, to the *Jordache* case in which the commercial motive is clear. The range of motives in just these three cases illustrates the difficulties courts have in deciding which parodies are worthy of first amendment protection and which are not.

Moreover, there is a general tendency in parody cases to downgrade the first amendment values at stake in favor of protecting the property rights of the owner of the well-known mark.[142] This downgrading is peculiar when compared with defamation cases. To recover in a libel action, well-known individuals must overcome a high standard of proof.[143] Yet a property (trademark) owner can enjoin an alleged tarnishing of its property with little or no showing of harm. True, often the parodist's motive is little more than making a profit, but drawing the line between legitimate parodies that make profits and unlawful parodies is not always easy. Furthermore, simply because the commercial speech doctrine gives less protection to trademark parodies does not mean that no protection is available. In an individual case, to say that the property interest automatically outweighs the interest of the parodist should be insufficient. This raises the more general problem, discussed elsewhere in this Article, of why we protect against dilution. If there is scant public interest to support dilution generally, there should be even less reason to uphold these rights when weighed against even minimal first amendment values.

The *Jordache* case raises another issue with respect to parodies. In *Jordache* the court upheld a finding that, rather than diminishing the plaintiff's trademark, the "Lardashe" parody tended to "*increase* public

140. *Id.* at 1485. The parody is clearer when one considers that the defendant specialized in jeans for women who wear larger sizes.

141. *Id.* at 1490 n.7. The court still refused, however, to grant any relief under the New Mexico antidilution statute. *Id.* at 1491.

142. *See, e.g.*, Mutual of Omaha Ins. Co. v. Novak, 836 F.2d 397 (8th Cir. 1987), *cert. denied*, 488 U.S. 933 (1988); Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd., 604 F.2d 200, 206 (2d Cir. 1979).

143. New York Times v. Sullivan, 376 U.S. 254 (1964) (requiring a showing of actual malice for public officials to recover in defamation cases).

identification of a plaintiff's mark with the plaintiff."[144] Thus, the court concluded that no dilution will take place unless the parodist is viewed by the public as being associated with the trademark owner.[145] Finding no such association, the court denied any relief.[146]

The *Jordache* court's analysis is consistent with one's expectations of a parodist's intent. As noted earlier, the continued success of the parody depends on the continued success of the well-known mark.[147] In theory, then, the parodist wants the parodied mark to remain well known—not to be diluted—*and* does not want the public to assume a close relationship between the parodist and the owner of the well-known mark. The question becomes whether this intent is consistent with what actually occurs. To test the proposition, consider the implications of the position of the trademark owner claiming dilution by parody. According to the owner, the parody will have the effect of making people think of more than one thing when they see the owner's mark. Over time, the allowance of such parodies will cause consumers, when they see the owner's mark in its nonparodied state, no longer to think only of the product or products upon which that mark appears. The instant association, for example, between Kodak and photographic equipment will be lost.

In the case of trademark parodies this makes little sense. Even if a "condom card" reminds consumers of an American Express card, there is no reason to believe—even if sales of condom cards reach epic proportions—that consumers will lose the connection between American Express's mark and the financial services company it represents. Even if other novelty cards with the American Express symbol were to be sold, this would not dilute the mark. The assumption is that people are not confused about the source of sponsorship of the goods. Therefore, people will recognize it as a joke and treat it accordingly. American Express would have us believe, without proof, that people will become befuddled by all of the novelty cards and items, thereby lessening the power of the mark.

The cases of parodies that border on or cross the line of good taste are not exceptions. Sexual innuendo[148] and drug-oriented parodies[149]

144. *Jordache*, 828 F.2d at 1490 (quoting Jordache Enters. v. Hogg Wyld, Ltd., 625 F. Supp. at 57 (D.N.M. 1985) (emphasis added)).

145. *Id.* at 1491.

146. *Id.*

147. *See supra* note 121 and accompanying text.

148. *See* L.L. Bean, Inc. v. Drake Publishers, Inc., 811 F.2d 26 (1st Cir.), *cert. denied*, 483 U.S. 1013 (1987); General Elec. Co. v. Alumpa Coal Co., 205 U.S.P.Q. (BNA) 1036 (D. Mass. 1979); Girl Scouts of the United States v. Personality Posters Mfg. Co., 304 F. Supp. 1228 (S.D.N.Y. 1969).

149. *See* Coca-Cola Co. v. Alma-Leo U.S.A., Inc., 719 F. Supp. 725 (N.D. Ill. 1989); Coca-Cola

may be offensive, but they do not change the analysis. In the first place, the parodist still uses the fame of the parodied mark to be successful. The expressed fear in these cases is that the public will be repelled at the association between the wholesome mark and the parody and, thus, will refuse to purchase the goods of the trademark owner.[150] Even if this fear were well founded, it does not follow that dilution is the proper cause of action for relief. Among the most notorious cases of this kind are *Dallas Cowboys Cheerleaders* and the "Enjoy Cocaine" case.[151] In the former, the court determined without much evidence that there would be a loss of goodwill by the Dallas Cowboy cheerleaders through association with the X-rated movie;[152] in the latter, the court cited some communications to Coke from irate consumers as evidence of the problem.[153] If these can be shown to be inappropriate dilution cases, then lesser parodies are no more deserving of protection.

The first problem with using dilution in these cases is that the harm perpetrated by the parody really is not dilution. Consumers may refuse to buy from those manufacturers as a result of the parody, but that does not mean that the trademark has lost its power to identify a specific source of goods. Undoubtedly, the irate consumers of Coke in *Gemini Rising* will continue to recognize the Coca-Cola trademark as symbolic of products of the Coca-Cola Company. The problem is not so much that the public's recognition of the mark will be diminished; rather, the problem is that whatever good feelings the public has about the mark and the goods or services it represents will be replaced by bad feelings. A rough nondilution analogy would be either the Exxon mark shortly after the Exxon Valdez oil spill in Alaska or the Tylenol mark shortly after several people were poisoned by adulterated Tylenol capsules. In each case, the public's recognition, if anything, was heightened, but the effect on company sales may have been detrimental. The same problem arises in the *Dallas Cowboys Cheerleaders* situation. If dilution is described as "blurring" of the mark,[154] then the problem with these parodies is not "blurring" but rather is injury to business reputation.

This is not to say, however, that Coca-Cola should be without a remedy. When the company can demonstrate harm to its reputation, and when the parody has little or no independent value, a remedy

Co. v. Gemini Rising, Inc., 346 F. Supp. 1183 (E.D.N.Y. 1972).

150. *See Gemini Rising*, 346 F. Supp. at 1189 & n.9.

151. *Dallas Cowboys Cheerleaders*, 604 F.2d at 200; *Gemini Rising*, 346 F. Supp. at 1183.

152. *Dallas Cowboys Cheerleaders*, 604 F.2d at 205, 207.

153. *Gemini Rising*, 346 F. Supp. at 1189 n.9.

154. Sally Gee, Inc. v. Myra Hogan, Inc., 699 F.2d 621, 625 (2d Cir. 1983). For a discussion of "blurring," see *infra* notes 221-22 and accompanying text.

should be provided.[155] But it should be based on real evidence of harm, not mere speculation.

In reality, the tarnishment and parody cases reflect two concerns: The varying attitudes of individual judges toward the particular parodies and a general dislike of one merchant gaining a free ride on the hard-earned reputation of another. The former is an inappropriate way to decide who gets relief. The latter is a reflection of a central problem with the dilution doctrine—that its roots are really in the doctrine of misappropriation[156] rather than trademark.

A further issue, not unique to tarnishment, is the level of damage required for relief. If a very small number of irate consumers stop buying Coke because of the "Enjoy Cocaine" poster, should that entitle Coca-Cola to relief? Probably not. In the area of false advertising, the Federal Trade Commission is moving from a "fool's test"—in which advertising that only a fool would misperceive is actionable[157]—to a reasonable consumer test.[158] The analogy is not transferred readily to a trademark situation in which the advertiser may seek to develop somewhat irrational responses to the mark,[159] but the idea of a reasonable showing of damage should be in order.

C. *Dilution by "Genericide"*

It has long been standard trademark law that when a mark ceases to identify a unique source of a good, but instead becomes the common name for the good, the mark loses its legal protection as a trademark.[160] Thus, it is important for a trademark owner diligently to guard the mark against generic uses. An accepted but seldom-used doctrine has developed that allows the use of state antidilution statutes to protect

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155. When the parody has independent value, the case should be treated as a form of libel, and remedies should be granted under conditions similar to libel cases. *Cf.* Bose Corp. v. Consumers Union, 529 F. Supp. 357 (D. Mass. 1981) (applying *New York Times v. Sullivan* standard in a libel case against the publisher of *Consumer Reports* for disparaging the plaintiff's stereo speakers, on assumption that Bose was a public figure), *rev'd on other grounds*, 692 F.2d 189 (1st Cir. 1982), *aff'd*, 466 U.S. 485 (1984); *see also* Welkowitz, *supra* note 122, at 71-72.

156. *See* International News Serv. v. Associated Press, 248 U.S. 215 (1918) (upholding the right of the Associated Press (AP) to prevent a competitor from reprinting AP news while it was still newsworthy).

157. *See* Charles of the Ritz Distrib. Corp. v. FTC, 143 F.2d 676, 679-80 (2d Cir. 1944).

158. *See In re* Cliffdale Assocs., 103 F.T.C. 110 (1984) (adopting as the FTC's test for deception a standard that looks to whether the consumer was "acting reasonably under the circumstances").

159. *See* Oddi, *Consumer Motivation in Trademark and Unfair Competition Law: On the Importance of Source*, 31 VILL. L. REV. 1, 5 (1986) (discussing "impulse" buying).

160. *See, e.g.*, Kellogg Co. v. National Biscuit Co., 305 U.S. 111, 116 (1938) (finding "Shredded Wheat" to be generic).

against uses of a mark that can cause it to become generic.[161] This use of dilution, however, is flawed both in terms of what dilution is supposed to be about and in terms of what the law should be protecting.

First, the classic illustration of dilution—namely, the noncompeting use of a well-known mark—usually is not the process by which a mark becomes generic through another's use. If a company were to manufacture a Waterman chair, that would not make the consuming public likely to consider the name Waterman to be the same thing as a fountain pen. Using dilution to combat potential genericism, therefore, takes the doctrine somewhat afield from its roots. It assumes a use that is related in some way to the actual use of the mark.

Genericide is an issue in only a few types of situations. Advertisements represent one of these situations. The majority of advertisements at issue probably would be placed by someone identifiable as a competitor, but this need not be true. A current advertisement for Advil, a pain reliever based on the drug ibuprofen, provides a possible example. The advertisement says "First came aspirin, then Tylenol, and now there is something new." Aspirin, which was once a trademark but is now generic,[162] and Tylenol each use separate pain-relieving substances, and Advil is different from both. The maker of Advil seems to be using Tylenol as a generic name for acetaminophen-based pain relievers. The use of the mark in a literary work, such as a book or magazine article, represents another situation in which genericide would be an issue. A writer easily might use Tylenol generically in a story. A related situation would arise with a generic use of the mark in reference books, such as dictionaries.[163]

Between these two situations, an actual case illustrates a third scenario. In *Selchow & Righter Co. v. McGraw-Hill Book Co.*,[164] McGraw-Hill planned to publish a book entitled *The Complete Scrabble Dictionary*. Selchow and Righter, owners of the Scrabble trademark, successfully asserted that publication of the book without any indication of Scrabble's trademark status would violate New York's antidilution

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161. *See* Jordache Enters. v. Hogg Wyld, Ltd., 828 F.2d 1482, 1489 (10th Cir. 1987); Plasticolor Molded Prods. v. Ford Motor Co., 713 F. Supp. 1329, 1344 (C.D. Cal. 1989). In *Plasticolor* the court called the term "genericide" "a malapropism" and suggested it would be more accurate to refer to "generization" or "trademarkicide." 713 F. Supp. at 1344 n.22; *see also* Wolf, *Trademark Dilution: The Need for Reform*, 74 TRADEMARK REP. 311, 319-22 (1984).

