Dilution, Confusion, or Delusion? The Need For a Clear International Standard to Determine Trademark Dilution

William Marroletti
NOTES

DILUTION, CONFUSION, OR DELUSION?
THE NEED FOR A CLEAR
INTERNATIONAL STANDARD TO DETER-
MINE TRADEMARK DILUTION

I. INTRODUCTION

Trademark dilution theory, once proposed as a limited additional protection for famous marks, has expanded and been applied in a manner that threatens new products and companies entering the global marketplace. Such an application subverts the goals that trademark protection was originally meant to achieve. Although dilution theory addresses a real injury, it is conceptually difficult to apply. In addition, the injury caused by trademark dilution is difficult to measure and therefore difficult to quantify or prove. As a result, trademark dilution theory has been applied inconsistently in the United States and the European Union. Broad dilution protection as applied in the U.S. and the EU is an undesirable form of protection that will stifle entrepreneurs in the global marketplace.


5. See Vuk, supra note 1, at 922-23.
This Note will argue that the protection advocated by dilution proponents in the U.S. and the EU is overly broad and unwarranted in relation to the benefits it confers upon those truly harmed by trademark dilution. An examination of decisions in which European and American courts confront claims for dilution reveals that most of the extended protection offered under dilution theory could either be reached under traditional trademark infringement analysis or, in other cases, should not be provided at all. Part II will trace the origin and development of dilution theory. Part III focuses on dilution theory in Europe and its current application in the Benelux countries, which offer full protection for dilution, and the United Kingdom, which does not. Part IV will trace the development of dilution protection and the policy behind the United States Federal Dilution Act. It will also examine recent U.S. federal cases in which courts interpret the Federal Trademark Dilution Act. Finally, in Part V I will argue that protection for trademark dilution in the U.S. and EU should be limited as it recently was in Ringling Bros. and Barnum and Bailey Combined Shows Inc. v. Utah Div. of Travel Dev. to require proof of actual dilution, and not for a likelihood of dilution. I will also argue that if Member States in the EU interpret the Trademark Directive to mandate dilution protection for trademarks, the implementing legislation be interpreted to require proof of actual dilution. Specifically, claimants should be required to prove causation and injury. I will posit that the U.S. and EU should provide a uniform system of trademark protection for participants in the global marketplace, and that the social costs of protection against a likelihood of dilution does not justify its inclusion as a recognized form of trademark protection.

II. THE ORIGIN AND DEVELOPMENT OF THE CONCEPT OF TRADEMARK DILUTION

Trademark dilution theory originally developed in response to a perceived "gap" in trademark law. Trademark dilution theory originally developed in response to a perceived "gap" in trademark law. Trademark dilution theory originally developed in response to a perceived "gap" in trademark law.

6. The Benelux countries are Belgium, Luxembourg, and the Netherlands.
8. 170 F.3d 449 (4th Cir. 1999).
protection was traditionally extended to prevent junior users from using marks that are likely to confuse consumers about the source of origin of the goods. But dilution theory developed to address another injury to famous marks, when a junior user’s mark does not confuse consumers but injures the distinctiveness of the famous mark itself.

Dilution theory originated in Europe and was introduced in the United States in a 1927 article by Frank Schechter. At the time of Schechter’s article, trademark protection was enforced only when a competitor utilized a misleading mark to confuse consumers about the source of origin for the same or similar goods. Schechter advocated broadening trademark protection to include instances where a junior user utilized a mark on dissimilar goods, capitalizing on the strength of the senior mark and weakening the mark’s distinctiveness or ability to identify certain goods. He cited the use of the trademark “Kodak” used on bicycles, “Vogue” on hats, and “Rolls-Royce” on radio parts. Because traditional infringement analysis has changed since Schechter’s time to include any use likely to confuse consumers whether used on similar or dissimilar goods, today his examples would probably be actionable under a traditional infringement analysis. But the underly-

See also Vuk, supra note 1, at 873.


11. See Handler, supra note 3, at 280. See also Port, supra note 9, at 528.


13. See Moskin, supra note 4, at 124.


It is the gradual whittling away or dispersion of the identity and hold upon the public mind of the mark or name by its use on non-competing goods. The more distinctive or unique the mark, the deeper its impress upon the public consciousness, and the greater its need for protection against vitiation or dissociation from the particular product in connection with which it has been used.

Id.

15. This example is from the English case thought to first recognize dilution. See id. at 491 (citing Eastman Photographic Materials Co. v. John Griffith Corp., 15 R.P.D. & T.M. 105 (1898)).


17. Under current U.S. Federal law, protection is provided for use of a trade-
ing policy of Schechter's theory, the concept of protection for the mark itself, has developed into the modern theory of dilution.\textsuperscript{18}

Because dilution theory protects against harm to the mark itself, rather than its ability to signify goods or services, it is more akin to a property-based protection.\textsuperscript{19} A senior user of a famous mark can attempt to stop a junior user from copying or imitation without proving potential source confusion.\textsuperscript{20} The distinction can be traced to the alternative theories on which trademark law could be based, fraud or trespass.\textsuperscript{21} An advocate of dilution protection described the distinction as follows:

\begin{quote}
The tort of trademark or trade name dilution sounds not in deceit but in trespass and is a wrong damaging to an incorpo-
real property right in the sanctity of whatever distinguishing
quality may be associated with one's mark or name. The
right is to be protected against any trespass likely to dimin-
ish or destroy the distinguishing quality of that mark or
name.\textsuperscript{22}
\end{quote}

The modern definition of dilution occurs when the junior
user's mark "lessen[s] the capacity of a famous mark to identi-
fy and distinguish."\textsuperscript{23} Under dilution theory, the mark's value

mark "on or in connection with any goods or services...which is likely to cause confusion," 15 U.S.C. § 1125(a) (1946) (this statute is commonly referred to as the Lanham Act). See also Moskin, supra note 4, at 126, in which the author notes that Schechter's examples would probably have been actionable under the Lanham Act before it was amended to include protection for dilution.

