

UNRAVELING THE TRADEMARK ROPE: TARNISHMENT AND ITS PROPER PLACE IN THE LAWS OF UNFAIR COMPETITION

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INTRODUCTION

Larry Flynt and Tipper Gore pass each other on the street. Gore, on her way to a family values meeting, looks away as she passes Flynt, publisher of “Hustler” magazine and founder of a small pornographic empire. Onlookers chuckle at the chance meeting, never for a moment concluding that Gore and Flynt have anything to do with one another. Gore’s reputation is none the worse for the brief encounter.

Now imagine that Gore and Flynt are seen sitting together at a baseball game. Gore chats to Flynt about the value of the designated hitter, Flynt entertains Gore with stories about a recent photo shoot, and the two share a tub of popcorn during the seventh-inning stretch. Their outward appearance indicates that Gore and Flynt are voluntarily associating with one another. Such an outing will likely harm Gore’s conservative, family-friendly image.

In the second scenario, observers will think less of Gore by concluding she is somehow affiliated with someone whose morals and politics conflict so dramatically with her own. This perceived connection will cause observers to impute some of the bad feelings they have for Flynt over to Gore, thereby tarnishing Gore’s image. Trademarks can be tarnished in much the same way. Under current trademark law, well-known marks can be tarnished when they are used on goods or services that might make the

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trademark look bad.¹ For example, if the trademark “CANDYLAND,” a famous children’s board game, is later used as the domain name for a pornographic Web site, such use will be presumed to tarnish “CANDYLAND’s” good name.² The mark will be damaged when consumers who see the name “CANDYLAND” on pornography think less of the mark itself.³ This damage has traditionally been referred to as dilution by tarnishment.⁴

Tarnishment is one of at least two ways that dilution can occur.⁵ Dilution, a relatively new and controversial concept in American trademark law, is the gradual weakening of a trademark’s value that results from unauthorized collateral use.⁶ When a distinctive mark, previously affixed only to one product, is later used on two, consumers will begin to recall both products when viewing the mark.⁷ This fraying of the mark’s unique, pristine connection with only a single source is the essence of dilution injury;⁸ such splintering weakens the trademark’s value to its rightful owner.⁹

¹ *Hormel Foods Corp. v. Jim Henson Prods.*, 73 F. 3d 497, 507 (“The *sine qua non* of tarnishment is a finding that plaintiff’s mark will suffer negative associations through defendant’s use.”).

² *See generally Hasbro, Inc. v. Internet Entertainment Group, Ltd.*, 40 U.S.P.Q.2d 1479 (W.D. Wash. 1996) (finding dilution through use of the mark “CANDYLAND” on an adult-themed Web site).

³ *See id.*; *see also Hormel*, 73 F.3d at 507.

⁴ *See, e.g.*, J. Thomas McCarthy, *McCarthy On Trademarks And Unfair Competition* vol. 4, § 24:69, 24-121 (4th ed., West 2001).

⁵ *See, e.g.*, McCarthy, *supra* n. 4.

⁶ *See generally* McCarthy, *supra* n. 4, § 24:70, 24-122; *see also Luigino’s, Inc. v. Stouffer Corp.*, 170 F.3d 827, 50 U.S.P.Q.2d 1047 (8th Cir. 1999).

⁷ McCarthy, *supra* n. 4.

⁸ *See id.*; *see also* Beverly W. Pattishall, *Dawning Acceptance of the Dilution Rationale for Trademark-Trade Identity Protection*, 74 *The Trademark Rep.* 289, 300 (1984)(Dilution occurs “when an awareness that a particular mark signifies a ‘single thing coming from a single source’ becomes instead an unmistakable, correct awareness that the mark signifies various things from various sources”).

⁹ *See e.g.* Frank I. Schechter, *The Rationale Basis of Trademark Protection*, 40 *Harv. L. Rev.* 813 (1927) (reprinted in 60 *TMR* 334 (1970)). “[T]he value of the modern trademark lies in its selling power . . . this selling power depends . . . upon its own uniqueness and singularity . . . [and] such uniqueness or singularity is vitiated or impaired by its use upon . . . non-related goods.” *Id.* at 345.

Dilution is at odds with most of America's unfair competition law, which has historically protected trademarks only to the extent necessary to prevent consumer confusion.¹⁰ "[T]he primary focus of traditional trademark law is protection of the consumer from deception, not protection of the value of the trademarks to their holders."¹¹ Dilution turns this focus around by protecting the intrinsic selling power that resides in successful trademarks.¹² Dilution grants owners expansive rights in such marks that, when infringed, can give rise to actions for commercial tort.¹³ These rights constitute property-like ownership interests in trademarks that can be "trespassed" upon when the marks are subsequently used without permission.¹⁴

Due to its radical deviation from fundamental trademark principles (as well as its potentially expansive breadth), dilution has been widely criticized and misunderstood.¹⁵ Courts and commentators have particular trouble understanding the subtle and unique nature of dilution injury, which is distinct from trademark infringement.¹⁶ Trademark infringement can occur when consumers think that two different entities using the same mark are somehow affiliated.¹⁷ Dilution, on the other hand, occurs when consumers see two entities using the same mark and conclude definitively that those entities are *not affiliated*.¹⁸ Dilution and infringement (i.e., likelihood of

¹⁰ See e.g. *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 157, 9 U.S.P.Q.2d 1847, 1854-55 (1989) (ruling that a Florida state statute was preempted by federal law insofar as it granted applicants anti-competitive patent protection).

¹¹ See e.g. Lynda J. Oswald, "Tarnishment" and "Blurring" Under the Federal Trademark Dilution Act of 1995, 36 Am. Bus. L.J. 255, 256 (1999).

¹² See e.g. *id.* at 258.

¹³ See McCarthy, *supra* n. 4.

¹⁴ See e.g. Oswald, *supra* n. 11, at 261-62.

¹⁵ See e.g. McCarthy, *supra* n. 4, § 24:100, at 2-209; Robert C. Denicola, *Trademarks as Speech: Constitutional Implications of the Emerging Rationales for the Protection of the Trade Symbols*, Wis. L. Rev. 158, 183-84 (1982); Beverly W. Pattishall, *The Dilution Rationale for Trademark-Trade Identity Protection, Its Progress Prospects*, 71 Nw. U. L. Rev. 618, 619 (1976); Brendan Mahaffey-Dowd, *Famous Trademarks: Ordinary Injury by the Courts of Marks Entitled to an Extraordinary Remedy*, 64 Brook. L. Rev. 423, 426.

¹⁶ See e.g. McCarthy, *supra* n. 4.

¹⁷ See McCarthy, *supra* n. 4, at 24-123 (citing *Restatement (Third) of Unfair Competition* § 25, cmt. f. (1995)).

¹⁸ See McCarthy, *supra* n. 4.

confusion) are “inconsistent states of consumer perception” that can never occur simultaneously in a single consumer’s mind.¹⁹ “Either a person thinks that the similarly branded goods or services come from a common source . . . or not.”²⁰ Unauthorized use of a mark, therefore, can either dilute the mark or cause consumer confusion, but it can never do both at the same time.²¹

Yet therein lies the problem with tarnishment: it appears to be both dilution and trademark infringement. When unauthorized use dilutes a mark, the underlying presumption is that consumers will not think such use is in any way connected with the mark’s true owner.²² By definition, dilution cannot occur any other way. But as the Larry Flynt-Tipper Gore example illustrates, one entity can only tarnish another if observers think the two are somehow affiliated. And confusion as to source, sponsorship or *affiliation* is the exclusive domain of trademark infringement.

Courts and commentators have long urged that tarnishment should not be considered dilution; this article goes one step further by arguing that tarnishment (as it is currently understood) in fact *cannot* be dilution since it is essentially a sort of implied likelihood of confusion. This article is divided into four sections: Part I explains the fundamental principles and background of dilution; Part II graphically illustrates the basic injury that dilution causes to trademarks using the analogy of the “trademark rope;” Part III explains how judicial confusion as to the fundamental nature of dilution has caused tarnishment doctrine to be extended far beyond its proper bounds; finally, Part IV offers a series of suggestions for how tarnishment might be better understood and applied.

¹⁹ See McCarthy, *supra* n. 4, at 24-123 (citing *Restatement (Third) of Unfair Competition* §25, cmt. f. (1995)) (“Although in a particular case the use of another’s mark may confuse some consumers and dilute the value of the mark in the minds of other consumers, the state of mind required for confusion and dilution are distinct and inconsistent. The confused consumer believes that the actor’s use of the mark is connected with the trademark owner, and thus for such consumers the use does not dilute the distinctiveness of the mark”).

²⁰ McCarthy, *supra* n. 4, at 24-123.

²¹ Marks can both confuse and dilute at the same time, however, by affecting different portions of a consumer population in different ways. McCarthy, *supra* n. 4, at 24-123 (“[B]oth infringement by a likelihood of confusion *and* dilution can coexist as legal findings if it is proven that a significant number of customers are likely to be confused *and* that among a significant number of customers who are not confused, the defendant’s use will illegally dilute by blurring or tarnishment”).

²² See McCarthy, *supra* n. 4, at 24-123.

I. BACKGROUND

A. *Dilution Principles*

1. Trademark, Likelihood of Confusion, & Dilution: An Overview

Trademarks have historically been viewed primarily as “source indicators,” or means by which consumers can tell from where goods and services originated.²³ By designating products as having originated from particular businesses, trademarks assure consumers that those products are of comparable quality to products previously purchased from the same businesses.²⁴ But due in part to these highly specialized functions, trademarks typically have been afforded far less protection than other intellectual property rights.²⁵ In contrast to copyrights and patents, which grant their owners a broad range of “rights-in-gross,” trademarks traditionally conveyed only those rights necessary to protect the marks’ source indicating functions.²⁶ These restrictions were historically deemed

²³ See e.g. J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* vol. 1, § 2:3, 2-3 (4th ed., West 2001); see also 15 U.S.C. § 1127 (1994) (“The term ‘trademark’ includes any word, name, symbol, or device, or any combination thereof . . . [used] to identify and distinguish his or her goods . . . from those manufactured or sold by others and to indicate the source of the goods . . .”).

²⁴ See e.g. *id.* (“A trademark is merely a symbol that allows a purchaser to identify goods or services that have been satisfactory in the past and reject goods or services that have failed to give satisfaction”). See also Schechter, *supra* n. 9, at 337 (“The true functions of the trademark are . . . to identify a product as satisfactory . . .”).

²⁵ See e.g. *Playboy Enters. Inc. v. Netscape Commun. Corp.*, 55 F. Supp. 2d 1070, 1080-81, 52 U.S.P.Q.2d 1162, 1170 (C.D. Cal. 1999) (stating that trademarks do not convey an “omnibus property right or a monopoly on the use of the words in the trademark”). See also Oswald, *supra* n. 11, at 256 (citing *Bonita Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 157, 9 U.S.P.Q.2d 1847, 154-55 (1989)).

²⁶ See e.g. Elliot B. Staffin, *The Dilution Doctrine: Towards a Reconciliation with the Lanham Act*, 6 Fordham Intell. Prop., Media & Ent. L.J. 105 n.1 (1995) (“[U]nlike a patent or copyright holder, a trademark owner’s property right in its trademark is defined and governed by its use of the mark in commerce”). *Id.* A right-in-gross is generally a property right that is similar to the rights attached to real property.

necessary to prevent trademark owners from staking out anti-competitive monopolies over common words.²⁷

As a means of balancing trademark rights against the need for free access to language (mainly for descriptive use by business competitors), courts and legislatures developed a basic trademark doctrine in which marks could only be infringed by uses that interfered with the marks' source indicating functions.²⁸ Early state trademark law, for example, only protected marks to the extent necessary to guard against "palming off," the use of marks in ways that mislead consumers into thinking the products affixed with those marks actually came from the marks' true owners.²⁹ Federal trademark law, codified in the Lanham Act, likewise protected against only those unauthorized uses of marks that misled consumers as to the source, sponsorship, or affiliation of goods.³⁰ Unauthorized uses that mislead consumers as to the origin or affiliation of products were said to infringe the mark by producing a "likelihood of confusion."³¹ The likelihood of confusion test consequently became the benchmark standard most courts use to gauge trademark infringement.³²

Dilution "statutes alter the underlying assumptions of trademark law"³³ by extending mark protection beyond that needed to prevent consumer confusion.³⁴ Instead of protecting consumers, dilution protects trademark

²⁷ See generally *Intl. Order of Job's Daughters v. Lindeburg and Co.*, 633 F.2d 912, 917, 208 U.S.P.Q. 718, 723 (9th Cir. 1980); Simone A. Rose, *Will Atlas Shrug? Dilution Protection for "Famous" Trademarks: Anti-Competitive "Monopoly" or Earned "Property" Right?*, 47 Fla. L. Rev. 653, 675 (1995); see also Staffin, *supra* n. 28, at 106.

²⁸ See e.g. *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 412-413 (1916) ("The essence of wrong [in trademark cases] consists in the sale of the goods of one manufacturer or vendor for those of another"); McCarthy, *supra* n. 25, § 2:14, at 2-30.

²⁹ See e.g. McCarthy, *supra* n. 25, § 2:14 at 2-30, § 5:2 at 5-3. Trademarks have traditionally been protected only as quasi-property rights, i.e., those that are contingent on protecting the public from a likelihood of confusion. *Id.* § 2:14, at 2-31.

³⁰ 15 U.S.C. §§ 1052 (d), 1141 (1)(a), 1125(a)(1)(A) (1994).

³¹ See e.g. J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* vol. 3, § 23:1, at 23-8 (4th ed., West 2001).