162. *See* Bayer Co. v. United Drug Co., 272 F. 505, 510-11 (S.D.N.Y. 1921) (determining that "Aspirin" is generic).

163. *See generally* Lunsford, *Trademarks and Semantics: The Use and Misuse of Trademarks in Dictionaries and Trade Journals*, 62 TRADEMARK REP. 520 (1972); Robb, *Trademark Misuse in Dictionaries: Inadequacy of Existing Legal Action and a Suggested Cure*, 65 MARQUETTE L. REV. 179, 185-89 (1981).

164. 439 F. Supp. 243 (S.D.N.Y. 1977), *aff'd*, 580 F.2d 25 (2d Cir. 1978).

law.[165] The use of the mark was not simply incidental to another purpose, as in a book, nor was it part of an advertisement. Nevertheless, as a literary work that uses the mark to promote itself, the use contains characteristics of both.

These situations also can arise in two different contexts. In undoubtedly the most common context, the use is not intended to injure the mark; it simply is used to make a point, either literary or commercial. In the other, the use is a deliberate attempt to destroy the mark.

In analyzing the cases in which dilution by genericide is an issue, problems develop in three main areas: Distinguishing between good and bad faith uses of a trademark, distinguishing misappropriation from dilution, and the implication of free speech interests and the imperatives of competition. Each of these areas will be addressed separately.

1. Bad Faith Uses of a Trademark

A deliberate attempt to destroy a mark raises some difficult problems. If the evil person, or "bad faith user," is a direct competitor, there are practical reasons for that user to be careful about its use of the mark. Using a competitor's mark in a generic sense, while trying to sell one's own brand of the same items, is awkward. For the intelligent consumer who will see that the two names are merely brand names of the same type of good, the competitor's use of the original mark may enhance the original mark. The consumer may believe the original "generic" one to be better because even its competitor highlighted the original when advertising.

Even if the bad faith user is not a competitor, some traps may exist. The destruction of a trademark can be a tort, independent of dilution. The theory of prima facie tort supports this view. An attempt to destroy another's property, without excuse, is the subject of general tort law protection.[166] It certainly presents an honest and more direct way of dealing with the issue. The bad faith user, then, could defend by pointing to an excuse—such as the independent literary value of the work or the need to use the mark to compete effectively in a monopolistic or oligopolistic field. Because these excuses represent values the public may want to support, allowing such uses of the mark should not be too troubling.

2. Misappropriation versus Dilution

In the realm of "good faith" generic uses of the mark, one can divide the uses into two categories: Uses that contain elements of misap-

165. 439 F. Supp. at 245-46.
166. RESTATEMENT (SECOND) OF TORTS § 870 (1979).

propriation or free riding on the fame of the mark and uses that do not. The former group would include many advertisements, particularly comparative advertisements of "the x-type good" genre.[167] Whether the Advil advertisement discussed above falls into this category is open to question. Although the generic use of the Tylenol mark makes the advertisement more effective, it is unclear whether the Advil manufacturers are trying to gain market share on the coattails of Tylenol. On the other hand, the advertisement is implicitly comparative, comparing Advil brand ibuprofen pain reliever with "Tylenol-type" (and aspirin-type) pain relievers. Somewhat ironically, the Scrabble dictionary looks more like an appropriation than does the Advil advertisement. The book definitely trades on the fame of the Scrabble mark.

Initially, one might ask whether states intended to give relief under their antidilution laws for nonmalicious, nonappropriating uses of the trademark. On the face of the statutes, the answer appears to be yes. The typical statute simply provides for a remedy when the plaintiff shows dilution of a mark.[168] Neither an intent requirement nor a misappropriation requirement is contained in the statute.[169] Granting a remedy also is consistent with the prevailing metaphor of dilution—a gradual "whittling away" at the strength of the mark. Nevertheless, several reasons counsel either denying the remedy under the statute or amending the statutes.

Consider first the problems of generic use of marks in advertising.[170] The court discussed this issue in *Diversified Marketing, Inc. v. Estee Lauder, Inc.*[171] Diversified and Estee Lauder each made a line of cosmetics. Diversified's advertising claimed that "if you like Estee Lauder's products you'll love ours." The New York federal court first decided that in the absence of likelihood of confusion, no unfair competition claim arose. Because Estee Lauder made no showing of such confusion, the court denied its motion for summary judgment.[172] The court then addressed the dilution claim. Estee Lauder argued that the advertisement tended to make the Estee Lauder mark generic. The court dis-

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167. For example, an advertiser may say that its film is "Kodak-type" film.

168. *See, e.g.*, N.Y. Gen. Bus. Law § 368-d (McKinney 1984).

169. Indeed, a major problem is that these statutes do not define the term "dilution." *See* Pattishall, *Dilution Rationale, supra* note 15, at 627.

170. *See generally* Note, *Antidilution Statutes: A New Attack on Comparative Advertising*, 61 B.U.L. REV. 220 (1981). After a general discussion of the issue of dilution and comparative advertising, including generic use of marks, the author concludes that "informative comparative advertising" should not be subject to antidilution laws, hut that those laws may be used against "persuasive comparative advertising." *Id.* at 226-27, 244. The argument is too lengthy for presentation here, but suffice it to say that I do not agree with that conclusion, at least as it relates to persuasive advertising.

171. 705 F. Supp 128 (S.D.N.Y 1988).

172. *Id.* at 133.

agreed, stating that Diversified's advertisements did not cause customers "to say 'Let's go buy an Estee Lauder.' "[173] The court also noted that the value of the comparison is lost if the Estee Lauder mark becomes generic.[174] This approach is consistent with the general tendency in the courts to permit comparative advertising as long as it is not false or misleading.[175]

In *Norton Co. v. Newage Industries*,[176] however, a Pennsylvania federal court enjoined an advertisement on the grounds that it would make another's mark lose its significance. In that case, the plaintiff owned the mark Tygon for various commercial plastic products. The defendant was marketing its product as a "Tygon-type" product. Citing irreparable injury to the strength of the Tygon mark, the court granted relief.[177] Although it purported to act under the Lanham Act by finding likelihood of confusion,[178] the problem clearly was not confusion but dilution by "genericide."

The *Norton* case represents a common type of advertising—the use of a famous mark as a point of comparison for the competitor. A variant of this situation is the "add-on" product—a product designed to work with a famous name product, not really to replace it. A subset of this category includes replacement parts designed to work with famous brand products. In *Polyglycoat Corp. v. Environmental Chemicals, Inc.*[179] the plaintiff manufactured an automobile paint sealant whose Polyglycoat name was well known. The defendant manufactured a product to remove such sealants in preparation for auto repair work.[180] "Polyglycoat TM Remover" appeared on the product label; its advertisement proclaimed "Wipe Away PolyGlycoat TM."[181] The plaintiff claimed both trademark infringement (confusion) and dilution. Without citing any evidence in the record, the New York federal court concluded that the two products "are sufficiently related that consumers are likely to confuse the source of origin."[182] The crux of the problem, however, can be gleaned from the court's discussion of irreparable harm, specifically its statement that the dilution caused by the defendant's free use of the Polyglycoat mark poses a real danger because it will render the

173. *Id.* at 134.
174. *Id.*
175. *See* Smith v. Chanel, Inc., 402 F.2d 562, 565-66 & n.11 (9th Cir. 1968).
176. 204 U.S.P.Q. (BNA) 382 (E.D. Pa. 1979) (a case cited by the *Diversified* opinion).
177. *Id.* at 384.
178. *Id.*
179. 509 F. Supp. 36 (S.D.N.Y. 1980).
180. *Id.* at 37. The defendant called its product Polycracker. Although there is some similarity between the two marks, that was not the cause of the plaintiff's claim. *Id.* at 38.
181. *Id.* at 37.
182. *Id.* at 39.

mark generic and, therefore, unprotectable.[183] Still, the court did not enjoin completely the defendant's use of the Polyglycoat mark. Rather, it restricted the kind of typeface used to promote its product as a Polyglycoat remover and required a specific disclaimer.[184]

Decisions such as *Norton* and *Polyglycoat* represent attempts to address what evidently is seen as a dual problem: the free rider issue and the loss of control that can lead to a mark becoming generic.[185] The question becomes whether restrictions on comparative advertising are merited to protect against genericism, and if so, what restrictions are necessary. On one side of the argument, the owners of well-known marks cite the time and money spent developing their marks.[186] They are understandably unhappy at the prospect of losing advertising vehicles. They also perceive unfairness in competitors using their well-known marks in order to compete effectively.

To counter these owners' concerns by allowing dilution concepts to control advertising—whether under state statutes or the Lanham Act analysis sometimes employed—also presents problems. Most obviously, this solution places the legal system on the side of a trademark owner, which may be monopolistic and anticompetitive. The *Norton* case barred a direct competitor from its most effective means of competition—comparison with the best known brand.[187] The *Polyglycoat* case deterred a possibly useful product from entering the marketplace. This use of the dilution concept even may be a way of delaying entry of a product until the trademark owner develops a similar product. Neither of these two cases cited any evidence of actual harm, nor could either court point to evidence that its statements of potential harm had any empirical justification beyond a gut feeling. Moreover, the trademark owner has at hand a practical remedy—more advertising stressing the

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183. *Id.* In a footnote the court stated that an injunction also might be proper under New York's antidilution law, even if there were no likelihood of confusion. *Id.* at 39 n.6.

184. *Id.* at 40.

185. In discussing tests for likelihood of confusion, the *Polyglycoat* court included "gain[ing] unfair economic advantage from the use of the mark" as a form of confusion. *Id.* at 38.

186. The *Norton* court cited substantial sales and extensive advertising in its opinion. *Norton*, 204 U.S.P.Q. (BNA) at 383. In *Polyglycoat* the court cited the plaintiff's $50 million of sales and $7 million yearly advertising budget compared with $35,000 worth of sales for the defendant. *Polyglycoat*, 509 F. Supp. at 37. Trademark owners with extensive sales and advertising budgets often seem to succeed against lesser financed opponents. *See, e.g.*, Vitarroz Corp. v. Borden, Inc., 644 F.2d 960 (2d Cir. 1981); Mushroom Makers, Inc. v. R.G. Barry Corp., 580 F.2d 44 (2d Cir. 1978) (requiring only a disclaimer of defendant), *cert. denied*, 439 U.S. 1116 (1979). *But see* Manhattan Ind. v. Sweater Bee By Banff, Ltd., 627 F.2d 628 (2d Cir. 1980) (permitting concurrent use by junior user of the mark).

