The Death of Moral Freedom: How the Trademark Dilution Act Has Allowed Federal Courts to Punish Subjectively-Defined Immoral Secondary Use of Trademarks

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THE DEATH OF MORAL FREEDOM:
HOW THE TRADEMARK DILUTION ACT
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IMMORAL SECONDARY USE OF
TRADEMARKS

DAVID E. MISSIRIAN

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INTRODUCTION

The origins of trademark law have their roots in common law and predate the Lanham Act of 1946, which established the statutory right to protect one’s mark. This common law action survives today and allows for a trademark infringement suit even in circumstances where a trademark application was not filed with the United States Patent and Trademark Office (“PTO”). Importantly, both statutory and common law trademark law allow for the use of a registered or pre-used mark in other industries as long as the use of the mark does not create consumer confusion. Indeed, proof of consumer confusion between two marks has always been the quintessential element of any trademark infringement cause of action. This requirement is both because such confusion can cause damages to the sales of the mark holder and because it can negatively impact consumers. Absent such confusion, neither type of harm occurs.

A second and different type of trademark cause of action created by the 1996 passage of the Trademark Dilution Act. Dilution claims were intended only to protect mark holders from damage to the value of their marks. This is a narrower purpose than that of infringement actions, which, while providing protection to trademark creators, also included the public policy purpose of protecting consumers. This newer cause of action, while limited only to owners of famous marks, requires that the secondary use of the mark “lessen the capacity of the famous mark to identify and to distinguish goods or services.” The dilution could occur without there being any competition

with the original mark holder and without requiring any proof of actual consumer confusion.

This paper explores both the legal inadequacies and negative impact of the Trademark Dilution Act. The paper demonstrates that federal statutory trademark dilution claims are: ineffective to protect consumers; unnecessary to protect mark holders from actual damage to the value of their marks; and allow for inappropriate overreaching by mark holders and courts. Part I presents a summary of the origins of United States trademark law. Part II discusses the language and court interpretation of the original Trademark Dilution Act. Part III looks at the implications of the current, amended Trademark Dilution Act. The paper concludes with recommendations for a legislative correction.

I. ORIGINS OF TRADEMARK LAW

Trademark law has long been a part of our American legal history.\(^2\) It arrived with British settlers, became incorporated into U.S. common law after the Revolutionary War, and ultimately became a matter of federal statutory law. At its simplest and from its beginning, trademark law seeks to protect creators of distinctive marks from copycats. Over time, the legal requirements for damages under trademark law have evolved to reflect the changing goals of protecting trademarks and the additional goal of protecting consumers.

A. Common Law Trademark

The origins of trademark law have their roots in common law and predate the Lanham Act of 1946,\(^3\) which established the federal statutory right to protect one’s mark.\(^4\) The historic origin of common law trademark predates the United States. It began in England, from where these legal principles were subsequently carried over to the United States and incorporated into our legal system after the U.S. gained its independence. Despite this long history, significant common law trademark court cases did not reach the federal court system until 1840 and were, for the most part, dealt with in the common and equity law courts.\(^5\) As trademark issues

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2. Trade-Mark Cases, 100 U.S. 82 (1879).
4. Id.
became more prevalent, Congress attempted in 1879 to pass federal trademark legislation which would encompass within its scope both federal and state trademark cases. The apparent purpose of the legislation was to create a uniform set of trademark rules, rather than a hodgepodge of varying state common law decisions yielding inconsistent precedents. Despite Congress’ good intentions, the United States Supreme Court struck down the legislation, finding it unconstitutional. The Supreme Court stated:

The legislation of Congress in regard to trademarks is not, in its terms or essential character, a regulation thus limited, but in its language embraces, and was intended to embrace, all commerce, including that between citizens of the same state. That legislation is void for want of constitutional authority, inasmuch as it is so framed that its provisions are applicable to all commerce, and cannot be confined to that which is subject to the control of Congress.

The Supreme Court made it clear that if trademark legislation were to be imposed on intrastate activity (between citizens of the same state), it would be a clear violation of the commerce clause and that it would therefore be up to the individual states themselves to fashion appropriate trademark laws for state-level commerce. The Court went on to say that: “[p]roperty in trademarks has long been recognized and protected by the common law and by the statutes of the several states, and does not derive its existence from the act of Congress providing for the registration of them in the Patent Office.”

This is an interesting nod to the powers reserved to the States and the appropriate place of the federal government. Implicitly, this ruling indicates that federal trademark law cannot replace common law or state legislation except for situations involving interstate commerce. As a result, trademark common law causes of action survive today and allow for a trademark infringement suit even in circumstances where a trademark does not involve interstate commerce and is not filed with the PTO.


6. Id.
7. Trade-Mark Cases, 100 U.S. 82 (1879).
10. Id. at 93.
11. Id. at 96–97.
What is most interesting about Trade-Mark Cases, is that it is in direct opposition to the broad latitude the Supreme Court gives Congress today. Congress’ actions in 1879, if viewed under the lens of the current Supreme Court might have survived judicial scrutiny due to its positive unifying effect on the state trademark landscape. Yet, despite this positive effect, the Court in 1879 still placed extreme value on the rights of the states to decide those issues for themselves and so strictly limited the Congress to its constitutional boundary under the commerce clause of regulating only interstate activity. In other words, despite Congress’ attempt to unify the trademark landscape, a purported benefit to all, the Supreme Court found fault with Congresses’ method and did not allow them to escape constitutional requirements by following the theory that the ends justify the means. The result was that for many years, businesses were left to navigate each state’s own trademark law, be it in the form of statute or common law.

Of course, the concept and reality of interstate commerce was very different in the late nineteenth century than it is in today’s era of global and digital commerce. In 1879 the first transcontinental railroad to bridge the country was only ten years old. The project was a priority of President Abraham Lincoln, and a way of binding California to the Union and promoting commerce.

Construction on this railroad began in 1860 with the Central Pacific, which ended in San Francisco. A new railroad, the Union Pacific, starting in Omaha, Nebraska, would build the rail-line. Huge forces of immigrants, mainly Irish for the Union Pacific, and Chinese for the Central Pacific, crossed mountains, dug tunnels and laid track. The two railroads met at Promontory Utah, on May 10, 1869, and a last, golden spike was driven into the completed railway.

Prior to the creation of this bridge across the nation, most commercial traffic was moved by wagon train, pony express and stagecoach line. Given the difficulty in moving goods and services, most people purchased locally and thus the issue of interstate trademark infringement was relegated to the few large companies that existed and marketed nationwide.

12. Id.
15. Id.
16. Id.
17. Id.
18. Id.
19. Id.
Thus, despite the apparent hassles of differing state trademark laws, the issue did not come up as often as one might think prior to 1869. Because businesses were marketing to consumers who were, as a general rule, local in nature they only needed to learn one state’s trademark law. This localized commerce made it much less likely that a trademark owner would even encounter a competing business using a similar name or trademark. If such a business existed, it was likely operating in a different state where it did not compete with the business of the original mark owner.