18. See Frederick W. Mostert, Well-Known and Famous Marks: Is Harmony Possible In the Global Village?, 86 TRADEMARK REP. 103, 132 (1996), where the author states: "A dilution action is usually available where there is no likelihood of confusion and in the absence of competition in circumstances where there is an erosion of the communication or advertising function of the trademark." Id. See also Garcia, supra note 14, at 491; Lackert, supra note 10, at 92.

19. See Moskin, supra note 4, at 124. See also Handler, supra note 3, at 273.

20. See J. THOMAS McCARTHY, McCARTHY ON TRADEMARKS AND UNFAIR COM-


22. Handler, supra note 3, at 273 (quoting Beverly W. Pattishall, Dawning Ac-
ceptance of the Dilution Rationale for Trademark-Trade Identity Protection, 74 TRADEMARK REP. 289, 309 (1984)).

states: 'the term 'dilution' means the lessening of the capacity of a famous mark
to identify and distinguish goods or services regardless of the presence or absence
of competition between the owner of the famous mark and other parties, or like-
lihood of confusion, mistake, or deception'). Id.
as a signifier of quality goods or merchandise can be dimin-ished if a consumer thinks of that mark when confronted with a similar mark and that lessens the capacity of the mark to remain distinctive.\textsuperscript{24} As a result, senior users of famous trade-marks may be protected against copying or imitation whether or not the use by the junior user is likely to confuse consumers about the source of the goods.\textsuperscript{25} Although a mark’s ability to signify the source of the goods may not be impaired, the mark itself may be harmed by the association with inferior or offen-sive goods or services.\textsuperscript{26} Marks may also be harmed by the continued use on a wide variety of goods and services, therefore losing their ability to retain their distinctive character to represent only one class of goods or services.\textsuperscript{27} These two commonly accepted forms of dilution are, respectively, tarnishment and blurring.

\textbf{A. Blurring}

Blurring is said to occur when a consumer views a junior user’s mark and the consumer has a mental association with the senior user even though she knows that the senior user is not the source of the goods.\textsuperscript{28} Schechter’s classic example was the use of Rolls-Royce on non-competing goods, which would eventually lead to the inability of Rolls-Royce to signify quality automobiles even if consumers did not believe that the company produced the other goods.\textsuperscript{29} For dilution by blurring to occur, it is not necessary that the products be similar or the same or that the consumer be confused about the origin of the goods, in fact that is what separates dilution from traditionally recognized forms of infringement.\textsuperscript{30} It follows that it is not necessary that the mark be rendered unable to identify the goods, but that the capacity of the mark to be a strong identifi-er of the plaintiff’s goods or services be impaired.\textsuperscript{31}

Although many early decisions that cite dilution by blur-

\begin{flushright}
24. See id.
25. See Moskin, supra note 4, at 124. See also Lackert, supra note 10, at 92.
26. See MCCARTHY, supra note 20, at 24-165.
27. See id. at 24-160.
28. See MCCARTHY, supra note 20, at 24-162.
29. See Schechter, supra note 12, at 825.
30. See MCCARTHY, supra note 20, at 24-164.
31. See id. at 24-160.
\end{flushright}
BROOK. J. INT'L L.

ring confuse the issue and really cite examples of source confusion, true dilution by blurring occurs before the consumer is confused—the perceived injury is not to consumers but to the mark itself. Protection for dilution by blurring is preemptive and more extensive than traditional infringement, in which the mark's ability to represent the goods, and the source of the goods must be impaired. Because dilution protection is for the mark divorced from its ability to perform its function, dilution protection can result in the senior user "owning" the word or image. Resultingly, a junior user may not use a mark that calls the senior mark to mind even if such use does not impair the senior mark's ability to signify the goods it truly represents.

B. Tarnishment

Tarnishment is presumed to occur when a junior user associates a senior user's mark with an inferior product or a product that has negative associations. In theory, tarnishment occurs if the value of the senior user's mark as a symbol of high quality goods is diminished although consumers do not believe that the senior user is in any way connected to the offending material. Two "classic" examples of tarnishment are a poster of the Coca-Cola trademark that reads "Enjoy Cocaine," and a pornographic movie in which


33. See MCCARTHY, supra note 20, at 24-161.

34. See Garcia, supra note 14, at 491, on the origin of dilution protection in the U.S.: "Professor Schechter argued that the dilution concept be made a part of American trademark law so that marks could obtain protection as property rights independent of the existence of a likelihood of confusion." Id.

35. See Reichman, supra note 2, at 113 where the author states: "[f]or analytical purposes, the doctrine of dilution by blurring can be thought of as a legislative decision to grant the senior user of a trademark the exclusive right to enter other channels of trade in which the senior mark is recognized if the senior user so chooses." Id.

36. See id.

37. See MCCARTHY, supra note 20, at 24-165.

38. See id.

39. See Coca-Cola Co. v. Gemini Rising, Inc. 346 F. Supp. 1183 (E.D.N.Y. 1972). Vuk refers to both this case and the Pussycat Cinema case (infra, note 40) as examples of federal courts protecting against dilution before the Lanham Act was amended. I include these cases because they provide examples of the type of
an actress wearing a uniform very similar to that of the Dallas Cowboy Cheerleaders engages in explicit sex acts. Although both these cases are often referred to as examples of federal courts granting dilution protection before it was mandated by the Lanham Act, neither of the opinions rely on the dilution claim to grant relief, nor does either opinion evidence a thorough understanding of the theory.

In the Gemini Rising case, a poster manufacturer sold posters that were identical to the “Enjoy Coca-Cola” trademark except that it read “Enjoy Cocaine.” The New York district court was confronted with the applicability of a state law claim for dilution added to a Lanham Act claim for likelihood of “confusion as to the source or sponsorship of the poster.” This case is often cited as an example of dilution by tarnishment, because the court stated that “although there is no confusion of goods or passing off in the strict trademark sense, there is a sufficiently clear showing of the impairment of plaintiff’s mark as a selling device because of plaintiff’s use.” The opinion also asserted that many New York cases granted injunctions as relief for a state dilution claim absent any showing of likelihood of confusion. The court finally held that the plaintiff deserved relief in the form of an injunction under either the federal or state claim.