187. *Norton*, 204 U.S.P.Q. (BNA) at 383 (citing the value of the TYGON mark owned by the plaintiff); *see also* Smith v. Chanel, Inc., 402 F.2d 562, 567 (9th Cir. 1968) (noting that the most effective way to compete often requires use of competitor's trademarks in advertising).

brand-name status of the goods to keep them from becoming generic. Although this advertising may not be successful in all cases, the public interest is on the side of competition.

Trademark owners could be expected to argue that having brand names to signify certain predictable levels of quality to the consumer serves the public interest. This may be true, but brand-name advertising also can create a situation in which the consumer buys on less-than-perfect information because the lesser known brands are barred from the advertising media.[188] Thus, the public interest does not clearly favor such protection.

Cases like *Selchow & Righter v. McGraw-Hill*[189] raise an even larger question. Is there any merit to protecting a mark from becoming generic other than by a systematic plan to destroy the mark? *McGraw-Hill* resembles *Polyglycoat* in that the former case dealt with an add-on product, namely a Scrabble dictionary. The court viewed the case as one of necessary policing to keep the mark from becoming generic.[190] The force of the opinion is reduced somewhat by an earlier case, *Selchow & Righter Co. v. Book-of-the-Month Club*,[191] in which the court denied a preliminary injunction against the defendant for violating the plaintiff's rights in the "Scrabble" trademark by publishing a book called The Scrabble Book. The *McGraw-Hill* case distinguished the *Book-of-the-Month Club* case on the grounds that the book in question in the latter case contained a registration symbol indicating Scrabble's trademark status. Allegedly, no such symbol was present in the Scrabble dictionary.[192] In either case, why should one have a right to enlist the court's aid in keeping a trademark from becoming generic when no consumer confusion exists?

As is true with most dilution cases, the dilution genericism cases contain elements of misappropriation or unjust enrichment.[193] Those

188. *See Chanel*, 402 F.2d at 567 (noting that the existence of well-known trademarks may constitute a barrier to entry by competitors).

189. 439 F. Supp. 243 (S.D.N.Y. 1977) (granting a preliminary injunction against distribution of a Scrabble dictionary that did not indicate clearly the trademark status of the Scrabble name), *aff'd*, 580 F.2d 25 (2d Cir. 1978).

190. 439 F. Supp. at 246.

191. 192 U.S.P.Q. (BNA) 530, 534 (S.D.N.Y. 1976).

192. *McGraw-Hill*, 439 F. Supp. at 246. The court, however, refused on insufficiency grounds an offer by McGraw-Hill to put a notice of Scrabble's trademark status in the front of the book. *Id.*

193. To the extent that the second user deceives or confuses the public, there would be a cause of action under either trademark infringement or common-law concepts of unfair competition. *See, e.g.*, Ronson Corp. v. Mills Sales Co., 113 U.S.P.Q. (BNA) 356, 356 (N.Y. Sup. Ct. 1957) (holding that sales of "Ronson-type" lighters could mislead or induce the public into assuming a connection between the plaintiff's products and the defendant's imitations).

who would uphold the trademark owner's claims[194] assume a right even greater than the property right inherent in dilution theory. These cases assume a perpetual right to a strong trademark, impervious to public usage. Strict application of dilution statutes in these cases would protect against the kind of public usage that results in a trademark becoming generic.

3. Free Speech and the Imperatives of Competition

One roadblock that may be overlooked in genericide cases is the first amendment problem. Although advertising uses may be considered commercial speech,[195] purely literary cases would be analyzed under normal first amendment principles. It is very unlikely that the government has a sufficient interest in protecting trademarks to warrant restricting authors' freedom to write as they see fit. Genericide dilution is unlike a tort such as defamation in which the injury to one side clearly outweighs the interest of the other party.[196] Owners of well-known trademarks resemble public figures. They advertise their marks to the public for the purpose of gaining celebrity for the mark. Celebrity for the mark brings greater market share for the owner of the trademark. One of the pitfalls of a very well-known mark—especially when it is by far the best known brand in that market—is that the connection between the brand name and the goods may become too close.[197] People may begin to refer to the good by the brand name instead of by its true generic name. Kleenex and Xerox are obvious examples. At some point the celebrated mark may become generic, but that very celebrity in part is the cause of the genericism.

If a trademark owner is given a right to enjoin literary works that use a trademark in a generic manner, will the owner also have a right against those who orally use the mark generically? The latter scenario certainly is further than courts currently are willing to go, but the former situation is not so different from the latter. Some would give a right against generic uses in dictionaries, which could be viewed as a category separate from literary works, and would argue that the trademark owner's rights outweigh those of the dictionary publisher.[198] This

194. There are few cases of this kind, perhaps reflecting the courts' reticence to give such sweeping protection to trademarks.

195. *See* Friedman v. Rogers, 440 U.S. 1 (1979) (analyzing a dispute involving a trademark for optician services under the commercial speech doctrine).

196. *E.g.*, Getz v. Robert Welch, Inc., 418 U.S. 323, 347-48 (1974) (balancing the interests of private parties against the right to disseminate information).

197. *See* Anheuser Busch, Inc. v. The Stroh Brewery Co., 750 F.2d 631, 647, 649 (8th Cir. 1984) (Bright, J., dissenting) (stating that "little doubt exists . . . that LA [beer] will come to be synonymous with low alcohol in the consumer's mind").

198. Robb, *supra* note 163, at 183-84.

conclusion rests on the assumption that a dictionary definition containing the generic definition for a brand name is inaccurate. It further assumes that the public is served better by having an accurate dictionary definition and by having a trademark with which to identify the goods, without blurring the lines between them.[199] Although the definition may be technically inaccurate, it most likely is functionally accurate. Barring a deliberate attempt to destroy the mark, the dictionary presumably reflects the publisher's perception of the actual use of the term. The mark is already on its way to becoming generic. The countervailing benefit to the public from preventing this use of the mark is speculative. Any gain received from trademark identification may be lost by irrational buying habits fostered by advertising, or by the high cost of competitive market entry fostered by the fame of the mark.[200] Finally, as a practical matter, only the best known trademarks in a field will be likely targets for generic use. Similar to a defamed public figure, owners of well-known marks usually have the resources to fight back. They can and do take steps to advertise to consumers that their mark is a brand name, not a generic name.[201] A well-known mark gives the owner a noticeable advantage with the consuming public. To give a dominant brand name a further advantage in court is not in the public interest; it simply favors the property interest of the trademark owner.

Serious free speech interests become important in the discussion of genericism. The tendency to assume that a corporate property interest overrides free speech interests is not novel.[202] Further, the bald assumption that harm to the trademark must be protected ignores competitive interests. The Third Circuit Court of Appeals has held that competitive need is a decisive factor in determining whether a mark is generic.[203] Nonmalicious generic uses of trademarks may enable a competitor to enter a market and compete successfully. As long as this use does not cause public confusion regarding an association between the two companies, the public interest is served better through competition than

199. *See id.* at 184 & n.22.

200. This latter problem also would exist if the trademark owner attempts to stop advertising by a competitor.

201. Xerox, for instance, frequently has advertised in the American Bar Association Journal imploring readers to remember that Xerox is a brand name. A.B.A. J., Oct. 1, 1988, at 19.

202. *See* San Francisco Arts & Athletics, Inc. v. United States Olympic Comm., 483 U.S. 522, 536-37 (1987) (upholding the U.S. Olympic Committee's right to prohibit use of the word "Olympic" to describe an athletic competition); Snepp v. United States, 444 U.S. 507 (1980) (upholding a contractual agreement of a CIA agent to submit a book to prepublication review by the agency). Such cavalier treatment of important interests, however, is disturbing. Moreover, in the case of nonadvertising and nonappropriating uses of the mark, the trademark owner should bear the heavy burden of showing a very compelling interest to outweigh the book author's or publisher's interest.

203. A.J. Canfield Co. v. Honickman, 808 F.2d 291, 304-05 (3d Cir. 1986).

through the information indirectly transmitted from the trademark. In the personal computer market, for example, the use of terms like "100% AT compatible," meaning essentially a clone of an IBM personal computer model AT, enables small manufacturers to give consumers needed information. Unfortunately, this also makes "AT" a generic class of computers rather than a brand of IBM computer. By fostering low prices in the personal computer industry, however, the numerous competitors have benefited the computer consumer.

This analysis indicates that the application of dilution doctrine to "genericide" poses many problems. First, misappropriation issues should be separated from true dilution issues, and protection based on misappropriation should be done openly. This is not the same as dilution doctrine, at least as described by its proponents. Second, one must distinguish between good and bad faith uses of the mark. Bad faith uses should be policed, but this can be done by using traditional tort doctrine; policing does not require resort to a new and potentially overbroad theory. Once focused on good faith uses, an inevitable balancing act results. Not only are free speech interests implicated, but ordinary economic interests of the consuming public are implicated as well. Although states may choose to protect trademark owners at the expense of competition and consumers, it is questionable whether dilution statutes were intended as instruments of such a choice. Before embarking on this course, courts first should determine that the state legislature intended such a result from the ambiguous term "dilution." Those who would make generic uses of marks actionable, given the difficulties those actions pose, ought to have the burden to justify this claim. They have not yet made their case.

D. *"Pure" Dilution*

A dilution count has become *de rigueur* in a trademark infringement action. Nevertheless, successful cases of pure dilution[204] are unusual. If the court finds likelihood of confusion, and thus infringement, it usually either brushes off the dilution claim as unnecessary[205] or cursorily decides that there is also dilution. In the absence of likelihood of confusion, or a tarnishment issue, relatively few dilution cases succeed.

Until very recently, almost no courts had made a real attempt to formulate an analytical structure for dilution cases. As a result, decisions were made with little more than citation to a few authorities and

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204. "Pure dilution" is my term for those situations in which the court considers granting protection based on potential diminution of the selling power of the mark, even though confusion, tarnishment, or a tendency toward a generic mark are not present.

205. *See* cases cited *supra* note 101.

a conclusion, without any logical analysis.[206] Because the bulk of the decisions interpreting these state laws comes from federal courts, their authority status remains uncertain. Part of the problem that courts are having with these cases may be the difficulty of formulating a dilution concept. As discussed above, the justification for a dilution theory is rather weak, and the courts' difficulties in creating a framework for discussion may reflect that weakness. Courts occasionally have acknowledged this difficulty.[207] In recent years, federal appellate courts and state courts in New York and Illinois have attempted to impose some structure on dilution analysis, with mixed results.

In *Allied Maintenance Corp. v. Allied Mechanical Trades, Inc.*[208] New York's highest court, the Court of Appeals, made a major foray into the field. The most significant contribution of the opinion was to clarify the relationship between likelihood of confusion and a dilution claim. The *Allied* court clarified that the antidilution statute was intended as a remedy separate from trademark infringement. Further, the statute was to be read as written—confusion was not necessary for dilution.[209] The court also held, however, that a mark must be distinctive to be diluted and that the "Allied" mark did not rise to the proper level of distinctiveness.[210]

Unfortunately, the *Allied* opinion did not set forth a useful test for distinctiveness. Nor did the court define the elusive concept of "dilution."[211] The Second Circuit, in *Sally Gee, Inc. v. Myra Hogan, Inc.*,[212] attempted to fill some of the gaps in the analysis. *Sally Gee* involved two noncompeting manufacturers of women's clothing.[213] After finding no likelihood of confusion, the Second Circuit set out the factors relevant to a finding of dilution. First, one must have a trademark that is "truly of distinctive quality" or that has "acquired secondary meaning in the mind of the public."[214] Second, one must show a likelihood of dilution.[215] The court questioned whether the Sally Gee mark was suffi-

206. *See, e.g.*, Polaroid Corp. v. Polaraid, Inc., 319 F.2d 830, 836 (7th Cir. 1963).