³² See e.g. *id.* at 23-6, 23-8.

³³ Oswald, *supra* n. 11, at 261.

³⁴ *Id.*

owners from unauthorized, non-confusing uses of their trademarks.³⁵ Dilution guards against the gradual “whittling away” of a trademark’s selling power that results when the mark is used on products too dissonant or unusual to mislead consumers into thinking such products are in any way related to the mark’s owner.³⁶ Such attenuation in selling power occurs when a single mark is used to represent multiple sources;³⁷ consumers who once clearly identified the mark with only a single source will soon begin to identify it with various sources, thus diminishing the mark’s distinctive link to its original owner.³⁸

Since new or weak marks have not yet developed the requisite consumer recognition needed to trigger dilution injury, dilution protection is limited only to highly distinctive or famous³⁹ marks that have commercial

³⁵ See *id.* (“Dilution theory, on the other hand, confers a property-like right upon the trademark holder to enjoin uses that, while not confusing to the consumer, might diminish the identification power of the mark in the marketplace over time”).

³⁶ See generally *Allied Maint. Corp. v. Allied Mech. Trades, Inc.*, 369 N.E.2d 1162, 1164, 198 U.S.P.Q. 418,420 (N.Y. 1977). Although dilution may indeed occur when goods and services are competing or closely related to each other, dissonant use presents the typical dilution scenario. McCarthy, *supra* n. 4, § 24:72, at 24-129. Related goods scenarios are far better suited to likelihood of confusion.

³⁷ See e.g. *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203, 205, 53 U.S.P.Q. 323, 324-25 (1942) (“The protection of trade-marks is the law’s recognition of the psychological function of symbols. If it is true that we live by symbols, it is no less true that we purchase goods by them. A trade-mark is a merchandising short-cut which induces a purchaser to select what he wants, or what he has been led to believe he wants. The owner of a mark exploits this human propensity by making every effort to impregnate the atmosphere of the market with the drawing power of a congenial symbol. Whatever the means employed, the aim is the same -- to convey through the mark, in the minds of potential customers, the desirability of the commodity upon which it appears. Once this is attained, the trade-mark owner has something of value. If another poaches upon the commercial magnetism of the symbol he has created, the owner can obtain legal redress”). See also Lisa M. Brownlee, *Mead Data Central v. Toyota and Other Contemporary Dilution Cases: High Noon for Trademark Law’s Misfit Doctrine*, 79 TMR 471, 473 (1989).

³⁸ *Id.* at 482.

³⁹ Famousness may often be viewed as a synonym for distinctiveness. McCarthy, *supra* n. 4, § 24:91.1, at 24-156 (“In the author’s opinion...there is in §43(c) no separate statutory requirement of “distinctiveness,” apart from a finding that the designation be a “mark” that is “famous”).

value.⁴⁰ Whether a mark qualifies for dilution protection often depends on factors such as the mark's degree of distinctiveness, duration and extent of use and advertising, the geographical region in which the mark has been used, etc.⁴¹

2. Dilution Injury

Whereas likelihood of confusion stems from consumer mistake as to *source, sponsorship or affiliation*, dilution is only “something akin to [likelihood of] confusion—mistake as to marks”⁴² In other words, if infringing uses of a mark cause consumers to conclude that the junior and senior users are somehow affiliated with one another, then diluting uses merely “remind” consumers of the original mark.⁴³ To illustrate this distinction, imagine that a consumer has seen an unauthorized junior use of a mark (e.g., “TOYOTA” picture frames),⁴⁴ and that the consumer immediately associates the junior user's mark with that of the senior user or owner (e.g., “TOYOTA” Motor Corporation).⁴⁵ At this point, the consumer has made a basic mental association between the *marks* of the junior and senior users, which places him at a sort of “trademark crossroads”:⁴⁶ from

⁴⁰ See e.g. McCarthy, *supra* n. 4, § 24:108 at 24-230. These limitations can either be implied through the fundamental nature of dilution or expressly imposed by statutory language. The federal Anti-dilution Act, codified at Lanham Act §43(c), expressly limits dilution protection to famous marks. 15 U.S.C.A. 1125(c)(1)(2001).

⁴¹ See e.g. McCarthy, *supra* n. 4, § 24:92 at 24-161-64 (describing factors relevant to gauging fame under the Lanham Act).

⁴² *Viacom Inc. v. Ingram Ent., Inc.*, 141 F.3d 886, 46 U.S.P.Q.2d 1473 (8th Cir. 1997).

⁴³ See Kathleen B. McCabe, *Dilution-by-Blurring: A Theory Caught in the Shadow of Trademark Infringement*, 68 Fordham L. Rev. 1827, 1828 (2000) (“[D]ilution occurs when a consumer views a[n] . . . unauthorized use of a famous mark and is reminded of the more famous mark”).

⁴⁴ Throughout this comment, junior uses are presumed to be those that are not authorized and that therefore constitute either dilution or likelihood of confusion.

⁴⁵ The terms senior user, owner and rightful owner are used interchangeably to designate the owner of a particular trademark.

⁴⁶ Consumers must make some sort of threshold association between the marks of both the senior and junior users in order for either dilution or likelihood of confusion to occur. See e.g. McCarthy, *supra* n. 4; McCabe, *supra* n. 45, at 1828; *Restatement (Third) of Unfair Competition* §25 cmt. f (“In order for...dilution to occur, prospective purchasers must

here the consumer can either conclude that the junior and seniors are somehow affiliated with one another, (which will produce a likelihood of confusion),⁴⁷ or somehow realize that the two users are separate (which will cause dilution).⁴⁸ But he will never do both at the same time.⁴⁹ Dilution and likelihood of confusion are “distinct and inconsistent”⁵⁰ mental states that will never occur simultaneously in the mind of the same consumer. “[W]here the likelihood of confusion test leaves off, the dilution theory begins.”⁵¹

a) The Path Most Traveled: Likelihood of Confusion

Consumer association between the marks of the junior and senior users is the lynchpin of a finding of either dilution or likelihood of confusion.⁵² When this threshold association occurs, the consumer perceives the junior user’s mark as the same as, or substantially similar to, that of the senior user.⁵³ But for the unauthorized use to create a likelihood of confusion, consumers must be induced to make a more substantial mental link beyond associating the marks of the junior and senior users.⁵⁴ The unauthorized use must go so far as to mislead consumers into believing that

make a mental connection between the plaintiff’s mark and the designation used by the defendant”).

⁴⁷ See e.g. *San Francisco Arts & Athletics, Inc. v. United States Olympic Comm.*, 483 U.S. 522, 527, 3 U.S.P.Q.2d 1145, 1148 (1987) (granting the USOC trademark rights in the word “Olympic”). “Confusion occurs when consumers make an incorrect mental association between the involved commercial products or their producers.” *Id.* at 564.

⁴⁸ See McCarthy, *supra* n. 4 (“For dilution to occur, the relevant public must make some connection between the mark and both parties. But that connection is not the kind of mental link between the parties that triggers the classic likelihood of confusion test.”).

⁴⁹ See McCarthy, *supra* n. 4, at 24-123 (“[I]n no one person’s mind can both [dilution and likelihood of confusion] occur at the same time”).

⁵⁰ *Restatement (Third) of Unfair Competition* §25 cmt. f.

⁵¹ McCarthy, *supra* n. 4.

⁵² See generally *id.*

⁵³ See generally *id.*

⁵⁴ See generally *id.*

the goods or services affixed with the junior user's mark are actually coming from somewhere they are not.⁵⁵

This heightened mental link will only result when the junior use causes consumers to associate not only the *marks* of the junior and senior users, but also to mistakenly associate *the junior and senior users* of the mark themselves.⁵⁶ Consumers will generally make this additional mental link only when they mistakenly associate the goods and/or services of the junior and senior users, in addition to mistakenly associating their marks.⁵⁷

b) The Path Less Traveled: Dilution

Dilution, in contrast, stems from a similar yet distinct mental link between *only the marks* of the junior and senior users.⁵⁸ To illustrate this distinction, assume a consumer sees a mark and immediately concludes that it is the same mark as that belonging to the original owner; the mark has at that point triggered the threshold mental association between marks that is essential to both dilution and likelihood of confusion.⁵⁹ But while confusing infringing uses of a mark mislead consumers into believing the junior and senior users are somehow affiliated, diluting uses simply cause consumers to recall the original mark.⁶⁰ The mental connection needed for dilution, therefore, lacks the requisite association between the junior and senior sources of a mark necessary to trigger likelihood of confusion. Consumers will think the diluting junior mark looks the same as that belonging to the senior user, yet something about the way in which the junior mark is used

⁵⁵ See generally *id.*

⁵⁶ See generally *id.*

⁵⁷ See e.g. *San Francisco Arts & Athletics*, 438 U.S. at 564, 3 U.S.P.Q.2d at 1163-64.

⁵⁸ See McCarthy, *supra* n. 4.

⁵⁹ See *id.* at 24-123 (“[I]f a reasonable buyer is not at all likely to think of the senior user’s trademark in his or her own mind [after seeing a diluting mark], . . . then there can be no dilution. That is, how can there be any “whittling away” if the buyer, upon seeing defendant’s mark, would never, even unconsciously, think of the plaintiff’s mark?”).

⁶⁰ See generally McCarthy, *supra* n. 4, at 24-124. (The mental association needed to effect dilution is “not the strong, direct association and connection between the parties which is made when one concludes that buyers are likely to be so confused that they think that defendant is somehow connected with, or sponsored by, the plaintiff”); *Dilution: Trademark Infringement or Will-O’-The-Wisp?*, 77 Harv. L. Rev. 520 (1964) (Dilution mental connections have sometimes been described as fleeting “Will-O’-The-Wisps”).

causes consumers to realize it is not actually affiliated with the owner of the mark.⁶¹ Marks will generally be diluted (rather than infringed) when they are used on goods and services so dissonant from those of the original owner that consumers will naturally recognize the diluting uses as inherently distinct from the mark owner.⁶² Hypothetical examples of diluting marks include: “Dupont shoes, Buick aspirin, Schlitz varnish, Kodak pianos, and Bulova gowns.”⁶³

Dilution injury is often assessed from a sort of floodgate perspective: while a single diluting use may not in itself significantly harm a trademark, such use will be presumed to signal a trend of future diluting uses.⁶⁴ “[I]f one small user can blur the sharp focus of the famous mark to uniquely signify one source, then another and another small user can and will do so.”⁶⁵ Although assumed to be irreparable, dilution is a subtle, indirect type of trademark harm that by its very nature is “remarkably difficult to convert into damages.”⁶⁶ Judicial findings of dilution therefore almost always give rise solely to injunctive remedies, rather than monetary awards.⁶⁷

B. History of Dilution Law

1. Origins: “Gegen die Guten Sitten,” Frank Schechter

⁶¹ See McCarthy, *supra* n. 4 (Dilution assumes that a consumer “sees the junior user’s use, and intuitively knows, because of the context of the junior user’s use, that there is no connection between the owners of the respective marks.”)

⁶² See generally McCarthy, *supra* n. 4, § 24:68 at 24-121.

⁶³ See *id.* (citing discussions in *Sally Gee, Inc. v. Myra Hogan, Inc.*, 699 F. 2d 621, 217, U.S.P.Q. 658 (2d Cir. 1983); *Mead Data Ctr., Inc. v. Toyota Motor Sales, Inc.*, 875 F.2d 1026, 10 U.S.P.Q.2d 1961, 1965 (2d Cir. 1989).

⁶⁴ See generally *id.*, § 24:94 at 24-177.

⁶⁵ *Id.*

⁶⁶ *Hyatt Corp. v. Hyatt Legal Serv.*, 736 F.2d 1153, 1158, 222 U.S.P.Q. 669, 672-73 (7th Cir. 1984) (granting an injunction against use of the mark “HYATT” by defendant’s legal services firm).

⁶⁷ See McCarthy, *supra* n. 4, § 24:73 at 24-130.2.

The concept of dilution developed under British and German law,⁶⁸ which were among the first to recognize that trademarks can be damaged in ways other than consumer confusion. Dilution appears to have sprouted at least in part from the German law notion of “*gegen die guten Sitten*,” which held liable anyone who intentionally injured another in a manner violating “good morals.”⁶⁹ According to the German *Landesgericht* court, which in 1924 ruled that a dilution scenario constituted “*gegen die guten Sitten*,” a mark would “lose in selling power if everyone used it as the designation of his goods.” Mark owners therefore were deemed to have “the utmost interest in seeing that [their] mark[s] [were] not diluted (*verwässert*).”

American dilution law can largely be traced to the writings and Congressional testimony of the late professor Frank I. Schechter.⁷⁰ In his landmark 1927 Harvard Law Review article, *The Rational Basis of Trademark Protection*, Schechter observed that the nature and purpose of trademark had changed dramatically with the advent of the Industrial Revolution.⁷¹ In an era of mass production and marketing, Schechter argued, trademarks were not merely effective indicators of good will; they were also indispensable means by which that good will could be created.⁷² A mark signifying the origins of successful, high-quality goods would eventually “imprint[] upon the public mind an anonymous and impersonal guaranty of satisfaction” which would in turn cause those consumers to pursue “further satisfactions” by seeking out any products to which the mark was affixed.⁷³ At that point, Schechter reasoned, “[t]he mark actually sells the goods,” rather than the other way around.⁷⁴

Schechter reasoned that a body of law should be established to protect such powerful marks from “subtle and refined” “[t]rademark pirates” who could easily evade trademark infringement simply by using marks in ways that would not cause consumer confusion.⁷⁵ Such uses, while not technically misleading consumers as to source, would nonetheless undermine

⁶⁸ See *id.*, §24:67 at 24-119, 120 (citing Walter J. Derenberg, *The Problem of Trademark Dilution and the Anti-dilution Statutes*, 44 Cal. L. Rev. 439, 448 (1956)).