The transcontinental railroad and its ability to move goods cheaply and efficiently changed all of this, allowing consumer’s access to goods from other geographic areas where name recognition became vital. This gave rise to trademark issues in commerce between states becoming a common reality. The railroad became so important to the country’s commerce that, in 1887, Congress passed the Interstate Commerce Act ("ICC") which gave rise to the Interstate Commerce Commission, the first federal agency, whose task it was to oversee the railroads. The significance of the railroad to a flourishing interstate commerce system was not lost on the owners of those railroads, who leveraged that importance against the consumers by attempting to monopolize pricing. As a result, “Congress . . . instituted regulation under the ICC largely to protect the public from the monopolistic abuses of the railroads.”

Take, for example, the soft drink Coca-Cola. Atlanta pharmacist Dr. John S. Pemberton invented this famous product in 1886. In 1886, Pemberton sold, on average, nine glasses per day out of his Atlanta pharmacy. It was a locally created, produced and marketed product. 13

20. Id.
22. Id. at 1170.
23. Id. at 1152.
26. Id.
years later three businessmen from Tennessee saw Coca-Cola’s potential and purchased rights to the product. They began large-scale bottling of the beverage, and by 1916 they had over 1,000 bottling plants nationwide.

In a mere thirty years, an obscure soft drink became one of the most sought-after beverages in America. Coca-Cola was so popular that other companies sought to benefit from Coca-Cola’s popularity and fame. Enter Koke Company of America (“KCA”). KCA manufactured and sold a soft drink designed to imitate Coca-Cola. The purpose was to play upon the similarity of the names of their product when matched with the actual Coca-Cola. Upon notification of this trademark infringement, Coca-Cola filed suit for injunctive relief asking the trial court to stop KCA from manufacturing and marketing their product. The trial court granted relief to Coca-Cola, but the appeals court reversed, stating that though the trademark may have been used by the Coca-Cola Company initially, the prominence of the product in the market and its intense popularity may have been in part due to the presence of cocaine in its formulation. The Supreme Court granted certiorari and ultimately found for Coca-Cola. The Court acknowledged that, if the holder of a mark used that mark in an effort to deceive the public, then the courts would not be a party to protecting that mark.

KCA alleged that in the original formulation of Coca-Cola the product contained cocaine, they also alleged that the mark could not be trademarked as it was descriptive in nature, the product name was a play on its ingredients, one of which was the Coca leaf and the Cola nut. They also alleged that part of the popularity and goodwill of the product prior to 1900 was in fact due to the presence of cocaine in the product, and that thereafter it was based on a perception by the public that it still contained cocaine.

The Supreme Court considered the cocaine argument first, as it would have the most significance on the outcome of the suit if it was still true. The Court found:

27. Id.
28. Id.
29. Id.
31. Id.
32. Id.
33. Id.
34. Id.
35. Id.
36. Id. at 145–46.
Before 1900 the beginning of the good will was more or less helped by the presence of cocaine, a drug that, like alcohol or caffeine or opium, may be described as a deadly poison or as a valuable item of the pharmacopoeia according to the rhetorical purposes in view. The amount seems to have been very small, but it may have been enough to begin a bad habit and after the Food and Drug Act of June 30, 1906, if not earlier, long before this suit was brought, it was eliminated from the plaintiff’s’ compound.37

The Court further stated that the dramatic increase in sales of the product from 1900 until 1920—a time when the product contained no cocaine—directly correlated with the company’s increases in advertising,38 rather than signifying the public’s perception that they were still buying a product containing cocaine.

As to the name being ineligible for trademark protection because of its descriptive character, the Court disagreed.

In other words ‘Coca-Cola’ probably means to most persons the plaintiff’s’ familiar product to be had everywhere rather than a compound of particular substances . . . we see no reason to doubt that, as we have said, it has acquired a secondary meaning in which perhaps the product is more emphasized than the producer but to which the producer is entitled. The coca leaves and whatever of cola nut is employed may be used to justify the continuance of the name or they may affect the flavor as the plaintiff contends, but before this suit was brought the plaintiff had advertised to the public that it must not expect and would not find cocaine, and had eliminated everything tending to suggest cocaine effects except the name and the picture of the leaves and nuts, which probably conveyed little or nothing to most who saw it.39

Thus the Court viewed the case as an attempt by KCA to reap the benefits of Coca-Cola’s success. The court succinctly stated: “[i]t is found that defendant’s mixture is made and sold in imitation of the plaintiff’s and that the word ‘Koke’ was chosen for the purpose of reaping the benefit of the advertising done by the plaintiff and of selling the imitation as and for the plaintiff’s’ goods.”40

*Coca-Cola* is a well-known common law trademark case in that it demonstrates a competing beverage manufacturer attempting through language to steal profits destined for Coca-Cola by confusing the consumer. KCA’s deception played off consumers’ colloquial use of the word “Coke”

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37. *Id.* (internal citation omitted).
38. *Id.* at 146.
39. *Id.* at 146–47.
40. *Id.* at 145. (emphasis added)
to refer to Coca-Cola. As in, “May I have a Coke please?” When spoken this could mean Coke for Koke. This is an interesting turn of phrase on KCA’s part though clearly a trademark infringement. One wonders if they actually believed that the infringement would go unnoticed and if noticed would withstand judicial scrutiny? Or, perhaps KCA believed that, if its infringement were noticed and challenged, its cocaine argument would be persuasive to the court. Either way, the case illustrates that both intent to deceive and interstate commerce were now factors in the legal landscape of trademark infringement claims.

KCA’s blatant attempt to confuse and to reap the benefits of a better-known product without getting caught may be the point of infringement on the part of those perpetrating the deception. The ruse brings in untold amounts of money until discovered due to the public being unaware of the deception. The company also benefits from extensive advertising for which the infringer did not pay. Thus, the infringer gets the benefit of the pre-existing market with none of the necessary groundwork required to create a truly competing product. Why compete when it is easier to dupe the public though linguistic legerdemain? Still, as the Coca-Cola case demonstrates, common law trademark law can, when raised in court, be effectively used to stop such an infringement. So why, particularly after the Supreme Court had struck down Congress’ earlier attempt to pass federal trademark legislation, did Congress decide to pass the Lanham Act?

B. Lanham Act of 1946 Statutory Trademark

Before the Lanham Act of 1946 was passed into legislation, trademark law was governed at the state level, and offered varying basic trademark protection. Common law provided trademark rights upon the actual use of a mark for commercial purposes.

The rationale for the codification of trademark law at the federal level is varied. There appears to be no consensus of which party—producer, consumer or principal—the law was designed to benefit. It may be that, as with other major codifications, a multitude of interests deserving of protection were at play. By looking at quotes from the legislative history, we can understand the interests important to Congress.

41. Id. at 146–47.
The legislative history of the Lanham Act recognized the time and expense which manufacturers and producers put into their products and services and wanted to protect those interests. Congress recognized that the country’s producers have made an investment not only in their product but in the economic process of the United States as a whole and thus should be protected from having that investment stolen. Thus, trademark infringement is an act which might have adverse effects on our economic system.