207. *See, e.g.*, Sally Gee, Inc. v. Myra Hogan, Inc., 699 F.2d 621, 625 (2d Cir. 1983); Hester Indus. v. Tyson Foods, Inc., 16 U.S.P.Q.2d (BNA) 1275, 1279-80 (N.D.N.Y. 1990).

208. 42 N.Y.2d 538, 369 N.E.2d 1162, 399 N.Y.S.2d 628 (1977).

209. *Id.* at 544, 369 N.E.2d at 1165-66, 399 N.Y.S.2d at 632.

210. *Id.* at 545, 369 N.E.2d at 1166, 399 N.Y.S.2d at 632. In an opinion dissenting in part, Judge Cooke stated that the majority's conception of "distinctive" included only the most notable of marks. *Id.* at 548, 369 N.E.2d at 1168, 399 N.Y.S.2d at 634 (Cooke, J., dissenting).

211. *See* Pattishall, *Dilution Rationale*, *supra* note 15, at 627-28 (stating the need for a definition of "dilution").

212. 699 F.2d 621 (2d Cir. 1983).

213. *Id.* at 623-24. The district court found that the parties drew their customers from different circles of consumers; the Second Circuit affirmed this conclusion. *Id.*

214. *Id.* at 625 (quoting *Allied*, 42 N.Y.2d at 546, 369 N.E.2d at 1166, 399 N.Y.S.2d at 633).

215. *Id.*

ciently distinctive to be diluted, but did not rule on that issue.[216] Rather, it ruled that no likelihood of dilution had been shown.[217]

What constitutes a "truly distinctive" mark is subject to a myriad of interpretations. It often is compared to the trademark term "secondary meaning,"[218] but that term is very broad. A mark could have weak secondary meaning—that is, consumers may make the association after being told it is a brand name. The mark may have a strong but limited secondary meaning—that is, contained within a geographic area or among consumers of a particular product. But these hardly qualify as being truly distinctive marks. Indeed, to be truly distinctive means that the mark has broad secondary meaning.[219] The *Sally Gee* court did state that "strength" of a mark, as that term is used in connection with trademark infringement, may not be the same thing as "distinctive" for trademark dilution purposes.[220] In trademark infringement cases, however, strength often is measured by secondary meaning. Thus, if the court by mentioning secondary meaning meant to add a factor equivalent to "truly distinctive," its reasoning is rather obscure.

Similarly, "likelihood of dilution" has little meaning if dilution remains undefined. It becomes little more than an exercise in judicial gut feelings. The court did make some attempt to explain this phrase by calling it a "blurring" of the mark.[221] But what is "blurring"? One definition is to dim or "to lessen the perception of" something,[222] but that definition simply restates the issue. The key question is what kind of showing would indicate that a consumer's perception of the mark is being or is likely to be "dimmed" by the other use of the mark?

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216. *Id.*

217. *Id.* The court also noted that no "predatory intent" on the defendant's part had been shown. *Id.* at 626. Although it did not make this intent a prerequisite to dilution, the court evidently thought that it would enhance a plaintiff's case. Predatory intent, however, shows only misappropriation, not that the plaintiff's mark is in danger of being "whittled away." *See supra* notes 167-94 and accompanying text.

218. Secondary meaning has been described as "a *mental association* in buyers' minds between the alleged mark and a single source of the product." 1 J. McCarthy, *supra* note 2, § 15:2, at 659. Even a common word, like "Green," can acquire secondary meaning. If the owner of the mark creates in the minds of buyers an association between "Green" and its product such that the public views "Green" as a brand name for that product (even if it uses green in its ordinary sense in other contexts), then secondary meaning is present. It may be unnecessary for a trademark owner to show that its mark has secondary meaning in order to be protected under traditional trademark law. Only the weakest marks, those labeled "merely descriptive," require such proof. *Id.* § 15:1. Marks denominated "suggestive," "arbitrary," or "fanciful" do not require such proof to merit protection from confusion. *Id.*

219. The *Sally Gee* opinion indicated that perhaps only very strong marks can claim dilution protection. *See Sally Gee*, 699 F.2d at 625.

220. *Id.*

221. *Id.* (quoting R. Callmann, The Law of Unfair Competition, Trademarks, and Monopolies § 84.2, at 954-55 (3d ed. 1967)).

222. American Heritage Dictionary of the English Language 145 (1969).

The recent dispute between Mead Data Central and Toyota Motor Corporation over the latter's Lexus car division produced another look at the *Sally Gee* analysis. The case initially was successful under a pure dilution theory, but was reversed on appeal.[223] Mead Data Central operates the computerized legal research system known as LEXIS. At the time of the suit, Toyota was just completing plans to introduce a new line of cars, known as the Lexus line. Mead claimed that the Lexus mark violated its rights under the Lanham Act and the New York antidilution law. Using the analysis that has become standard in the Second Circuit in noncompeting goods cases,[224] the district court first determined that no likelihood of confusion existed.[225] Taking up the dilution claim, the court then determined that the New York statute was not preempted by federal law.[226] The court discussed the substance of the issue by using the two-factor test set forth in *Sally Gee*: The need for a strong and distinctive trademark and a showing of likelihood of dilution.[227] The court equated "distinctiveness" with the definition of "strength" for trademark infringement purposes. Characterizing the LEXIS mark as "suggestive" and noting the considerable efforts of Mead to market the service, the district court concluded that LEXIS was sufficiently distinctive to be diluted.[228] It further held that a mark need not be nationally famous to be diluted; a strong mark in a limited field is susceptible to dilution.[229]

Concerning likelihood of dilution, the court concluded that Toyota's proposed advertising probably would make Lexus a well-known mark. Thus, the court wrote: "The effect will surpass 'whittling away'—it will dwarf the LEXIS mark. Such a situation is within the

223. The district court discussed and then denied relief under the Lanham Act, but granted relief under New York's antidilution law. Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., 702 F. Supp. 1031, 1035-45 (S.D.N.Y. 1988). The Second Circuit, however, reversed the dilution relief on appeal. 875 F.2d 1026 (2d Cir. 1989).

224. The analysis for infringement by noncompeting goods was set forth in Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492 (2d Cir.), *cert. denied*, 368 U.S. 820 (1961). The test in *Polaroid* consists of weighing several factors to determine likelihood of confusion. The factors are: (1) strength of the mark; (2) degree of similarity between the marks; (3) the proximity of the products in the commercial environment; (4) the likelihood that the senior user will bridge the commercial gap separating the products; (5) evidence of the actual confusion; (6) whether the junior user adopted the mark in good faith; (7) quality of the junior user's product; and (8) the sophistication of the relevant consumers. 287 F.2d at 495.

225. *Mead Data*, 702 F. Supp. at 1040.

226. *Id.* at 1041. The court noted that federal courts have split on this issue. *Id.* at 1040.

227. *Id.* at 1042.

228. *Id.*

229. *Id.* at 1042-43. This may have been an erroneous analysis, since the *Sally Gee* court indicated that trademark strength may not be enough for dilution. *See Sally Gee*, 699 F.2d at 625. However, the court's conclusion that LEXIS had achieved great distinction in the legal field is probably correct.

ambit of the antidilution statute as surely as the situation in which a universally recognized mark is whittled away by a small local noncompetitor."[230]

This analysis, particularly the likelihood-of-dilution aspect, falls far short of providing guidance for other cases.[231] The court assumed that there would be dilution, without any showing that Mead's mark had lost value. That assumption is particularly important in a case in which the diluted mark is distinctive only in a limited sphere. As indicated in the subsequent Second Circuit reversal, the fact that Lexus may become a famous national mark does not mean that the LEXIS mark will be diluted in its own niche.[232] Although consumers, even attorneys, might think of cars when they hear LEXIS or Lexus without any other identifying information, if attorneys know that the advertising deals with computerized legal research, they certainly will think of Mead's LEXIS service and not a car.

In its appellate opinion reversing the relief for dilution,[233] the Second Circuit differed with several of the district court's conclusions. In particular, it found no substantial similarity between LEXIS and Lexus.[234] The appellate court also indicated that the LEXIS mark lacked sufficient distinctiveness to be diluted.[235] Although the district court found dilution of a mark with distinction in only a limited area, the Second Circuit was skeptical. It noted pointedly that if a mark circulates only in a limited market, it is unlikely to be associated generally

230. *Mead Data*, 702 F. Supp. at 1044. The court also granted a unique remedy. It gave Toyota a choice between either being enjoined from promoting its Lexus cars or paying for the damage to the advertising value of Mead's LEXIS mark. *Id.* at 1045. Because of its disposition of the case, the Second Circuit did not comment on the remedy.

231. Although the Second Circuit reversed, it did so with very little discussion on the issue of likelihood of dilution. *See* 875 F.2d at 1031-32. The Second Circuit's opinion is discussed below. *See infra* notes 233-44 and accompanying text.

232. 875 F.2d at 1031-32.

233. 875 F.2d 1026 (2d Cir. 1989).

234. *Id.* at 1029-30. The Second Circuit held that the marks must be substantially similar for dilution to occur. *Id.* at 1029. The court engaged in a fairly lengthy discussion of whether LEXIS and Lexus sound the same when spoken. Indeed, Toyota had introduced testimony of a speech expert on this subject. *Id.* The court concluded that "we would not pronounce Lexus as if it were spelled LEXIS," and that "[w]e take it as a given that television and radio announcers usually are more careful and precise in their diction than is the man on the street." *Id.* at 1029, 1030. This curious bit of judicial legerdemain at least is illustrative of the appreheusion with which courts view a dilution claim. One of the members of the Second Circuit panel disagreed with the majority's conclusion on this point. *Id.* at 1036 (Sweet, J., concurring). One suspects that to an outsider the Second Circuit's conclusion on this point is both pedantic and absurd.

235. I say "indicated" because the court never specifically said that the mark lacks distinctiveness. Judge Sweet believed this to be the majority's intent, *id.* at 1032 (Sweet, J., concurring), but its analysis mixed the distinctiveness factor with the likelihood of the dilution test. *See id.* at 1030-32.

with the mark for a dissimilar product elsewhere.[236] Further, the court noted that those who recognize the Lexus mark are sophisticated people, thus leading to less likelihood of dilution.[237] Although the appellate court reversed the lower court's decision, the majority opinion did not advance measurably the analytical framework for deciding dilution cases. Its major contribution was its skepticism concerning the use of dilution to protect marks whose strength is limited to a segment of the consuming public.