Although the district court in Coca-Cola found sufficient protection I am arguing against. This issue is explored fully in Part V(D).


41. See Vuk, supra note 1, at 902 (citing Pussycat Cinemas), 919 (citing Gemini Rising). See also Steven J. Szczepanski, Eckstroms Licensing in Foreign and Domestic Operations § 4.03, nn. 60, 61 (1997) (referring to both cases as examples of dilution by tarnishment); David S. Welkowitz, Oh Deere, What’s to Become of Dilution?, 4 UCLA Ent. L. Rev. 1, 33 (1996) (referring to Gemini Rising as an example of dilution by tarnishment); Patrick M. Bible, Defining and Quantifying Dilution Under the Federal Trademark Dilution Act of 1995: Using Survey Evidence to Show Actual Dilution, 70 U. Colo. L. Rev. 295, 305 (1999) (referring to Gemini Rising as “classic tarnishment case”); Danielle Weinberg Swarz, The Limitations of Trademark Law in Addressing Domain Name Disputes, 45 UCLA L. Rev. 1487, 1517 (1998) (referring to Gemini Rising as a “well-known” example of dilution).

42. Gemini Rising, 346 F. Supp. at 1183.

43. Id.

44. Id. at 1191.

45. See id. at 1192.

46. See id. at 1188-89.
evidence to justify an injunction under the dilution statute, the
facts of this case also clearly demonstrated a likelihood of con-
fusion to support the federal claim. The plaintiff received
numerous communications from across the country concerning
the poster, which the court found to be persuasive evidence
that the public was confused about the source of the poster. In
addition, the plaintiff presented evidence of a mother who
was so enraged by the poster that she contacted a local news
station. The station also received similar calls from other
members of the community who threatened a boycott of Coca-
Cola because they believed the poster came from the compa-
ny. Finally, Judge Neaher specifically stated that the plain-
tiff had demonstrated a likelihood of source confusion. The
court never had to reach the dilution claim, because the plain-
tiff had already demonstrated injury through the evidence
establishing a likelihood of confusion.

In Dallas Cowboys, a New York district court again faced
a state dilution claim brought in conjunction with a federal,
Lanham Act claim. The opinion devoted eleven of the twelve
pages to explaining the standard for determining likelihood of
confusion, and ultimately found that the plaintiff demonstrated
the likelihood that consumers might be confused about the
sponsorship of the film. Then, in eight sentences, the court
explained that the evidence also supported the dilution
claim. Judge Griesa found that “[i]f such activities are al-
lowed to continue, there will inevitably be a dilution, or whit-
tling down of the reputation associated with plaintiff’s names
and marks” but did not cite any evidence offered to support
this finding.

47. See id. at 1190.
49. See id.
50. See id. at 1990, n.89.
51. See id. at 1190.
53. See id. at 377.
54. See id.
55. See id.
C. Modern Dilution Protection

Dilution theory has become increasingly accepted as an additional necessary form of protection for famous trademarks. In 1989, the European Union issued the First Council Directive to Approximate the Laws of the Member States Relating to Trade Marks (Directive). In some Member States the Directive is interpreted to mandate dilution protection. In 1995, the United States Congress amended the Lanham Act to provide federal protection for trademark dilution. The statute now provides a federal remedy for the use of a mark that lessens the capacity of a famous mark to distinguish goods or services. With technological advancements such as the Internet, satellite television and affordable international travel, proponents of dilution view the protection as an important weapon against free-riders who attempt to capitalize on globally famous marks before they are used in a particular region.

III. THE DEVELOPMENT OF DILUTION PROTECTION IN THE EUROPEAN UNION AND THE RESULTING TRADEMARK HARMONIZATION DIRECTIVE OF 1989

In 1989, the EU Directive was issued in an attempt to harmonize the laws providing trademark protection in Member States. Because each Member State must implement this

56. See Reichman, supra note 2, at 112.
58. See Vuk, supra note 1, at 907.
60. See id.
61. See Mostert, supra note 18, at 104. The author notes that trademark protection was traditionally only afforded to a company that provides goods or services within the particular region of the junior user because competition between the junior and senior user was required. The federal dilution statute specifically discards the requirement of competition. In addition, trademark "pirates" may register marks of companies they believe will eventually trade in their country and then attempt to sell the marks to the senior user when it attempts to enter the local market. See id.
62. See id. at 104. See also Lackert, supra note 10, at 89.
63. There were several multilateral treaties providing limited trademark protection that led to the development of the Directive. Article 6 of the Paris Convention, enacted July 14, 1967, protects famous or well-known marks from infringe-
directive with its own legislation and its own interpretation, protection for trademark dilution has been applied inconsistently. The Directive authorized Member States of the European Union to provide protection for marks that are confusingly similar to established marks when used on similar goods. Member states also have the option to provide protection to marks that have a sufficient "reputation" when used on dissimilar goods, but this protection is not mandated. The pertinent part of Article 5 of the Directive reads as follows:

Rights conferred by a trademark
1. The registered trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:
   (a) any sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered;
   (b) any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association between the sign and the trade mark.
2. Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in

64. See Lackert, supra note 10, at 132.
65. See Vuk, supra note 1, at 923.
66. See Directive, supra note 57.
67. Id.
the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.65

The scope of protection that the Directive mandates has been interpreted differently by Member States.69 Article 5(2) arguably provides Member States the ability to protect trademarks from what would classically be considered dilution.70 But this protection is not mandated and the scope of protection intended is uncertain.71 Because most Member States passed implementing legislation mirroring both sections, it is relevant to examine the scope of protection covered both by Article 5(1), which “shall” be afforded,72 and the protection offered by Article 5(2), which “may” be afforded.73 It has been argued that the EU should include in its Directive mandated protection for dilution, because it is a necessary protection that supports the policies underlying trademark law.74