⁶⁹ See, e.g., Schechter, *supra* n. 9, at 345-46.

⁷⁰ See *id.*; McCarthy, *supra* n. 6, §24:67 at 24-120.

⁷¹ See generally Schechter, *supra* n. 9, at 334-37.

⁷² See *id.*

⁷³ *Id.* at 338

⁷⁴ *Id.*

⁷⁵ *Id.* at 341.

the value of the misappropriated marks. Schechter described the injury that could result from non-confusing use as the “gradual whittling away or dispersion of the identity . . . of the mark”⁷⁶ This notion of trademark whittling has since become widely recognized as the gravamen of dilution injury.⁷⁷ Courts and commentators have subsequently described dilution as an “erosion of the public’s identification of . . . [the] mark with the plaintiff alone”;⁷⁸ a “cancer-like growth” caused by use on dissimilar goods or services;⁷⁹ corrosion of the senior user’s interest in the trademark;⁸⁰ and a “diminution of plaintiff’s name as an advertising tool,”⁸¹ among numerous other descriptions.⁸²

2. The Cold Reception

In spite of Schechter’s arguments, the dilution doctrine was not warmly received. For years Congress steadfastly refused to embrace dilution (either through separate legislation or the 1946 enactment of the Lanham Act),⁸³ and the first state anti-dilution laws were not passed for decades after publication of Schechter’s article. Slowly, however, the climate of anti-dilution sentiment began to thaw. Massachusetts enacted the first state anti-dilution statute in 1947,⁸⁴ with Illinois following in 1953⁸⁵ and New York in

⁷⁶ *Id.* at 342.

⁷⁷ *See, e.g.*, McCarthy, *supra* n. 4, §24:68 at 24-120.

⁷⁸ *Tiffany & Co. v. Boston Club, Inc.*, 231 F. Supp. 836, 844, 143 U.S.P.Q. 2, 8 (D. Mass. 1964).

⁷⁹ *Allied Maint. Corp. v. Allied Mech. Trades, Inc.*, 369 N.E.2d 1162, 1165, 198 U.S.P.Q. 418, 422 (N.Y. 1977) (denying plaintiff’s motion for injunction, but stating in dicta that dilution can indeed exist absent likelihood of confusion).

⁸⁰ *Americitech, Inc. v. Am. Info. Tech. Corp.*, 811 F.2d 960, 965, 1 U.S.P.Q.2d 1861, 1865 (6th Cir. 1987).

⁸¹ *Wedgwood Homes, Inc. v. Lund*, 659 P.2d 377, 383, 222 U.S.P.Q. 446, 451 (Or. 1983).

⁸² Thoroughly compiled in McCarthy, *supra* n. 6, § 24:71 at 24-127, 128.

⁸³ *See e.g.* Oswald, *supra* n. 11, at 265. In 1932, a proposed anti-dilution bill drafted by Schechter failed to pass. *See id.* at 265 n. 57; H.R. 11592, 72nd Cong. § 15 (1932).

⁸⁴ *See e.g.* Oswald, *supra* n. 11, at 265. Act of May 2, 1947, ch. 307, 7a, 1947 Mass. Acts 300. Currently codified at Mass. Gen. Laws Ann. ch. 110B, § 12 (West 2000)).

⁸⁵ The original Illinois statute became effective on January 1, 1956 (currently codified at Ill. Ann. Stat. ch. 765 1035/15 (West 2000)).

1955.⁸⁶ The United States Trademark Association (“USTA”) officially recognized the dilution doctrine in 1964 by adding a specific anti-dilution provision to its Model State Trademark Act.⁸⁷ This provision stated:

Likelihood of injury to business reputation or of dilution of the distinctive quality of a mark registered under this Act, or a mark valid at common law, or a trade name valid at common law, shall be a ground for injunctive relief notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services.⁸⁸

A total of twenty-six states eventually enacted their own respective anti-dilution statutes, the vast majority of which were either modeled after or closely resembled the language of the USTA (now the International Trademark Association, or “INTA”) Model Bill.⁸⁹ Washington, the only state whose anti-dilution statute does not closely resemble the Model Bill, provides dilution protection only to famous marks in danger of having their distinctive qualities diluted.⁹⁰ Washington’s law closely resembles the 1996 federal Anti-dilution Act.⁹¹

But despite a growing statutory acceptance of the dilution doctrine, courts were often reluctant to grant dilution relief. As one commentator wrote more than a decade after the anti-dilution provisions were added to the USTA Model Bill, “[T]he concept [of dilution] seemingly has remained so misunderstood or unpalatable to the judicial taste that it largely has been ignored by the courts despite the plain dictates of the statutes and . . . the . . . urgings of academics.”⁹² Judges generally were wary of dilution’s vague and uncertain boundaries, which many feared could easily be extended to create

⁸⁶ The original New York statute became effective on September 1, 1961 (currently codified at N.Y. Gen. Bus. Law 368-d (West 2000)).

⁸⁷ See Brendan Mahaffey-Dowd, *Famous Trademarks: Ordinary Inquiry by the Courts of Marks Entitled to an Extraordinary Remedy*, 64 Brook. L. Rev. 423, 430 (1998).

⁸⁸ See Model State Trademark Bill 12 (reprinted in McCarthy, *supra* n. 6, § 24:80 at 24-135).

⁸⁹ See *e.g.*, Oswald, *supra* n. 11, at 266 n. 59 (for a full accounting of the respective state anti-dilution laws).

⁹⁰ See Brownlee, *supra* n. 39, at 474 (citing Sen. 5733, 51st cong. (1989)).

⁹¹ *Id.*

⁹² Beverly W. Pattishall, *The Dilution Rationale for Trademark—Trade Identity Protection, Its Progress and Prospects*, 67 TMR 607, 610 (1977).

de facto trademark monopolies.⁹³ To assuage those fears, many judges refused to uphold dilution without a likelihood of confusion claim as well.⁹⁴

Between 1933, when the first dilution theory case was decided, and 1977, only one case effectively applied dilution theory absent a likelihood of confusion.⁹⁵ In *Polaroid Corp. v. Polaroid, Inc.*,⁹⁶ decided in 1963, the Seventh Circuit determined that use of the mark “POLAROID” by a heating and refrigeration business clearly diluted the commercial magnetism that had already been cultivated in the mark by the “POLAROID” Camera Company.⁹⁷ The court determined that even if there had been no proof of “incidents of confusion as to the identity of the parties,” it still would have applied the anti-dilution statute to enjoin the defendant’s use of the “POLAROID” mark.⁹⁸ The court reasoned that if the Illinois anti-dilution statute did not apply to situations of non-competing, free-riding junior use, “it is useless because it adds nothing to the established law on unfair competition.”⁹⁹

a) The Reception Warms: *Allied Maintenance Corp. v. Allied Mech. Trades*

⁹³ See generally *Coffee Dan’s Inc. v. Coffee Don’s Charcoal Broiler*, 305 F. Supp. 1210, 1217, 163 U.S.P.Q. 602, 607 n. 13 (N.D. Cal. 1969); McCarthy, *supra* n. 6, 24:100, citing *Restatement (Third) of Unfair Competition* §25 cmt. b (“[I]n apparent recognition that broad interpretation of the statutes would undermine the balance between private and public rights that has informed the traditional limits of trademark protection, courts continue to confine the cause of action for dilution to cases in which the protectible interest is clear and the threat of interference is substantial”).

⁹⁴ See generally *Community Fed. Sav. & Loan Assn. v. Orondorff*, 678 F.2d 1034, 1037, 215 U.S.P.Q. 26, 28 (11th Cir. 1982); *Sally Gee, Inc. v. Myra Hogan, Inc.*, 699 F.2d 621, 624, 217 U.S.P.Q. 658, 661 (2d Cir. 1983); *Dreyfus Fund v. Royal Bank of Canada*, 525 F. Supp. 1108, 1123, 213 U.S.P.Q. 872, 883 (S.D.N.Y. 1981); Pattishall, *supra* n. 8.

⁹⁵ See Oswald, *supra* n. 11, at 267; see also George E. Middleton, *Some Reflections on Dilution*, 42 TMR 175, 187 (1952) (“So far as I know no case has turned on dilution alone.”)

⁹⁶ 319 F.2d 830, 138 U.S.P.Q. 265 (7th Cir.1963).

⁹⁷ *Id.* at 837, 138 U.S.P.Q. at 276.

⁹⁸ See *id.*

⁹⁹ See *id.*

Despite the sound logic of *Polaroid*, courts continued to ignore dilution absent a finding of likelihood of confusion for another fourteen years. However, in the 1977 case of *Allied Maint. Corp. v. Allied Mech. Trades, Inc.*,¹⁰⁰ the New York Court of Appeals “broke the dilution logjam”¹⁰¹ by clarifying that dilution was not, in fact, the same as likelihood of confusion.¹⁰² Although the court eventually dismissed the plaintiff’s dilution claim, in dicta it criticized its fellow courts for failing to enforce dilution statutes independent of a finding of likelihood of confusion.¹⁰³ After labeling dilution a “cancer-like growth” upon the business reputation of established trademarks, the court expressly stated that dilution extends protection to trademarks “beyond that provided by actions for infringement”¹⁰⁴ *Allied* was effectively the first case to recognize unequivocally that unauthorized uses of a trademark could indeed dilute that mark’s distinctiveness, regardless of whether those uses also caused consumer confusion.¹⁰⁵

After *Allied*, plaintiffs began reflexively including dilution claims along with actions for trademark infringement.¹⁰⁶ As one commentator noted in 1984, “[m]ore decisional ink appears to have been devoted to dilution during the past five years than the previous fifty.”¹⁰⁷ This trend of cautious acceptance of dilution continued for the next two decades, culminating in the enactment of the federal Anti-dilution Act.

b) The Reception Realized: 1996 Federal Anti-Dilution Act

¹⁰⁰ 369 N.E.2d 1162, 198 U.S.P.Q. 418 (N.Y. 1977).

¹⁰¹ Oswald, *supra* n. 11, at 267.

¹⁰² See *Allied*, 369 N.E.2d at 1165, 198 U.S.P.Q. at 421.

¹⁰³ See *id.*

¹⁰⁴ *Id.*, 198 U.S.P.Q. at 422.

¹⁰⁵ See, e.g., Oswald, *supra* n. 11, at 267-68; Pattishall, *supra* n. 8, at 292 (“*Allied* . . . appears to have precipitated a change of course in the interpretation of the law of dilution, not only in the state courts of New York, but also in the federal courts of the Second Circuit and in both federal and state courts elsewhere”).

¹⁰⁶ Oswald, *supra* n. 11, at 268 (citing David S. Welkowitz, *Reexamining Trademark Dilution*, 44 Vand. L. Rev. 531, 537 (1991)).

¹⁰⁷ Pattishall, *supra* n. 8, at 291.

The federal Trademark Dilution Act, which took effect on January 16, 1996, resulted largely from an aggressive lobbying effort led by the International Trademark Association.¹⁰⁸ Despite the fact that more than half the states had enacted their own respective anti-dilution statutes by 1996, federal dilution protection was thought to be necessary for at least two reasons: First, the state law-based protection for dilution produced an arbitrary patchwork of protection in which many states' rules were subtly different from those of many others.¹⁰⁹ Given that choice of law under such a scheme could effectively determine the outcome of a case, plaintiffs unsurprisingly engaged in widespread forum shopping when deciding where to file their respective dilution claims.¹¹⁰ Second, no one could accurately predict the extra-territorial effects of injunctions issued by state courts.¹¹¹ Since a significant number of states did not recognize dilution at all, questions arose whether dilution injunctions should be enforced in states without dilution laws.¹¹²

The federal anti-dilution statute was patterned largely after typical state statutes and codified in Section 43(c) of the Lanham Act.¹¹³ The threshold requirements for federal dilution protection include:

- 1) that the mark seeking federal protection be famous, rather than simply distinct;
- 2) that the junior user began using the senior's mark after it had become "famous";
- 3) that the junior user is making a commercial use of the mark; and
- 4) that the junior user's mark dilutes the senior user's mark by diminishing the strength of the mark in the identification of goods and services.¹¹⁴

Although marks need not be federally registered in order to obtain protection under the federal anti-dilution act, such registration shall act as a complete bar against state law based dilution claims brought against the mark.¹¹⁵

¹⁰⁸ See e.g. Staffin, *supra* n. 28, at 109, 146-51; McCarthy, *supra* n. 6, § 24:87 at 24-141.

¹⁰⁹ See e.g. Oswald, *supra* n. 11, at 269 (citing H.R. Rpt. 104-374, at 3 (1995)).

¹¹⁰ See *id.* at 269 (citing McCarthy, *supra* n. 4, at § 24:75).

¹¹¹ See *id.*

¹¹² See generally David S. Welkowitz, *Preemption, Extraterritoriality, and the Problem of State Antidilution Laws*, 67 Tul. L. Rev. 1 (1992); H.R. Rpt. 104-374, at 3-4 (1995).

¹¹³ Oswald, *supra* n. 11, at 270 ("The federal legislation is patterned after typical state dilution laws, with a bit of tweaking here and there")

¹¹⁴ *Id.*; see also 15 U.S.C. § 1125(c)(1) (Supp. IV 1998).