Judge Robert Sweet, concurring in the result in *Mead Data*, disagreed with the majority's analysis. He believed that a mark could be famous in a limited area and still protected by the antidilution statute.[238] His opinion attempted to create a multifactored test similar to the *Polaroid* test used to determine likelihood of dilution in cases concerning noncompeting goods.[239] His test contains six factors,[240] the first three of which are identical to the factors in the *Polaroid* test: Similarity of marks, similarity of products, and sophistication of consumers. The fourth factor, predatory intent, resembles the good faith requirement of the *Polaroid* confusion test. It differs, however, in that predatory intent need not mean that there was an intent to confuse or pass off goods, but simply to capitalize on a famous name.[241] The fifth factor, "renown of the senior mark," is a synonym for strength of the mark in confusion analysis.[242] Only the sixth factor, "renown of the junior mark," is without an analogue in the confusion test. Judge Sweet described this factor as the rare case in which a junior mark becomes so renowned that it overpowers the senior mark.[243] It applies when the senior mark has strength in a limited field only, and the junior mark's potential for general renown could cause consumers to break their association with the old mark and think of the new one when they hear or see the mark in advertising. Judge Sweet determined that this factor was the most supportive of dilution in the case. He found no evidence, however, supporting the notion that lawyers would come to associate Lexus or LEXIS only with cars and not computerized legal research.[244]

236. *Id.* at 1031.

237. *Id.* at 1031-32.

238. *Id.* at 1033 (Sweet, J., concurring).

239. *Id.* at 1035 (Sweet, J., concurring) (citing Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492, 495 (2d Cir.), *cert. denied*, 386 U.S. 820 (1961)); *see also supra* note 224.

240. *Mead Data*, 875 F.2d at 1035 (Sweet, J., concurring).

241. *See id.* at 1037 (Sweet, J., concurring). One suspects, however, that a predatory defendant in a pure dilution case who succeeds in the attempt to capitalize also will cause confusion.

242. *See id.* at 1038 (Sweet, J., concurring). The strength necessary for dilution protection, however, may be more than that needed for trademark protection.

243. *Id.* at 1038 (Sweet, J., concurring).

244. *Id.* at 1039-40 (Sweet, J., concurring).

Judge Sweet's analysis raises a number of problems. Its similarity to the *Polaroid* test seems to indicate that it would function as little more than a less rigorous confusion test. In other words, a court unsure of whether confusion exists could state that the same factors apply differently and less rigorously in dilution cases because a showing of confusion is unnecessary. A weak infringement case, thus, is transformed into a viable dilution case, but with little analytical validity. The only *Polaroid* factors not included in Judge Sweet's dilution test are "bridging the gap"[245] and the quality of the defendant's product.[246] The latter factor, however, really is included in dilution cases under the rubric of tarnishment—a concept Judge Sweet appears to endorse.[247] The former factor, bridging the gap, actually may measure something unnecessary even in confusion cases: the likelihood that the junior user will enter the senior user's line of business. Confusion exists if the consumer thinks the junior user is connected with the senior user. This is true even if the senior user has no intention of entering the field. Bridging is more of a last nail in the coffin and essentially protects property value more than it does any possibility of confusion. It gives the senior user a potential to preempt use of the mark in other fields. Since the factor of proximity of products more realistically measures the likelihood of confusion by consumers, bridging the gap as an independent factor in the plaintiff's favor is most distinctive when the gap is large, but consumers are less likely to perceive a connection between the users. Thus, the sum of this dilution test is not distinguishable significantly from confusion analysis. To the extent it does differ by using the predatory intent factor, the supposed dilution test actually becomes a remedy for misappropriating the marketing value of the mark, rather than a remedy for any long-term effect on the mark.

To be fair, these problems are not entirely Judge Sweet's fault. As discussed earlier, distinguishing the mental process of dilution from that of confusion is difficult, if not impossible.[248] Yet the New York legislature, among others,[249] has created a remedy on the assumption that such a distinction exists. When the law creates a nonexistent distinction, it causes problems in analysis for judges.

The renown-of-the-junior-mark analysis raises a separate problem.

245. "Bridging the gap" refers to the likelihood that the plaintiff will enter the defendant's line of business. In one sense, it measures the relatedness of the goods. If the two businesses are very dissimilar, however, and the plaintiff does plan to expand in that direction, this factor would seem to measure nothing relevant to confusion.

246. *See Polaroid*, 287 F.2d at 495 (listing factors).

247. *See Mead Data*, 875 F.2d at 1035 (Sweet, J., concurring).

248. *See supra* notes 95-104 and accompanying text.

249. *See supra* note 35.

On its face, it is no different from the problem of reverse confusion discussed in *Big O Tire Dealers v. Goodyear Tire & Rubber Co.*,[250] a case in which the question arose whether the consumer public might believe a senior user of the "bigfoot" mark had stolen it from the junior user. To grant dilution protection to a locally known mark, however, in addition to reverse-confusion protection, in effect would give the mark the protection of a nationally famous mark. In the absence of evidence that the junior user is taking a "free ride" on the celebrity of the senior mark, such broad protection is unwarranted. It also raises the issue of the state's ability to give effectively nationwide protection to marks under state laws. If the limited-field (senior) mark is unregistered, for example, section 43(a) of the Lanham Act protects it from confusion.[251] In the absence of confusion, however, giving protection against a registered[252] junior user would raise serious issues of preemption by the Lanham Act.[253]

Even without the preemption issue, this type of dilution protection permits a limited-strength mark to force another user to limit the spread of its own fame. Consider *Wedgwood Homes, Inc. v. Lund*.[254] Relying on Oregon's antidilution statute,[255] the court granted relief to Wedgwood Homes of Portland against the defendant's business names, Wedgwood Downs and Wedgwood Place. Although both parties were in the housing business, there was no likelihood of confusion and the plaintiff's area of recognition appeared limited to one county in Oregon.[256] Suppose a building supply store starts up in Georgia with the name Wedgwood Home Supply. The store becomes a chain, registers

250. 408 F. Supp. 1219 (D. Colo. 1976), *aff'd*, 561 F.2d 1365 (10th Cir. 1977), *cert. dismissed*, 434 U.S. 1052 (1978). In *Big O Tire* the court held that Goodyear's extensive use of "bigfoot" as a mark for its tires threatened to obliterate the value of Big O's "Bigfoot" mark, also for tires. (Big O had used the mark for some time prior to its use by Goodyear.) The result would be consumers thinking that Big O had stolen Goodyear's mark; hence the name "reverse confusion." *See* 408 F. Supp. at 1232; *see also* Plus Products v. Plus Discount Foods, 722 F.2d 999, 1003 (2d Cir. 1983) (discussing a food company's claims that its products suffered from reverse confusion because of another food company's use of its logo).

251. Lanham Act § 43(a), 15 U.S.C. § 1125(a) (1988).

252. Because the Lanham Act does not protect against dilution, Tiffany & Co. v. National Gypsum Co., 459 F.2d 527, 530 (C.C.P.A. 1972), the junior user could register a mark not deemed confusingly similar to the senior mark.

253. The Lanham Act grants nationwide protection to registered marks. *See* Lanham Act § 33(a), 15 U.S.C. § 1115(a). Although the Act gives unregistered senior users (those whose use of the mark predates the mark's registration by another) the right to use the mark, that right is limited to only "the area in which . . . continuous prior use [by the senior user] is proved." *Id.* § 33(b)(5), 15 U.S.C. § 1115(b)(5). If state statutes purport to give more protection, they should be preempted as interfering with the scheme of the Lanham Act.

254. 294 Or. 493, 659 P.2d 377 (1983).

255. OR. REV. STAT. § 647.107 (1987).

256. *Wedgwood Homes*, 294 Or. at 495, 500, 659 P.2d at 378, 381.

the mark, and eventually spreads to Oregon. The process may take many years, by which time Wedgwood Home Supply has expended a great deal of money and effort publicizing its name. In the absence of confusion, would the Oregon court enjoin Wedgwood Home Supply? Perhaps not, if it chose to balance the equities. But it poses a difficult problem, particularly when the limited-strength mark is geographically remote.

The weakness of Judge Sweet's analysis is evident in its application to other situations. Much of his analysis was applied in *Hester Industries v. Tyson Foods, Inc.*[257] The case pitted the mark Wing-Dings, used on chicken products, against the mark Wing Flings, also used on chicken. The Wing-Dings mark was found to be particularly strong in the institutional market, and the court was willing to examine possible dilution in that market.[258] Analyzing likelihood of dilution, the court adopted Judge Sweet's multifactored balancing approach.[259] Perhaps most revealing is the court's conclusion that because the Wing-Dings' consumer market was less sophisticated, consumers were more likely to *confuse* the marks.[260] This conclusion confirms that in cases in which the marks are very similar and the users operate in the same market, courts have difficulty separating confusion from blurring or dilution. Judge Sweet's multifactored test, unfortunately, does not alleviate the problem.

The Seventh Circuit Court of Appeals and the Illinois state courts also have been very active in the antidilution field. Their efforts, however, have not produced more satisfactory analyses than those in the New York courts. One of the earlier cases, *Polaroid Corp. v. Polaraid, Inc.*,[261] involved both traditional infringement and dilution. After finding likelihood of confusion, the court analyzed whether the defendant's Polaraid mark for heating and refrigeration services diluted the plaintiff's well-known Polaroid mark. After citing Callmann's definition of dilution[262] and determining that showing confusion was unnecessary,[263] the court did little more before concluding that the antidilution statute

257. 16 U.S.P.Q.2d (BNA) 1275 (N.D.N.Y. 1990).

258. *Id.* at 1279. In a previous trademark litigation between the parties, a jury found no likelihood of confusion. *Id.* at 1277. Therefore, this was a pure dilution case.

259. *Id.* at 1280-83.

260. *Id.* at 1281. I emphasize the word "confuse" because the court made this comment in denying the defendant's motion for summary judgment on dilution. Thus, it is unclear whether the plaintiff would be successful in showing dilution. *See also* Pristine Indus. v. Hallmark Cards, Inc., 753 F. Supp. 140, 147-48 (S.D.N.Y. 1990), in which the court also applied Judge Sweet's test. The court essentially equated its discussion of the infringement factors with the discussion required by Judge Sweet's multiple factors.

261. 319 F.2d 830 (7th Cir. 1963).

262. *See* 3A R. CALLMANN, *supra* note 16, § 21.11, at 34-35.

263. *Polaroid*, 319 F.2d at 836.

was applicable. The court easily determined that Polaroid is a strong and coined mark[264] and then concluded that "[i]f the Anti-dilution Statute is not applicable to this situation, it is useless because it adds nothing to the established law on unfair competition."[265] The court's conclusion may be accurate, but it provides little guidance for future cases.