The descriptive words in the legislative history are interesting in two ways. First, is use of the phrase “pirates and cheats.” A pirate is one who steals or robs a person of their belongings. Thus use of the word reinforces the notion that a trademark is something that is owned and belongs to an individual or company. Additionally, to pirate, when used as a verb, is to steal away from someone, something of which they have possession. This again harkens to the taking of something tangible. A cheat is one who deprives someone of something of value by the use of fraud or deceit. As a verb, it can also be to influence someone or influence someone to do something by deceit or trick. Here the focus is different: it is not looking to the one who had something tangible taken, the producer who has lost his mark, but rather the consumer who expected to receive something specific based on those qualities associated with the trademark, yet because of trickery and deceit received something else—presumably something which he would not have chosen and which is inferior.

Therefore, the use of these words demonstrates Congress’ visceral reaction to one who would take the trademark of another. Such a person is one who uses fraud, deceit and trickery in an effort to steal something, the trademark, which belonged to someone else, the Producer. This person has also used trickery and deceit to influence the consumer into purchasing fraudulent goods.

This latter point, of protecting the consumer’s interests, is bolstered by the same legislative history. The system is designed to protect the public, “so that it may be confident in purchasing a product bearing a particular

43. S. REP. NO. 79-1333, at 3 (1946). ("Where the owner of a trademark has spent energy, time and money in presenting to the public the product, he is protected in his investment from its appropriation by pirates and cheats.")
45. Id.
47. Id.
trademark which it favorably knows, it will get the product which it asks for and which it wants to get.”48 The trademark law also benefited consumers in another way: by lowering consumers’ search costs when purchasing an item.49 Thus, by being able to identify a product immediately by its familiar packaging, label, name or coloration, the consumer would be lowering their overall costs of purchase. It would also make the entire purchase process simpler and more easily repeatable, something which would benefit both consumers and producers of a given product.

The entire commerce system of the country, now flourishing nationwide, depended on the goodwill generated by producers and being relied upon by consumers. Commercial certainty cannot flourish in the midst of consumer skepticism of the products they desire to purchase. The American economy needed a system of commerce which could be relied upon by both consumers and producers. Enter federal legislation.

During the initial years, the Lanham Act of 1946 was seen more as a codification of general state common law than a statute expanding new ground.50 Indeed, it did retain the heart of state and common law trademark infringement claims by requiring at least a likelihood of consumer confusion. However, the Act also repealed and replaced all prior federal trademark legislation, and made significant changes to that prior legislation.51 For example, the Lanham Act removed the requirement in a trademark infringement suit that the plaintiff proves that the actions of the infringer were willful or done with an intent to deceive.52 This indicates that, for trademark cases, Congress was more interested in the damage done than the intentions of the infringer. Congress also created a non-trademark cause of action by introducing an action for deceptive or false advertising in section 43(A).53 This means that, under the Lanham Act, a business could bring a cause of action for trademark infringement without proof that the infringer acted willfully or with intent to deceive and a business could bring a cause of action for willful or intentionally deceptive actions even when these did not involve a trademark infringement. It took time for the courts to adopt these expanded mark holders’ rights, but eventually they did so.

49. MARK. D. JANIS, TRADEMARK AND UNFAIR COMPETITION LAW IN A NUTSHELL, 9 (West 2013).
50. Id. at 64.
52. Id. at 61–63.
53. Id. at 63–64.
C. Modern Common Law and Statutory Cases Consistently Demonstrate the Consumer Confusion Requirement.

In the early years of the Lanham Act, the courts interpreted the statute to apply only in cases where a company was passing off one good for that of another, “which include only such false descriptions or representations as are of substantially the same economic nature as those which involve infringement or other improper use of trade-marks.”54 Indeed, the 1949 case, Samson Crane Co. v United National Sales Inc. from the U.S. District Court of Massachusetts stated “[Section 43(a)] should not be interpreted so as to bring within its scope any kind of undesirable business practice which involves deception, when such practices are outside the field of the trademark laws, and especially when such undesirable practices are already the subject of other Congressional legislation . . . .”55

Over time, however, Section 43(a)’s action for deceptive or false advertising came to be interpreted more broadly, resulting in a remarkable expansion in its scope.

Section 43(a) states, in relevant part:

Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services or commercial activities by another person, or (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person’s goods, services, or commercial activities, shall be liable in a civil action by any person who believes that he or she is likely to be damaged by such act.56

In L’aiglon Apparel, Inc. v. Lana Lobell, Inc., the Third Circuit Court of Appeals began a new interpretive trend in applying the Lanham Act.57 L’aiglon Apparel (“L’aiglon”) was a manufacturer of distinctively styled

woman’s dresses. Lana Lobell (“Lana”) also manufactured dresses which it marketed interstate in magazines of national circulation. In marketing the defendant’s product in a nationally recognized mail order magazine the defendant, Lana, prominently displayed a picture of the plaintiff’s distinctively styled dress alleging, indirectly, that they manufactured this dress. L’aiglon alleged that the dresses manufactured by Lana were of inferior quality and sold at a greatly reduced price. In this way, the picture and price of this dress became associated in the minds of many readers and identified as plaintiff’s $17.95 dress, causing sales to be diverted and/or lost entirely when the consumer associated the shoddy quality received from the defendant Lana with the plaintiff’s higher quality product.

The court effectively found that the Lanham Act created a new tort based on federal statutory law, which dealt with false representation of goods.

It seems to us that Congress has defined a statutory civil wrong of false representation of goods in commerce and has given a broad class of suitors injured or likely to be injured by such wrong the right to relief in the federal courts. This statutory tort is defined in language which differentiates it in some particulars from similar wrongs which have developed and have become defined in the judge made law of unfair competition.

The court recognized that the breadth of this tort would be applicable to many plaintiffs who, while unable to demonstrate trademark infringement, could nonetheless demonstrate that the action of a competitor might deceive, misrepresent or confuse a consumer.

Courts also began to focus on the proof required for a Lanham Act trademark infringement claim. With the congressional shift from proof of the alleged infringer’s intention to proof of damage caused, the courts began to focus on damage caused by consumer confusion. In the case of World Carpets v. Dick Littrell’s New World Carpets, World Carpets, a wholesaler of carpets, sued New World Carpets for infringement of their trademark.

59. Id.
60. Id.
61. Id.
62. Id.
63. Id. at 651.
64. Id.
65. World Carpets v. Dick Littrell’s New World Carpets, 438 F.2d 482, 483 (5th Cir. 1971).
The court in analyzing the case went into great detail discussing the notion of consumer confusion as it applies to the Lanham Act.

While this circuit regards the question of confusion as a fact determination, *it is not necessary to show actual confusion. One merely has to show that the likelihood of confusion exists.* There can be no more positive or substantial proof of the likelihood of confusion than proof of actual confusion. Moreover, reason tells us that while very little proof of actual confusion would be necessary to prove the likelihood of confusion, an almost overwhelming amount of proof would be necessary to refute such proof.  

In other words, while proof of actual confusion is certainly adequate to prove a likelihood of confusion, such proof is not necessary. Indeed, an allegation of likelihood confusion with minimal proof is adequate to state a Lanham Act claim, while proof of a lack of confusion would be necessary to refute such an allegation.

