The Federal Trademark Dilution Act of 1995--Does It Address the Dilution Doctrine's Most Serious Problems?

Terry R. Bowen

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THE FEDERAL TRADEMARK DILUTION ACT OF 1995 -- DOES IT ADDRESS THE DILUTION DOCTRINE'S MOST SERIOUS PROBLEMS?

Terry R. Bowen

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INTRODUCTION

In January of 1996, The Federal Trademark Dilution Act of 1995 (the "Act") was signed into law by President Clinton, amending § 43 of the Lanham Act to include a remedy for the "dilution of famous marks." \(^1\) Much of the legislative history to the Act suggests that one of Congress' principal purposes in passing the Act was to provide famous trademarks with consistent, uniform national protection against diluting uses. \(^2\) Many may wonder, however, whether this Act will also help to remedy some of the other problems in applying the dilution doctrine which have plagued courts and practitioners for years.

For instance, while it is well-established that noncommercial uses of a trademark are not subject to the dilution doctrine, it is unclear whether quasi-commercial uses, such as where the mark is used in a parody, satire or social commentary on goods in commerce, are subject to a dilution claim. \(^3\) Another problem is redundancy, many argue that there is overlap between the dilution and infringement doctrines. \(^4\) Some of this overlap is probably a result of court determinations that consumer confusion, the central consideration of an infringement action, is relevant to a dilution cause of action. Courts have struggled with the issue of whether confusion should be part of a dilution analysis since the inception of the dilution doctrine, \(^5\) and it is not at all clear whether the new federal Act helps alleviate this problem. Another reason for the redundancy is that the concept of confusion within the trademark infringement doctrine has been expanded over the years. Congress could help resolve some of these problems by more clearly defining the parameters of the dilution doctrine. Such clarification would likely go a long way towards making dilution a more effective and accepted form of relief for trademark holders. This paper will examine the Act's prospects for clarifying the parameters of the dilution doctrine, by exploring the likely impact this new federal statute will have on the application of the doctrine. At the very least, the goal of this discussion will be to identify and illuminate issues that are left for courts and legal scholars to grapple with in the wake of this legislation.

The discussion will begin with a short history of the dilution doctrine. It will then proceed to examine the application of the doctrine, highlighting issues that have been

5. See Port, supra note 4, at 440-47; Taviss, supra note 4, at 1457-60.

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particularly troublesome for courts. Provisions of the Federal Trademark Dilution Act of 1995 will then be introduced and briefly discussed. Finally, the problems involved in applying the dilution doctrine to quasi-commercial speech and the possible redundancy of dilution with respect to infringement will be examined in the context of relevant provisions of the 1995 Act.

I. BACKGROUND

A. Origins of the Dilution Doctrine

Frank Schechter is generally given credit for introducing the concept of dilution to the United States in 1927 through his article, The Rational Basis of Trademark Protection. Schechter maintained in this article that a law was needed that would protect against more than confusion among trademarks, by preventing the “gradual whittling away or dispersion of...[a mark’s] identity and hold upon the public mind...by its use upon noncompeting goods.” Schechter illustrated the need for this new cause of action by discussing cases where a senior trademark holder’s exact mark was used on noncompeting goods, such as where the “Kodak” mark for cameras had been used on bicycles and the “Rolls-Royce” mark for automobiles had been used on radio parts. Subsequent to the publication of Schechter’s article, and before the enactment of any anti-dilution statutes, some court holdings seemed to be supportive of the dilution concept. Nonetheless, most of these holdings relied upon, or at least claimed to rely upon, some form of consumer confusion to reach their results.

The first anti-dilution statute was enacted by Massachusetts in 1947; Illinois and...
New York enacted such statutes soon thereafter in 1953 and 1955 respectively. Today, roughly half the states have anti-dilution statutes. These statutes, most of which are patterned after § 12 of the 1964 Model State Trademark Bill, uniformly provide for injunctive relief to the trademark holder regardless of whether the marks compete or consumers are confused. As will be discussed, however, courts have been reluctant to recognize the apparent meaning of much of the language in these statutes. For instance, courts have frequently refused to grant relief for dilution in the absence of a showing of confusion, despite the fact that the applicable statutes expressly eliminated a confusion requirement.


14. The 1964 version of the Model Trademark Act anti-dilution statute provides as follows: "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 ground for injunctive relief notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services." MODEL STATE TRADEMARK ACT § 12 (1964), reprinted in J. Thomas McCarthy, McCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 24:14 (3d ed. 1995).


16. See, e.g., Alberto-Culver Co. v. Andrea Dumon, Inc., 466 F.2d 705 (7th Cir. 1972) (stating that without substantial similarity or likelihood of confusion, there was no right to relief under the applicable dilution statute); King Research, Inc. v. Shulton, Inc., 324 F. Supp. 631 (S.D.N.Y. 1971), aff'd 454 F.2d 66 (2d Cir. 1972) (holding that some confusion must be present for the dilution doctrine to take effect); See also Port, supra note 15, at 439; David S. Welkowitz, Reexamining Trademark Dilution, 44 VAND. L. REV. 531, 537 (1991) (stating that "despite the broad brush of the statutes, courts initially were loathe to grant the protection the laws purported to give").

17. See, e.g., Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc., 875 F.2d 1026, 1029 (2d Cir. 1989) (denying plaintiff injunctive relief, at least in part because of the difficulty listeners would have in distinguishing between "Lexis" and "Lexus"); Holiday Inns, Inc. v. Holiday Out in America, 481 F.2d 445, 450 (5th Cir. 1973) (holding that the dilution doctrine was not applicable because the marks themselves were not confusing); Haviland & Co. v. Johann Haviland China Corp., 269 F. Supp. 928, 956-57 (S.D.N.Y. 1967) (stating that relief under the New York anti-dilution statute required a showing of likelihood of confusion); See Welkowitz, supra note 16, at 537.
B. Judicial Interpretation of the Dilution Doctrine

Although there have been inconsistencies among courts with respect to some aspects of dilution doctrine analysis, there are elements of a dilution cause of action which are generally accepted and required by most courts. In general, courts recognize dilution in three forms: blurring, tarnishment, and dilution by "genericization." Blurring involves Schechter's concept of the whittling away of a mark's selling power, and is said to occur when defendant's use of an identical or similar mark reduces the ability of the plaintiff's mark to identify the appropriate goods. Tarnishment results when plaintiff's mark is linked to shoddy products or portrayed in an unsavory or unwholesome context such that the mark's reputation and commercial value might be diminished. Dilution by "genericization" occurs when a defendant's use threatens the uniqueness and distinctiveness of plaintiff's mark to such an extent that the public may start to view plaintiff's mark as a generic term for the product type.

18. See Staffin, supra note 3, at 117. Staffin also suggests that a fourth type of dilution may have been created by the Second Circuit's opinion in Deere & Co. v. MTD Products, Inc., 41 F.3d 39, 44-45 (2d Cir. 1994) where the court enjoined defendant's use of a humorous and disparaging alteration of Deere & Co.'s stag deer silhouette mark in a television commercial, reasoning that defendant's use, which was solely for the purpose of promoting defendant's products, created a risk that consumers would attribute unfavorable characteristics to Deere & Co.'s mark. Id. Staffin refers to this type of dilution as "dilution by humorous alteration of a competitor's mark." Id.

19. See, e.g., Mead Data Central, 875 F.2d at 1031 (finding little likelihood that blurring would occur between plaintiff's "LEXIS" mark and Toyota's "LEXUS" mark, reasoning that factors such as the limited scope of plaintiff's mark and consumer sophistication made it unlikely that defendant's use would trigger the requisite mental association among plaintiff's consumers necessary to give rise to blurring); Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Celozzi-Ettelson Chevrolet, Inc., 855 F.2d 480, 484-85 (7th Cir. 1988) (holding that the defendant's slogan, "The Greatest Used Car Show on Earth," would blur Ringling Bros.' mark, "The Greatest Show on Earth," by lessening people's strong mental association between Ringling Bros.' mark and its circus).

20. See, e.g., Eastman Kodak Co. v. D.B. Rakow, 739 F. Supp. 116 (W.D.N.Y. 1989) (enjoining a comedian's use of "Kodak" as a stage name, reasoning that the comedian's use of humor containing sexual and violence themes would tarnish Eastman Kodak's mark, especially in light of plaintiff's corporate policy of not associating its advertising with programs containing excessive violence and sexual themes); Tiffany & Co. v. Boston Club, Inc., 231 F.Supp 836, 844 (D. Mass. 1964) (enjoining a restaurant's use of the famous jeweler's name, reasoning that tarnishment was likely due to the inferior quality of defendant's product and inferior nature of defendant's advertising of the mark).