Two more recent cases provide a little more assistance. In *Instrumentalist Co. v. Marine Corps League*[266] the sponsor of the John Philip Sousa Band Award claimed that the defendant's Semper Fidelis award, which featured a picture of Sousa, infringed and diluted its Sousa Award mark. After finding that the plaintiff failed to show a likelihood of success on its infringement claim, the court granted relief on the dilution claim.[267] Although the opinion added nothing to the analytical framework of the *Polaraid* case, it gave some insight into the showing necessary to support an antidilution claim. The plaintiff introduced testimony of two band directors on the issue of the mark's distinctiveness, and their testimony was appropriately supportive.[268] These two witnesses, plus the plaintiff's president, also testified about the likelihood of dilution. The court's opinion indicates that all three testified, rather generally, that the defendant's award would cause "erosion" or a "watering down" of the plaintiff's award.[269] No consumer surveys or other more objective evidence of dilution were introduced. The court, however, gave credence to the testimony of the witnesses and noted that the defendant introduced no evidence to refute it.[270]

A slight refinement of the dilution test appeared in *Hyatt Corp. v. Hyatt Legal Servs.*,[271] a case in which the parent of the Hyatt hotel chain sued to enjoin the use of "Hyatt" by Hyatt Legal Services. This was a pure dilution case,[272] and in discussing dilution the court referred to the same two general factors as in *Sally Gee*—distinctiveness of the mark and whether the mark was being diluted.[273] In determining whether dilution was present, the court looked to two factors: The similarity of the marks and the extent of the second user's marketing ef-

264. *Id.* at 837.
265. *Id.*
266. 509 F. Supp. 323 (N.D. Ill. 1981), *aff'd*, 694 F.2d 145 (7th Cir. 1982).
267. 509 F. Supp. at 331, 333. Thus, *Instrumentalist* is a "pure dilution" case.
268. *Id.* at 332.
269. *Id.* at 332-33.
270. *Id.*
271. 736 F.2d 1153 (7th Cir. 1984).
272. The Seventh Circuit upheld the trial court's refusal to find likelihood of confusion. *Id.* at 1157.
273. *Id.* (citing Sally Gee, Inc. v. Myra Hogan, Inc., 699 F.2d 621, 625 (2d Cir. 1983)).

fort.[274] This latter factor creates some problems for dilution theory because it focuses on the particular defendant, as if dilution must result from the defendant's use alone or not at all. The proponents of dilution theory view dilution as a gradual process that can result from multiple uses, each chipping away at the mark. While an extensive advertising campaign may make it more likely that dilution will occur (assuming it ever occurs), dilution theory would seem to permit consideration of other factors. Focusing on market efforts assumes that dilution will result from extensive advertising, even if there is no confusion. As discussed above, this assumption is not necessarily true. A better approach would require the plaintiff to show some affirmative evidence of dilution, either from actual figures or survey evidence. The court's approach leaves courts with wide discretion in determining how extensive a campaign need be to warrant an injunction. This discretion will lead to varying results, with some judges reading the requirement more stringently than others. Even if one accepts the premise of dilution theory, it has the potential for both overprotection and underprotection.

Cases in the Eleventh Circuit Court of Appeals and the Florida state courts illustrate the tendency for overprotection. In *Freedom Savings & Loan Association v. Way*[275] the Eleventh Circuit stated the dilution test under Florida's antidilution law as follows: When the plaintiff holds a distinctive mark, it will be sufficient that the defendant "has made significant use of a very similar mark."[276] Using that test, some weak marks have found solace under the dilution umbrella. In *Community Federal Savings & Loan Association v. Orondorff*[277] the plaintiff used a cookie jar mark for its automatic teller machines. The Eleventh Circuit directed the issuance of an injunction against the defendant's use of a cookie jar mark for its adult entertainment establishment.[278] In *Gaeta Cromwell, Inc. v. Banyan Lakes Village*[279] a Florida appeals court affirmed an injunction against the defendant's use of the words "Congress Park" on its office complex, in favor of the plaintiff's unregis-

274. *Id.* at 1158. A major reason for the finding of dilution was the extensive advertising campaign mounted by Hyatt Legal Services. *Id.*

275. 757 F.2d 1176 (11th Cir.), *cert. denied*, 474 U.S. 845 (1985).

276. 757 F.2d at 1186. Interestingly, because the plaintiff in *Way* failed to show any evidence of diminished commercial value, the court did not find dilution. This seems at odds with the court's test; however, it also found that Freedom was a weak mark. *Id.* at 1187. Under those circumstances, it should have failed the first part of the test, and the court should not have inquired into actual dilution. Giving protection to weak marks, even when some evidence of dilution exists, goes beyond what most dilution proponents have advocated.

277. 678 F.2d 1034 (11th Cir. 1982).

278. *Id.* at 1037. The court's analysis of dilution was perfunctory at best. *Id.* at 1036-37. It also may have been influenced by the less-than-wholesome nature of the defendant's business. For a discussion of tarnishment cases, see *supra* subpart IV(B).

279. 523 So. 2d 624 (Fla. Dist. Ct. App. 1988).

tered Congress Park mark, which also was used on an office building.[280] The court conceded that there was no actual evidence of dilution, only a showing that the defendant had made "significant use of the same trade name."[281] This test is particularly troublesome when used to protect a mark that is strong only in a limited sphere. The less distinctive the senior mark, the more any other use will be seen as "significant."

A number of dilution cases also have been filed in California, but they provide little additional analytical assistance. Perhaps the most notable analysis appears in *Plasticolor Molded Products v. Ford Motor Co.*[282] Plasticolor requested a declaratory judgment permitting it to use Ford's trademark on floor mats and other accessories that Plasticolor produced; Ford counterclaimed for trademark infringement and dilution.[283] The court listed the four general categories of dilution cases set forth in this Article, but the analysis went no further. Ultimately, the court decided against Ford's dilution counterclaim because Ford failed to make any affirmative showing of dilution.[284] The court, however, gave

280. *Id.* at 624-25.

281. *Id.* at 626. The trial court never reached a finding on confusion, having granted relief on dilution grounds. The court of appeals, however, indicated that there may have been evidence of confusion as well. *Id.* at 627. This may be an instance of the court taking the seemingly easier route of dilution when some evidence of confusion exists, rather than trying to make a case for confusion.

282. 713 F. Supp. 1329 (C.D. Cal. 1989).

283. *Id.* at 1333.

284. A more recent California federal case illustrates the lack of analysis in dilution cases. In McDonald's Corp. v. Arche Technologies, Inc., No. C-89-2139-FMS (N.D. Cal. Oct. 29, 1990), McDonald's, the fast food purveyor, sued Arche, a computer manufacturer, claiming that Arche's use of a single arch logo (sometimes in yellow, sometimes in other colors) infringed and diluted McDonald's "Golden Arch" mark. The district court first found that McDonald's had not shown likelihood of confusion between the two marks, thus precluding relief under the Lanham Act. *Id.*, slip op. at 4-9. The court, however, did find a violation of California's antidilution statute. *Id.* at 9-10 (citing CAL. BUS. & PROF. CODE § 14,330 (West 1987)). The court's entire dilution discussion consisted of three paragraphs, the first of which simply recited certain facts about dilution statutes—that the statute only protects strong, well-recognized marks and does not require a showing of bad faith or likelihood of dilution. The court did not elaborate on the affirmative elements of a dilution claim, beyond its statement that it protects strong marks. *Id.* at 9. The following is the remainder of the court's dilution analysis:

> In the case at bar, there is no evidence of any "tarnishment" or other injury to plaintiff's business reputation[]. In fact, the evidence indicates that defendants' products are well made and highly regarded.
>
> The dilution theory, however, remains available to protect distinctive names and/or marks e.g., "Tiffany," or "Polaroid" which have acquired sufficient secondary meaning to become distinctive. Typically, these are names or marks which are coined, arbitrary or fanciful, rather than merely suggestive. While the Court finds that an arch alone is not such a mark, the "Golden Arch" is, whether single or double. Judgment will be entered for the plaintiff, insofar as a single GOLDEN ARCH is concerned.

Id. at 9-10. Clearly, the court made little effort to demonstrate that the Arche mark would dilute the McDonald's mark, apart from the fact that McDonald's has a well-known mark.

no guidance on what kind of showing might have been sufficient.[285]

These cases at best illustrate the difficulty of forming an analysis of an elusive concept such as dilution. The main elements—distinctiveness, blurring, and predatory intent—are stated easily, but the first two are not translated easily into evidence that forms the basis of lawsuits. Inconsistent views of the statutory command have resulted.[286] Some courts view the statute strictly and use the distinctiveness element to restrict the reach of the statute;[287] others read it more broadly and permit weak marks to be diluted.[288] Although this may not seem disturbing in an area ruled by state law, trademark law is, and should be, dominated by the federal statute. The wide differences in state law make it difficult to advise trademark owners or potential users of their rights, even though a federal statute purports to create national standards. In this respect, the failed federal statute would have been an improvement.[289] Dilution has become the tail wagging the dog and for no good reason. State experimentation sometimes is desirable, but in this instance its interaction with national standards produces uncertainty.

After discussing the distinctiveness element, the analysis turns into a free-for-all. The cases barely attempt to give a real rationale for a finding of blurring. Judge Sweet made a legitimate attempt at analysis, but he ultimately failed to distinguish dilution from confusion. Other courts simply give up and rely either on their instincts or on evidence of advertising dollars, which may not be translatable into marketing power. The few courts that require evidence of dilution and that dismiss cases for lack of this evidence have not indicated exactly what they would expect the evidence to show.[290]

The best explanation for pure dilution cases appears to be that some courts view it as a way of granting protection when the evidence

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285. *Plasticolor*, 713 F. Supp. at 1349.

286. But compare the discussion of the Washington state statute, *supra* note 91 (noting the statute's attempt to define the qualities of a "famous" mark).

287. *See, e.g.*, Accuride Int'l, Inc. v. Accuride Corp., 871 F.2d 1531, 1539 (9th Cir. 1989); WSM, Inc. v. Hilton, 724 F.2d 1320, 1332 (8th Cir. 1984); Sage Realty Corp. v. Sage Group, Inc. 711 F. Supp. 134, 143 (S.D.N.Y. 1989).

288. *See, e.g.*, Gaeta Cromwell, Inc. v. Banyan Lakes Village, 523 So. 2d 624 (Fla. Dist. Ct. App. 1988); Wedgwood Homes, Inc. v. Lund, 294 Ore. 493, 659 P.2d 377 (1983).

289. The proposed federal statute is discussed *infra* Part V.

290. *See, e.g.*, Freedom Sav. & Loan Ass'n v. Way, 757 F.2d 1176, 1186-87 (11th Cir.), *cert. denied*, 474 U.S. 845 (1985); Exxon Corp. v. Exxene Corp., 696 F.2d 544, 550 (7th Cir. 1982) (noting the failure of survey evidence to convince the jury); *Plasticolor*, 713 F. Supp. at 1349; Schwartz v. Slenderella Sys. of Cal., 260 P.2d 256, 260 (Cal. Ct. App. 1953) (finding sales and advertising evidence insufficient), *aff'd*, 43 Cal. 2d 107, 271 P.2d 857 (1954); *see also* Kern v. WKQX Radio, 175 Ill. App. 3d 624, 627-28, 529 N.E.2d 1149, 1152 (1988) (rejecting the opinion of a marketing professor that the defendant's use diluted the plaintiff's mark); *cf.* Instrumentalist Co. v. Marine Corps League, 509 F. Supp. 323, 333 (N.D. Ill. 1981) (accepting the plaintiff's "uncontradicted" testimonial evidence of dilution), *aff'd*, 694 F.2d 145 (7th Cir. 1982).

of confusion is weak, but the court believes the defendant's use of the mark to be unfair. Support for this thesis appears in cases finding that a disclaimer is an adequate remedy for dilution.[291] Disclaimers are used in trademark infringement cases as a supposed means of avoiding confusion.[292] Such use in a dilution case, however, is rather odd. Dilution theory is premised on the notion that another's use of the mark causes harm even if consumers know that the second user is not connected to the well-known mark. A disclaimer simply tells consumers what they already know: that the two users of the mark are unrelated. A disclaimer does not prevent the harm that dilution laws are designed to stop. Rather, these cases illustrate that courts view dilution as related closely to confusion, using something like a "possibility of confusion" test. Not incidentally, the cases indicate the continued reluctance of courts to grant sweeping relief under dilution laws.[293]

In sum, the analysis of pure dilution is in a state of disarray. No doubt it reflects both judicial resistance to the broad implications of the doctrine and the probable nonexistence of a definable state of dilution separate from confusion.