A. The Benelux Interpretation: Full Protection for “Dilution”

The Benelux countries offer full protection for trademark dilution, which includes any time that a junior user’s mark calls the senior mark to mind, regardless of whether the consumer will be confused as to the source of origin of the goods.75 The Benelux courts do not require confusion as to source of origin, but find that the injury to the senior user occurs when the consumer is made to recall the senior mark.76 This “classical” theory of dilution is based on the belief that

65. Directive, supra note 57, art. 5.
69. See Wagamama Ltd. v. City Centre Restaurants P.L.C., [1995] F.S.R. 713, 728. See also Lackert, supra note 10, at 90; Vuk, supra note 1, at 923.
70. The “classical” theory of dilution is based on the belief that the mark, simply being called to mind, will lose its distinctiveness and its power to signify goods or services of a particular quality will be reduced. See McCarthy supra note 20, at 24-162.
72. See Directive, supra note 57, art. 5 § 1.
73. See Directive, supra note 57, art. 5 § 2.
74. See id. art. 2.
75. See id. at 904 (citing Ethan Horowitz, FOREIGN TRADEMARK PRACTICE, C602 A.L.I. 27, 50).
76. See id.
the mark, simply being called to mind, will lose its distinctiveness and its power to signify goods or services of a particular quality will be reduced.\textsuperscript{77}

The relevant section of the Benelux trademark law is Article 13(a)(2) of the Benelux Trademark law\textsuperscript{78} from which some believe the European Trademark Directive was developed.\textsuperscript{79} The Benelux courts have interpreted this protection to include any "likelihood of association" whether or not there was a likelihood of source confusion.\textsuperscript{80} The inclusion of the phrase "likelihood of association" in the Directive has led some to believe the Directive intended to mandate full dilution protection, as in the Benelux countries.\textsuperscript{81} Others believe it was a compromise to appease the Benelux countries when the majority of member states do not wish to grant this extensive protection.\textsuperscript{82}

\textsuperscript{77} See \textit{McCarthy}, supra note 20, at 24-164.

\textsuperscript{78} Which states:

Without prejudice to the possible application in ordinary civil law in matters of civil liability, the proprietor of a mark may, by virtue of his exclusive right, oppose: any other use, of the mark or a similar sign, in the course of trade and without reasonable cause, in such circumstances as may result in damage to the proprietor of the mark.


\textsuperscript{79} See \textit{Main Changes in the Trade Mark Law}, 16 EUR. INTELL. PROP. REV. D-195 (1994) which states: "The Benelux Trademark law has largely inspired the EC Directive and will consequently not be changed to a large extent." \textit{Id. See also Vuk, supra note 1, at 907. But see Wagamama, [1995] F.S.R. at 728.}

\textsuperscript{80} See \textit{Main Changes in the Trade Mark Law, supra note 79.}

\textsuperscript{81} See Vuk, supra note 1. \textit{But see Wagamama, [1995] F.S.R. at 15.}

\textsuperscript{82} See Vuk, supra note 1, at 889 n.149, (citing Paul Harris, \textit{UK Trade Mark Law: Are You Confused?}, 12 EUR. INTELL. PROP. REV., 601, 601 (1995)), where the author notes that the Benelux countries tried, over opposition to have the "risk of association" language included. The author concludes that this language is insufficient and should be replaced by language clearly providing dilution protection. But by examining U.S. decisions that mistakenly rely on dilution theory, as well as the English cases that provide protection without relying on it, this note reaches precisely the opposite conclusion. \textit{See also Wagamama, [1995] F.S.R. at 727. In this case, the English court rejected the argument that the Directive was drafted to mirror the language from the Benelux Trademark Directive, and as a result should guarantee the same protection as the Benelux courts. The court noted that according to an article written by Furstner and Geuze (who were part of the Benelux delegation at the discussions that led to the Directive) the Benelux countries wanted the "likelihood of association" language from Article 5(1)(b) to be included as a separate basis for protection. Then, they assumed, EU states could provide for non-origin association protection as the Benelux countries do. Instead, the language was included as a compromise and was intended as only a component of the broader "likelihood of confusion" language. \textit{See id. at 727-28 (citing H.R. Furstner & M.C. Geuze, Scope of Protection of the Trade Mark in the Benelux
B. The United Kingdom's Interpretation: Protection Limited to Instances of Source Confusion

Courts in the United Kingdom have interpreted the English legislation implementing the Directive, the Trade Marks Act 1994, to require a likelihood of confusion of source of origin, whether the goods are similar or not. In Wagamama Ltd v. City Centre Restaurants P.L.C. and Another, an Indian-themed restaurant opened using the name Rajamama’s. Wagamama, an established Japanese restaurant sued for trademark infringement. The plaintiff argued that the language of section 10(2)(b), which is identical to Article 5(1)(b) of the Directive, expanded British law to include instances where the plaintiff’s restaurant was “called to mind” but there was no likelihood of confusion between the source of goods at the plaintiff’s and the defendant’s restaurants. Specifically, the plaintiff argued that the final phrase, “which includes the likelihood of association,” increased traditional protection to include instances where defendant’s mark caused customers to think of plaintiff’s mark but did not think that defendant’s goods or service came from the plaintiff. In addition, the plaintiff did not present evidence of actual injury, or that the “mental association” caused such injury. This type of proposed protection exceeds traditional infringement protection available under English law because the damage is not to the trademark’s ability to identify the source of goods or services, but rather protects the mark itself, regardless of whether its

3. Trade Marks Act, 1994 (UK) [hereinafter UK Act].
5. See id.
6. See id.
7. The pertinent part of the UK Act reads:
   (2) A person infringes a registered trade mark if he uses in the course of trade a sign where because...
   (b) the sign is similar to the trade mark and is used in relation to goods or services identical with or similar to those for which the trade mark is registered, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the trade mark.
UK Act, supra note 3, § 10(2)(b).
8. See supra, note 68 and accompanying text.
10. See id. at 722.
11. See id.
ability to identify goods or services is impaired.\textsuperscript{92}