21. See Sykes Laboratory, Inc. v. Kalvin, 610 F. Supp. 849, 858 (C.D. Cal. 1985) (holding that where plaintiff brought suit to enjoin defendant's use of the phrase, "the GENERIC BRAND Version of Sykes' Perfect Nail," on its product; although the court found the facts before it to be lacking, it indicated that dilution by genericization is established upon a showing that: 1) the mark was a strong, well recognized mark, 2) defendant used the mark to identify its own product, and 3) defendant's use is likely to turn "Sykes' Perfect Nail" into a generic term); Smith v. Chanel, Inc., 402 F.2d 562 (1968) (reversing a lower court holding that
The basic foundation for most courts’ analyses is a requirement that the mark be distinctive or well-recognized and that the defendant’s use be capable of, or likely to, dilute that distinctiveness. Distinctiveness is often defined by courts as uniqueness, or as the trait a mark attains once it has acquired secondary meaning. Some courts have even equated distinctiveness with strength of a mark as used in infringement analysis.

Although most courts seem to agree that distinctiveness is a requirement, there is disagreement over how distinctive a mark must be in order to warrant protection under the dilution doctrine. For instance, courts in the Second Circuit have relied heavily upon the strength of the mark analysis, requiring marks to meet a relatively high threshold in order to be deemed distinctive. The Seventh Circuit, however, has applied an arguably lower threshold, taking into account a broad range of factors in defendant’s unauthorized use of plaintiff’s mark made the mark generic; the court determined that the defendant did not use plaintiff’s mark as a generic term, because defendant used the mark only to identify plaintiff’s product, not to identify their own as if it had come to be a common name for the product.

22. Hyatt Corp. v. Hyatt Legal Services, 736 F.2d 1153, 1157 (7th Cir. 1984) (requiring the plaintiff to show that “the mark is distinctive and that the subsequent user’s use dilutes that distinctiveness”). Similarly, a leading case in the Ninth Circuit states that the dilution doctrine protects “strong, well recognized marks . . . if defendant’s use is such as to tarnish, degrade or dilute the distinctive quality of the mark.” Toho Company, Ltd. v. Sears, Roebuck & Co., 645 F.2d 788, 793 (9th Cir. 1981) (quoting 2 J. T. McCarthy, Trademarks & Unfair Competition § 24.13, at 155 (1973)) In the Second Circuit, a leading case states that one of two requirements for a finding of dilution is that plaintiff’s mark “possess a distinctive quality capable of dilution.” Mead Data Central, 875 F.2d at 1030 (quoting Allied Maintenance Corp. v. Allied Mechanical Trade, Inc., 369 N.E.2d 1162, 1166 (N.Y. 1977)).


24. See P.F. Cosmetique, S.A. v. Minnetonka, Inc., 605 F. Supp. 662, 672 (S.D.N.Y. 1985) (stating that distinctiveness for dilution purposes can be evaluated in much the same way as “strength of mark” in a likelihood of confusion analysis); Allied Maintenance, 369 N.E.2d at 1166 (holding that for a plaintiff to show that its mark is distinct, it must show that it first possesses a strong mark, defined as being distinct, arbitrary, or coined, rather than a weak mark, which is generic or descriptive).

25. See Allied Maintenance, 369 N.E.2d at 1166 (rejecting plaintiff’s dilution claim because its mark lacked sufficient distinctiveness, stating that only those marks that are truly of distinctive quality or have a secondary meaning among the public deserve protection). The dissenting judge in Allied Maintenance criticized the majority’s standard for distinctiveness as setting too high of a threshold and warned that it might be read as to grant only the most well-known marks, such as Tiffany, relief from dilution. Id. at 1168 (Cooke, J., dissenting). See also Hester Industries, Inc. v. Tyson Foods, Inc., 16 U.S.P.Q.2d 1275, 1278 (N.D.N.Y. 1990) (applying the law of the Second Circuit to interpret New York’s anti-dilution statute, the district court stated that plaintiff’s mark must be extremely strong).
determining distinctiveness.26

An issue which has caused much inconsistency among courts has been whether consumer confusion is a necessary element of a dilution claim, or as the state statutes suggest, is totally irrelevant. Most of the courts addressing this issue have applied state dilution statutes that have expressly provided for relief to be granted to a trademark holder irrespective of confusion as to source or goods.27 Nonetheless, for years courts have either refused to apply, or have misunderstood, the plain language of these state dilution statutes.28

Most commentators agree that the 1977 New York Court of Appeals decision in Allied Maintenance Corp. v. Allied Mechanical Trades, Inc.,29 represents a significant turning point in judicial interpretations of state dilution statutes.30 The court in Allied Maintenance acknowledged that courts generally failed to follow the express language of dilution statutes and stated that neither consumer confusion nor competition between the products involved was required by the statute.31 Although this assertion by the New York Court of Appeals was merely dictum, some courts thereafter began to accept, or at least to some extent purport to accept, the idea that likelihood of confusion was not an element in a dilution cause of action.32

26. See Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Celozzi-Ettelson Chevrolet, Inc., 855 F.2d 480, 482-83 (7th Cir. 1988) (holding that "The Greatest Show on Earth" was distinctive, taking into account the length of time the mark had been used, the scope of advertising, the nature and extent of plaintiff's business and the scope of plaintiff's reputation; court rejected defendant's argument that the mark was not distinctive because it consisted of common words that were not coined); Hyatt Corp., 736 F.2d at 1158 (7th Cir. 1984) (holding that even though "Hyatt" is a personal name and the lower court had found this mark to be "reasonably common" the appellate court found the mark to be distinctive after considering the length of plaintiff's use and the amount of advertising).


28. See, e.g., Alberto-Culver Co. v. Andrea Dumon, Inc., 466 F.2d 705, 709 (7th Cir. 1972) (equating substantial similarity with likelihood of confusion and rejected a dilution claim on the basis of there being neither, even though the statute made confusion irrelevant); King Research, Inc. v. Shulton, Inc., 324 F. Supp. 631, 639 (S.D.N.Y. 1971), aff'd 454 F.2d 66 (2d Cir. 1972) (requiring a showing of confusion even though the applicable statute stated confusion was irrelevant); See also Howard J. Shire, Dilution Versus Deception — Are State Antidilution Laws an Appropriate Alternative to the Law of Infringement?, 77 TRADEMARK REP. 273, 283 (1987).


32. See, e.g., Hyatt Corp., 763 F.2d at 1157 (citing Polaroid Corp. v. Polaraid, Inc., 319 F.2d 830, 836 (7th Cir. 1963); Edgewater Beach Apartments Corp. v. Edgewater Beach Management Co., 299 N.E.2d 548, 554 (Ill. App. Ct. 1973)) (holding that neither competition
Recent case law reveals, however, that even courts that claim to follow the express language of the applicable dilution statute, providing that confusion is irrelevant to a finding of dilution, may still allow consideration of confusion into their analysis.\textsuperscript{33} Such courts look at consumer confusion to determine whether the marks are sufficiently similar to warrant dilution relief.\textsuperscript{34} The reason, therefore, that courts now deem consumer confusion to be relevant to a dilution analysis is that the doctrine has been expanded. Originally, dilution was seen as a remedy for the unauthorized use of a mark that was identical to the established mark; but today the doctrine also applies to the unauthorized use of a mark that is merely similar to the established mark.\textsuperscript{35}

Another concept that has been troublesome for courts in applying the dilution doctrine is that of limiting the doctrine to commercial uses only. As the First Circuit explained in \textit{L.L. Bean, Inc. v. Drake Publishers, Inc.},\textsuperscript{36} the notion that only commercial diluting uses should be enjoined finds its roots in the First Amendment. In \textit{L.L. Bean}, the Court held that defendant's sexually explicit parody of L.L. Bean's catalog and products was a noncommercial use of plaintiff's trademark and was a protected form of speech.\textsuperscript{37} The Court explained that the dilution doctrine can place limits on commercial speech because the Constitution tolerates "an incidental impact on rights of expression of commercial actors in order to prevent a defendant from unauthorisedly merchandising his products with another's trademark."\textsuperscript{38} Unfortunately, many courts have found it very difficult to determine whether speech is commercial or noncommercial, especially with respect to speech possessing both between users nor confusion need be shown); \textit{Sally Gee}, 699 F.2d at 624 (citing to \textit{Allied Maintenance} to support its proposition that confusion and competition are not elements of a dilution claim); \textit{See Pattishall, supra} note 30, at 294-297; \textit{Shire, supra} note 28, at 286-287.