E. Merchandising Trademarks As a Form of Dilution

One of the more difficult recent problems for courts in the trademark area has been whether to protect against the merchandising of trademarks. The so-called "patches" cases provide an illustration of the problem.[294] In those cases, manufacturers sold cloth patches with the

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291. *See, e.g.*, Midwest Research Inst. v. S & B Promotions, Inc., 677 F. Supp. 1007, 1017 (W.D. Mo. 1988); Wilton Mortuary, Inc. v. Woolsey-Wilton Funeral Home, Ltd., 140 Ill. App. 3d 1074, 1078-79, 489 N.E.2d 319, 321-22 (1986); *see also* Pignons S.A. de Mecanique de Precision v. Polaroid Corp., 657 F.2d 482, 494-95 (1st Cir. 1981) (refusing dilution relief and noting the defendant's use of its corporate name in conjunction with the disputed "Alpa" mark).

292. *See* Mushroom Makers, Inc. v. R.G. Barry Corp., 580 F.2d 44, 49 n.3 (2d Cir. 1978), *cert. denied*, 439 U.S. 1116 (1979). *But see* National Football League Properties, Inc. v. Consumer Enters., 26 Ill. App. 3d 814, 819, 327 N.E.2d 242, 247 (expressing doubt about the value of disclaimers), *cert. denied*, 423 U.S. 1018 (1975). *See generally* Jacoby & Raskopf, *Disclaimers in Trademark Infringement Litigation: More Trouble Than They Are Worth?*, 76 TRADEMARK REP. 35 (1986); Radin, *Disclaimers As a Remedy for Trademark Infringement: Inadequacies and Alternatives*, 76 TRADEMARK REP. 59 (1986).

293. This analysis deals only with the problems in defining dilution. There are other problems that cannot be dealt with in detail here. For example, if a defendant does business in more than one state, then which state's dilution law applies? *See* American Dairy Queen Corp. v. RTO, Inc., 16 U.S.P.Q.2d (BNA) 1077 (N.D. Ill. 1990) (expressing concern about using laws of other states); Mastercard Int'l, Inc. v. Arbel Corp., 13 U.S.P.Q.2d (BNA) 1958 (S.D.N.Y. 1989) (plaintiff requested relief under antidilution laws of both New York and California). In an interesting twist, a plaintiff was permitted to amend its complaint to substitute a claim under Illinois law for one under Massachusetts law following transfer of the case from Massachusetts to Illinois. Dynamic Model Prods., Inc. v. Circus Hobbies, Inc., 17 U.S.P.Q.2d (BNA) 1484 (C.D. Ill. 1990).

294. *See, e.g.*, Boston Professional Hockey Ass'n v. Reliable Knitting Works, Inc., 178 U.S.P.Q. (BNA) 274 (E.D. Wis. 1973). This line of cases has been the subject of considerable de-

insignias of professional sports teams, but without the consent of the teams. The trademark itself thus became the commodity instead of just a symbol of its source. In a Fifth Circuit case, the appellate court granted relief to the sports team under a confusion rationale.[295] This use of trademark doctrine has not been universally accepted.[296]

Professor Robert Denicola has made a comprehensive examination of the problem.[297] He argues persuasively that institutional symbols ought to be protected from unauthorized use, in part to protect against proliferation. Such use, he argues, would lessen overall demand for these goods, making the marketing of the items ultimately unprofitable. The result would be less availability to the consumer.[298] In a sense, this is a form of dilution—not of the selling power of the mark per se, but of its value as a commodity. Professor Denicola notes that traditional dilution rationale has limited application to this situation.[299] His observation is mentioned here only because the current trend of broader uses of dilution raises the possibility that a court may use it in a "patches" case. To the extent that dilution has been used to prevent misappropriation, protection of these trademarks as commodities would be a logical rationale. That reasoning, however, would be a mistake. Assuming one agrees with Professor Denicola that protecting the trademark owner's right to restrict the merchandising of the mark serves the public interest, there are numerous alternative theories to afford protection.[300] If misappropriation is the heart of the problem, it should be faced openly and not hidden under the guise of dilution. A further broadening of dilution statutes to encompass such cases, therefore, is unwarranted.

V. Would a Federal Law Have Solved the Problem?

A comprehensive study of the failed federal antidilution bill is beyond the scope of this Article. Nevertheless, the bill does provide a few useful insights into the problems discussed up to this point. The bill, which was part of a larger revision of the federal trademark law,[301]

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bate in law reviews. *See, e.g.*, Fletcher, *Still More About Patches*, 67 TRADEMARK REP. 76 (1977); Keating, *Patches on Trademark Law*, 67 TRADEMARK REP. 315 (1977); Laff & Saret, *Further Unraveling of Sears-Compco: of Patches, Paladin and Laurel and Hardy*, 66 TRADEMARK REP. 427 (1976).

295. Boston Professional Hockey Ass'n v. Dallas Cap & Emblem Mfg., 510 F.2d 1004, 1013 (5th Cir.), *cert. denied*, 423 U.S. 868 (1975).

296. *See, e.g.*, International Order of Job's Daughters v. Lindeberg & Co., 633 F.2d 912 (9th Cir. 1980), *cert. denied*, 452 U.S. 941 (1981).

297. *See* Denicola, *supra* note 1.

298. *See id.* at 640.

299. *See id.* at 639.

300. *See generally id.* (providing several such vehicles).

301. Congress enacted the revisions, without the antidilution section, as the Trademark Law Revision Act of 1988, Pub. L. No. 100-667, 102 Stat. 3935.

would have added a new section 43(c) to the Lanham Act. It provided protection against dilution to "a famous mark *registered* under [the federal trademark laws]."[302] The bill further allowed injunctive relief in all cases, and it allowed damages when the second user "willfully intended to trade on the registrant's reputation or to cause dilution of the registrant's mark."[303] Finally, the bill expressly preempted the use of state dilution laws against federally registered marks.[304]

The proposed law obviously accepted the premise of dilution theory. Nevertheless, it would have made two useful improvements in present law. First, the proposal contained factors to be used in determining whether a mark was famous.[305] Indeed, by limiting its scope to famous marks, the law might have prevented some of the abuses currently seen.[306] Second, the bill would have prevented the use of state laws against a second user of a mark who, nevertheless, is a federal registrant.[307] Unfortunately, the bill would not have preempted state laws entirely. Weak local marks still could have been protected by state law, and unregistered marks also would have been at the mercy of state law.

Its failure to provide guidance in defining dilution was the most glaring weakness of the bill. As seen in the earlier discussion, most courts have not tried to formulate a workable analysis of dilution. Those few courts that have attempted an analysis have failed. The proposed law would have left courts in the same position of relying more

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302. *Hearings*, *supra* note 42, at 28 (emphasis added). The recently enacted Washington state statute, discussed *supra* at note 91, is almost identical to the proposed federal statute.

303. *Hearings*, *supra* note 42, at 29.

304. *Id.* at 30.

305. The bill, in relevant part, provided:

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 on or in connection with the goods or services;

(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 its and the other person's trading area and channels of trade; and

(G) the nature and extent of the use of the same or similar marks by third parties.

Id. at 29. As can be seen, these are substantially the same factors adopted by the state of Washington in its statute. *See supra* note 91.

306. Unfortunately, in the hearings the bill was described as protecting "famous *and* distinctive marks." *Hearings*, *supra* note 42, at 200. The latter term would diminish the usefulness of the limitation to famous marks because "distinctive" can cover a myriad of things. On the favorable side, the United States Trademark Association, which proposed the bill, took the position that the mark's renown "should extend throughout a substantial portion of the U.S. in order to qualify for federal protection from dilution." *Id.* This would eliminate local marks from federal protection.

307. I would argue that state laws which infringe on the rights of federal registrants are preempted in any case.

on instinct than analysis. In fact, by failing to preempt state laws, the bill would have complicated matters further by adding another cause of action to the available arsenal in a trademark case. This addition would not have eased the burden on courts facing dilution problems.

The failure of the bill's antidilution provisions most likely reflects the failure of the doctrine in general. While distinctiveness can be defined, even if somewhat roughly, dilution cannot. The failure of a federal trademark dilution bill to define the term meaningfully illustrates once again a need to rethink the doctrine from the beginning.

VI. Conclusion: Better Approaches to Dilution

This Article highlights the inconsistencies of trademark dilution analyses. Most of these inconsistencies result from the flimsy underpinnings of the theory. Courts are struggling to define a dilution theory and to distinguish it from infringement when no real theory or distinction may exist. In retrospect, Middleton's criticisms of dilution seem well founded.[308] Areas in which confusion—and, thus, ordinary trademark infringement—now may be found cover the problems first discussed by Schechter. One of Schechter's major concerns was that the law, at the time he was writing, gave very limited protection to trademarks from uses on noncompeting goods.[309] He noted the problems of defining related classes of goods, situations in which infringement could be enjoined, and the geographic scope of trademark protection[310]—each of which relates to the concept that trademark infringement, as a subset of unfair competition, could not exist without competition.[311] In unfair competition, however, the problem became the impossibility of knowing, without competition, whether a plaintiff actually suffered a loss of trade. Since that time, case law has established that uses involving noncompeting goods are treated as mainstream infringement situations.[312] The use of injunctions is commonplace, obviating the need for detailed showings of damages.[313] Moreover, when damages for infringement are awarded, they can be computed on the basis of unjust enrich-

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308. Middleton, *supra* note 23, at 178-80, 186-87.

309. Schechter, *supra* note 9, at 821-22; *see supra* notes 9-12 and accompanying text.

310. The problem usually is that someone else has been using the mark first and that person is so geographically remoto that the second, often registered, user is unaware of the first use. When the two users eventually come into contact, the question becomes what protection should be offered to each user?

311. Schechter, *supra* note 9, at 823-24.

312. *E.g.*, Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492 (2d Cir.), *cert. denied*, 368 U.S. 820 (1961).

313. *See, e.g.*, Resource Developers, Inc. v. Statue of Liberty-Ellis Island Found., Inc., 926 F.2d 134, 139 (2d Cir. 1991) (need to show evidence of actual confusion in a damages case contrasted with the lesser showing needed for injunction).

ment—computing the value of the trade acquired by the defendant,[314] rather than proving direct loss of trade by the plaintiff. There are no obvious indications that any greater protection is needed.

Instead of focusing on the detriment that dilution may cause trademark owners, a more pertinent question might be: What do we gain by granting such protection? We can recognize the need to protect against proven trademark tarnishment because this protection is consistent with free speech principles. In terms of pure dilution cases, however, given the widespread marketing of well-known brands, the diversification of companies into rather unrelated fields, and the parameters of trademark licensing, the chances of even an unrelated use being unlikely to cause confusion with a well-known mark are small. In these cases, somewhat ironically, the main beneficiaries of strong dilution protection will be weaker marks that have not yet established themselves with the populace.