3) Evolution of Dilution Doctrine

Having evolved largely from the USTA's Model Bill, American dilution law provides for two primary ways in which a junior user can dilute a senior user's mark: blurring and tarnishment.¹¹⁶ The blurring cause of injury stems from at least two sources: the language in the Model Bill holding actionable those junior uses that produce a "likelihood . . . of dilution of the distinctive quality of a mark," and the original notions of Schechter himself.¹¹⁷ Blurring is widely viewed as the "classic, or 'traditional,'" dilution injury.¹¹⁸ Any reference to "dilution" in the Model Bill, the federal anti-dilution act or state anti-dilution statutes therefore may be viewed as impliedly encompassing the blurring cause of injury.¹¹⁹

Tarnishment's pedigree cannot be traced back quite as far as Schechter. The notion of "dilution by tarnishment" seems to have evolved from the Model Bill language making actionable a "likelihood of injury to business reputation."¹²⁰ While this language may logically be viewed as a distinct cause of action, tarnishment is "subsumed under the term dilution."¹²¹ Courts will often find tarnishment under appropriate circumstances, regardless of whether their respective state's anti-dilution law contains the term "likelihood of injury to business reputation."¹²² Although the federal anti-dilution statute does not expressly use either the term "tarnishment" or "injury to business reputation," the legislative history of the law evinces a clear congressional intent for the statute to also encompass tarnishment.¹²³

¹¹⁵ See Lanham Act § 43(c)(3) (codified at 15 U.S.C § 1125(c)(3)).

¹¹⁶ See generally McCarthy, *supra* n. 6, § 24:67 at 24-119.

¹¹⁷ See generally McCarthy, *supra* n. 4, § 24:94 at 24-177; see also Schechter, *supra* n. 9.

¹¹⁸ McCarthy, *supra* n. 4, § 24:68 at 24-120.

¹¹⁹ See generally *id.* at § 24:94 at 24-177 (Blurring is impliedly encompassed by the federal Anti-dilution Act, which defines "dilution" as the lessening of a famous mark's capacity to identify and distinguish goods and services. Such a definition "clearly encompasses dilution by blurring").

¹²⁰ See e.g. Brownlee, *supra* n. 39, at 477.

¹²¹ See e.g. *id.* (citing Beverly W. Pattishall, *Dawning Acceptance of the Dilution Rationale for Trademark-Trade Identity Protection*, 74 TMR 289, 307 (1985)).

¹²² See e.g. McCarthy, *supra* n. 6, § 24:94 at 24-180.

¹²³ *Id.*

Numerous other methods have developed in both statutory and case law by which a distinctive mark may be diluted, including confusion,¹²⁴ genericization,¹²⁵ defacement,¹²⁶ and cybersquatting.¹²⁷ While many of these methods have either been discredited (confusion) or subsumed by other dilution injuries (defacement, which is now viewed as a category of tarnishment), cybersquatting has increasingly become a focus of dilution litigation as use of the Internet has increased.¹²⁸

a) Blurring

Blurring and tarnishment remain the most widely accepted ways in which a junior user may dilute a senior user's mark. Blurring is the dilution claim that arises when distinctive marks are used in ways that splinter the pristine mark-source links cultivated by the marks' rightful owners. Courts generally have had considerably more difficulty recognizing and understanding blurring than they have with tarnishment, much of which stems from the vagueness of "whittling away" and the other phrases used to describe the blurring injury.¹²⁹ To prevail on a claim of blurring, plaintiffs generally must prove that the strength and selling power of their marks are somehow endangered by an unauthorized use.¹³⁰ Courts and commentators have split as to whether plaintiffs also must prove actual harm to their marks in order to prove blurring.¹³¹

¹²⁴ See Welkowitz, *supra* n. 108, at 548-50.

¹²⁵ See *id.* at 558-60.

¹²⁶ See generally *Deere & Co. v. MTD Products, Inc.*, 41 F.3d 39, 32 U.S.P.Q.2d 1936 (2d Cir. 1994) (issuing injunction against parody use of plaintiff's mark by a business competitor).

¹²⁷ See e.g. McCarthy, *supra* n. 6, § 24:69.1 at 24-121.

¹²⁸ See *id.*

¹²⁹ See Oswald, *supra* n. 11, at 280 ("[T]he blurring prong of dilution traditionally has proven more troublesome for plaintiffs and courts alike").

¹³⁰ See generally McCarthy, *supra* n. 4, § 24:94 at 24-177

¹³¹ See e.g. McCarthy, *supra* n. 6, § 24:94.1 at 24-180. The Fourth Circuit, in the case of *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, imposed a rule that dilution plaintiffs must prove that actual dilution injury (rather than just a likelihood of such injury) has already occurred in order to prevail. 170 F.3d 449, 50 U.S.P.Q.2d 1065 (4th Cir. 1999)

Courts traditionally gauged blurring through a series of factors derived from the 1989 Second Circuit case of *Mead Data Central, Inc. v. Toyota Motor Sales*.¹³² In *Mead*, the owner of “LEXIS,” a registered mark used to identify on-line legal database services, attempted to enjoin Toyota from using “LEXUS” to market automobiles.¹³³ Although the court overruled a district court decision finding dilution, a concurrence by Judge Sweet laid out a six-factor test for gauging dilution by blurring.¹³⁴ According to Judge Sweet, blurring is determined by:

- 1) the similarity of the junior user’s mark to that of the senior;
- 2) the similarity of the products using the marks;
- 3) the sophistication of the senior user’s customers;
- 4) predatory intent of the junior user;
- 5) renown of the senior user’s mark; and
- 6) renown of the junior user’s mark.¹³⁵

Almost every court that had occasion to gauge blurring injury invoked and analyzed the six-factor “Sweet test.”¹³⁶

The “Sweet test,” however, has come under increasing criticism in recent years from both courts and commentators suggesting that its factors are nothing more than those traditionally used to gauge likelihood of confusion.¹³⁷ In response to these attacks, the Second Circuit in 1999 suggested a new, ten-factor test to gauge blurring in the case of *Nabisco, Inc. v. PF Brands, Inc.*¹³⁸ Although this test continues to evince certain

¹³² 875 F.2d 1026, 10 U.S.P.Q.2d 1961 (2d Cir. 1989); Oswald, *supra* n. 11, at 284 (“[e]very court to date to have decided a blurring case under the federal [Dilution] Act has applied these factors”).

¹³³ *See Mead Data Ctr., Inc. v. Toyota Motor Sales, Inc.*, 875 F.2d 1026, 1027, 10 U.S.P.Q.2d 1961, 1961 (2d Cir. 1989).

¹³⁴ *Id.* at 1035, 10 U.S.P.Q.2d at 1969.

¹³⁵ *Id.*

¹³⁶ *See* Oswald, *supra* n. 11, at 284.

¹³⁷ *See e.g.* McCarthy, *supra* n. 6, § 24:94.2 at 24-186; *see also I.P. Lund Trading ApA v. Kohler Co.*, 163 F.3d 27, 49, 49 U.S.P.Q.2d 1225, 1241 (1st Cir. 1998); *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 170 F.3d 449, 464, 50 U.S.P.Q.2d 1065, 1077 (4th Cir. 1999).

¹³⁸ 191 F.3d 208, 51 U.S.P.Q.2d 1882 (2d Cir. 1999). According to the Second Circuit’s *Nabisco* test, blurring should be gauged according to: 1) degree of distinctiveness of the senior user’s mark; 2) similarity of the senior and junior users’ marks; 3) proximity of the senior and junior users’ products and the likelihood of bridging any gaps between them; 4) interrelationship among the distinctiveness of the senior mark, the similarity of the

fundamental misunderstandings of the dilution doctrine, it clearly is far more germane to gauging dilution by blurring than was the six-factor Sweet test.¹³⁹ *Nabisco*, therefore, is likely to become the new standard by which blurring is gauged.¹⁴⁰

b) Tarnishment

Tarnishment occurs when the good will that a senior user has cultivated in a mark is displaced by “bad will” engendered by an unauthorized use.¹⁴¹ “The *sine qua non* of tarnishment is a finding that plaintiff’s mark will suffer negative associations through defendant’s use.”¹⁴² Whereas blurring injures a mark simply by splintering the distinctive source link between the mark and its original owner, tarnishment injures the mark by also damaging that owner’s business reputation. “[T]arnishment not only blurs a mark’s distinctiveness, . . . [it] also mar[s] a mark’s positive associational value.”¹⁴³

Tarnishment plaintiffs, therefore, must prove both that unauthorized uses splinter their own respective mark-source links and that such splintering damages the original marks’ “good name.”¹⁴⁴ Damage to good name, i.e., a likelihood of injury to business reputation, can be proven in several ways:¹⁴⁵

junior mark, and the proximity of the products; 5) shared consumers and geographic limitations; 6) sophistication of consumers; 7) evidence of actual confusion; 8) “adjectival” or referential quality of the junior use; 9) harm to the junior user and delay by the senior user; 10) effect of the senior user’s prior laxity in protecting the mark. *See e.g.* McCarthy, *supra* n. 4, § 24:94.3 at 24-188—191.

¹³⁹ *See e.g.* McCarthy, *supra* n. 6, § 24:94.3 at 24-190 (certain factors in the *Nabisco* test, namely, the likelihood that different products using a mark will bridge any marketing gap between them, confuses dilution with likelihood of confusion).

¹⁴⁰ *See* McCarthy, *supra* n. 4, § 24:94.2 at 24-187 (“[I]t is difficult to see a place for [the *Mead* test] in future cases”).

¹⁴¹ *See generally* McCarthy, *supra* n. 6, § 24:95 at 24-191.

¹⁴² *Hormel Foods Corp. v. Jim Henson Prods.*, 73 F.3d 497, 508, 37 U.S.P.Q.2d 1516, 1524 (2d Cir. 1996) (finding no tarnishment of the lunchmeat trademark “SPAM” by the Muppet character “SPA’AM”).

¹⁴³ Brownlee, *supra* n. 39, at 477.

¹⁴⁴ *See generally* McCarthy, *supra* n. 4, § 24:95 at 24-191.

¹⁴⁵ *See e.g.* McCarthy, *supra* n. 6, § 24:104-106 (cataloguing various cases, factual situations in which dilution by tarnishment has been found).

- 1) by showing that the senior user's mark is portrayed in an "unwholesome" or "unsavory" context;¹⁴⁶
- 2) by showing that the senior user's mark is somehow associated with products that, while not inherently unwholesome, are grossly inconsistent with the senior user's image (such as when the prestigious "STEINWAY" piano mark is used on clip-on beer handles);¹⁴⁷
- 3) by showing that the senior user's mark is being used on products that, while originally manufactured with the permission of the mark owner, have deteriorated to a point where they can no longer be considered "genuine" products of the owner;¹⁴⁸ and
- 4) by showing that a direct business competitor has altered a senior user's trademark in ways likely to "diminish the favorable attributes of the mark."¹⁴⁹

This method, a sort of dilution by defacement or alteration, was initially viewed as an entirely separate category of dilution but has since been recognized as simply a subset of dilution by tarnishment.¹⁵⁰ However, use of a mark on cheap, "knock off" products generally will not be enough by itself to tarnish a senior user's trademark.¹⁵¹

¹⁴⁶ See e.g. Oswald, *supra* n. 11, at 274 ("[T]arnishment refers to the use of a famous mark . . . in an unwholesome or unsavory context"). See generally McCabe, *supra* n. 45, at 1843 ("To prove a dilution-by-tarnishment claim, a plaintiff must show . . . that [a mark was weakened] because of the junior user's unwholesome, poor quality, or degrading use causing damage to the senior user's creation of a positive image in the trademark").

¹⁴⁷ See *Steinway & Sons v. Robert Demars & Friends*, 210 U.S.P.Q. 954 (C.D. Cal. 1981) (finding tarnishment in the use of the "STEIN-WAY" mark, commonly associated with pianos, on clip-on beer handles).

¹⁴⁸ McCarthy, *supra* n. 6, § 24:106 at 24-227 (citing *Warner-Lambert Co. v. Northside Dev. Corp.*, 86 F.3d 3, 39 U.S.P.Q.2d 1136 (2d Cir. 1996) (preventing the sale of "HALLS" cough drops that were older than the product's designated freshness date). "Distribution of a product that does not meet the trademark holder's quality control standards may result in the devaluation of the mark by tarnishing its image").

¹⁴⁹ See *Deere & Co. v. MTD Prods., Inc.*, 41 F.3d 39, 44-47, 32 U.S.P.Q.2d 1936, 1940-42 (2d Cir. 1994) (finding "dilution by alteration" in the parody use of the famous John Deere trademark by a business competitor).

¹⁵⁰ *Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497, 507-08, 37 U.S.P.Q.2d 1516, 1523-24 (2d Cir. 1996).

¹⁵¹ See *Clinique Laboratories, Inc. v. Dep Corp.*, 945 F. Supp. 547, 562 (S.D.N.Y. 1996) (in which use of the mark "BASIQUE" on "knock-off" skin care products was not found to

Courts generally engage in highly subjective determinations of what constitutes an “unwholesome” or “unsavory” use of a trademark.¹⁵² So far, only egregiously distasteful uses such as those involving sex, bawdy humor, drugs, or illegal activity have been deemed unsavory enough to constitute dilution by tarnishment.¹⁵³ Despite the fact that tarnishment effectively adds another requirement to the dilution equation by requiring proof of likelihood of injury to business reputation, plaintiffs generally have had far more success in actions for tarnishment than those for blurring.¹⁵⁴ “Courts generally find the tarnishment prong of dilution easier to apply than the blurring prong”¹⁵⁵ This author believes tarnishment has only been easy to apply because it’s been so widely and fundamentally misunderstood.