33. \textit{See, e.g.}, \textit{Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.}, 875 F.2d 1026, 1029-30 (2d Cir. 1989) (analyzing whether a consumer would confuse the "Lexis" mark with the "Lexus" mark, by determining whether the marks were substantially similar); \textit{Hester Industries, Inc v. Tyson Foods, Inc.} 16 U.S.P.Q.2d 1275, 1279-80 (N.D.N.Y. 1990) (determining whether "WING-FLINGS" diluted plaintiff's "WING-DINGS" mark, the court examined factors similar to those used in a likelihood of confusion analysis).

34. \textit{See supra} note 33.

35. \textit{Mead Data Central, 875 F.2d at 1028-29} (citing Community Federal Savings and Loan Ass'n v. Orondorff, 678 F.2d 1034 (11th Cir. 1982) (quoting Pro-phy-lac-tic Brush Co. v. Jordan Marsh Co., 165 F.2d 549, 553 (1st Cir. 1948)); Dreyfus Fund, Inc. v. Royal Bank of Canada, 525 F. Supp. 1108, 1124 (S.D.N.Y. 1981); Frank I. Schechter, \textit{The Rational Basis of Trademark Protection}, 40 \textit{Harv. L. Rev.} 813, 830-33 (1927); Shire, Dilution Versus Deception – Are State Antidilution Laws an Appropriate Alternative to the Law of Infringement?, \textit{77 Trademark Rep.} 273-76 (1987); 2 J. McCarthy, \textit{Trademarks and Unfair Competition} § 24:13 at 215 (2d ed. 1984)) (explaining how the dilution doctrine has evolved to the point where similarity of marks is relevant, and explained that this evolution has occurred because it was perceived that the unauthorized use of a mark very similar to the original could have the same diluting effect as the unauthorized use of the actual original mark).


38. \textit{Id.} at 32.
commercial and noncommercial attributes. Proponents of the dilution doctrine have pushed for a federal dilution statute for years. Many of the problems discussed above, such as the lack of uniformity provided by state statutes, extraterritoriality of the relief and concerns over the possible preemption of state statutes by the Lanham Act, have provided a major impetus for those seeking federal legislation. Those proponents of a federal dilution statute almost got the law they wanted in 1988, when a federal cause of action for dilution was proposed to Congress as part of the Trademark Revision Act. The dilution section, however, was ultimately dropped from the final bill; apparently due, in large part, to First Amendment concerns raised by media and advertising groups.

Then, in March of 1995, Representative Carlos Moorhead (R. Calif.) introduced a federal dilution bill before the House of Representatives that was very similar to the 1988 dilution bill. This time, however, the bill contained a provision addressing First Amendment concerns. Congress passed the bill in December of 1995. The provisions of this bill, presently enacted and known as the Federal Trademark Dilution Act of 1995, will now be examined more closely.

C. Overview of the Federal Trademark Dilution Act of 1995

The Federal Trademark Dilution Act of 1995 (the "1995 Act" or the "Act") amends the Lanham Act by adding a new subsection to § 43 of the Trademark Act of 1946. Section 43 supplements other provisions of the Lanham Act by providing a cause of action for persons whose marks are not federally registered -- granting them relief against persons making false representations and against other types of unfair

39. See, e.g., City of Cincinnati v. Discovery Network, Inc., 507 U.S. 410 (1993) (recognizing the difficulty of making bright line distinctions between commercial and noncommercial speech for purposes of applying a city ordinance; the court suggested a broader and more nuanced approach); San Francisco Arts & Athletics v. Olympic Committee, 483 U.S. 541 (1987) (holding that an expressive, as opposed to a purely commercial, use of plaintiff’s trademark did not shield defendant from a trademark infringement claim); Bolger v. Youngs Drug Products Corp., 463 U.S. 60 (1983) (holding that mailings were commercial speech, the court examined the application of a statute prohibiting mailing of unsolicited advertisements to defendant’s informational pamphlets and ads promoting his contraceptive products).

40. See Staffin, supra note 3, at 146-54 (discussing recent initiatives to enact a federal dilution statute).


42. See H.R. REP. No. 1028, 100th Cong. (1988). A statement by the U.S. Trademark Association had acknowledged the possibility that this proposal could raise First Amendment concerns, but had asserted that its provisions were necessary to provide relief for the real injuries of tarnishment and disparagement of marks. Statement of the United States Trademark Association In Support of § 1883 (DeConcini) The Trademark Law Revision Act, reprinted in 78 TRADEMARK REP. 382, 404 (1988).


competition. The 1995 Act grants injunctive relief to the owner of a famous mark where another's commercial use of a mark dilutes the distinctive quality of the famous mark. The Act then lists eight factors that a court may consider to determine whether a mark is "distinctive and famous." The Act goes on to offer a plaintiff in a federal dilution suit remedies not before available. Under almost all of the state dilution statutes, a plaintiff is only entitled to injunctive relief. The Federal Trademark Dilution Act of 1995, however, makes it possible for a plaintiff to obtain monetary relief where the defendant "willfully intended to trade on the owner's reputation or to cause dilution of the famous mark." Neither the language of the Act nor the legislative history to the Act define the term "willfully intended."

The Act also addresses First Amendment issues, under the new subsection (c)(4) of § 43. The subsection exempts fair use of a mark in comparative commercial advertising or promotion, noncommercial use of a mark, and forms of news reporting and commentary. The Congressional Record to the 1995 Act reveals that speakers before Congress made much of the fact that a provision in the 1995 Act should address First Amendment concerns. The question remains, however, whether this new federal statute gives courts an adequate framework through which to effectively deal with these First Amendment concerns -- a topic that is addressed in the analysis below.


48. *Supra* note 47. The new subsection (c)(1) will provide, in pertinent part:

"In determining whether a mark is distinctive and famous, a court may consider factors such as, but not limited to-

(A) the degree of inherent or acquired distinctiveness of the mark;

(B) the duration and extent of use of the mark in connection with the goods and services with which the mark is used;

(C) the duration and extent of advertising and publicity of the mark;

(D) the geographical extent of the trading area in which the mark is used;

(E) the channels of trade for the goods or services with which the mark is used;

(F) the degree of recognition of the mark in the trading areas and channels of trade used by the marks' owner and the person against whom the injunction is sought;

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

(H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register."


50. *See supra* note 47.

51. *Id.*

Furthermore, the Act amends § 45 of the Trademark Act of 1946 with a definition of dilution. The definition provides that "dilution" means 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." The Act became immediately effective on its enactment date of January 16, 1996.

As this overview demonstrates, many pertinent issues are addressed by the Federal Trademark Dilution Act of 1995. Of course, the true impact of the Act will depend upon judicial interpretation and application. The analysis below will address those interpretation and application issues that promise to be the most troublesome for courts, based on ambiguity in the Act and past application of state dilution statutes.

First, the application of the Act's commercial-noncommercial speech dichotomy to quasi-commercial speech will be examined. Then, concerns that the Act will be redundant with respect to federal trademark infringement law will be addressed and analyzed. Finally, the analysis of the redundancy issue will include discussion of other relevant issues, such as the expansion of the dilution doctrine to include consideration of consumer confusion and the expansion of trademark infringement.

II. Analysis

A. First Amendment Concerns in the Context of Quasi-Commercial Speech

As has been stated by certain proponents of the Federal Trademark Dilution Act of 1995, provisions of the Act do address First Amendment concerns. The issue remains, however, as to whether application of these provisions, especially in the context of quasi-commercial speech, will violate the First Amendment. In addressing this issue, the discussion below will begin with an explanation of what is meant by the term "quasi-commercial" speech, followed by a facial application of the 1995 Act to such speech. It will then provide an overview and analysis of the case law dealing with First Amendment concerns in the context of quasi-commercial speech. Finally, it will examine whether the applicable provisions of the new federal Act are likely to offend the First Amendment in the context of quasi-commercial speech.