No matter which marks are protected, though, society's return for granting this proprietary interest is uncertain at best. Patent and copyright protection is granted to stimulate inventions and creativity, and even then we limit the monopoly granted. From traditional trademark law, we get protection from deception and the encouragement of brand-name marketing. This encouragement is both good and bad: it arguably makes consumer choice easier by giving confidence about the quality level of the goods; however, it can create artificial barriers to entry into the marketplace by fostering brand loyalty at the expense of thoughtful decision making. Even if the trade-off is deemed a reasonable one, adding dilution protection is not a wise investment. The marginal increase in brand-marketing encouragement would be small, given the perceived desirability of advertising in any case by brand-name owners. Dilution poses a large potential harm to competition, particularly when applied to competitors or advertisers using the mark in an illustrative manner. The threat of a lawsuit by a major company can be a serious deterrent to a small new entrant in the market. Like false advertising claims, dilution suits may simply become another weapon in the marketing strategy arsenal.

The real justification for the use of dilution is more the protection of marks against misappropriation than against "whittling away." Courts and commentators, explicitly or implicitly, believe it to be unfair for a second user to gain any advantage in the marketplace by using the first user's mark. It is this issue to which predatory intent speaks. Even if consumers are not confused about the source or sponsorship of the

314. *See* Maier Brewing Co. v. Fleischmann Distilling Corp., 390 F.2d 117, 123-24 (9th Cir.) (using an unjust enrichment theory under the Lanham Act), *cert. denied*, 391 U.S. 966 (1968).

goods, the use of a celebrated mark or a parody thereof gets the attention of consumers. In turn, this gives the junior user an apparently unearned advantage, for which the senior user receives nothing. This scenario, however, presents neither confusion nor dilution; it is a case of misappropriation.[315] It harkens back to the hoary doctrine of *International News Service v. Associated Press*,[316] a case in which the Supreme Court permitted an injunction against International News Service's republication in the western states of Associated Press's news stories published on the east coast.

Although misappropriation is not really dilution, for discussion purposes let us accept that it is. The *International News* case is an example of misappropriation protection in its purest form. In that circumstance, however, the public received a benefit from the protection granted to Associated Press. Without protection, Associated Press would have had a greatly reduced incentive to collect and distribute the news, which, in turn, would have been harmful to the public. By contrast, antidilution laws give no such benefit. Owners of well-known marks still will use them. New entrants into the marketplace still will use trademarks; federal law provides sufficient encouragement by protecting against confusingly similar uses. Owners of lesser known marks will want to make their marks better known to the public, and that will require advertising. Dilution protection would be a marginal incentive at best. In short, the protection is a bonanza for the "haves," with no corresponding benefits to the rest of society.[317]

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315. In Anti-Defamation League of B'nai B'rith v. Arab Anti-Defamation League, 72 Misc. 2d 847, 854, 340 N.Y.S.2d 532, 543 (Sup. Ct. 1972), the court referred to other decisions that called the doctrine one of misappropriation. In Augusta National, Inc. v. Northwestern Mutual Life Ins. Co., 193 U.S.P.Q. (BNA) 210 (N.D. Ga. 1976), the court predicated its dilution finding on its decision that the defendant was "seeking to trade on [the plaintiff's] good will." *Id.* at 217. (Oddly enough, 11 years later the Trademark Trial and Appeal Board ordered the Patent and Trademark Office to allow registration of the mark MASTERS for a tennis tournament. *In re* Men's Int'l Professional Tennis Council, 1 U.S.P.Q.2d (BNA) 1917 (Trademark Trial & Appeal Bd. 1987).)

316. 248 U.S. 215 (1918).

317. A related argument is possible. One could posit that a trademark owner should have a right to control uses of the mark in the same way that individuals have a right to control another's use of their names or likenesses. Winner, *Right of Identity: Right of Publicity and Protection for a Trademark's "Persona,"* 71 TRADEMARK REP. 193, 204-10 (1981). Rights of publicity for people, however, are not directly translatable to trademarks. A right to control one's name and likeness stems in part from a privacy interest in one's dignity. *See, e.g.*, Martin Luther King, Jr., Center for Social Change, Inc. v. American Heritage Prods., Inc., 250 Ga. 135, 296 S.E.2d 697, 703 (1982) (enjoining sale of unauthorized busts of Dr. King and likening the interest involved to a privacy interest). Although corporate officials might be indignant at another's use of their mark, the dignity interest is not the same. Moreover, any dilution effect on the individual's commercial use of name or likeness will reflect confusion. Individuals may worry that unauthorized uses of their names will cause a saturation of the market, so to speak, but this result would mean that consumers consider the unauthorized use to be equivalent to an authorized use, otherwise no saturation effect should be felt. Hence, the confusion of sponsorship causes the dilution. Finally, protecting

Another difficulty with the dilution theory is the unspoken assumption that famous marks never die, they are only diluted away. The fallacy of this assumption can be seen in Schechter's own article. He lists several marks that he deems famous enough to warrant broad protection: "Rolls-Royce," "Aunt Jemima's," "Kodak," "Mazda," "Corona," "Nujol," and "Blue Goose."[318] The first three are still famous more than sixty years later, as, perhaps to a lesser degree, is "Corona" for cigars. Corona beer, however, may be edging out cigars in some areas. "Mazda" is a well-known mark today, but not on the products for which Schechter ascribed its fame; he referred to lights, not cars.[319] Most interesting is Schechter's discussion of the "Blue Goose" mark. He writes:

> When the public hears or sees the phrase "Blue Goose" it thinks, not of "a North American wild goose having a grayish plumage resembling that of the young snow goose found chiefly during its migrations in the Mississippi Valley," but of oranges or grapefruit with a certain trademark and certain meritorious qualities.[320]

Schechter's poetic description no longer portrays the American reaction to "Blue Goose." Its decline was not as much from dilution as from a combination of competition, changed circumstances in the fruit business, and probably a lack of persistent advertising. "Blue Goose" illustrates the problem of the decline of a trademark outside the realm of dilution. Even a well-known mark does not remain that way without some attention by the trademark owner. There is no inherent right to perpetual fame; trademark recognition rightly requires at least periodic advertising to remind the consuming audience of the trademark's presence.[321] If trademark owners fail to promote the mark and its products, then they run the risk that another, nonconfusing use will supplant the fame of the older mark. But this is as it should be. In a competitive economy, the competitors must stay alert. A failure to advertise exemplifies a failure to compete effectively.

The most appropriate solution would be to give up the current antidilution statutes and start over. State legislators or the commissioners of model statutes could return to the drafting of a statute that protects

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individual publicity and privacy rights does not threaten competition in the underlying goods in the same way that dilution protection does. Total control over trademark usage could prevent even comparative advertising. Comparative advertising is unlikely to focus on the endorser; nevertheless, such a focus is not impossible, particularly if the endorsement advertisement gains considerable notoriety. In the latter case, one would not give the endorser an absolute right to prevent the comparative advertisement. By giving the endorsement, the endorser seemingly waives the right to complain of the comparison.

318. Schechter, *supra* note 9, at 829.

319. *Id.*

320. *Id.* at 830.

321. The product also must remain one that the public still wants to buy.

those few interests worthy of protection and creates reasonable guidelines for courts to enforce the statute. In the alternative, courts, in theory, could nullify the current statutes by judicial decision—recognizing that the dilution doctrine applies in only the most limited of cases and adds little to the ordinary infringement analysis applicable to almost all situations.[322] That action, however, is more than realistically can be expected of courts. The revision of a statute is not the court's responsibility unless no other reasonable interpretation is available.

Courts could change the way they analyze dilution cases to limit the breadth of antidilution statutes. First, a court could attempt to limit applications of the statute to situations that are more definable. For example, the real problem in dilution cases is not the long-term potential for "whittling away" the mark, but the short-term free ride that a defendant takes with the senior mark's celebrity. The doctrine has received mixed reviews, but if one is looking for some legitimate basis to protect marks in the absence of confusion, misappropriation may be the answer.[323] Not all dilution cases can be converted to misappropriation, of course, and not even all of those that can be converted should be subject to protection. Particularly when the misappropriation is via a parody, first amendment values counsel caution. At a minimum, courts should demand a showing—by survey perhaps—that the defendant is gaining a market at the plaintiff's expense. Moreover, if the parties are competitors, successful cases should be rare indeed lest competition be stifled.[324]

The one area of dilution favored by the courts—tarnishment—can be protected without using dilution. The antidilution statutes typically contain langnage protecting against injury to business reputation,[325] and in most tarnishment cases there is at least a definable injury. The

322. *See* Plasticolor Molded Prods. v. Ford Motor Co., 713 F. Supp. 1329, 1347-48 (C.D. Cal. 1989) (ignoring a 1985 amendment to the California statute that the court held added nothing to the law).

323. In another area of intellectual property—copyright—a recent decision by the United States Supreme Court illustrates the need to distinguish proper statutory theory from the instinctive desire to thwart apparent unfairness by improperly incorporating misappropriation doctrines. In Feist Publications, Inc. v. Rural Telephone Service Co., 111 S. Ct. 1282 (1991), the Court held that the copyright laws do not countenance the so-called "sweat of the brow" theory, which would permit one who compiles information to be protected by the copyright laws from another's appropriation of that information, even if the compilation lacked originality. *Id.* at 1295. Similarly, the use of antidilution statutes to protect against misappropriation of a trademark's "value" is an unwarranted use of the statutes, taking them far afield from the theory that spawned them.

324. Comparative advertising is of particular importance. Strict application of misappropriation to such advertising could result in major, undesirable restrictions in the same fashion as dilution statutes.

325. *See, e.g.*, N.Y. Gen. Bus. Law § 368-d (McKinney 1984) (providing protection against the "[l]ikelihood of injury to business reputation").

best solution would be to eliminate dilution and rest protection on the injury to business reputation resulting from tarnishment. If actual evidence of injury is produced, this is an area in which protection is warranted. By demanding real supporting evidence, courts can separate worthy and unworthy cases. Naturally, courts also must consider first amendment implications of granting relief.[326]

Another way to limit dilution is to be more demanding of plaintiffs in showing the two elements of dilution: A distinctive mark and the likelihood of dilution. The simple use of secondary meaning will not suffice to show distinctiveness. Secondary meaning in trademark often is just a way to permit a descriptive mark to be protected.[327] Even when used as an indicia of the strength of the mark in an absolute sense, the concept is not directly transferable to dilution. As discussed earlier, dilution should protect, at most, marks with wide recognition. Secondary meaning may encompass only locally strong marks. Dilution protection should demand more, and it should demand evidence, not just impressions. Plaintiffs should be required to demonstrate that the mark is strong even if it is arbitrary. A showing of advertising expenditures alone should not suffice; outside evidence such as surveys and articles about the mark should be required. Only after demonstrating distinctiveness should the court go on to examine likelihood of dilution.

At this point, though, courts have a problem. Dilution is a theory that requires the passage of time and possible additional users for the process to be complete. Demonstrating the possibility that consumers in the future will attain a certain state of mind known as dilution, without being confused, will be difficult. Nevertheless, if we are to avoid a slide toward an exclusive right theory of trademark, it will be necessary to determine whether evidence can be introduced to demonstrate likelihood of dilution. The fact that a few courts, citing lack of evidence, have refused to grant dilution relief is a promising sign.[328]

If legislatures cannot summon the will to repeal dilution statutes, the statutes should be limited as much as their language will permit. If a case is made for added protection, neither the courts nor the legislature should invent vague new business torts, but instead should view the arguments skeptically and attempt to use narrower, existing doctrines to provide the necessary protection.

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326. *See supra* notes 195-203 and accompanying text.

327. Suggestive and arbitrary marks are protected without showing secondary meaning. 1 J. McCarthy, *supra* note 2, § 15:1.

328. *See* cases cited *supra* note 290.