This interpretation of the statutory proof requirements, which clearly favors the plaintiff and burdens the defendant, played out in *World Carpet.* The court found that any reasonable person might presume that New World Carpet (a seller of carpet in the retail market) might be connected with World Carpet, (a purveyor in the wholesale market) and, therefore, attribute any problems associated with the New World purchase as belonging to World Carpet and any confidence in product attributable to World Carpet, stolen by New World Carpet.  

The confusion evident in such cases is confusion of the business; the deceived customer buys the infringer’s product in the belief that it originates with the trademark owner or that it in some way is affiliated with the owner. When this occurs, the infringer is unjustly trading on the true owner’s established reputation. This is the precise wrong trademark legislation seeks to prevent.  

The court was willing to make assumptions of damages from what a reasonable person would think, rather than require actual proof of damages or even proof of the presumed consumer confusion.

Despite the expanded infringement cause of action, which favors original mark holders, the Lanham Act does contain some exceptions, which allow for the unauthorized use of a mark. For example, § 1115(b)(4) allows
for fair use of a registered trademark. In the case of *KP Permanent Make-Up, Inc. v. Lasting Impression, Inc.* I, the Supreme Court stated

use of the . . . term . . . charged to be an infringement is a use, otherwise than as a mark . . . of a term . . . which is descriptive of and used fairly and in good faith only to describe the goods or services . . . As time passed the courts acknowledged that there was a fair use exception. [Significantly, this exception to trademark infringement, rests upon the [un]likelihood of consumer confusion.]

In *KP Permanent*, the Supreme Court did acknowledge that fair use could co-exist with a possibility of some consumer confusion. However, the Court envisioned a balancing between consumer confusion and one’s use of a trademark in an innocent descriptive fashion. Moreover, even with the allowance of such a balancing of interests in selected circumstances, consumer confusion remains the linchpin of trademark infringement. As put succinctly by the Ninth Circuit: “the *sine qua non* of trademark infringement is consumer confusion.”

II. TRADEMARK DILUTION ACT OF 1996

The Lanham Act was amended several times following its passing and eventually expanded to combat another perceived evil in the world of trademarks by an additional federal statute, the Trademark Dilution Act of 1996 (“FTDA”). That evil was the dilution of a trademark, which is the reduction in value or prominence of a well-known mark.

A. Trademark Dilution’s Legislative Purpose: Protect Mark Holders (not consumers).

The origins of trademark dilution are somewhat speculative, but one person credited with taking a serious view of the topic is Frank I. Schechter. Schechter wrote an article published in the Harvard Law Review in 1927 entitled, The Rationale Basis of Trademark Protection. Schechter’s theory proposed that the only rational basis for trademark protection was to protect

70. *Id.* at 119–20.
the distinctiveness of the mark.  For Schechter, this was a logical conclusion given his view that a trademark’s function was only to identify a product as desirable and increase sales to the consuming public.  For Schechter, the mark sold the product and was, given the advances in advertising in the day, a way of perpetuating goodwill.  Schechter gave no consideration to the effects on the consumer and he allowed for no exception for use, registration, or ownership of the mark, even outside the industry of the original mark-holder in a non-competing industry. In contrast, the PTO continues to grant ownership of a pre-existing mark to a new user in a non-competing industry because such use causes no harm to the original holder and benefits consumers.

Indeed, Schechter’s model was difficult to harmonize with traditional trademark theory because it granted an absolute property right (property rights in gross) to the holder.  Schechter’s view of equating trademark rights with the property rights principle of an easement in gross is, at best, an inexact parallel. Easements in gross, or property rights in gross, apply only to unique parcels of land, which by their very nature are singular. Take for example a railroad easement, which is characteristically an easement in gross. The easement itself runs across various pieces of land. Each parcel of land which the easement crosses over is similar, in that they are each a parcel of land, but are unique as to location and topography. The ownership right runs along various parcels of land. While true that all of the servient estates (burdened land) are land, the location of the easement and its particular use on that individual parcel may be different.

Trademarks, on the other hand, while unique in one market are in no way unique to the original mark holder’s product in another. For example, while it is true that the term Apple Computers and its associated marketing schema is unique in the computer field, this is not true of the word “apple” in the fruit business. Would Schechter propose that, since Apple computers have coined the phrase, “Want an Apple? They’re Fresh?” to entice a person to buy an Apple computer, therefore the Apple company should be allowed to stop a fruit business from using the same phrase? Schechter’s model improperly analogizes easements in gross—which are indeed unique to the particular unique parcels of land across which they exist—to trademarks which are only unique within their intended market. By not considering that

74.  Id. at 831.
75.  Id. at 818.
76.  Id. at 819.
a mark holder would be justified in imposing its rights on some (i.e., competing businesses in the same industry) but not on others (e.g., a non-competitor in an entirely different industry), he does not take his theory to its logical conclusion. If Schechter had followed it through, the inconsistency would have become apparent.

Another way to look at the flaw in Schechter’s view is to consider that it would create a situation similar to only allowing there to be one person with any given name. Thus Joseph Smith Clothiers would own the property rights to the name Joseph Smith. No other person could use that name in any other context. It could theoretically be broadened to cause that name never to be used by anyone else even as a name. This extreme position is likely why the Schechter model did not show up in either state or federal codifications of trademark dilution law before the 1996 FTDA, though some state statutes did utilize a variant of the Schechter model by allowing a mark holder to block a secondary user from registering the mark even without competition if the original holder could prove a likelihood of dilution. New York law stated:

§ 360-L. Injury to business reputation; dilution. Likelihood of injury to business reputation or of dilution of the distinctive quality of a mark or trade name shall be a ground for injunctive relief in cases of infringement of a mark registered or not registered or in cases of unfair competition, notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services.79

In 1989 the Second Circuit attempted to flesh out the requirements for this trademark dilution, well before the term was statutorily used to create a new cause of action. The case involved Mead Data Central, Inc. (“Mead”) (owner of the trademark Lexis legal research tool) and Toyota Motor Sales, U.S.A. Inc. (“Toyota”) (purveyor of the Lexus automobile). Mead alleged that use of the word Lexus by Toyota would dilute the trademark Lexis.80 The District Court found for Mead and Toyota appealed.81 The Second Circuit stated that the requirements needed for trademark dilution required a case-by-case analysis.82 It then reversed the decision of the District Court.

78. Id. at 275.
79. NY GEN. BUS. LAW § 360-L (Consol. 2012)(emphasis added).
81. Id.
82. Id. at 1028–31.
based on the courts application of this newly-formulated test. The test required that to prove dilution, the elements, at a minimum: “1) similarity of the marks, 2) similarity of the products covered by the marks, 3) sophistication of consumers, 4) predatory intent, 5) renown of the senior mark, 6) renown of the junior mark.” The court did not believe that under the factors Toyota had met this test, particularly factor two.

Shortly thereafter, in 1996, the FTDA, which created a statutory trademark dilution claim distinct from a trademark infringement claim, was enacted as an amendment to the Lanham Act. The prior Lanham Act did not offer explicit protection for trademark dilution:

In its post-FTDA version, section 43(c)(1) of the Lanham Act provides that “[t]he owner of a famous mark shall be entitled . . . to an injunction against another person’s commercial use in commerce of a mark . . . if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark.”