The English court declined to extend this protection.\textsuperscript{93} It found that since the likelihood of association is “include[ed]” in the likelihood of confusion, it required confusion.\textsuperscript{94} The court declined to afford what it considered a monopolistic, copyright-like protection when a mark is protected as other than a tool for trade.\textsuperscript{95} It cited the preamble to the Directive\textsuperscript{96} to support its position that the function of trademark protection is tied to its use in trade.\textsuperscript{97} It refused to grant a monopolistic ownership in words or symbols alone, when not connected to goods or services. The court still found infringement in the traditional sense, stating that when customers thought of the plaintiff they were likely to think the product came from that source.\textsuperscript{98}

In \textit{Baywatch Production Co. Inc. v. The Home Video Channel},\textsuperscript{99} the plaintiff was the producer of a weekly television series.\textsuperscript{100} Plaintiff sued for an injunction to stop defendant, the producer of an erotic television series, from using the name Babewatch for their series depicting a group of people in a similar initial scenario to the Baywatch series, but who proceed to engage in sexually explicit acts.\textsuperscript{101} The case differed from \textit{Wagamama} because the court initially found the goods or services not to be of a similar nature, and so applied Section 10(3) of the Trade Marks Act 1994.\textsuperscript{102} Section 10(3)\textsuperscript{103} mir-
rors Article 5 § 2 of the Directive, which Member States have the option of implementing. But the court found that a likelihood of confusion was also necessary under section 10(3). It reasoned that if the Act did not provide for protection for a mark used on the same or similar goods when there was no confusion as to source of origin (Wagamama), it should not provide broader protection for a mark used on dissimilar goods.

To support its position, the court cited the policy justifications of an unreported decision interpreting Section 10(3) of the act in which Judge Knox found that without relevant confusion no unfair advantage was gained nor was the distinctive character or repute of the senior mark adversely affected.

The English courts have also confronted the issue of Internet domain name piracy. In *Marks and Spencer v. One In a Million and Others,* defendants registered Internet domain names that consisted of the trade names of various commercial enterprises. Defendants then attempted to sell the names to Marks and Spencer, Burger King, etc. The court first acknowledged that it was unclear whether an action under section 10(3) of the Trade Marks Act 1994 required a likelihood that the consumer would be confused about the origin of the goods or services. The court found that “[i]t is on the face of it strange that the likelihood of confusion should be required (as it expressly is) when the infringement consists in the use of an identical sign with similar goods or services, but not where it consists of its use with goods that are not even similar,” and cited *Baywatch* as support for its position that infringement under 10(3) requires a likelihood of source confusion.

UK act, supra note 83 § 10(3).
105. See id.
106. See id. at 31.
108. A domain name is the address of a website.
110. See id. at 269.
111. See id. at 272.
112. Id.
113. See supra, note 78, for the full text of Section 10(3), which mirrors §5(2) of the Directive.
Ultimately, the English court granted the petition for summary judgment and found that the question of whether Article 5(2) (implemented by section 10(3) of the English Act) required source confusion was irrelevant to the present issue. The court declined to address this issue and stated:

The test in this context depends not on the way the sign has been used but on whether a comparison between the sign and the trade mark shows an inherent propensity to confuse. There can, as it seems to me, be no doubt that this is the effect of the use by someone else of the domain name marksandspence.org.uk.

The court also noted that "[s]omeone seeking or coming upon a website called http://marksandspencer.co.uk would naturally assume that it was that of the plaintiffs." The court also noted that "[s]omeone seeking or coming upon a website called http://marksandspencer.co.uk would naturally assume that it was that of the plaintiffs." Table 1

IV. DILUTION PROTECTION IN THE UNITED STATES

A. The Federal Trademark Dilution Act of 1995

Under increasing pressure to provide uniform protection for trademarks throughout the United States to facilitate domestic and international commerce, Congress amended the Lanham Act in 1995 to provide Federal protection for trademark dilution. Until then, about half the states in the United States afforded dilution protection under state law. Although all the state dilution statutes were based on the Model State Trademark Act, decisions interpreting the act differed on the issues of whether dilution protection applied to

115. See id. at 273.
116. Id.
117. Id. at 271.
119. See Garcia, supra note 14, at 493. In this article published in 1995 the author noted that in 1995, twenty-seven states had dilution statutes, and all these statutes followed the Model Act providing only injunctive relief. See id.
120. MODEL STATE TRADEMARK ACT, § 12 provides:
Likelihood of injury to business reputation or of dilution of the distinctive quality of a mark registered under this Act, or a mark valid at common law, or a trade name valid at common law, shall be 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.

Id.
competitive or non-competitive goods, and more importantly, whether it required a likelihood of consumer confusion.\textsuperscript{121} In Judge Sweet's concurrence in \textit{Mead Data Central Inc. v. Toyota Motor Sales USA Inc.},\textsuperscript{122} the Second Circuit developed a six-factor balancing test to determine whether or not a likelihood of dilution existed.\textsuperscript{123} Other courts began to refer to this test and use it as guidance to determine likelihood of dilution.\textsuperscript{124}

Section 43(c) of the amended Lanham Act\textsuperscript{125} provides federal protection against dilution of trademarks, regardless of whether the mark is used on similar goods or leads to confusion as to the source of origin.\textsuperscript{126} For a claim to be successful under section 43(c) of the Lanham Act, a mark must be "famous or well-known" and the defendant's mark must "cause dilution of the distinctive quality of the mark."\textsuperscript{127} The legislative history suggests that Congress was motivated by the perceived need for expanded, federal protection due to the growth of the Internet and international commerce.\textsuperscript{128} The amend-