At least for the purposes of this article, "quasi-commercial" speech refers simply to that speech which appears to have attributes of both commercial and noncommercial speech. Some commentators have referred to this type of speech as "mixed" speech or "hybrid" speech. For the purposes of the dilution doctrine, such
speech usually takes the form of a parody, a satire or a social-political commentary, which incorporates the principal user's famous mark and is placed on goods in commerce. However, virtually any type of commercial speech to which First Amendment protection is significantly applicable can be thought of as quasi-commercial speech. This is because any such hybridization of commercial and noncommercial aspects of speech makes it difficult to discern how such speech fits into the 1995 Act's commercial-noncommercial speech dichotomy. A closer examination of the categories of speech expressly exempted under subsection (c)(4) of the 1995 Act reveals the difficulty one faces in trying to determine if many forms of quasi-commercial speech are actionable under the Act. For instance, parody, satire and social/political commentary clearly do not constitute the "comparative commercial advertising" referred to under subsection (c)(4). This is because their primary purpose is to parody, or to make a social or political commentary on, a plaintiff's mark, rather than to provide consumers with a comparison of the attributes of competing goods. Likewise, much commercial speech serving an important governmental interest would not constitute comparative commercial advertising.

57. See Anheuser-Busch, Inc. v. Balducci Publications, 28 F.3d 769, 776-78 (8th Cir. 1994) (looking to both the commercial and noncommercial aspects of defendant's speech, the court rejected defendant's First Amendment defense where defendant had placed an ad parody containing plaintiff's famous "Michelob" mark; the court stated that placement of the parody on the back cover of the magazine made its editorial purpose non-evident to consumers); Cliff's Notes, Inc. v. Bantam Doubleday Dell Publishing Group, Inc., 718 F. Supp. 1159, 1164 (S.D.N.Y. 1989) (rejecting a First Amendment defense to an infringement claim where defendant published a parody using plaintiff's "Cliff's Notes" mark, the court noted that defendant's use was on the cover of the publication and was for both commercial and noncommercial purposes); L.L. Bean, Inc. V. Drake Publishers, Inc., 811 F.2d 26,32-34 (1st Cir. 1987) (court accepted defendant's First Amendment defense to a dilution claim after examining the commercial and noncommercial aspects of an magazine's sexually explicit parody utilizing plaintiff's mark).


59. 15 U.S.C. § 1125 (c)(4) (Supp. 1996) Subsection (c)(4) provides: The following shall not be actionable under this section: (A) Fair use of a famous mark by another person in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark; (B) Noncommercial use of a mark; (C) All forms of new reporting and news commentary.

60. Supra note 59.

61. See, e.g., Central Hudson Gas & Electric Corp. v. Public Service Commission, 447 U.S. 557 (1980) (stating that simple promotional advertising by a utility company had some informational value and was entitled to First Amendment protection, notwithstanding the fact that the state's legitimate interest in energy conservation outweighed the First Amendment interest; no comparative advertising was involved); San Francisco Arts & Athletics, Inc. v. United States Olympic Committee, 483 U.S. 522 (1987) (acknowledging that defendants' use of the work "Olympic" in promoting its sporting events was entitled to some First Amendment
Quasi-commercial speech also cannot properly be categorized as a “noncommercial use of a mark” 62 or as strictly “news reporting or commentary,” 63 because by definition it has a significant commercial aspect.

By the same token, it would seem inappropriate to categorize such speech as a commercial use of a mark and deny it any exemption under the Act, because the Supreme Court has held that commercial speech is protected from government regulation by the First Amendment in certain situations. 64 Limited First Amendment protection was extended to commercial speech in Virginia State Bd. of Pharmacy v. Virginia Citizens Consumer Council, Inc. 65 Then, in Central Hudson Gas & Electric Corp. v. Public Service Commission, the Supreme Court created a test to determine whether a regulation of commercial speech passes First Amendment muster. 66 The Central Hudson test first requires that the commercial speech at issue concern a lawful activity and not be misleading in order for the speech to be deserving of any First Amendment protection. 67 If these requirements are satisfied, the court then scrutinizes the government’s interest in regulating the speech by asking whether the government’s interest is substantial and, if so, whether the regulation directly advances that interest and whether such regulation is more extensive than necessary to serve that interest. 68

62. Supra note 59.
63. Supra note 59.
66. 447 U.S. 557, 566 (1980) (upholding a utility company’s First Amendment right to engage in promotional advertising, even though this conflicted with the state’s legitimate interest in energy conservation, because the informational value of the advertising was not outweighed by the legitimate governmental interest).
67. Central Hudson, 447 U.S. at 566. Because misleading speech is not entitled to First Amendment protection, First Amendment concerns are not an issue with respect to trademark infringement claims -- a use that causes a likelihood of confusion would likely be deemed misleading. See Staffin, supra note 3, at 167. Likewise, because likelihood of confusion is supposedly irrelevant to a dilution claim there is not built-in mechanism to guard against First Amendment violations.

An interesting issue arises, however, where courts require a showing of consumer confusion in order to establish that two marks are sufficiently similar to support a dilution claim, as is discussed with respect to the redundancy issue. Perhaps one could extend this reasoning to argue in certain situations that a use that tarnishes a mark causes either consumer confusion with respect to the marks or with respect to sponsorship such that the use does not warrant First Amendment protection.

68. Id. See also San Francisco Arts & Athletics, 483 U.S. at 540 (defendants claimed a politically expressive purpose in using the phrase “Gay Olympic Games” in promotional materials, in violation of a federal statute granting plaintiffs exclusive right to use the word “Olympic”; the Court held that Congress had a legitimate interest in granting this right and that
The case law dealing with First Amendment defenses invoked to defend quasi-commercial speech against dilution claims and other government regulation demonstrates that such speech neither consistently fails nor consistently succeeds in receiving First Amendment protection.\(^\text{69}\) In *San Francisco Arts & Athletics, Inc. v. United States Olympic Committee* ("Gay Olympics") the U.S. Supreme Court held that the First Amendment did not prohibit Congress from granting the United States Olympic Committee (the "USOC") the exclusive use of the word "Olympic."\(^\text{70}\) The San Francisco Arts & Athletics, Inc. (the "SFAA"), the junior user of the "Olympic" name, claimed that its use of "Olympic" on its promotional materials was intended to make a political statement about the status of homosexuals in society.\(^\text{71}\) The Court held, however, that the SFAA's use of "Olympic" was commercial speech, and that application of the Act granting the USOC exclusive use of the name did not violate the First Amendment because the Act was not broader than necessary to protect Congress' legitimate interest.\(^\text{72}\)

In contrast, the Supreme Court held, in *Virginia State Board of Pharmacy*, that a statute declaring it to be unprofessional conduct for pharmacists to advertise the prices of prescription drugs violated the First Amendment.\(^\text{73}\) The Court held that the state's interests in maintaining a high degree of professionalism among pharmacists and protecting consumer health were not substantial enough to outweigh the limited First Amendment protection accorded commercial speech.\(^\text{74}\) In addition, the Court determined that there were competing policy interests to be served by allowing the

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\(^\text{70}\) *San Francisco Arts & Athletics*, 483 U.S. at 540.

\(^\text{71}\) *Id.* at 535. SFAA contended that "Olympic" best described its activities "because it embodied the concepts of 'peace, friendship and positive social interaction.'" *Id.* (quoting App. 99).

\(^\text{72}\) *Id.* at 537. The Court stated that Congress' exclusive grant of the word "Olympic" served the following interest of providing the USOC with an incentive to produce a quality product that would, in turn, benefit the public by benefiting young people and by fostering peace and goodwill internationally.

\(^\text{73}\) *Virginia State Board of Pharmacy*, 425 U.S. at 773.

\(^\text{74}\) *Id.* at 765-68. The state argued that price advertising would deteriorate the strong relationships between many pharmacists and their customers, cause pharmacists to offer fewer services, cause some drugs to remain on the shelf longer than they should, and would reduce the pharmacists status from that of a professional to that of a mere retailer. *Id.*
As the discussion of the following cases demonstrates, there are some particular factors that are relevant only to a First Amendment analysis in the context of parodies, satires or social commentary. In \textit{L.L. Bean, Inc. v. Drake Publishing, Inc.}, the First Circuit Court of Appeals held that the application of Maine's anti-dilution statute to a magazine's sexually explicit parody of the L.L. Bean trademark and merchandise violated the First Amendment.\textsuperscript{76} The court in \textit{L.L. Bean} listed the following attributes of the parody in support of its determination that the speech was noncommercial: the table of contents labelled the article as "humor" and "parody"; the article constituted a small part of the entire magazine (two pages in a one-hundred-page magazine); neither the parody nor plaintiff's mark appeared on the front or back cover of the magazine; defendant did not use the mark to promote the sale of goods or services; and defendant did not intend to market the goods displayed in the parody.\textsuperscript{77} The court distinguished this case from cases that "might appear at first glance to be factually analogous" on the basis that those cases all involved commercial uses of trademarks and none dealt with the use of plaintiff's mark as a vehicle for editorial or artistic parody.\textsuperscript{78}

In contrast, the Eighth Circuit Court of Appeals later held that the First Amendment did not protect the publication of a parody of the "Michelob" mark on the back cover of a humor magazine from dilution and infringement claims.\textsuperscript{79} In \textit{Anheuser-Busch}, defendant had published a mock advertisement for a fictitious product called "Michelob Oily." The mock advertisement was allegedly intended to comment on such social concerns as a then-recent oil spill in a river serving as a source of water for Anheuser-Busch and the proliferation of Anheuser-Busch beer brands and advertisements.\textsuperscript{80} The court distinguished the holding in \textit{L.L. Bean} based on the fact that the L.L. Bean parody had made no derogatory comment about the quality of plaintiff's products and the fact that the L.L. Bean parody was located inside a 100-

\textsuperscript{75} \textit{Id.} at 763-66. The court determined that allowing price advertising would serve the policy interests of providing consumers with a free flow of information and providing lower prices for the most economically disadvantaged prescription drug purchasers.