What constituted dilution was defined as: “the lessening of the capacity of a famous mark to identify and distinguish goods, regardless of the presence or absence of competition between the owner of the famous mark and other parties, or likelihood of confusion, mistake, or deception.”

In contrast to the original Lanham Act’s infringement cause of action, trademark dilution did not require consumer confusion. Also, in contrast to the Second Circuit’s decision in Mead, the statutory dilution cause of action did not require that the marks be used in the same industry for there to be a dilution claim. This is an apparent attempt to address the limitation in trademark infringement claims that registered marks could be used in different industries without there being an infringement. In effect, the FTDA adopted Schechter’s flawed model and ignored the PTO’s’ ongoing practice of allowing secondary ownership of a mark in a non-competing market.

The key points for a statutory dilution claim were that the complaining mark be famous and that the other’s use of the mark caused, “the lessening of the capacity of a famous mark to identify and distinguish goods.” The

83. Id. at 1032.
84. Id. at 1035.
86. Id. at 407.
FTDA explained what factors the courts might consider in determining fame and distinctiveness.\textsuperscript{88} It is much less clear as to what factors should be considered, beyond consumer confusion, to determine if a famous mark’s capacity “to identify and distinguish” has been lessened.

\subsection*{B. Trademark Dilution’s Legal Impact}

The implication of the FTDA is far reaching because its creation of a trademark dilution cause of action appears to remove both the requirement of consumer confusion and the businesses being in the same market.\textsuperscript{89} Toys “R” Us v. Akkaoui illustrates this double expansion. Shortly after the enactment of the FTDA, Toys “R” Us brought an infringement and dilution action against Mohamad Ahmad Akkaoui, Lingerienet, and Acme Distributors, all doing business as Adults “R” Us, for trademark dilution and infringement.\textsuperscript{90} Defendants had registered a variety of websites which ended the site name with the “R” Us phrase.\textsuperscript{91} Many of them, including one named Adults “R” Us, had been linked to the defendant’s catalog of sexual products.\textsuperscript{92} Toys “R” Us filed suit and asked for an injunction asking the court to order the defendant from using the “R” Us language.\textsuperscript{93}

In finding in favor of Toys “R” Us, the court quoted the FTDA:

subject to the principles of equity, the owner of a famous mark is entitled to an injunction against another person’s commercial use in commerce of

\begin{quote}
\textsuperscript{88} 15 U.S.C. § 1125(c) (1994 & Supp. 1998). 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 distinctive of the mark; (B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used; (C) the duration and extent of advertising and publicity of the mark; (D) the geographical extent of the trading area in which the mark is used; (E) the channels of trade for the goods and services for which the mark is used; (F) the degree of recognition of the mark in the trading areas and channels of trade used by the marks’ owner and the person against whom the injunction is sought; (G) the nature and extent of use of the same or similar marks by third parties; and (H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register. \textit{Id.}
\textsuperscript{90} \textit{Id.} at *2–3.
\textsuperscript{91} \textit{Id.}
\textsuperscript{92} \textit{Id.}
\textsuperscript{93} \textit{Id.} at *1–2. Despite the fact that the Defendant had removed a majority of the sites from use or no longer owned those sites some were still in use and again redirected the viewers to the defendant’s sexual catalog. Given that some of the potential infringement and tarnishment remained, the court allowed the suit to go forward despite a motion to dismiss on the part of the Defendant. \textit{Id.}
a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark.94

The famous nature and distinctiveness of the Toys “R” Us mark was not really in question, though the court did take the time to enumerate the elements of a famous and distinctive mark.95

The court then went on to look at the issue of what it means to dilute a mark. The court said that the statute defines dilution as the “lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of—(1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake, or deception.”96 The court then made a conclusory statement, “Adults R Us’ tarnishes the ‘R’ Us family of marks by associating them with a line of sexual products that are inconsistent with the image Toys ‘R’ Us has striven to maintain for itself.”97

What the court failed to do was to state how it arrived at its conclusion. The graverman of dilution is the “lessening of the capacity of a famous mark to identify and distinguish goods or services.”98 Presumably lessening of identification of goods requires that there be some difficulty in identifying the plaintiff’s goods from someone else’s goods. If the plaintiff’s goods are as distinctive and famous as the plaintiff and the court seems to feel, then how could any person of reasonable intelligence believe that the Adults “R” Us mark or adult products sold at the redirected site were associated with the plaintiff’s stores? Absent such confusion, how could Toys “R” Us have a lessened capacity to distinguish its children’s toys from other companies’ children’s toys? The only way seems to be that an association between the two names might lessen the value of the Toys “R” Us brand because the defendant’s product line was offensive to some.

94. Id. at *4 (internal citation omitted).
95. Id. at *5. The elements enumerated by the court are: (A) the degree of inherent or acquired distinctiveness of the mark; (B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used; (C) the duration and extent of advertising and publicity of the mark; (D) the geographical extent of the trading area in which the mark is used; (E) the channels of trade for the goods or services with which the mark is used; (F) the degree of recognition of the mark in the trading areas and channels of trade use by the marks’ owner and the person against whom the injunction is sought; (G) the nature and extent of use of the same or similar marks by third parties; and (H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register. Id.
96. Id. at *6–7 (quoting 15 U.S.C. § 1127).
97. Id. at *7.
98. Id. at *6.
Is this really an issue of the plaintiff attempting to protect its famous marks from subsequent uses that affect its distinctiveness? Or is this a situation where a mark used in an entirely different business is selling a product of which the courts and the plaintiff simply disapprove? Even if such disapproval is adequate to state a FTDA dilution claim and the disapproval extends to Toys “R” Us consumers, therefore, somehow allegedly “disparages” the mark, this would need to be proven and proven to cause plaintiff harm. The court appears, instead, to be involved in a game of social engineering. The court, under the guise of dilution, wants to eradicate the sale of sexual products an activity which is constitutionally protected by the First Amendment because it constitutes free speech.

In another foray into social engineering, the courts reviewed the case of *Polo Ralph Lauren L.P. v. Schuman.* This case involved a gentleman’s club which operated under the name of The Polo Club.

The club purports to offer adult entertainment, in the nature of “games” to fee-paying male customers. To play these games—limited to darts at the time of the November 1997 hearing—on the premises, customers are required to pay an hourly fee which entitles them to the company of a female to “assist them playing a game.” The club required that the participants do not tip in excess of $200 and that they not touch the assistants, but were invited to have a good time otherwise.

Polo Ralph Lauren filed suit for both trademark infringement and trademark dilution. The court found dilution stating: “Tarnishment can be shown when Plaintiff’s mark is used in connection with shoddy goods and services, or an association with obscenity, unwholesome wares, or sexual or illegal activity.” Where in the statute is there authority for the italicized standard? Using the actual statutory language, the relevant question should have been how would such an association lessen Polo Ralph Lauren’s capacity to distinguish its products from other companies’ competing products? This is problematic because, despite its conclusion of dilution, nowhere in the court’s decision does it support that conclusion with any showing of actual or potential harm incurred by the plaintiff, be it potential or otherwise. The Plaintiff demonstrated no lost revenue nor presented any evidence which even suggested that patrons of the club or any other person

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100. *Id.* at *4.
101. *Id.* at *5.
102. *Id.* at *5.
103. *Id.* at *6 (emphasis added).
associated the club and its activities with the Polo Ralph Lauren name or brand.