II. ILLUSTRATION

In order to fully comprehend what tarnishment is and where it fits into the hierarchy of unfair competition, it is first necessary to understand the contradictory nature of dilution and likelihood of confusion. The Eighth Circuit, in a recent case involving use of the service mark “Blockbuster” on fireworks, ably attempted to illustrate the fundamental difference between these two phenomenon by analogizing to a household in which the mother suggests a trip to “Blockbuster.”¹⁵⁶ If one child assumes the family will be visiting a store that both rents videos and sells fireworks, then likelihood of

tarnish the “CLINIQUE” mark because the use did not involve obscene, sexual or illegal activity).

¹⁵² Oswald, *supra* n. 11, at 274 (“Given the fact-specific nature of tarnishment claims, such subjective analysis is necessary to reaching correct outcomes.”)

¹⁵³ See e.g. *id.* at 278 (citing *Clinique*, 945 F. Supp. 547). See also McCarthy, *supra* n. 6, § 24:104 at 24-223, 224 (listing cases in which X-rated movies and cartoons, drug culture music, crude humor, adult entertainment, and a topless bar were deemed to tarnish famous marks).

¹⁵⁴ See e.g. David S. Welkowitz, *Reexamining Trademark Dilution*, 44 Vand. L. Rev. 531, 550 (1991) (“Perhaps the most judicially favored cases of dilution prevention are cases concerning disparaging parodies of trademarks”).

¹⁵⁵ Oswald, *supra* n. 11, at 274.

¹⁵⁶ See *Viacom, Inc. v. Ingram Enters., Inc.*, 141 F.3d 886, 891 n. 9, 46 U.S.P.Q.2d 1473, 1478 n.9 (8th Cir. 1998) (explaining the difference between infringement and blurring by the simultaneous use of the mark “BLOCKBUSTER” on fireworks and a video rental chain).

confusion has occurred:¹⁵⁷ the child, having seen both the video and fireworks bearing the “Blockbuster” mark, assumes the two businesses are somehow affiliated. But if another child asks which Blockbuster the family will be visiting, dilution by blurring has occurred,¹⁵⁸ that child has not made the additional mental link necessary to effect likelihood of confusion.

The fundamental distinction between dilution and likelihood of confusion is most clearly illustrated by analogizing trademarks to strands of rope. In other words, trademarks can be viewed as connective chords running between products and the respective sources they represent. The rightful owner of a trademark “rope” will clearly be hurt whenever a junior user disguises his own trademark rope as that of the senior user. This unauthorized “disguising” of a trademark rope effectively results in a likelihood of consumer confusion.¹⁵⁹ But the trademark owner can also be hurt whenever a junior user splinters the rope’s pristine connection to a single source. This splintering, or “fraying,” of the trademark rope results in trademark dilution.

A. *The Theory of the Trademark Rope*

1. Formation

Once a trademark is used, it will essentially become a link by which consumers can channel product reactions back to the precise source that deserves the credit (or blame) for inducing those reactions. But while uniquely representative of the source that it indicates, the trademark at first is not widely known. Such “infant” trademarks will only act as utilitarian conduits by which consumer reactions will “relate back to the source of the good, not to the [mark] itself.”¹⁶⁰

Until a mark becomes better recognized, its proverbial “trademark rope” will serve only as a basic product-source indicator comparable to a drab, brown or black chord (as illustrated in Figure 1). Such connections will indeed enable consumers to channel good will, but they will never be sufficient to catch a consumer’s eye.

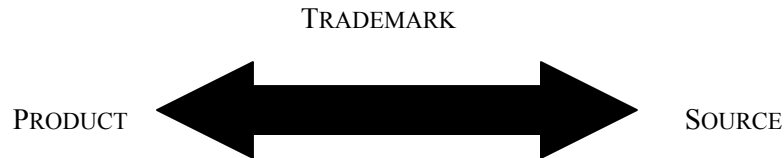
¹⁵⁷ *Id.*

¹⁵⁸ *Id.*

¹⁵⁹ See McCabe, *supra* n. 45, at 1828.

¹⁶⁰ See generally Schechter, *supra* n. 9, at 334-37.

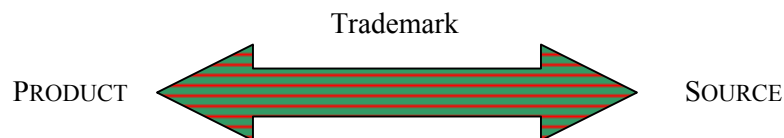
FIGURE 1: The “trademark rope” indicating a basic product-source indicator.



At some point, however, consumer reactions will indeed relate back to the mark as well as the source. Consumers who have seen the mark on high quality products will eventually begin associating that high quality not only with the products’ source, but also with the mark itself.¹⁶¹ The good will that normally relates all the way back to the source will begin “spilling over” into the mark. While not necessarily becoming any stronger a link between product and source, the mark at that point will be imbued with an independent “commercial magnetism” that is in itself enough to influence consumer purchasing decisions.¹⁶²

In the parlance of the trademark rope, the mark at this point has taken on a stylish and colorful new appearance capable of capturing consumer attention regardless of what sort of good or service the mark is affixed to. As Schechter first articulated, marks such as these can effectively sell themselves.¹⁶³

FIGURE 2: The “trademark rope” after having been imbued with independent commercial magnetism.



While still able to uniquely indicate source and channel good will, the trademark now is enough to capture consumer attention on its own.

¹⁶¹ See Schechter, *supra* n. 9, at 336.

¹⁶² See *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203, 205, 53 U.S.P.Q. 323, 325 (1942); see Schechter, *supra* n. 9, at 337-38.

¹⁶³ Schechter, *supra* n. 9, at 338.

Consumers will likely buy products to which the mark is affixed in part because of the mark's stylish new appearance, rather than any latent qualities possessed by the products themselves (for example, many consumers would be far more likely to buy "NIKE" aspirin than some other unknown brand for no reason other than the well-recognized "NIKE" name).

2. Ways in Which the Trademark Rope Can be Damaged

A trademark rope that has been imbued with independent commercial magnetism can be damaged in at least two ways: dilution and likelihood of confusion. Although the perceptions needed to affect either of these two mental states are often decisive and instantaneous, it is easier to visualize the distinctions between dilution and likelihood of confusion if they are broken down into their theoretical mental components.

a) Dilution

When consumers recognize a mark being used on one product as that being used on another, some sort of trademark injury necessarily will occur.¹⁶⁴ The only question at that point becomes which: dilution, requiring no further mental associations; or likelihood of confusion, requiring an additional mental association as to source? Although some commentators argue that the same mark can be used on products "so substantial[ly different] that the use on the diverse product is too remote to cause dilution,"¹⁶⁵ there is arguably no degree of product dissonance that will prevent consumers from associating a mark with the multiple sources using it. The trick, therefore, is not in determining whether a trademark has been harmed after a threshold finding of consumer association, but rather in determining whether the mark has been harmed through dilution or likelihood of confusion.

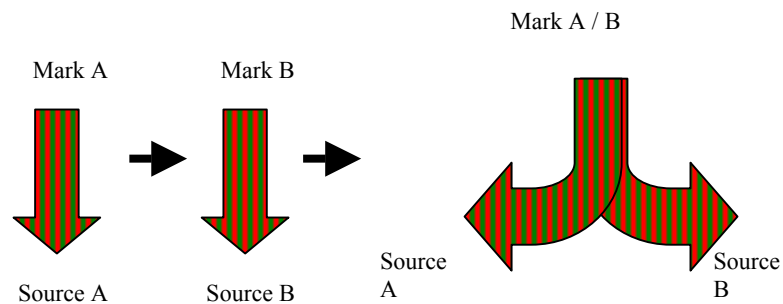
Assume that mental perceptions of mark and source can be separated chronologically and that a consumer's default assumption when seeing similar marks on different products is that those products came from different sources. If the consumer makes a mental connection between the marks of the junior and senior users, then the senior user's trademark rope

¹⁶⁴ See generally McCarthy, *supra* n. 4, § 24:70 at 24-123.

¹⁶⁵ Pattishall, *supra* n. 3, at 299.

will necessarily become frayed. Consumers will automatically begin to associate the mark not only with the senior user, but with the junior user as well.

FIGURE 3: The trademark rope frays after consumers see the same mark used to represent different sources.



In explaining dilution injury to Congress, Schechter noted that “if you allow Rolls Royce restaurants and Rolls Royce cafeterias, and Rolls Royce pants, and Rolls Royce candy, in 10 years you will not have the Rolls Royce mark any more.”¹⁶⁶ Dilution effectively diminishes a mark’s distinctiveness in much the same way that a room full of Elvis impersonators diminish the distinctiveness of the real King: by creating additional source links to a senior user’s trademark, dilution blurs the mark’s unique and distinct connection to its original source.¹⁶⁷

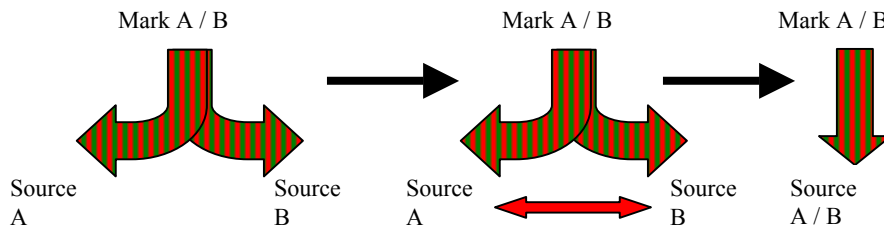
¹⁶⁶ Walter J. Derenberg, *The Problem of Trademark Dilution and the Antidilution Statutes*, 44 Cal. L. Rev. 439, 449 (1956) (quoting *Hearings Before the House Comm. on Patents*, 72nd Cong., 1st Sess. 15 (1932) (statement of Frank I. Schechter)). This may be an exaggeration, as dilution will never completely destroy or extinguish a mark.

¹⁶⁷ 4 McCarthy, *supra* n. 4, § 24:70 at 24-122 (“even with those who perceive distinct sources and affiliation, the ability of the senior user’s mark to serve as a unique identifier of the plaintiff’s goods or services is weakened because the relevant public now also associates that designation with a new and different source. Hence, the unique and distinctive link between the plaintiff’s mark and its goods or services is ‘blurred’”). In effect, dilution weakens the senior user’s mark not by actually diverting commercial magnetism toward junior users, but rather by creating multiple new source links that diminish that mark’s distinctiveness. Dilution may therefore be more accurately viewed as a “pullulation” of the trademark rope, rather than an actual splintering or peeling away of the rope’s connective integrity. *See generally Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497, 507, 37 U.S.P.Q.2d 1519, 1521-22 (2d Cir. 1996). Such pullulation diminishes the rope’s selling power not by peeling away ribbons of

b) Likelihood of Confusion

Assume now that after making the threshold association between the marks of the junior and senior users, consumers go on to conclude that those users are somehow affiliated with one another. This is the additional, heightened mental association needed to affect a likelihood of confusion.¹⁶⁸ Again presuming that mental associations can be separated chronologically and that consumers will normally think multiple uses of a mark indicate multiple sources, a mistaken association as to source will establish a determinative link between the junior and senior users of a trademark rope. This link, the fundamental difference between dilution and likelihood of confusion, will effectively pull a frayed trademark rope back into one piece (as illustrated in Figure 4).

FIGURE 4: Mistaken association between different sources using the same mark pulls the frayed trademark rope back together.



The presence or absence of a link between sources, therefore, determines whether an unauthorized mark use will constitute dilution or likelihood of confusion. When junior use of a mark confuses consumers as to both mark and source, no additional mark-source links will be perceived (thus precluding the possibility of dilution); rather, consumers will mistakenly perceive the junior user's trademark rope as that of the senior user.¹⁶⁹ Although damaging to both consumers and mark owners, confusing

commercial magnetism, but rather by making the mark far less distinct. If a formerly unique and well-recognized trademark rope is cloned to create various new ropes leading from the mark to additional sources, suddenly the original rope is not so unique anymore. By being robbed of its commercially attractive distinctiveness, the owner's trademark rope has in effect been made to look bland again.

¹⁶⁸ See generally McCarthy, *supra* n. 4, § 24:70 at 24-122.

¹⁶⁹ See McCabe, *supra* n. 45, at 1828.

uses of a trademark do not in any way damage the fundamental ability of a mark to represent a single, distinct source. The distinction then is in who (or what) is harmed by a junior use: when consumers and mark owners are harmed (through deception and lost sales, respectively), the injury is infringement; when the harm is instead to the integrity of the *trademark itself*, the injury is dilution.

B. Tarnishment of the Trademark Rope: Dilution or Likelihood of Confusion?

Analyzing the trademark rope in a sequence proceeding from dilution to likelihood of confusion may seem unusual or unduly complicated; indeed, such analysis essentially views trademark perceptions backwards by presuming that consumers will initially perceive similar marks as dilution, rather than a likelihood of confusion. Yet this is essentially the method of analysis courts follow when assessing tarnishment.¹⁷⁰ Courts often begin tarnishment analysis by presuming (either expressly or impliedly) that tarnishing uses of a trademark are too contradictory to the mark owner's image to create a likelihood of confusion.¹⁷¹ Such presumptions suggest that the trademark rope will be frayed rather than misappropriated. But tarnishment cases typically then progress a step further by focusing on the likelihood that such fraying will damage the mark owner's business reputation,¹⁷² an injury that can only occur if consumers somehow associate the respective users of a particular mark. As illustrated in Figure 4, consumer associations between users of a mark will necessarily weave a frayed trademark rope back together in a way that can only result in a

¹⁷⁰ See generally *Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497, 505, 37 U.S.P.Q.2d 1519, 1521-22 (2d Cir. 1996); *Coca-Cola Co. v. Alma-Leo U.S.A., Inc.*, 719 F.Supp. 725, 12 U.S.P.Q.2d 1487 (N.D. Ill. 1989); *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 467 F. Supp. 366, 201 U.S.P.Q. 740 (S.D.N.Y. 1979).