\textsuperscript{121} See Garcia, supra note 14, at 496-98.
\textsuperscript{122} 875 F.2d at 1035.
\textsuperscript{123} See id. Judge Sweet looked at these six factors:
1—Similarity of the marks;
2—Similarity of the products covered by the marks;
3—Sophistication of consumers;
4—Predatory intent;
5—Renown of the senior mark;
6—Renown of the junior mark.
\textsuperscript{124} See Garcia, supra note 14, at 506. See also McCarthy, supra note 20, at 24-163. McCarthy criticizes factors 2, 3, 4, and 6 in relation to dilution claims brought under the Federal Act because: with factor 2—a dilution action presupposes that the goods are not in competition and there is no source confusion; with factor 3—a sophisticated consumer might know the goods are from a different source but dilution can still occur; factor 4—is irrelevant to whether the consumer thinks of the senior user's mark; and factor 6—is also irrelevant because if a junior mark is also well-known it will be likely that it will cause consumer's to "blur" the junior and senior user's marks, but if a junior user's mark is left alone because it is relatively unknown it can still dilute the famous mark. See id. at 26-164. I refer to this case to highlight the point that courts often misunderstand the broad and general language of dilution statutes and misapply them when a traditional infringement analysis is appropriate. See also Port, supra note 9, in which the author compares the dilution factors with the likelihood of confusion factors from Polaroid Corp. v. Polarad Electronics Corp., 287 F.2d 492 (2d Cir. 1961) and finds the likelihood of dilution factors all present within the likelihood of confusion factors.
\textsuperscript{126} See Vuk, supra note 1, at 880 n.91.
\textsuperscript{128} Senator Leahy "hoped that this antidilution statute can help stem the use
ment reads as follows:

(c) Remedies for dilution of famous marks

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

(A) the degree of inherent or acquired distinctiveness of the mark;
(B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;
(C) the duration and extent of advertising and publicity of the mark;
(D) the geographical extent of the trading area in which the mark is used;
(E) the channels of trade for the goods or services with which the mark is used;
(F) the degree of recognition of the mark in the trading areas and channels of trade used by the mark's owner and the person against whom the injunction is sought;
(G) the nature and extent of use of the same or similar mark by third parties; and
(H) whether the mark was registered under the act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.129

Two important terms in the amendment are defined as follows:

The term "trademark" includes any word, symbol, or device or combination thereof—

(1) used by a person, or
(2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter, to identify and distinguish his or her goods, including a unique product, from those manufactured

or sold by others and to indicate the source of the goods, even if that source is unknown.
The term "dilution" means the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of—
(1) competition between the famous mark and other parties, or
(2) likelihood of confusion, mistake, or deception.\textsuperscript{120}

The federal statute differs significantly from state statutes on its face in two ways. First, it provides relief for actual dilution only, and not a "likelihood" of dilution.\textsuperscript{131} Second, it specifically defines the harm caused by dilution.\textsuperscript{132} As interpreted by the Fourth Circuit, these differences require claimants to prove causation\textsuperscript{133} and economic harm.\textsuperscript{134}

\textbf{B. The U.S. Cases Interpreting the Federal Act}

Courts in the U.S. have consistently misinterpreted the theoretical basis for dilution protection, resulting in inconsistent and incorrect reliance on dilution theory. In \textit{I.P. Lund Trading Inc. v. Kohler Co.},\textsuperscript{135} a Massachusetts district court issued a preliminary injunction based on trade dress dilution for a faucet design that was similar to that of plaintiff's, which the plaintiff produced for thirty years and had won numerous design awards.\textsuperscript{136} The court found that there was no likelihood of consumer confusion about the source of the goods and instead found that "the capacity to identify and distinguish VOLA faucets is likely to be lessened by defendant's use of the Falling Water faucet."\textsuperscript{137} The court relied on Judge Sweet's six-factor test from the concurrence in \textit{Mead Data},\textsuperscript{138} cited

\begin{itemize}
  \item [130.] 15 U.S.C. § 1127.
  \item [131.] See \textit{Ringling Bros.-Barnum & Bailey Combined Shows Inc. v. Utah Div. of Travel Dev.}, 170 F.3d 449, 461 (4th Cir. 1999) (quoting the language of the statute).
  \item [132.] See \textit{id.} at 460.
  \item [133.] As opposed to speculation about a future likelihood.
  \item [134.] To prove that the "capacity to identify and distinguish" has in fact been impaired.
  \item [136.] \textit{Id.}
  \item [137.] \textit{Id.} at 127.
  \item [138.] See \textit{id.} at 126. See \textit{supra}, note 123 for the factors.
\end{itemize}
the definition of dilution from 15 U.S.C. 1127, and stated:

plaintiffs must argue that when someone deliberately purchases a Falling Water faucet because it looks like a VOLA, knowing full well the distinction, their product's identification has been blurred. To succeed on its dilution by blurring claim, Lund must demonstrate that "the use of a junior mark has caused a lessening of demand for the product or services bearing the famous mark."

Although the defendant in this case argued that application of the federal dilution statute to this design unconstitutionally and permanently extended the monopoly originally granted by a patent, the Lund court granted a preliminary injunction on the basis of a likelihood of dilution by blurring. It found that the first two factors, similarity of products and marks (or trade dress in this case) were satisfied in favor of a finding of potential dilution. It also found that the third factor, consumer sophistication, weighed in favor of a finding of potential dilution because "purchasers may buy the Falling Water, knowing they are not getting a VOLA, but knowing, too, that they are getting a product of similar quality." The fourth factor, predatory intent, was also found to weigh in favor of the plaintiff. Finally, the court found the last two factors, renown of the senior and junior marks, to weigh in favor of plaintiff. The issue of whether or not this protection unconstitutionally extended patent protection indefinitely was not addressed by the court in the proceedings.