C. Trademark Dilution’s Hidden Cost

The difficulty with both Toys “R” US and Polo Ralph Lauren is that both decisions simply assume that anything associated with sex is bad and therefore will have a chilling effect on a business of a similar or slightly similar mark. In fact, the nexus of sex and automatic dilution appears to be spreading across the country. 104 “There have been at least eight federal cases in six jurisdictions that conclude that a famous mark is tarnished when its mark is semantically associated with a new mark that is used to sell sex-related products.” 105 In these situations, there is a readiness by the courts to find that any association with sex, in all of its iterations and colors, is automatically diluting. To quote the legal intellectual property commentator, Beth Hutchens from an article written in 2010: “OK! We get it! Sex equals tarnishment. Shame on you, tarnishers.” 106

Yet, despite this state and circuit courts trend, in the extremely long-running case Moseley v. V Secret Catalogue, Inc. On appeal from the Sixth Circuit, the Supreme Court had the opportunity to decide whether objective proof of actual injury to the economic value of a famous mark (as opposed to a presumption of harm arising from a subjective “likelihood of dilution” standard) is a requisite for relief under the FTDA. 107 After an extensive analysis of the statute, the court concluded, “This text, [the FTDA], unambiguously requires a showing of actual dilution, rather than a likelihood of dilution.” 108 The Court held that, despite the fact that obtaining direct evidence of dilution by surveys, etc. may be difficult, it could be proven by circumstantial evidence. 109 The Court further stated: “Whatever difficulties of proof may be entailed, they are not an acceptable reason for dispensing with proof of an essential element of a statutory violation.” 110 The Court then reversed and remanded the case. The question remains, however, as to

105. Id.
106. Id.
108. Id. at 433.
109. Id. at 434.
110. Id.
whether an association with sex is adequate to constitute “circumstantial evidence” of dilution of a mark.

The lower courts seem to have forgotten that, in a trial where the plaintiff has the burden of proof by the preponderance of the evidence, the making of a conclusory statement in and of itself is insufficient proof to prove dilution. Unfortunately, if the lower court case law is any example, in a trademark dilution case, it appears that any and all mention of sex with a trademarked name, anywhere and in any context, equals dilution of the mark per se. The courts’ fervor in attempting to stamp out these sexual interlopers has not only run through the courts but also prompted a congressional revision to the FTDA with the express purpose of overruling the Mosely v. V Secret Catalogue case,\textsuperscript{111} thus perpetuating the courts’ use of a sexual association with a mark as per se dilution.

III. THE TRADEMARK DILUTION ACT AMENDED AND REINVIGORATED

The FTDA was amended in 2006 with Congress making significant changes to the protection of famous mark holders and, presumably, consumers, through the Trademark Dilution Revision Act (“TDRA”).\textsuperscript{112}

A. The Legislative Changes Make Shutting Down Secondary Marks Easier.

Since the new iteration of the FTDA, there have been six categories of dilution suits brought.\textsuperscript{113} These are: (1) the attempted retroactive application of the statute; (2) the evidence used to determine whether or not a mark is famous; (3) the factors considered to determine dilution by blurring; (4) what use of a mark is exempt from the Act; (5) the “commercial use in commerce;” and (6) the procedural matters to consider when pursuing, or defending against, a federal dilution claim.\textsuperscript{114} The focus here will be on item (3), what factors can be considered to determine blurring or tarnishment of a famous mark.

The FTDA allows a famous mark owner injunctive relief if use of a famous mark by another is likely to cause dilution by blurring or dilution by

\textsuperscript{111} V Secret Catalogue, Inc. v. Moseley, 605 F.3d 382, 385 (6th Cir. 2010).
\textsuperscript{114} Id.
tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.\textsuperscript{115} For the purposes of blurring the use of the famous mark must impair the distinctiveness of the mark.\textsuperscript{116} The Act states that a court may consider all relevant factors including the following in determining if blurring has occurred:

The degree of similarity between the mark or trade name and the famous mark.
The degree of inherent or acquired distinctiveness of the famous mark.
The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark.
The degree of recognition of the famous mark.
Whether the user of the mark or trade name intended to create an association with the famous mark.
Any actual association between the mark or trade name and the famous mark.\textsuperscript{117}

These factors, particularly (vi), sound very similar to consumer confusion. So is dilution merely consumer confusion outside the realm of the mark holder’s industry? If so, can confusion or “actual association” really occur? If not, how would a dilution claim differ from an infringement claim?

For purposes of dilution by tarnishment, the FTDA amendment requires an: “association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.”\textsuperscript{118} So for tarnishment, there must be “harm” to the reputation of the famous mark. This sounds very much like a defamation claim, but defamation claims require proof of damages. Again, without consumer confusion, how can harm occur or be proven?

With the alleged improvements made by Congress to the FTDA, the bar for suit by famous marks against anyone who uses their marks appears to have been made even lower. No longer, as stated in the aforementioned \textit{Moseley} case, is there a requirement of actual dilution of the mark.\textsuperscript{119} Now, under the 2006 FTDA, one need only show that use of the mark is likely to

\textsuperscript{116} Id.
\textsuperscript{117} Id.
\textsuperscript{118} Id. (emphasis added).
\textsuperscript{119} V Secret Catalogue, Inc. v. Moseley, 605 F.3d 382, 387 (6th Cir. 2010).
cause dilution by blurring or tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury. Yet, how can a mark holder show a likelihood of dilution without any of these factors?

B. The New and Improved Slippery Slope

The fallout from the TDRA exemplified in the 2010 case of Visa International Service Association (“Visa”) v. JSL Corporation (“JSL”). In this case, the holder of the “Visa” trademark brought action against a business using the name “eVisa” and the domain name “eVisa.com,” seeking to enjoin use or registration of the mark “eVisa” or the domain name “eVisa.com.” On first blush, it would seem that the wording eVisa is simply a play on the wording of Visa and that the “e” preceding the word “Visa” is some reference to e-commerce. So, one might assume, someone is attempting to infringe on Visa’s trademark and mislead a consumer but the actual facts of the case could not be farther from these assumptions. In actuality, eVisa is an online language company, not a credit card purveyor or clearinghouse. John Orr runs eVisa, a multilingual education and information business that exists and operates exclusively on the Internet.

Orr traces the name eVisa back to an English language tutoring service called “Eikaiwa Visa” that he ran while living in Japan. “Eikaiwa” is Japanese for English conversation, and the “e” in eVisa is short for Eikaiwa. The use of the word “visa” in both eVisa and Eikaiwa Visa is meant to suggest “the ability to travel, both linguistically and physically, through the English-speaking world.” Orr founded eVisa shortly before his return to America, where he started running it out of his apartment in Brooklyn, New York.