¹⁷¹ See e.g., *Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497, 505, 37 U.S.P.Q.2d 1519, 1521-22 (2d Cir. 1996) (holding that there was no likelihood of confusion before addressing the dilution claim); *Jordache Enters., Inc. v. Hogg Wyld, Ltd.*, 828 F.2d 1482, 4 U.S.P.Q.2d 1216 (10th Cir. 1987); *New York Stock Exchange, Inc. v. New York, New York Hotel & Casino*, 69 F. Supp. 2d 479, 52 U.S.P.Q.2d 1884 (S.D.N.Y. 1999).

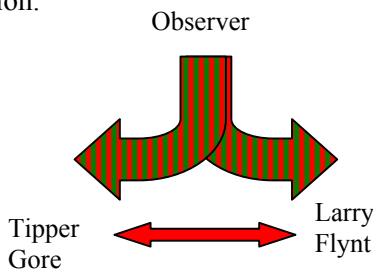
¹⁷² See e.g., *Hormel*, 73 F.3d 497, 507, 37 U.S.P.Q.2d 1516; *Jordache*, 828 F.2d 1482, 1490-91, 4 U.S.P.Q.2d 1216; *NYSE*, 69 F. Supp. 2d 479, 491-92, 52 U.S.P.Q.2d 1884.

likelihood of confusion. Tarnishment, therefore, appears to be something far more akin to trademark infringement than dilution.

1. “Dilution by Tarnishment:” Plain Meaning Shows Likelihood of Confusion

Recall the Tipper Gore-Larry Flynt analogy: if Gore and Flynt appear to actually be associating with one another, some observers might think less of the wholesome and upstanding Tipper Gore. The decisive factor in this scenario is the same as that which separates dilution from likelihood of confusion: confusion between source, sponsorship or affiliation. Flynt’s bad reputation will only rub off onto Gore if observers make some connection between the two beyond merely seeing them in the same place. Observers must in fact go so far as to conclude that Gore has chosen to *associate* with Flynt. By perceiving Gore as associating with someone whose views so radically contradict her own, observers will come to think that Gore condones Flynt’s behavior to some extent. Such perceptions will forge a pivotal link by which observers will channel some of the bad feelings they have toward Flynt to Gore.

FIGURE 5: Tipper Gore’s reputation will only be tarnished if observers mistakenly conclude there is some connection between she and Larry Flynt: confusion as to source, sponsorship or affiliation.



Tarnishing uses of trademarks are analogous to this situation. Tarnishment occurs only when consumers hold a senior user of a mark responsible for an unauthorized junior use; in other words, consumers must “mistakenly believe that the senior user promotes or condones” the tarnishing use of his trademark.¹⁷³ But consumers who assume that a mark

¹⁷³ Oswald, *supra* n. 11, at 278.

owner allowed or condoned a tarnishing use necessarily must think that the owner of the mark had some element of control over the tarnishing use.

When consumers assume that the original owner of a mark sponsored or authorized a tarnishing use of his trademark, a pivotal mental link between sources forms.¹⁷⁴ This link allows consumers to channel a tarnishing mark's bad reputation over to the senior user in much the same way that observers channeled bad feelings from Flynt to Gore. But this link, the one establishing a likelihood of injury to business reputation, is essentially the same as that effecting a likelihood of confusion. By forging a connection between the junior and senior users of a mark, tarnishment weaves a frayed trademark rope back together again. A finding of tarnishment therefore should logically extinguish any possibility that true dilution might occur.

2. Judicial Interpretation: Further Evidence that Tarnishment is Likelihood of Confusion

Although any finding of a perceived connection between sources necessarily should transform a case from dilution to one of likelihood of confusion, many courts do not appear to recognize this when tarnishment is involved.¹⁷⁵ Cases decided under a "dilution by tarnishment" rationale often mistakenly turn on possible consumer connections between sources of a mark, rather than on the fraying that is the true gravamen of dilution injury.¹⁷⁶ For example, in *Coca-Cola Co. v. Gemini Rising, Inc.*,¹⁷⁷ the defendant printed posters emblazoned with the slogan, "ENJOY COCAINE," written in the distinctive stylized lettering and red-and-white color scheme of the plaintiff's "ENJOY COKE" mark.¹⁷⁸ The District Court for the Eastern District of New York subsequently enjoined further manufacture and distribution of the posters on the grounds that they "would

¹⁷⁴ See generally McCarthy, *supra* n. 4, § 24:70 at 24-123.

¹⁷⁵ See generally *The Coca-Cola Co. v. Gemini Rising, Inc.*, 346 F. Supp. 1183, 175 U.S.P.Q. 56 (E.D.N.Y. 1972); *Grey v. Campbell Soup Co.*, 650 F. Supp. 1166, 231 U.S.P.Q. 562 (C.D. Cal. 1986).

¹⁷⁶ See generally *Gemini*, 346 F. Supp. 1183, 175 U.S.P.Q. 56 (E.D.N.Y. 1972); *Grey*, 650 F. Supp. 1166, 231 U.S.P.Q. 562 (C.D. Cal. 1986).

¹⁷⁷ *Gemini*, 346 F. Supp. 1183, 175 U.S.P.Q. 56 (E.D.N.Y. 1972).

¹⁷⁸ *Id.* at 1184, 175 U.S.P.Q. at 57.

clearly have a tendency to impugn [Coca-cola] and injure plaintiff's business reputation"¹⁷⁹

In explaining its ruling, the court stated that the posters damaged Coke's business reputation given that they tended to "associate such a noxious substance as cocaine with plaintiff's wholesome beverage" ¹⁸⁰ Customers had apparently complained about the posters, mistakenly concluding they had been sponsored by the Coca-cola company.¹⁸¹

"Confusion occurs when consumers make an incorrect mental association between the involved commercial *products* or their *producers*."¹⁸² A mistaken mental association between *products* can therefore cause likelihood of confusion in much the same way as a mistaken mental association between *sources*.¹⁸³ In *Gemini*, the district court clearly worried that consumers would associate Coke and cocaine in a way that would cause them to "think less" of the Coca-Cola company;¹⁸⁴ confusion, however, would only occur if consumers conclude that Coca-Cola had either allowed or condoned the use of "ENJOY COCAINE," as illustrated in Figure 6. Therefore, the court appeared to base its ruling on a likelihood that consumers would associate the sources of the respective "ENJOY COKE" marks, rather than any fraying or blurring that would result from unauthorized use of the mark itself.¹⁸⁵ *Gemini* can, thus, be viewed as a likelihood of confusion case improperly labeled "dilution by tarnishment."

¹⁷⁹ *Id.* at 1189, 175 U.S.P.Q. at 59.

¹⁸⁰ *Id.*

¹⁸¹ *Id.*, 175 U.S.P.Q. at 60.

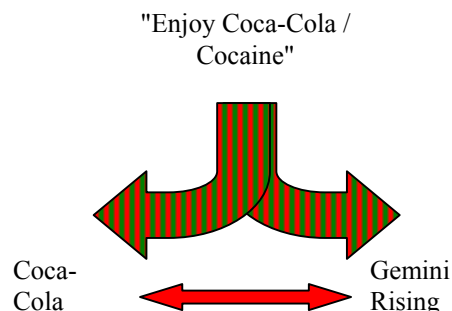
¹⁸² *San Francisco Arts & Athletics, Inc. v. U.S. Olympic Comm.*, 483 U.S. 522, 564, 2 U.S.P.Q.2d 1145, 1163 (1987) (emphasis added).

¹⁸³ *Id.*

¹⁸⁴ *See Gemini*, 346 F. Supp. at 1189, 175 U.S.P.Q. at 59.

¹⁸⁵ *Id.* at 1191, 175 U.S.P.Q. at 61.

FIGURE 6: Mistaken consumer associations between Coca-Cola, Cocaine: source, sponsorship or affiliation.



Likewise, in *Grey v. Campbell Soup Co.*,¹⁸⁶ the District Court for the Central District of California found that the marketing of dog biscuits under the name DOGIVA tarnished the mark GODIVA, which was used to designate high-end chocolate products.¹⁸⁷ The court found dilution based mainly on the “the association which the public makes between ‘DOGIVA’ . . . treats for animals and ‘GODIVA’ premium quality food products”¹⁸⁸ Logically, the only way an association between dog biscuits and chocolate would hurt “GODIVA’s” reputation is if consumers mistakenly concluded that “GODIVA” had some hand in marketing “DOGIVA” dog biscuits (as illustrated in Figure 7). Therefore, the *Grey* court also appears to have based its ruling on a finding that consumers might associate the sources of the “GODIVA” and “DOGIVA” marks, rather than any finding that the mark itself might be undermined.¹⁸⁹

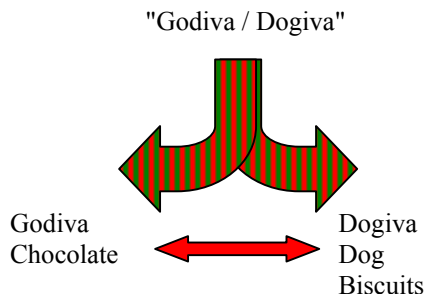
¹⁸⁶ *Grey v. Campbell Soup Co.*, 650 F. Supp. 1166, 231 U.S.P.Q. 562 (C.D. Cal. 1986).

¹⁸⁷ *Id.* at 1166, 231 U.S.P.Q. at 562.

¹⁸⁸ *Id.* at 1175, 231 U.S.P.Q. at 567-568.

¹⁸⁹ *See generally Grey*, 650 F. Supp. at 1175, 231 U.S.P.Q. at 568.

FIGURE 7: Dogiva can only tarnish Godiva if consumers make some association between sources of the products.



Recognizing the inherent inconsistencies of the tarnishment doctrine, commentators have long argued that tarnishment is not a “true” dilution injury.¹⁹⁰ “[A]ny genuine affinity, legal or logical, between the dilution concept and [tarnishment] seems doubtful.”¹⁹¹ Still, many of these same commentators have often steadfastly maintained that tarnishment, despite its inherently square nature, can still fit within the round dilution hole. “[I]njury to business reputation is simply [an] injury which occurs when a mark is diluted.”¹⁹²

3. Author’s Comment: Tarnishment Cannot be Dilution

Injury to reputation does *not* occur when a mark is diluted and by definition *cannot* occur through dilution. Tarnishment is effectively likelihood of confusion. Given that likelihood of confusion and dilution are distinct phenomena in unfair competition law, it is a legal impossibility to say that a mark’s reputation will be injured as a necessary consequence of the mark’s dilution.

¹⁹⁰ See e.g., Pattishall, *supra* n. 8, at 306-07; Welkowitz, *supra* n. 114, at 587-88 (“The best solution would be to eliminate dilution and rest protection on the injury to business reputation resulting from tarnishment”).

¹⁹¹ Pattishall, *supra* n. 8, at 307.

¹⁹² Brownlee, *supra* n. 39, at 477 (citing Cyd B. Wolf, *Trademark Dilution: The Need for Reform*, 74 TMR 311, 316 (1985)).

Yet despite the fundamental inconsistency of “dilution by tarnishment,” courts and commentators continue to categorize tarnishment as a form of dilution.¹⁹³ Such flawed interpretation has effectively produced a rogue trademark doctrine that is bound neither by the principles of likelihood of confusion nor the traditional rules of dilution. Unless tarnishment is properly tethered to one body of rules or the other, it could potentially “extend[] the sweep of trademark protection virtually without limit.”¹⁹⁴

III. PROBLEM

Some commentators have dismissed tarnishment as a mere issue of “doctrinal clarity” that has “little or no impact upon the correctness of the outcomes ultimately reached.”¹⁹⁵ Indeed, what the doctrine may lack in sound legal principles is made up for in equitable rationale. But while many sensible principles are undoubtedly founded more on notions of equity than sound law, few are as confusing and inconsistent as tarnishment. To say that a mark can be “diluted” by being “tarnished” is, in essence, the same thing as saying someone can go left by turning right. “Dilution by tarnishment” is the epitome of a legal oxymoron; the law should have particular concerns with notions that are so inherently self-conflicting and untrue.

But tarnishment also poses far more serious problems than simple doctrinal inconsistency. By its very nature, protection from dilution is a potentially expansive right that can easily turn “every trademark, no matter

¹⁹³ See, e.g., *id.*; *Ameritech, Inc. v. American Information Technologies Corp.*, 811 F.2d 960, 1 U.S.P.Q.2d 1861 (6th Cir. 1987) (Dilution causes “gradual diminution in the mark’s distinctiveness...and value. This kind of infringement corrodes the senior user’s interest in the trademark by blurring its product identification or by damaging positive association that have attached to it”).

¹⁹⁴ Robert N. Kravitz, *Trademarks, Speech, and the Gay Olympics Case*, 69 B.U. L. Rev. 131, 143 (1989).