In Panavision Int., L.P., v. Toeppen, a California district court confronted the applicability of the Federal Dilution Act to a fact pattern similar to that of Marks and Spencer. Defendant registered the domain names panavision.com and panaflex.com. The words "panavision" and "panaflex" were

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139. See text, supra, at 17.
141. See Lund, 11 F. Supp. 2d at 114.
142. See id. at 115.
143. See id. at 125.
144. Id. at 125-26.
145. See id. at 126.
146. See id. at 126-27.
148. See id.
trademarks registered by the plaintiff. After a preliminary finding that the marks were sufficiently famous to justify protection under the federal statute, the district court held that defendant's use of domain names as Internet access addresses “diluted” plaintiff's marks, and granted summary judgment for plaintiff. The district court found that “Toeppen was able not merely 'to lessen the capacity of a famous mark to identify and distinguish goods or services,' 15 U.S.C. § 1127, but to eliminate the capacity of the Panavision marks to identify and distinguish Panavision's goods and services on the Internet." The court dismissed defendant's suggestion that this type of protection hinders competition or grants trademark holders “preemptive rights in domain names.” It defended its holding and the statute because the statute expressly removes non-commercial use from this type of protection so that it “protects parties who 'innocently' register a famous trademark as a domain name (e.g., a citizen of Pana, Illinois who registers 'panavision.com.' in order to provide a community political forum would come under the exemption for non-commercial use).”

The United States Court of Appeals for the Ninth Circuit affirmed the district court's reliance on dilution theory and affirmed the summary judgment. The Circuit Court rejected the defendant's contention that an Internet domain name is simply an address and found that it served the dual purpose of identifying the owner of the site. The court determined that Toeppen's use of the mark as an Internet domain name “diluted” Panavision's trademark, “lessening [ ] the capacity of the famous mark to identify or distinguish goods or services” and cited numerous sources to support its position.

149. See id. at 1304.
151. Id.
152. Id.
153. See Panavision Int. L.P. v. Toeppen, 141 F.3d 1316 (9th Cir. 1998).
155. Panavision, 141 F.3d 1316, 1326 (9th Cir. 1998) (citing the statutory definition of dilution under the Federal Act).
156. See id. at 1325 (citing Carl Oppendhal, Analysis and Suggestions Regard-
The court also expressed concern about the potential harm to the plaintiff as expressed in another decision reached against Toeppen for the same action. ¹⁵⁷

Recently, however, the Fourth Circuit took a fundamentally different approach when applying the federal dilution statute. In *Ringling Bros. and Barnum and Bailey Combined Shows Inc. v. Utah Division of Travel Development* ¹⁶³ the court required proof of actual dilution to sustain the plaintiff’s claim. ¹⁵⁹ The court based this requirement on the language of the federal statute, and distinguished the federal statute from previously enacted state statutes which only required a likelihood of dilution for an injunction. ¹⁶⁰ It recognized the uncertainty among commentators, ¹⁶¹ but ultimately found that the plain meaning of the statute required this interpretation. First, the court rejected the plaintiff’s contention that the word “capacity” in the phrase “capacity of a famous mark to identify goods or services” ¹⁶² implied protection for speculative future harm. ¹⁶³ In addition, the court relied on the operative verb in the statute to support its position. Under the federal statute, the court noted, relief is available when a junior user’s mark “causes dilution of the distinctive quality of the mark,” ¹⁶⁴ not for use “that ‘will’ or ‘may’ cause” dilution.¹⁶⁵

Next, the *Ringling Bros.* court found that the federal statu-

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¹⁵⁷. See Panavision, 141 F.3d 1316, 1316 (citing Intermatic Inc. v. Toeppen, 947 F. Supp. 1227, 1240 (N.D. Ill. 1996) in which Toeppen also registered plaintiff’s registered trademark as a domain name and then tried to sell it to plaintiff. “If Toeppen were allowed to use ‘Intermatic.com,’ Intermatic’s name and reputation would be at Toeppen’s mercy and could be associated with an unimaginable amount of messages on Toeppen’s web page”).

¹⁵⁸. 170 F.3d 449 (4th Cir. 1999).

¹⁵⁹. See id.

¹⁶⁰. See id. at 458.

¹⁶¹. See id. at 461 (noting that although several commentators have differed on how this difference should affect application of the statute, none have offered textual support for their positions).


¹⁶³. See Ringling Bros., 170 F.3d at 460.


¹⁶⁵. See Ringling Bros., 170 F.3d at 460-61.
TRADEMARK DILUTION

UTURE REQUIRED EVIDENCE OF QUANTIFIABLE ECONOMIC HARM AND CAUSATION OF THAT HARM.\textsuperscript{166} It found causation was required because the statute on its face only provides protection for actual dilution—there is no mention of a "likelihood" of dilution.\textsuperscript{167} And the proof of injury was required by the statute's definition of dilution.\textsuperscript{168} Otherwise, it reasoned, courts could avoid determining the exact nature of the economic harm that is required to prove dilution.\textsuperscript{169} Moreover, the "necessary speculativeness of any inquiry into future states and conditions has led some courts to allow the essential elements of 'likely' dilution to be inferred as fact from the 'Mead factors,' or, even more drastically, to be presumed from no more than the identity or sufficient similarity of the two marks."\textsuperscript{170} The court reasoned that a likelihood of dilution standard would either create a monopoly right for famous marks, or allow the court to presume causation on the basis of evidence traditionally used to prove a likelihood of dilution.\textsuperscript{171} It rejected the first proposition—that the dilution statute was meant to provide monopoly rights for owners of famous marks—as clearly not intended by Congress.\textsuperscript{172} And it rejected the second possibility—that causation could be presumed—based on fundamental evidentiary principles.\textsuperscript{173} Although the court recognized the significant

\begin{itemize}
  \item \textsuperscript{166} See id. at 459.
  \item \textsuperscript{167} See id. at 460.
  \item \textsuperscript{168} See id. at 461.
  \item \textsuperscript{169} See id. at 458.
  \item \textsuperscript{170} Id.
  \item \textsuperscript{171} See Ringling Bros., 170 F.3d at 459.
  \item \textsuperscript{172} The court found that:
    \begin{itemize}
      \item we simply cannot believe that, as a general proposition, Congress could have intended, without making its intention to do so perfectly clear, to create property rights in gross, unlimited in time (via injunction), even in "famous" trademarks. Had that been the intention, it is one easily and simply expressed by simply proscribing use of any substantially replicating junior mark.
    \end{itemize}
  \item \textsuperscript{173} Id. at 459.
  \item The court noted that although proof of actual harm and causation has been presumed by state courts when determining a likelihood of dilution:
    \begin{itemize}
      \item it could not properly be used under a statute requiring proof of actual harm already caused by use of a junior mark. Under basic evidentiary presumption principles, the probabilities are not high enough nor means of proof sufficiently lacking to allow such a presumption. [citations omitted]\textsuperscript{n}
    \end{itemize}
\end{itemize}