\textsuperscript{76} \textit{L.L. Bean}, 811 F.2d at 34.

\textsuperscript{77} \textit{Id.} at 32-33. In light of the listed factors, the court determined that this was noncommercial speech used in an editorial or artistic context, rather than speech related solely to economic interests.

\textsuperscript{78} \textit{Id.} at 32. Of the cases cited by the court as being distinguishable, none involved the use of a trademark in a magazine or other written publication. \textit{Id.} at 31-32. However, the court did cite \textit{Dallas Cowboys Cheerleaders v. Pussycat Cinema, Ltd.}, 604 F.2d 200 (2d Cir. 1979), which involved the unauthorized use of a mark in a pornographic film, as being distinguishable. \textit{Id.} at 31. The court's parenthetical explanation of \textit{Dallas Cowboys}, however, suggests that the use of the trademark in the promotion of the film made the case distinguishable, because the court's parenthetical described the use as "an unauthorized use in content and promotion."


\textsuperscript{80} \textit{Id.} at 772.
page magazine.\(^{81}\)

In a slightly different context, the Eighth Circuit Court of Appeals held, in *Mutual of Omaha Insurance Co. v. Novak*, that a defendant’s sale of t-shirts and other merchandise containing a parody of the Mutual of Omaha “Indian head” logo was not protected by the First Amendment.\(^{82}\) The court essentially stated that plaintiff’s trademark was a form of property, and that plaintiff’s rights in that property were not outweighed by First Amendment concerns.\(^{83}\) The court stated that there were alternative means for defendant to express his view, such as through an editorial parody in a book, magazine or film.\(^{84}\)

The analysis in many of the above cases suggests that courts essentially employ a balancing-of-factors approach. A few courts, however, have explicitly stated that a balancing approach is appropriate in situations where the distinction between unprotected speech and protected speech is difficult to draw.\(^{85}\) In *Cliff's Notes, Inc. v. Bantam Doubleday Dell Publishing Group, Inc.*, the court stated that “the general proscription against use of another’s trademark in commercial endeavors must be balanced with the need for free expression.”\(^{86}\) Later in *Anheuser-Busch*, the Eighth Circuit Court of Appeals explicitly followed *Cliff's Notes* in applying a balancing test to hold that the “Michelob Oily” ad parody was not protected by the First Amendment.\(^{87}\)

This overview of the applicable case law demonstrates that quasi-commercial speech does not consistently fall on either the protected or unprotected side of a First Amendment analysis. This is because, as this overview also demonstrates, courts consider a variety of factors in determining whether First Amendment protections apply. For instance, courts examine whether the regulation is necessary to effectuate

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81. *Id.* at 778. The court in *Anheuser-Busch* pointed out that surveys had demonstrated that the parody led people to believe that Anheuser-Busch products were contaminated, adding that the parody’s unsupported attack was not necessary to the defendant’s goal of commenting on the then-recent oil spill or pollution in general. The court also stated that, unlike in *L.L. Bean* where the parody had been buried in the magazine, the parody here was on the back cover with only a tiny disclosure, such that a casual viewer might not appreciate the editorial purpose.


83. *Id.* at 402. The court, however, upheld the lower court’s imposition of an injunction only to the extent that defendant used the mark “to market, advertise, or identify [his] services or products.” (quoting the Designated Record (D.R.) at 76-77).

84. *Id.* (stating that since other avenues of expression were open to Novak, neither the public nor Novak was deprived of the benefits of his ideas).


86. *Cliff's Notes*, 718 F. Supp. at 1162 (holding that the First Amendment did not protect defendant’s “Spy Notes,” which incorporated much of plaintiff’s “Cliff's Notes” design and layout on its publications parodying popular novels, from a trademark infringement claim).

87. *Anheuser-Busch*, 28 F.3d at 776 (citing *Cliff's Notes*, 886 F.2d at 494).
the government's legitimate interests,\textsuperscript{88} whether a person exerting free speech rights could express his or her ideas through alternative means,\textsuperscript{89} and the amount of harm caused to the plaintiff by the speech.\textsuperscript{90} In short, a determination that speech is commercial or noncommercial is relevant, but certainly not dispositive, as to whether First Amendment protections apply.

At least a couple of different conclusions might be drawn from the foregoing discussion of precedent in this area of law. One might conclude, for instance, that the Federal Trademark Dilution Act of 1995 is fundamentally flawed, directing courts in certain situations to apply the dilution doctrine in such a way as to violate the First Amendment. One might also conclude, however, that the 1995 Act merely allows leeway for courts to make the fine distinctions sometimes necessary in a First Amendment analysis.

One commentator, addressing First Amendment issues in the context of the right of publicity, has concluded that courts should be allowed some flexibility in making determinations as to whether or not speech is primarily commercial.\textsuperscript{91} Such an approach is advantageous because it allows courts to balance the relevant competing interests and concerns.\textsuperscript{92} This argument applies equally to First Amendment analysis of quasi-commercial speech in the context of the dilution doctrine, because the applicable case law provides that there are many competing factors to be considered.

Even though the applicable provisions of the Federal Trademark Dilution Act of 1995 may facially appear to create a rigid categorical approach, the commercial-noncommercial speech dichotomy could be applied quite flexibly. For instance, in an attempt to categorize speech, courts may end up weighing the commercial aspects of speech against its noncommercial aspects, which in effect might resemble a balancing approach. Courts might even go so far as to create a legal fiction that a strong governmental interest in regulating speech makes that speech more commercial in nature.

Nonetheless, there are certain basic aspects of a First Amendment analysis that the 1995 Act could have incorporated that would have helped the Act to stay within constitutional boundaries without unduly limiting court flexibility. For instance, the Act could have provided that the following factors weigh in favor of a determination that speech is noncommercial: 1) that there are no means of expression less offensive to the dilution doctrine; 2) that the noncommercial purpose of the speech is apparent to the casual viewer or listener; and 3) that the interest in giving and receiving the information and/or opinions outweighs any government interest in regulating the speech. Such a provision would help ensure that courts do not offend the Constitution.

\textsuperscript{88} See, e.g., San Francisco Arts & Athletics v. United States Olympic Committee, 483 U.S. at 536-37.
\textsuperscript{89} See, e.g., Mutual of Omaha Insurance Co. V. Novak, 836 F.2d at 402.
\textsuperscript{90} See, e.g., Anheuser-Busch, 28 F.3d at 777-78.
\textsuperscript{91} Roberta Rosenthal Kwall, The Right of Publicity vs. The First Amendment: A Property and Liability Rule Analysis, 70 Ind. L.J. 47, 107-08 (1994) (arguing that courts should be allowed some degree of discretion in determining whether speech is primarily commercial; and contending that a rule that would cover all potential uses is inconceivable).
\textsuperscript{92} See Kwall, supra note 91, at 113-14.
in trying to properly apply the 1995 Act. The short, ambiguous provisions of the 1995 Act make it speculative, at best, as to whether courts will incorporate relevant First Amendment principles into their analyses.

B. Redundancy: The Issue of Whether Dilution and Infringement Overlap

One of the most common criticisms leveled at the dilution doctrine is that it provides relief in areas already covered by trademark infringement. This criticism takes two basic forms. First, if a trademark owner can obtain the necessary protection for his or her mark in most situations through an infringement claim, the dilution doctrine is simply not needed, and is a waste of time and resources. This line of criticism strikes at the heart of one of the principal justifications for even having a dilution cause of action: that dilution picks up where trademark infringement analysis leaves off. Second, to the extent that dilution and infringement overlap, this causes confusion with respect to the application of the dilution doctrine and threatens to create confusion with respect to the application of the infringement doctrine.