Thus, given differences in the business model, markets and origins of the eVisa moniker and the non-offensive nature of eVisa’s business, it seems unlikely that anyone could justifiably object to the use. However, Visa International did object and felt that the use of the mark “Visa,” in eVisa’s name was both an infringement and a dilution of the Visa mark. JSL did not

121. Visa Int’l Serv. Ass’n v. JSL Corp., 610 F.3d 1088, 1092 (9th Cir. 2010).
122. Id. at 1089.
123. Id.
124. Id.
125. Id.
dispute that the Visa mark was famous nor that it was distinctive.\textsuperscript{126} It also did not contest that it began using the eVisa mark after Visa had become famous and renowned.\textsuperscript{127} What it did contest was the trial court’s finding that, as a matter of law, eVisa was likely to dilute the Visa trademark.\textsuperscript{128}

In its analysis, the Ninth Circuit viewed this case as dilution by blurring. The court stated that dilution by blurring occurs when a mark previously associated with one product also becomes associated with a second; this weakens the mark’s’ ability to evoke the first product in the minds of consumers.\textsuperscript{129} The court also reincorporated its logic from a prior decision it made back in 2002, \textit{Mattel Inc. v. MCA Records, Inc}. In \textit{Mattel}, the court stated:

‘Dilution’ refers to the ‘whittling away of the value of a trademark’ when it’s used to identify different products. For example, Tylenol snowboards, Netscape sex shops and Harry Potter dry cleaners would all weaken the ‘commercial magnetism’ of these marks and diminish their ability to evoke their original associations. These uses dilute the selling power of these trademarks by blurring their ‘uniqueness and singularity,’ and/or by tarnishing them with negative associations.\textsuperscript{130}

The court further stated that “dilution” is not confusion; to the contrary, “dilution occurs when consumers form new and different associations with the plaintiff’s’ mark.”\textsuperscript{131} The court held that, under the new amended act of 2006, “. . . a plaintiff seeking to establish a likelihood of dilution is not required to go to the expense of producing expert testimony or market surveys; it may rely entirely on the characteristics of the marks at issue.”\textsuperscript{132}

The difficulty with the Ninth Circuit’s 2010 reliance on its 2002 decision, as well as the quoted and cited journal articles, is that these predate the 2006 TDRA. Also, the Schechter model is over 93 years old and, to the extent that some of its underlying principles may have been partially incorporated into the FTDA, the standards articulated in the TDRA have replaced these principles. Thus, none of the theories relied upon by the court

\textsuperscript{126} \textit{Id.} at 1090.
\textsuperscript{127} \textit{Id.}
\textsuperscript{128} \textit{Id.}
\textsuperscript{129} \textit{Id.}
\textsuperscript{130} \textit{Mattel, Inc., v. MCA Records, Inc.}, 296 F.3d 894, 903 (9th Cir. 2002) (internal citations omitted).
\textsuperscript{131} \textit{Visa Int’l Serv. Ass’n}, 610 F.3d at 1090.
\textsuperscript{132} \textit{Id.} at 1091.
take into account the changes in the statutory legal landscape, particularly the new standard of proof.

Importantly, the court’s conclusion that the plaintiff need not prove a likelihood of dilution is at odds with the very wording of the TDRA. The TDRA allows for injunctive relief when, use of the mark is likely to cause dilution by blurring or dilution by tarnishment of the famous mark. While the TDRA does not state how someone needs to prove their case, it requires that a plaintiff show a likelihood of dilution by blurring or tarnishment. The court’s contrary standard is simply legal sophistry. Cases in controversy in a civil court require that the preponderance of the evidence proves a matter. Under the preponderance standard, the burden of proof is met when the party with the burden convinces the fact finder that there is a greater than 50 percent chance that the claim is true. The standard is clearly not met when a plaintiff states a conclusion outright in their claim without introducing evidence to back up or prove the claim, which is the Ninth Circuit’s position. The Ninth Circuit feels there is no need to show any association in the minds of the public between the mark or trade name and the famous mark but, rather, it is sufficient if the marks look similar to the plaintiff. Apparently, the actual language of the statute, requiring a likelihood to cause dilution either by blurring or by tarnishment of the famous mark, is congressional statutory nonsense.

C. An Act with No Legitimate Purpose

While it may seem laudable to seek to protect the reputations of successful marks, trademark infringement claims adequately provide this protection. Indeed, when one looks carefully at dilution lawsuits, it becomes clear there is no need for this cause of action—in either its original FTDA form or its current TDRA form—because, in fact, there can be no true dilution of a mark’s value without consumer confusion.

The original FTDA dilution protection—against a lessening of a famous mark’s capacity to identify and to distinguish its goods—is addressed by an infringement action since such harm cannot occur without

133. Id.
135. Id.
137. Preponderance of the Evidence, supra note 136.
138. Visa Int’l Serv. Ass’n, 610 F.3d at 1091.
consumer confusion. The current dilution suits fall into one of two categories, blurring or tarnishment. Blurring cases appear to take two forms: 1) the dilution has been caused by lost profits due to consumer confusion, in which case an infringement suit under preexisting law would offer sufficient (and identical) protection; or 2) the dilution has been caused through association of the original mark with an additional product, unrelated to the first, which causes consumers to be somehow less able to associate the original mark with the original product. In this latter situation, proof of likelihood of dilution would seem to turn on a different type of consumer confusion—a type where consumers are aware that the mark is used for different products in different markets but somehow are unable to keep these separated in their minds. This seems quite implausible but, if true, could really only be proven through lost profits due to a type of consumer confusion. So, once again, we are back to an infringement claim. In a tarnishment case, the alleged damage is based on a secondary “negative association.” This type of lawsuit occurs when plaintiffs’ complain that their marks are associated with products which might be considered unwholesome or unsavory. The challenge in tarnishment cases is that, absent proof of actual economic damage, the dilution is not only speculative and unquantifiable but inappropriately subjective because it relies on the court’s subjective definition of “negative.”

The courts have perpetuated this unnecessary and inappropriate law in several ways: 1) by assuming that what is immoral is self-evident, without acknowledging that social norms are fluid; 2) by assuming, without proof of economic harm, that what is considered immoral by a mark holder will necessarily damage that holder’s mark; and 3) by removing the requirement that the original mark holder prove a likelihood of dilution, as the TDRA requires. This pattern is demonstrated when a statutory violation is consistently found in products in different fields and markets wherever any mention of sex or sexuality is involved. In these situations, the courts appear to qualify the secondary use as unsavory automatically and, therefore, a potential dilution.

The Supreme Court has stated that, while obscene material is not protected under the First Amendment, adult sexual materials and products which pass the test outlined in their 1973 decision in *Miller v. California* are protected.139 Our legal standards of conduct have never been determined by

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139. *Miller v. California*, 413 U.S. 15, 24 (1973). “The basic guidelines for the trier of fact must be: (a) whether “the average person, applying contemporary community standards” would find that the work,
one person’s or company’s feelings that he or she is offended by a particular thing. One person may not approve of adult materials, and it is, therefore, their choice to avoid them while other individuals may approve of them and so are free to enjoy them. Under the Miller test, any conclusion of obscenity must be supported by much more than one company’s allegation. Therefore, basing a dilution claim on such an allegation, without proof of harm, is spurious and likely in violation of the First Amendment protections of free speech. Furthermore, if no one but the mark holder finds offensive the connection between the primary and secondary marks, as a practical matter, how can any damages sustained? Is not the whole point of dilution claims to protect the mark from devaluation?