¹⁹⁵ Oswald, *supra* n. 11, at 276. Admittedly, tarnishment often seems to act as a proxy for common sense rulings against patently egregious misuses of trademarks that would otherwise slip through the cracks of standard likelihood of confusion and dilution law. See e.g. *Hasbro, Inc. v. Internet Ent. Group, Ltd.*, 40 U.S.P.Q.2d 1479, 1480 (W.D. Wash. 1996) (finding tarnishment of the board game mark “CANDYLAND” through use of the same name on an adult-themed website); *Toys “R” Us, Inc. v. Akkaoui*, 40 U.S.P.Q.2d 1836, 1838 (N.D. Cal. 1996) (finding tarnishment of the mark “TOYS “R” US” through use of the mark “ADULTSRUS.COM” on an adult-themed website).

how weak, into an anti-competitive weapon.”¹⁹⁶ This right is particularly so with tarnishment, which often turns on courts’ subjective opinions as to what constitutes an “unsavory” or “unwholesome” use of another’s mark.¹⁹⁷ Without a proper understanding of tarnishment’s fundamental role in unfair competition law, courts will likely extend the doctrine far beyond its proper scope. At least one court has already done so by finding that tarnishment prohibits certain creative uses of existing trademarks.¹⁹⁸ Such rulings effectively thrust tarnishment outside the traditional bounds of dilution and into the realm of creative expression, thereby intruding on rights that have historically been afforded zealous protection under the First Amendment.

A. *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema Ltd.*¹⁹⁹

Dilution “is a potent legal tool, which must be carefully used as a scalpel, not a sledgehammer,”²⁰⁰ lest it mushroom into an anti-competitive, monopolistic right. Nowhere is the potentially expansive nature of misunderstood dilution doctrine more apparent than in the case of *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*²⁰¹ In *Dallas Cowboys Cheerleaders*, the Second Circuit upheld preliminary injunctions that had been issued against the exhibition and advertisement of the pornographic

¹⁹⁶ *Viacom, Inc. v. Ingram Enters., Inc.*, 141 F.3d 886, 891, 46 U.S.P.Q.2d 1473, 1477 (8th Cir. 1998) (quoting J. Thomas McCarthy, *McCarthy on Trademarks & Unfair Competition* vol. 3, § 24:108, 24-195-96 (4th ed. 1997)) (quotation omitted).

¹⁹⁷ See e.g. Oswald, *supra* n. 11, at 279 (“The determination of whether a junior mark places a senior mark in an unwholesome or unsavory light is necessarily heavily fact-dependent. The subjective evaluations engaged in by courts...work well in this context”).

¹⁹⁸ See generally *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 203 U.S.P.Q. 161 (2d Cir. 1979) (finding tarnishment through the use of a Dallas Cowboys cheerleader uniform in a pornographic movie; the uniform was also worn by an actress pictured in promotional posters advertising the movie); *Deere & Co. v. MTD Prods., Inc.*, 41 F.3d 39, 32 U.S.P.Q.2d 1936 (2d Cir. 1994) (finding dilution by “alteration” through parody use of the plaintiff’s trademark in an advertisement for the defendant competitor).

¹⁹⁹ 604 F.2d 200, 203 U.S.P.Q. 161 (2d Cir. 1979).

²⁰⁰ McCarthy, *supra* n. 4, at § 24:114.

²⁰¹ 604 F.2d 200, 203 U.S.P.Q. 161.

movie “Debbie Does Dallas.”²⁰² Although the Second Circuit upheld these injunctions on the grounds that use of a Dallas Cowboy cheerleader uniform in the film infringed on the cheerleaders’ trademark,²⁰³ the court made clear that it would have otherwise upheld the injunction under a tarnishment rationale.²⁰⁴ The court found that use of the uniform in a pornographic movie has a “tendency to impugn [the Dallas Cowboys cheerleaders’] and injure [their] business reputation.”²⁰⁵ By stating that such use of the Dallas Cowboy cheerleaders’ mark could constitute actionable tarnishment, the Second Circuit effectively held that tarnishment could be used to enjoin certain forms of creative expression.²⁰⁶

According to the court, the cheerleaders had certain rights in their uniforms “in the nature of a property right . . .”²⁰⁷ [that] “need not ‘yield to the exercise of First Amendment rights under circumstances where adequate alternative avenues of communication exist.’”²⁰⁸ But such sweeping articulation of tarnishment rights constitutes a “dangerously simplistic”

²⁰² See *id.* at 207, 203 U.S.P.Q. at 166. The film revolves around Debbie, a student at a fictional Texas high school, and her teammates on the school’s cheerleading squad. *Id.* at 202, 203 U.S.P.Q. at 162-63. Upon being selected to become “Texas Cowgirl” cheerleaders, the girls begin performing paid sex acts as a means of raising money to make the necessary trip to Dallas. *Id.* at 203, 203 U.S.P.Q. at 163. During the climax of the movie, Debbie “engages in various sex acts” while at times wearing “a uniform strikingly similar to that worn by the Dallas Cowboys cheerleaders.” *Id.* In addition to this footage, the film’s producers also advertised the movie with posters and newspaper ads showing Debbie wearing the Dallas Cowboy uniform, apparently intending to indicate (incorrectly) that the film starred a former Dallas Cowboy cheerleader. *Id.* The ads contained captions stating the movie starred “Ex Dallas Cowgirl Cheerleader Bambi Woods,” and that viewers would do “more than cheer for this X Dallas Cheerleader.” *Id.* Woods, the actress who portrayed Debbie in the movie, had never been a Dallas Cowboys cheerleader. *Id.* at 203 n.2, 203 U.S.P.Q. at 163 n. 2.

²⁰³ Although the uniform was not a registered trademark, the court found that it had acquired secondary meaning sufficient to convey a valid common-law trademark interest to the plaintiff. *Id.* at 204 n. 5, 203 U.S.P.Q. at 166 n. 5.

²⁰⁴ See *id.* at 205, 203 U.S.P.Q. at 164.

²⁰⁵ *Id.* at 205, 203 U.S.P.Q. at 164 (quoting *Coca-Cola Co. v. Gemini Rising, Inc.*, 346 F. Supp. 1183, 1189 (E.D.N.Y. 1972)).

²⁰⁶ See *Dallas Cowboys Cheerleaders*, 604 F.2d 200, 203 U.S.P.Q. 161.

²⁰⁷ See *id.* at 206, 203 U.S.P.Q. at 165 (citation omitted).

²⁰⁸ *Id.* at 206, 203 U.S.P.Q. at 165-66 (quoting *Lloyd Corp. v. Tanner*, 407 U.S. 551, 567 (1972)).

generalization that effectively exempts trademark owners from certain provisions of the First Amendment.²⁰⁹ Complex bodies of law have evolved specifically to ensure that an individual's right of expression can only be infringed in extremely limited, well-defined circumstances. By allowing tarnishment to enjoin further exhibition of the "Debbie Does Dallas" movie, the Second Circuit provided a "back door" by which plaintiffs can bypass the normally stringent rules protecting creative expression. "[W]hen applied to non-commercial speech, [tarnishment] allows trademark owners and courts to act as moral arbiters and censors of public discourse in a way that the [F]irst [A]mendment should not tolerate"²¹⁰

B. Dilution-by-Alteration: *Deere & Co. v. MTD Prods., Inc.*²¹¹

The Second Circuit shoved dilution even further into First Amendment territory fifteen years later in the case of *Deere & Co. v. MTD Prods., Inc.*²¹² In *Deere*, the maker of John Deere tractors brought a dilution action against a business competitor that was using a parody of Deere's trademark in its own ads.²¹³ MTD, an Ohio corporation that manufactured and sold lawn tractors, ran a television ad in the spring of 1994 in which it allegedly "defaced" the well-known John Deere logo (the silhouetted image of a leaping male deer).²¹⁴ In the advertisement, the deer becomes animated when it sees an MTD "Yard-Man" tractor approaching.²¹⁵ "[T]he MTD deer looks over its shoulder, jumps through the logo frame (which breaks into pieces and tumbles to the ground), hops to a pinging noise, and . . . runs, in apparent fear, as it is pursued by the Yard-Man lawn tractor and a barking dog."²¹⁶

²⁰⁹ See e.g. Denicola, *supra* n. 15, at 206.

²¹⁰ Kravitz, *supra* n. 203, at 153.

²¹¹ 41 F.3d 39, 32 U.S.P.Q.2d 1936 (2d Cir. 1994).

²¹² See *id.* at 40-41, 32 U.S.P.Q. at 1936-37.

²¹³ *Id.*

²¹⁴ See *id.* at 41, 32 U.S.P.Q. at 1937 ("Deere owns numerous trademark registrations for different versions of the Deere Logo. Although these variations vary slightly, all depict a static, two-dimensional silhouette of a leaping male deer in profile").

²¹⁵ *Id.* at 41, 32 U.S.P.Q. at 1937

²¹⁶ *Id.*

In ruling that the advertisement could indeed dilute Deere's mark, the Second Circuit stated that the fleeing deer ad was not likely to blur the Deere logo's distinctiveness since it posed "slight if any risk of impairing the identification of Deere's mark with its products."²¹⁷ The court found that the advertisement did not constitute tarnishment since it did not associate Deere with sexual activity, obscenity, or illegal activity, normally the only ways in which use of a mark will be deemed "unsavory" or "unwholesome" enough to tarnish.²¹⁸ The court, however, then went on to state that "the blurring/tarnishment dichotomy does not necessarily represent the full range of uses that can dilute a mark"²¹⁹ Rather than damaging Deere's logo by blurring or tarnishment, the MTD ad damaged Deere's mark by "alteration[] . . . accomplished for the sole purpose of promoting a competing product"²²⁰ Dilution by alteration has since been interpreted not as its own distinct category of dilution, but rather as a unique form of tarnishment.²²¹

The *Deere* decision effectively extends dilution by tarnishment protection to "unflattering" uses of a trademark rather than limiting protection to "unsavory" or "unwholesome" uses, such as those associated with sex, drugs, and illegal activity. Interpreted literally, such expansive rights could easily be used to prevent many forms of parody in comparative advertising. Granted, the Second Circuit has so far attempted to keep tarnishment by alteration strictly confined; such tarnishment will only occur where alterations of a mark "are made by a competitor with both an incentive to diminish the favorable attributes of the mark and an ample opportunity to promote its products in ways that make no significant alteration."²²² "Satirists, selling no product other than the publication that contains their expression . . ." should therefore be able to continue parodying well-known marks without fear of dilution reprisals.²²³

²¹⁷ *Id.* at 44, 32 U.S.P.Q.2d at 1939.

²¹⁸ *Id.* (footnote omitted).

²¹⁹ *Id.* (citation omitted).

²²⁰ *Id.* at 45, 32 U.S.P.Q.2d at 1941.

²²¹ See *Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497, 507, 37 U.S.P.Q.2d 1516, 1523 (2d Cir. 1996).

²²² *Deere*, 41 F.3d at 45, 32 U.S.P.Q.2d at 1940.

²²³ *Id.* (citing *Stop the Olympic Prison v. U.S. Olympic Comm.*, 489 F. Supp. 1112, 1123, 207 U.S.P.Q. 237, 238 (S.D.N.Y. 1980)).

In spite of these significant limitations, however, the very existence of a doctrine such as “dilution by alteration” sets dilution adrift from its fundamental roots and purpose. Since it is unlikely that consumers would have thought that the altered John Deere logo was being used to designate a new tractor company, there could be no fraying of Deere’s pristine mark-source link. Theoretically, a mark will be diluted only when an unauthorized use causes consumers to associate it with multiple sources.²²⁴ Whether fraying occurs can be determined only by fundamental rules of the dilution doctrine, not whether the allegedly diluting use involved direct business competitors, slight alterations of a mark, or other factors not relevant to dilution. Allowing dilution to be determined by such irrelevant factors illustrates a fundamental misunderstanding of both dilution and tarnishment doctrine. If allowed to continue, such confusion will likely lead to further misapplication and expansion of tarnishment, especially into the protected ground of free speech.

IV. SOLUTION

At least four things must occur before tarnishment can be properly understood and applied:

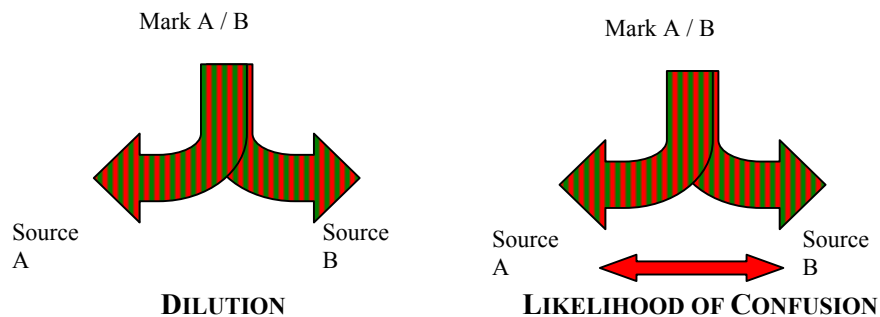
- 1) courts and/or legislators must fully appreciate what dilution and likelihood of confusion are and how they differ from one another;
- 2) those same courts and/or legislators must then decide definitively whether they want tarnishment to be governed by the rules of dilution, the rules of likelihood of confusion, or some other set of rules outside the boundaries of unfair competition law;
- 3) given that tarnishment, despite its inherent inconsistencies, is better suited to dilution than to likelihood of confusion, courts and/or legislators should tailor tarnishment doctrine to conform to dilution rules; and
- 4) courts should then focus carefully on ensuring that tarnishment stays within the proper bounds of dilution law, thus preventing it from straying into conflict with the First Amendment.