The discussion below will examine the issue of whether the dilution doctrine is indeed, to an unacceptable extent, redundant. Two basic arguments will be addressed: 1) that consideration of consumer confusion in a dilution claim causes redundancy and 2) that there is redundancy by virtue of the expansion of the infringement doctrine. The significance of the Federal Trademark Dilution Act of 1995 in the context of these arguments will also be examined where appropriate.

1. Redundancy By Virtue of Courts' Consideration of Consumer Confusion

All of the state dilution statutes, as well as the new federal act, provide that either "confusion as to source or goods," or "likelihood of confusion," is irrelevant to a dilution cause of action. This language with respect to confusion is very much in

93. See David S. Welkowitiz, Reexaming Trademark Dilution, 44 VAND. L. REV. 531, 548-50 (1991) (arguing that the dilution doctrine is not needed because in most cases the Lanham Act applies); See also, Elliot B. Staffin, The Dilution Doctrine: Towards a Reconciliation with the Lanham Act, 6 FORDHAM INT'L PROP. MEDIA & ENT. L.J. 105, 162-64 (1995) (discussing criticisms that the dilution doctrine is redundant).

94. See Staffin, supra note 93, at 162 (stating that the most potent criticism of dilution is that it is unnecessary); Welkowitiz, supra note 93, at 548 (states that the problem with dilution claims for competing uses can be summed up in the question, "Why bother?").


96. See supra note 15 (listing citations to the state dilution statutes; The federal act and the statutes of Minnesota, South Carolina and Washington follow the language of the 1992 version of the state Model Bill of the United States Trademark Association, now the International Trademark Association, which reads, in relevant part, as follows: "The term ‘dilution’ as used herein means the lessening of the capacity of a mark to identify and distinguish goods or services, regardless of the presence or absence of (a) competition between the parties, or (b)
keeping with Schechter's original conception of dilution as a means of protecting trademarks in situations beyond those where confusion results from the misuse of a mark and conventional relief is available. If one takes Schechter's concept and the language of the dilution statutes at face value there seems to be no overlap between infringement and dilution: one addresses the problem of uses that are likely to cause confusion and the other addresses the whittling away of selling power, regardless of confusion. As was discussed in the overview, many courts have held that consumer confusion is relevant to a dilution analysis for the purpose of determining if the marks at issue are sufficiently similar to support a dilution claim.

The argument that consumer confusion should be considered in a dilution claim intuitively makes sense, because as Professor McCarthy explains in his book, *McCarthy on Trademarks and Unfair Competition*, there can be no dilution unless a reasonable buyer is likely to make a mental association between the two marks at issue. In fact, one court has gone so far as to state that any dilution that might flow from two coexisting uses, that caused no significant confusion, would be insubstantial and not warrant relief. The problem is that once the dilution doctrine was expanded to apply to the use of a mark very similar to the senior user's mark, rather than just to the use of the identical mark, courts began to analyze whether the marks at issue were sufficiently similar to support a dilution claim. The analysis many courts now use to determine whether there exists sufficient similarity between two marks resembles, to some extent, the analysis for determining likelihood of confusion in an infringement analysis.
The argument has been made, however, that the confusion required for a dilution claim is different from the confusion at which infringement is aimed, and therefore, there is no significant overlap. At least one court has contended that dilution requires merely confusion as to the marks themselves, while infringement is concerned with confusion as to source or goods, which suggests there is no overlap. This argument has some merit, at least with respect to noncompeting uses of marks. For instance, even though consumers might confuse “Lexus” (mark for cars) with “Lexis” (mark for computer research products), the reasonable consumer would not likely become confused as to source or goods by concluding that Toyota had ventured into the computer research business or that there was some connection between Lexus cars and Lexis computer research products. In such a situation a consumer would not mistakenly buy one product when intending to buy another. Furthermore, because it would seem highly improbable that a marketer would intentionally tie these unrelated goods together with a common trademark, most consumers would not conclude that the senior mark holder sponsored, was connected with, or affiliated with these

(6) the defendant's good faith in adopting its mark;
(7) the quality of the defendant's product; and
(8) the sophistication of the purchasers.


Compare these Polaroid factors with factors sometimes used to determine whether there has been blurring of a mark sufficient to constitute dilution. Once it is determined that plaintiff's mark is distinctive, or a strong mark, courts may analyze the following factors:

(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.

Mead Data Central, 875 F.2d at 1035 (Sweet, J., concurring opinion); See Hester Industries, 16 U.S.P.Q.2d at 1280. Each of these factors, except perhaps for renown of the junior and senior marks, correspond with a Polaroid factor. Most courts addressing the blurring issue examine at least some of these factors, and many times their factual analysis may closely resemble a likelihood of confusion factual analysis. See, e.g., Mead Data Central, 875 F.2d at 1029-30 (determining if “Lexis” and “Lexus” were similar, the court engaged in an analysis of whether someone hearing a broadcast announcer articulate the two names would confuse the two marks).

104. Holiday Inns, 481 F.2d at 450 (citing Alberto-Culver Co. v. Andrea Dumon, Inc., 466 F.2d 705 (7th Cir. 1972) The court stated: “Dilution is a concept most applicable where a subsequent user uses the trademark of a prior user for product so dissimilar from the product of the prior user that there is no likelihood of confusion of the products or sources, but where the use of the trademark by the subsequent user will lessen the uniqueness of the prior user's mark with the possible future result that a strong mark may become a weak mark. It is not applicable in this situation, however, because it has been determined that the marks themselves are not confusing.”).
105. See Mead Data Central, 875 F.2d at 1026.
goods. Where the marks at issue are used on competing goods, however, the consumer confusion between two marks addressed in a dilution analysis is quite similar to the likelihood of confusion in an infringement analysis. With competing goods, or goods that are more closely related, consumer confusion between two marks would necessarily seem to implicate confusion as to source of goods. This is because if a consumer confuses two marks on competing or closely related goods, there is nothing to tip the consumer off that he or she is making an incorrect mental association. Therefore, the argument that consideration of consumer confusion by courts in analyzing dilution claims is redundant has the most force with respect to dilution claims involving competing goods.

It is unclear whether the language of the Federal Trademark Dilution Act of 1995 does anything to avoid the redundancy problem caused by courts’ consideration of confusion in a dilution analysis. The 1995 Act 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 . . . likelihood of confusion, mistake, or deception.” This is a departure from the language of the 1964 Model Dilution Bill, upon which most of the state dilution statutes, and consequently, most of the relevant case law is based. The 1964 Model Bill provides that relief shall be granted “notwithstanding . . . the absence of confusion as to the source of goods or services.”

Perhaps courts will simply overlook this discrepancy between the language of the federal Act and state statutes that follow the 1964 Model Bill or conclude that it has no effect; or perhaps courts will recognize this “likelihood of confusion” language from the trademark infringement doctrine and conclude that consideration of confusion under the federal Act is permissible so long as it does not overlap with specific likelihood of confusion factors from an infringement analysis. Virtually all the cases addressing the issue of consumer confusion in the dilution context interpreted statutes that substantially followed the language the 1964 Model Bill, which provides that confusion as to source or goods is irrelevant to a dilution cause of action. It is not clear whether the new federal Act’s reliance upon the language from 1992 Model Bill, making “likelihood of confusion” irrelevant to a dilution claim, will do anything to

106. The author acknowledges that this argument does have its limitations. Given the size and diversity of some marketing conglomerates and the practice of licensing out the use of trademarks, the task of determining what kind of a connection between goods or connection between sources a consumer might find probable is not always simple. See David S. Welkowitz, Reexamining Trademark Dilution, 44 VAND. L. REV. 531, 544 (discussing how modern marketing practices and corporate structure make it hard to describe the dilution process).