IV. CONCLUSION: A LEGISLATIVE CORRECTION IS NEEDED

A. The Trademark Dilution Act is unnecessary to protect consumers

If there is consumer confusion caused by the use of a secondary mark, then the primary mark holder may sue for trademark infringement under the Lanham Act. The 2006 TDRA removes any requirement that there be consumer confusion in a trademark dilution suit,140 thus allowing a primary mark holder to sue for dilution even if consumers are not confused by the secondary mark.141 Such a cause of action flies in the face of the original statutory purpose of trademark law under the Lanham Act, which was to protect the consumer from confusion.142 The law was drafted to make it easier for the consumer to identify the goods that they are purchasing and to improve the certainty, on the part of consumers, that when they buy something based on their recognition of a given mark, that they are getting what they expect. That is why identifying products and services based on their mark is such a significant issue. The recognizable mark and its relationship to a given product have become a significant economic basis for consumer purchase transactions. If there is no requirement in dilution actions for there to be consumer confusion then exactly how are consumers harmed?

141. Id.
142. See JANIS, supra note 49.
B. The Trademark Dilution Act is unnecessary to protect mark holders

If consumer confusion is not an element of a dilution action, then the only entities which possibly benefit from FTDA are the mark holders themselves. But, absent consumer confusion, how exactly are these original mark holders harmed? One of the original purposes of the Lanham Act was to protect the owner of a mark who has, “spent energy, time and money in presenting to the public the product, he is protected in his investment from its appropriation by pirates and cheats.”143 Thus the purpose of a mark is to identify the product being sold to the public. It follows that if people search for products or recognize products based on a mark, then if someone steals that mark and diverts sales, it is a harm to the primary mark holder. But in a dilution act, there is no need to prove any damage caused by use of the original mark in a different market—a usage long allowed under common law trademark law because it does not cause damage to the original mark holder. So, if there is no confusion, and the purpose of the mark is to promote sales of the original product by recognition, then how is the value of the primary mark diluted?

Is it possible that a company’s secondary use of a mark, while not causing confusion, might cause a negative association such that sales of the original mark holder’s product might suffer? This is unlikely and an oversimplification. To follow that logic would mean that consumers are no more than purchasing mice in a cage who purchase without any thought at all and, rather, only follow the flashing light of the mark. When going to a fruit stand and viewing a sign which states “Apples For Sale,” is there any reasonable person who, upon purchasing a rotten apple, then immediately make the association that Apple computers must be similarly rotten? Of course not. Your feelings for the computer company remain unchanged because people do not associate names of products across different markets, even when their association with the secondary product is negative.

So, given all of this, why does a dilution claim not require proof of confusion or lost profits from confusion? If a negative association with a product occurs or the secondary mark holder’s use somehow disparages a product, there would be a claim for defamation? Defamation is a published act which injures a reputation,144 but it also requires proof of damages.145 If

143. See Pirate, supra note 44; Cheat, supra note 46.
there are no damages, then there is no defamation suit. Similarly, if there are no damages to the primary mark holder then why should there be injunctive relief given under TDRA?

C. The Trademark Dilution Act goes too far in protecting mark holders

The problem with the FTDA and the TDRA is that neither protects anyone from any actual harm. Neither requires any consumer confusion nor proof of lost profits. Furthermore, a dilution claim can be brought against secondary mark holders in differing markets who are in no way affecting the primary mark holder’s market or business. The only possible purpose of a dilution claim is to allow primary mark holders to say, “This mark is mine and no one can ever use it unless I say so.” This gives primary mark holders unprecedented, inappropriate, and undesirable power.

The 2010 Ninth Circuit decision, Visa International Service Association v. JSL Corp., represents a troubling legislative and judicial manipulation of societal norms permitting Congress and the Court to improperly use trademark protection to impose morality on public markets in the absence of any proof of actual harm. They additionally curtail the availability of prior used marks, making it much harder for small entrants into the market to succeed. The system now only fosters and protects establishment and famous marks, thereby making it harder, if not impossible, for society to become aware of the availability of new products and services. Thus, if an entrant into the market has a product which some find unsavory, and they happen to use a mark which is similar to a pre-existing famous mark, the primary mark holder may simply shut that company down by forcing them to begin their marketing campaign from the beginning. Any money spent or invested by the fledgling company is now lost. This hurts both the consumer, by denying them access to new markets, goods, and services, but it also harms the U.S. economy. Hence, the Trademark Dilution Act serves no legitimate purpose.

D. The Trademark Dilution Revision Act and its amendments should be repealed.

The FTDA and its 2006 TDRA amendment have lost sight of the original purpose of trademark law and the infringement cause of action. By creating a new and unnecessary cause of action, the TRDA and its accompanying court interpretations, have allowed a limited few famous

146. See supra note 123.
marks to control the destiny of the U.S. economy. It is a statute which provides no additional protection to consumers. Instead it is purposefully designed to offer far-reaching protection to the establishment while, according to the Ninth Circuit, not requiring proof that of any actual harm.

The Act is also unconstitutionally vague in that it gives conflicting guidelines for how a dilution action may occur. It states that we may have a case of dilution by blurring yet it does not require consumer confusion. If no one is confused between products how is something blurred or reduced in value? A mark has no independent intrinsic value in and of itself other than its value in generating sales in the marketplace. Would the courts allow a suit for dilution by blurring to stand if the defense by the secondary market holder were to show that their use of the mark secondarily actually increased the sales of the primary mark’s holder?

As for dilution by tarnishment, the TDRA states that in an action for tarnishment, injunctive relief may be sought, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.\textsuperscript{147} It then defines “dilution by tarnishment” as an association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.\textsuperscript{148} Yet, how can one establish harm to reputation without proof? If someone understands that Toys “R” Us is a children’s toy company and that Adults R Us is an adult toy company, merely because the consumer sees the clever adaptation of the original mark by the adult toy company, will it really make that consumer shop less at Toys “R” Us? Indeed, might it not actually increase Toys “R” Us sales by reminding consumers of the original name? Both assertions are speculative, which is why proof of harm is so vital, yet the statute is vague as to how such harm can be established.

The FTDA and the TDRA add nothing to the legal landscape which did not already exist. Consumer confusion and misdirection through the secondary use of a mark designed to deceive and to steal sales is already handled by trademark infringement. Reducing the reputation of a company through the unsavory use of a primary mark which truly harms the company’s reputation and potential sales are already available through the suit of defamation. A dilution claim does nothing more than allow famous companies to control and to manipulate the business landscape without the need to show that they have suffered any actual harm by entrants into new or different markets. It is disturbing that Congress passed the statute,

particularly in light of the Ninth Circuit’s expansive interpretation of it. Before the FDTA and the TDRA can cause further damage, Congress should repeal both statutes.