²²⁴ See generally McCarthy, *supra* n. 4, § 24:70 at 24-122 (“For dilution to occur, the relevant public must make some connection between the mark and both parties”).

1. Dilution and Likelihood of Confusion Must Be Better Understood

As previously explained, dilution and likelihood of confusion are mutually exclusive injuries to the trademark rope. Dilution occurs when consumers associate marks with multiple sources without actually concluding that those sources are affiliated, as illustrated in Figure 8. In contrast, likelihood of confusion occurs when consumers think that multiple uses of a mark are all coming from the same general source, as illustrated in Figure 8. Graphically, dilution is represented by the vertical links consumers make between the mark and multiple sources, while likelihood of confusion is the horizontal links consumers make between the sources themselves. Courts must recognize and understand this distinction (as well as the mutually exclusive nature of the dilution and tarnishment phenomena) before any strides in dilution law may be made.

FIGURE 8: Graphic representation of dilution and likelihood of confusion.



2. Is Tarnishment Dilution or Likelihood of Confusion?

Tarnishment logically can be one of at least three things: dilution, likelihood of confusion, or something entirely beyond the boundaries of unfair competition law. Although tarnishment closely resembles the tort of injury to business reputation and libel,²²⁵ tarnishment should have a place in unfair competition. Tarnishment can potentially do serious harm to highly

²²⁵ See generally *e.g.* Oswald, *supra* n. 11, at 279.

distinctive or famous trademarks. The laws of unfair competition have traditionally remedied these types of injuries.

Regardless of the tarnishment doctrine's "natural fit" in unfair competition law, it can only remain there if properly governed by the rules of either dilution or likelihood of confusion. If not properly confined by the rules of either doctrine, 'tarnishment' will likely continue as a rogue doctrine that can be easily manipulated into an overly expansive, anti-competitive weapon against trademarks.

a) Tarnishment as Likelihood of Confusion

Although courts have almost universally paid lip service to tarnishment as a form of dilution injury, they analyze and apply tarnishment according to the principles of likelihood of confusion. Tarnishment, however, is not assessed according to the traditional rules of likelihood of confusion, but rather as a hybrid version in which consumers can think that sources of a mark are distinct but yet somehow related. If the true standards of likelihood of confusion were applied to tarnishment cases, such cases would rarely succeed. Consumers (as time progresses) would not often think that dissonant junior uses of trademarks actually had any affiliation with the marks' rightful owners. Consumers who see a cartoon depicting the "POPPIN' FRESH" dough man character engaging in sex acts with a drug-inspired character called "POPPIE FRESH," for example, would not likely think that the cartoon has any real affiliation with "POPPIN' FRESH."²²⁶ When assessed under appropriate standards, tarnishment therefore seems ill suited to be part of the likelihood of confusion doctrine. Such placement would allow tarnishing uses of trademarks to go largely unhindered.

b) Tarnishment as Dilution

Tarnishment is far better suited to be a part of dilution doctrine, which was expressly established to guard against non-confusing, dissonant use. Tarnishment should therefore continue as a component of dilution law, subject to a several important changes and clarifications.

²²⁶ See generally *Pillsbury Co. v. Milky Way Prods., Inc.*, 215 U.S.P.Q. 124, 134 (N.D. Ga. 1981) (finding tarnishment in the "POPPIE FRESH" cartoon depicting the character engaging in sex acts with the "POPPIN' FRESH" dough boy).

3. Tailor Tarnishment to Conform to Dilution Rules

Although the mental associations that courts often cite as tarnishment are in fact a form of likelihood of confusion, tarnishment has a valid place in dilution law. Dilution is the fraying that occurs from multiple mark-source associations rather than any association between sources. If tarnishment is to continue to be part of the dilution doctrine, it must play a part in this fraying process. As previously explained, fraying will necessarily occur whenever consumers make a mental association between a mark and the various sources using that mark. Although fraying has historically been characterized only as dilution by blurring, it is in fact the only way in which dilution can occur.

Viewed from this perspective, tarnishment may appear to be altogether unnecessary. If blurring is the only way in which tarnishment injury can occur, what could tarnishment possibly add to the dilution doctrine? But tarnishment can indeed make an invaluable contribution to dilution law through its ability to encompass factual scenarios that might otherwise escape the reach of blurring. These sorts of “slip-through-the-cracks” scenarios are best illustrated by cases such as *Gemini*²²⁷ and *Grey*.²²⁸

Among the factors included in the [Judge] Sweet,²²⁹ *Nabisco*²³⁰ and other tests used to gauge dilution, few are as consistently determinative of the outcome of a case as the degree of similarity between marks.²³¹ A junior mark often must be identical, or nearly so, in order to effect dilution by blurring.²³² When a diluting mark is subtly different from that of an original mark, it will often be insulated from blurring’s reach. Humorous plays on

²²⁷ See *Coca-Cola Co. v. Gemini Rising, Inc.*, 346 F. Supp. 1183, 175 U.S.P.Q. 56 (E.D.N.Y. 1972).

²²⁸ See *Grey v. Campbell Soup Co.*, 650 F. Supp. 1166, 231 U.S.P.Q. 562 (C.D. Cal. 1986).

²²⁹ *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026, 1032, 10 U.S.P.Q. 1961, 1966 (2d Cir. 1989) (Sweet, J., concurring).

²³⁰ *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 51 U.S.P.Q.2d 1882 (2d Cir. 1999).

²³¹ See generally *New York Stock Exchange, Inc. v. New York, New York Hotel & Casino*, 69 F. Supp. 2d 479, 490, 52 U.S.P.Q.2d 1884, 1894 (S.D.N.Y. 1999) (finding no dilution by blurring in the use of the NYSE logo by a New York-themed casino explaining that “[T]he differences in the marks . . . diminish the possibility that the selling power of the original mark will be diluted”) (citing *Hormel*, 73 F.3d at 506, 37 U.S.P.Q.2d at 1522; *Mead Data*, 875 F.2d at 1030, 10 U.S.P.Q.2d at 1964)).

²³² See generally *e.g. Mead Data*, 875 F.2d at 1031, 10 U.S.P.Q. at 1965.

trademarks such as “DOGIVA” and “ENJOY COCAINE,” for example, would likely survive a claim limited only to the principles of blurring.

Tarnishment, however, can provide a catch-all for those clearly diluting situations that somehow escape blurring’s reach. Courts that traditionally were unwilling or unable to assess blurring often invoked tarnishment as a “fallback” option whenever trademarks were used in unsavory ways.²³³ While these courts were in effect gauging likelihood of confusion, they nonetheless illustrated tarnishment’s considerable value as a relatively reliable means of preventing unsavory uses of trademarks. Trademark owners have considerable interest in preventing their marks from being associated with sex, drugs, or illegal activity. Tarnishment typically provided a means by which owners can shield their trademarks from such unsavory elements without having to meet the stringent and highly burdensome evidentiary standards of dilution by blurring.

Tarnishment can and should continue this role, even when properly conformed to dilution principles. But where tarnishment currently is viewed as a means by which a junior user can damage the reputation of the senior user, tarnishment instead should be viewed as a unique way in which the senior user’s trademark rope can be frayed. The tarnishment rule is viewed as a sort of presumed blurring. A plaintiff attempting to prove dilution by tarnishment under this rule would only have to prove two things: first, that the tarnishing mark was similar enough to his own to evoke consumer associations between the two, and second, that the tarnishing mark had been affixed to unsavory or unwholesome goods or services. This rule would effectively grant tarnishment plaintiffs an exemption from the normally stringent and unpredictable evidentiary requirements of dilution by blurring.

Instead of presuming that tarnishment causes any greater harm to a trademark rope than does blurring, this rule simply presumes that tarnishing uses are more likely to cause trademark fraying. This presumption is justified due to the highly visceral nature of sex, drugs, dirty humor, and other unsavory elements traditionally deemed to cause dilution by tarnishment.

When a famous trademark is improperly affixed to a junior user’s computer chips, for example, the famous mark’s owner may find it difficult to prove that consumers will also think of computer chips whenever they see his mark. But if that owner’s mark is used to represent a pornographic movie,

²³³ See e.g. *Steinway & Sons v. Robert Demars & Friends*, 210 U.S.P.Q. 954, 961 (C.D. Cal. 1981) (finding that defendants’ use of STEIN-WAY on mass produced, inexpensive products would cause consumers to associate plaintiff’s mark STEINWAY, generally used on high quality pianos, with liquor stores and supermarkets, which would result in tarnishment); *Deere*, 41 F.3d 39, 32 U.S.P.Q.2d 1936 (2d Cir. 1994).

the very nature of the film might cause consumers to immediately form a new link between the movie and the mark.²³⁴ As the Second Circuit stated in *Dallas Cowboys Cheerleaders*, “it is hard to believe that anyone who had seen [the] sexually depraved film could ever thereafter disassociate it from plaintiff’s cheerleaders. . . .”²³⁵

4. Ensure Tarnishment Stays Within the Proper Bounds of Dilution

Although the Second Circuit in *Dallas Cowboys Cheerleaders* appropriately assumed that mark fraying is more likely to occur in tarnishment contexts, the court inappropriately assumed that such fraying could occur when a mark is used in some way other than as a product identifier.²³⁶ Dilution will result when the trademark rope is frayed. Such fraying can only occur, however, when a trademark’s pristine link to its original source is blurred by links to additional sources. Unauthorized uses that cause consumers to associate a mark with an unsavory image or a running joke, while potentially damaging to the mark’s owner, cannot cause dilution if consumers do not believe the mark is being used to designate an additional source. Non-trademark uses of marks such as parody, comparative advertising, satire, or creative expression do not forge the kind of additional mark-source links necessary to effect dilution.²³⁷ Parody, in

²³⁴ See generally *Coca-Cola Co. v. Alma-Leo U.S.A., Inc.*, 719 F.Supp.725, 728-29, 12 U.S.P.Q.2d 1487, 1489 (N.D.Ill. 1989) (“[A]ssociation with illicit drugs, especially rock-like cocaine (“crack”), may well present uniquely severe risks to reputation in today’s environment”).

²³⁵ *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 205, 203 U.S.P.Q. 161, 164 (2d Cir. 1979).

²³⁶ But see *Dallas Cowboys Cheerleaders*, 604 F.2d 200, 203 U.S.P.Q. 161 (Although the Dallas Cowboys uniform had indeed been used in an image promoting the movie (i.e., “affixed” to the movie as a typical source indicator), the court also enjoined further exhibition of the film depicting the uniform. This extends dilution protection beyond uses of marks simply as source identifiers).

²³⁷ See generally e.g. *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 31, 1 U.S.P.Q.2d 1753, 1756 (1st Cir. 1987) (“Neither the strictures of the first amendment nor the history and theory of anti-dilution law permit a finding of tarnishment based solely on the presence of an unwholesome or negative context...A trademark is tarnished when consumer capacity to associate it with the appropriate products or services has been diminished. The threat of tarnishment arises when the goodwill and reputation of a

fact, tends to increase public identification with original marks, rather than diminish it.²³⁸

The only way tarnishment can continue as a valid component of unfair competition law is if courts come to uphold proper limitations; otherwise, doomsday predictions of dilution as a “rogue doctrine” swallowing up trademarks left and right could easily come to pass. Paramount among those limitations is that dilution can only occur when a mark is improperly used in a trademark capacity, i.e., when that mark is used in an “unauthorized effort to market incompatible products or services.”²³⁹ If limited only to those situations involving source-indicating uses of trademarks, tarnishment can be appropriately cordoned off from the First Amendment. “The Constitution is not offended when . . . anti-dilution statute[s] [are] applied to prevent a defendant from using a trademark without permission in order to merchandise dissimilar products or services.”²⁴⁰ Any other interpretation would improperly “[unhinge dilution] from its origins in the marketplace.”²⁴¹

CONCLUSION

As it is currently interpreted, the doctrine of dilution by tarnishment is a legal impossibility. In order for one mark to tarnish another, consumers must perceive some relationship or affiliation between the users of that mark. But when consumers make this pivotal association between sources, they effectively preclude a finding of true dilution. Dilution will only occur when consumers conclude there is no connection whatsoever between the respective sources using a mark. Any perceived connection between sources signals likelihood of confusion.

Courts have often not understood this, as numerous tarnishment cases point out. A common presumption in tarnishment cases is that

plaintiff's trademark is linked to products which are of shoddy quality or which conjure associations that clash with the associations generated by the owner's lawful use of the mark . . .”).

²³⁸ See e.g. *Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497, 506, 37 U.S.P.Q.2d 1516, 1522 (2d Cir. 1996).

²³⁹ *Bean*, 811 F.2d at 31, 1 U.S.P.Q.2d 1753, 1757. For a thorough discussion of tarnishment's relationship to the First Amendment, see Kravitz, *supra* n. 203.

²⁴⁰ *Bean*, 811 F.2d at 31, 1 U.S.P.Q.2d at 1757.

²⁴¹ *Id.*

tarnishment injury flows from injury to business reputation, rather than true dilution. Injury to business reputation is effectively likelihood of confusion and can never occur simultaneously with dilution. The confusion and inconsistency surrounding tarnishment have essentially pulled the doctrine loose from its proper moorings. Without proper limits and understanding, courts will be likely to misinterpret and misapply tarnishment doctrine, as some already have.

Tarnishment plays a valid role in dilution doctrine and should remain there, conditioned upon its conformance with dilution rules. Chief among those rules is that tarnishment, as a part of dilution doctrine, only applies to situations in which a mark has been impermissibly used as a source indicator. This limit ensures that tarnishment will stay within its proper sphere and not be transformed into a monopolistic tool that offends both free competition and the First Amendment right of expression.