109. Supra note 108. Most state dilution statutes substantially implement the language of the 1964 version of the Model State Trademark Dilution Bill with respect to the confusion issue.
clarify this issue.\textsuperscript{110} Minnesota, South Carolina, and Washington are the only states that have used the "likelihood of confusion" language of the 1992 Model Bill, and as of yet, none of the few cases interpreting these statutes speak to the issue of whether consumer confusion is relevant to a dilution claim.\textsuperscript{111}

In addition to the Act's lack of guidance on the matter, two factors make it even harder to predict how courts will apply this "likelihood of confusion" language. First, is the disagreement among courts over whether confusion should even be considered in a dilution analysis.\textsuperscript{112} Second, is the lack of legislative history to the Act addressing this issue.\textsuperscript{113} The problem of determining just where consumer confusion fits into a dilution analysis promises to cause continued inconsistencies in the application of the dilution doctrine, especially where dilution claims involve competing uses. This problem also threatens to undermine the fundamental justification for the dilution doctrine as being a remedy that picks up where trademark infringement leaves off. Congress has left this crucial problem unaddressed in the Federal Trademark Dilution Act of 1995 by failing to define dilution and its related concepts in such a way as to make clear the distinction between similarity of marks and likelihood of confusion. In fact the 1995 Act may confuse courts even more, because it uses different language than the state statutes upon which most of the relevant case law is based.

2. Redundancy By Virtue of the Expansion of Trademark Infringement

The concept of trademark dilution originated and evolved at a time when the


\textsuperscript{111} This conclusion is based upon a WESTLAW search of Minnesota and Federal Eighth Circuit cases, using the query, "TRADEMARK AND DILUTION AND CONFUSION AND 325D;" South Carolina and Federal Fourth Circuit cases using the query, "TRADEMARK AND DILUTION AND CONFUSION;" and Washington and Federal Ninth Circuit cases using the query, "TRADEMARK AND DILUTION AND CONFUSION AND 19.77" (April 20, 1996). This search revealed that the only case to cite to one of these three state dilution statutes was Scott v. Mego Intl, Inc., 519 F. Supp. 1118 (D. Minn. 1981), interpreting the Minnesota dilution statute. In \textit{Scott}, the court stated that "confusion or the likelihood of confusion is not a necessary premise to an action for trademark dilution," without going on to elaborate on whether "likelihood of confusion" language in the Minnesota statute warranted special interpretation. \textit{Id.} at 1137-38 (citing \textit{Holiday Inns, Inc. v. Holiday Out in America}, 481 F.2d 445 (5th Cir. 1973)). The court rejected plaintiff's dilution claim on the grounds that the mark was not distinctive enough.


\textsuperscript{113} This conclusion is based on a LEXIS search of the Legislature Library/Congressional Record File using the query, "TRADEMARK AND DILUTION AND CONFUSION" (April 25, 1996).
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trademark infringement doctrine provided very little, if any, relief against noncompeting uses of a trademark. Since then, however, the confusion concept under the trademark infringement doctrine has been expanded to encompass many of the injuries to trademark owners that the dilution doctrine was intended to remedy. The confusion concept as it is applied under § 43(a) of the Lanham Act now encompasses reverse confusion, post-sale confusion, and subliminal confusion. Additionally, the application of the infringement rationale to “related goods” has extended infringement causes of action to situations in which a plaintiff can show a likelihood of confusion with respect to a senior user’s sponsorship or approval of the junior user’s use.

Reverse confusion occurs when a junior user’s promotional activities are so pervasive that consumers are likely to think that the senior user’s goods are those of the junior user; in contrast, traditional forward confusion involves situations where consumers think the junior user’s goods are those of the senior user. One of the leading cases on reverse confusion, Big O Tire Dealers, Inc. v. Goodyear Tire & Rubber Co., involved Goodyear’s extensively advertised use of the “Bigfoot” mark, which was already being used by the smaller Big O Tire Dealers. The court in Big O upheld the trial court’s determination that Goodyear had infringed upon Big O’s mark on the basis of likelihood of reverse confusion, and absent any significant forward confusion.

The injury caused by reverse confusion is that “the senior user loses the value of the trademark - its product identity, corporate identity, control over its goodwill and reputation, and ability to move into new markets.” These injuries are very similar to the injuries addressed by a dilution claim: the blurring and whittling away of a

116. See McCarthy, supra note 114, § 24.03.
117. See Staffin, supra note 115, at 162.
118. See McCarthy, supra note 114, § 23.01(5) McCarthy further explains that with forward confusion, the senior user loses sales, because consumers mistakenly buy the junior user’s product when they would otherwise likely buy the senior user’s product; with reverse confusion the senior user loses the ability of its mark to sustain a product identity, goodwill and reputation, and an ability of the senior user to move into new markets.
119. 561 F.2d 1365 (10th Cir. 1977), cert. denied, 434 U.S. 1052 (1978).
120. Id. at 1371-72.
121. Ameritech, Inc. v. American Information Technologies Corp., 811 F.2d 960, 964 (6th Cir. 1987) (reversing a lower court’s summary judgement ruling in favor of defendant where a relatively small oil reclamation company brought suit against a holding company for five Bell telephone companies for use of its “Ameritech” mark).
mark's distinctive quality. Because of this similarity, courts' recognition of reverse confusion in infringement claims does much to contribute to the overlap between dilution and infringement.122

Post-sale confusion refers to confusion among non-purchasers when they see a product already purchased by a consumer and mistakenly believe that the product's source is the senior trademark holder. For instance, in Payless Shoesource, Inc. v. Reebok International Limited,123 Reebok brought trade dress and trademark infringement claims against Payless Shoesource for its sale of shoes bearing private “unbranded” labels that were similar in appearance to Reebok's shoes. The appellate court in Payless held that the lower court erred in disregarding the post-sale confusion caused when a potential consumer observes someone wearing a pair of the Payless shoes and believes they are Reeboks.124

The injury caused by such confusion is an increased likelihood that consumers will attribute the inferior quality of the junior user's goods to the senior user of the mark or trade dress, which could damage the senior user's reputation and image.125 By extending the scope of infringement protection beyond preventing consumer confusion and into the realm of protecting the senior mark holder, the post-sale confusion rationale causes infringement and dilution to overlap. Using the fact scenario in Lois Sportswear, U.S.A. v. Levi Strauss & Co.126 as an example, if a manufacturer of denim jeans markets its jeans with a stitching pattern on the back pockets very similar to the pattern on Levi's jeans, Levi's could conceivably bring both an infringement claim based on post-sale confusion and a dilution claim. The infringement claim would be aimed at remedying the damage to Levi's reputation and image by lessening the ability of the Levi's mark to invoke an association with quality goods in

122. This overlap is illustrated in cases where plaintiffs bring both dilution claims and infringement claims on the basis of likelihood of reverse confusion. See, e.g., W.W.W. Pharmaceutical Co., Inc. v. Gillette Co., 984 F.2d 567 (2d Cir. 1993) (involving the owner of “Sportstick” mark for lip balm who brought both a dilution claim and a trademark infringement claim based on reverse confusion against the owner of “Right Guard Sport Stick” for deodorant); Computer Associates Int'l, Inc. v. AJV Computerized Data Management, Inc., 889 F. Supp. 630 (E.D.N.Y. 1995) (involving the owner of “CA-Simply Tax” and “Simply Tax” marks who brought both a dilution claim and a trademark infringement claim based on reverse confusion against defendant's use of the mark “TAXSIMPLE”).
123. 998 F.2d 985 (Fed. Cir. 1993).
124. Id. at 989.
125. See Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co., 799 F.2d 867, 872-73 (2d Cir. 1986) (citing Grotrian, Helfferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons, 523 F.2d 1331, 1342 (2d Cir. 1975)) (holding that Lois Sportswear's use of a stitching pattern on the back pocket of jeans that was similar to Levi's stitching pattern was likely to cause post-sale confusion, with injury resulting when consumers seeing the familiar stitching on the allegedly inferior product associate the stitching pattern with Levi's, influencing the consumer's decision as to whether to later purchase Levi's); Polo Fashions, Inc. v. Craftex, Inc., 816 F.2d 145, 148 (4th Cir. 1987) (holding that defendant's use of an embroidered emblem on shirts was substantially similar to that used on Polo's shirts and this was likely to cause post-sale confusion that might cause plaintiff's reputation to suffer damage).
126. 799 F.2d 867 (2d Cir. 1986).
consumers' minds. A dilution claim would likewise be aimed at protecting the Levi's mark from losing its ability to create a mental association with quality goods among consumers. Clearly, there is much overlap between the factual analyses under the two theories. Essentially, both relate to the lessening of the effectiveness of a plaintiff's trademark.

Subliminal confusion occurs when a consumer makes a mental association between a junior mark and the senior mark holder's goods without actually being confused. The resulting injury is that subliminal confusion allows the alleged infringer to gain a foothold in the market by exploiting the subliminal association created with the senior mark holder. The opinion in Dreyfus Fund Incorporated v. Royal Bank of Canada is a good example of how dilution and infringement can overlap where subliminal confusion is recognized. In Dreyfus, the court stated that New York's antidilution law was designed to protect a mark's distinctiveness from being undercut by a similar use. This is very similar to the stated purpose of remediating subliminal confusion: to prevent the senior user from being undercut in the market by the junior user's exploitation of the subliminal association. The overlap between dilution and infringement is thus increased when subliminal confusion is recognized within the infringement analysis.

The application of the infringement doctrine to related but noncompeting goods is yet one more development in the expansion of infringement analysis that has increased the overlap between dilution and infringement. A related goods infringement claim is aimed at confusion as to sponsorship, affiliation or connection, rather than confusion as to source of goods. In other words, there is said to be confusion as to related goods if a consumer would reasonably believe that the goods at issue are affiliated

127. See Playboy Enterprises, Inc. v. Chuckleberry Publishing, Inc., 486 F. Supp. 414, 428 (S.D.N.Y. 1980), aff'd, 687 F.2d 563 (2d Cir. 1982) (discussing subliminal confusion as an additional type of confusion from which Playboy Magazine could obtain relief with respect to the use of the "Playmen" mark on a magazine). The court quoted Londontown Manufacturing Co. v. Cable Raincoat Co., 371 F. Supp. 1114, 1118 (S.D.N.Y. 1974) as further explanation of subliminal confusion: "...advertising and trademarks rely on impressions. The consumer does not memorize the mark. He has a feeling about it from past exposure. That feeling may be vague, subliminal it is said, but it comes to consciousness when the article is seen with the trademark affixed."

128. See Playboy Enterprises, 486 F. Supp. at 428; Dreyfus Fund Incorporated v. Royal Bank of Canada, 525 F. Supp. 1108, 1123 (S.D.N.Y. 1981) (granting Dreyfus, holder of a mark consisting of a depiction of a lion, a preliminary injunction to stop defendant's advertising campaign which utilized a lion; motion was granted in part on basis of subliminal confusion allowing defendant to gain a foothold into plaintiff's market).


131. Id. at 1123.

with, connected with, or sponsored by the senior trademark holder. Such confusion is easier to show today than it was when the dilution doctrine originated, because of the increase in such things as mergers, acquisitions and trademark licensing in the business community. The fact that the related goods doctrine extends the trademark infringement rationale to apply to noncompeting goods is the primary reason it causes infringement to overlap with dilution. As discussed earlier, one of the primary justifications for the dilution doctrine has been that it addresses injuries to trademarks by uses on noncompeting goods -- injuries traditionally not remedied by the infringement rationale.

Clearly, the concept of confusion within the trademark infringement doctrine has expanded over past decades into areas covered by the dilution doctrine. This, combined with the fact that courts sometimes incorporate consideration of consumer confusion into their dilution analyses, makes the conclusion that infringement and dilution are to some extent redundant almost unavoidable. This does not necessarily mean, however, that the dilution doctrine should be abandoned -- just perhaps that its parameters should be more carefully and clearly defined. One commentator has suggested, for instance, that the redundancy problem would be lessened if the 1995 Act had specifically limited the dilution doctrine to unauthorized uses of a mark on noncompeting goods. Such a change would probably help reduce some of the redundancy because, as the discussion above points out, redundancy is most severe where the dilution doctrine is applied to competing uses.

Another possibility might be to replace the language in the 1995 Act providing that “likelihood of confusion” is irrelevant to a dilution claim with language providing that a dilution claim can only prevail where there is no likelihood of forward confusion, reverse confusion, post-sale confusion, or subliminal confusion. Although this

133. See Mutual of Omaha Insurance Co. v. Novak, 836 F.2d 397, 398, cert. denied 488 U.S. 933 (1988) (discussing how a designer infringed upon Mutual of Omaha’s indian head logo through the use of a “Mutant of Omaha” parody on merchandise, because the court found that there was a likelihood of confusion as to whether the insurance company sponsored, or was affiliated with, the merchandise); Dallas Cowboys Cheerleaders v. Pussycat Cinema, Ltd., 604 F.2d 200, 204-05 (2d Cir. 1979) (discussing a sexually explicit film depicting a cheerleader in a uniform similar to those worn by the Dallas Cowboys Cheerleaders, the court held that the consumer need not believe that the trademark owner actually produced and marketed the item, but merely that the mark owner sponsored or approved of the use).


136. Stafin, supra note 134, at 164. Stafin suggests that rather than stating that dilution applies “regardless of the presence or absence of competition,” the Act should have stated that dilution applies “despite the absence of competition” or “in the absence of competition”.

137. Confusion as to related goods has been omitted from the restrictions because that would probably limit the dilution doctrine too much. Further changes in the marketplace might make it reasonable for a consumer to believe that the use of a famous mark on almost any goods would be affiliated with, connected with, or sponsored by, the senior mark holder. See Stafin, supra note 134, at 162.
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restriction would severely limit the scope of the dilution doctrine, it would still allow dilution remedies in situations such as those used by Schechter in his ground-breaking article. For example, none of these types of confusion would result, with the exception perhaps of confusion as to related goods, from the use of the “KODAK” mark on bicycles.

As the dilution doctrine stands now, years of case law have extended the doctrine far beyond its originally propounded scope. If something is not done to return the dilution doctrine to its original purpose, or at least to better define its parameters in relation to trademark infringement, the application of the dilution doctrine will probably continue to be confused by courts. Consequently, judges and commentators will probably continue to question the need for the doctrine. Unfortunately, the new federal Act appears to do little, if anything at all, to remedy this problem.

CONCLUSION

The Federal Trademark Dilution Act of 1995 is clearly one of the most significant developments in the history of the dilution doctrine. Among other things, the Act provides owners of famous trademarks with a dilution remedy that is national in scope, thus resolving the extraterritoriality issues that marketers using famous marks on a nationwide basis have faced in the past. As the discussion above has hopefully revealed, however, the 1995 Act leaves much to be desired for those who would like to see some of the serious difficulties with respect to the application of the dilution doctrine cleared up. As indicated above, the most serious of these difficulties, in the opinion of this author, are the problems of applying the dilution doctrine to quasi-commercial speech and the redundancy between dilution and infringement.

The Act’s commercial-noncommercial speech dichotomy is a gross oversimplification of applicable First Amendment jurisprudence. Admittedly, a statute such as this cannot be expected to incorporate all of the Supreme Court’s commercial speech jurisprudence, but the 1995 Act creates seemingly rigid, bright-line categories that are likely to be a trap for the unwary. The drafters of the Act at least should have added a clause providing that the bright-line categories are “subject to equitable factors from applicable First Amendment doctrine,” and at best should have provided

The author acknowledges that restricting the dilution doctrine from situations where reverse confusion, post-sale confusion, and subliminal confusion can be identified would significantly reduce the number of plaintiffs relying on a dilution cause of action. For one thing, plaintiffs would no longer be able to treat “dilution” and “reverse confusion” as interchangeable terms. See, e.g., Fisons Horticulture, Inc. v. Vigoro Industries, Inc., 30 F.3d 466, 474 (3d Cir. 1994) (equating dilution of trademark with reverse confusion). The restriction this author proposes, however, would likely force courts to better delineate the difference between dilution and the above-mentioned forms of confusion, and hopefully clear up confusion among courts in applying the doctrine.

138. See Schechter, supra note 135.
139. See Schechter, supra note 135, at 824-25 (making his case for a dilution cause of action on the basis of there being no remedy for the unauthorized use of a mark on non-related goods).
that the bright-line categories are subject to a specific non-exhaustive list of factors from applicable First Amendment jurisprudence.

The redundancy between dilution and infringement is a serious problem for which the 1995 Act appears to provide no significant solutions. The applicable case law has demonstrated that statutes providing that competition and confusion as to source of goods are irrelevant to a dilution cause of action have not solved the redundancy problem -- courts have apparently ignored such provisions, or have given them such a narrow interpretation as to render them essentially ineffective. Consequently, it seems improbable that the 1995 Act's provision providing that competition and likelihood of confusion are irrelevant to a dilution claim will be much more effective. For instance, courts might interpret this provision to only exclude confusion from a dilution analysis to the extent that it would involve examining all of the Polaroid factors. A more restrictive and specific setting of the parameters between dilution and infringement is needed; otherwise, the doctrine may consume itself by creating perceptions that it is unnecessary and difficult to apply.

Of course, courts might eventually work all of these kinks out on their own. The history of the dilution doctrine, however, suggests that this is unlikely. It appears that Congress has simply missed its chance to provide solutions to these problems. We will probably be struggling with the dilution doctrine for some time to come.

140. See supra note 102.