\textsuperscript{1}

Id. at 459-60 (citations omitted).
burden these requirements would place on dilution claimants, it upheld the district court's determination that to establish dilution under the federal Act requires proof that (1) a defendant has made use of a junior mark sufficiently similar to the famous mark to evoke in a relevant universe of consumers a mental association of the two that (2) has caused (3) actual economic harm to the famous mark's economic value by lessening its former selling power as an advertising agent for its goods or services.

V. ANALYSIS

A. The English Courts Do Not Interpret the Directive to Mandate Dilution Protection

The English courts interpret the language of the Directive to require source confusion, but still protect trademarks where appropriate without hindering competition by focusing on the potential for injury to the plaintiff. In both *Wagamama* and *Marks and Spencer*, the English courts protected trademarks without interpreting the Directive to include protection absent a showing of potential source confusion. The *Wagamama* and *Marks and Spencer* courts protected the plaintiff because they found a potential for injury, and the *Baywatch* court declined to extend protection when there was no such showing. The reasoning of these decisions indicate why the language of the Directive does not mandate protection for the likelihood of dilution and the results indicate why such protection is not needed.

The *Baywatch* court concluded that the language of the Directive does not mandate protection for marks used on similar or dissimilar goods where there is no showing that there is a likelihood of confusion, and the *Wagamama* court found the issue was irrelevant because there was clearly such a like-

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174. See id. at 460.
175. Id. at 461.
179. See id. at 30.
lihood. Although the Wagamama court declined to interpret the likelihood of association language as expanding protection to include instances where there was no source confusion, the court protected the senior mark by analyzing factors U.S. courts use to determine source confusion. It reasoned that when a mark is used to identify an inexpensive restaurant, consumers may be more likely to rely on imperfect recollection. It also found that the sound was so similar that it could heighten the probability of potential confusion. If this court had relied on classic dilution theory it would have reached the same result, but without determining whether plaintiff was likely to suffer any real injury. Instead, the court would have focused on the potential injury to the mark itself. The preemptive protection of dilution would have required the court only to determine whether the junior mark caused customers to think of the senior mark. But the court considered the potential effect of the type of service, type of customer, and the effect of the sound of the name. These factors mirror factors U.S. courts routinely examine to determine if a likelihood of confusion exists. They are, respectively: sophistication of consumers, similarity of the mark, and distinctiveness of the mark.

The Baywatch court found that the language of section 10(3) of the Directive, which applies to similar marks used on dissimilar goods, need not be interpreted to provide protection without a showing of source confusion. The court reasoned that since section 10(2), which applies to marks used on similar goods or services explicitly requires a showing of potential confusion, it would not make sense for section 10(3), which applies to marks used on dissimilar goods or services, to provide protection without such a showing. The court recognized two important points: that the "Babewatch" series was broadcast on an adult channel that required viewers to con-

181. See id. at 732.
182. See id at 736.
183. See Polaroid Corp. v. Polarad Electronics Corp., 287 F.2d 492 (9th Cir. 1961).
184. Section 10(3) was passed pursuant to section 5(2) of the Directive.
186. See id.
sciously select it, and that (after viewing an excerpt) there was no real danger that viewers would think the products or their source were in any way connected because they were so different in nature.

The Baywatch court also determined whether the defendant's product was likely to cause any real injury to the plaintiff by employing a likelihood of confusion test based on factors examined by U.S. courts. In this case the court examined the similarity of the products, the channels of trade, and the lack of evidence of actual confusion when the product had been on the market for over a year. This analysis required deeper reasoning than a determination whether the defendant's product might "tarnish" the plaintiff's trademark. A court can find tarnishment if the offending product may cause consumers to have negative associations with the senior user's product. But when the court considered the method of receiving the product and the nature of the products themselves, it found that no injury was likely to occur. The court also observed that this ruling was only on a request for a preliminary injunction, and in no way prevented plaintiff from suing for damages if it could prove injury in the future. It found no likelihood of injury to the plaintiff, and without relying on the broad protection available under dilution theory, kept both products on the market without impairing the plaintiff's ability to recover damages if a quantifiable injury could be proven in the future.

Based on an almost identical fact pattern as the U.S. Panavision cases, the English court in the case of Marks and Spencer provided protection for trademarks used as Internet domain names without relying on the vague and broad protection afforded by a likelihood of dilution standard. The reasoning of this case exemplifies the fact that Member States need not interpret the Directive to provide protection when there is no potential for source confusion (classic dilution) to protect companies participating in the growing field of Internet

187. See id.
188. See id. at 28.
189. See id.
190. See id. at 29.
191. Which in this case is conceivable.
commerce. The facts of this case were similar to the facts in the above U.S. domain name cases. But the English court found that it was likely that any consumer who types in the name of a famous mark and receives a response would assume that the user most commonly associated with the mark had provided the response. The Marks and Spencer court found a likelihood of confusion of source of origin, and issued the injunction on a traditional infringement analysis. The English court preserved the fundamental function of traditional trademark infringement protection, to protect consumers from the confusion or misperception that the goods or services they have found emanate from an easily identifiable source when in fact they do not.

B. U.S. Courts Unnecessarily Rely On The Broad and General Language of the Federal Dilution Statute

The unclear and potentially broad scope of protection afforded by the Federal Dilution Act may easily be abused or mistakenly relied on, as evidenced by the above U.S. decisions prior to Ringling Bros. In the early cases in which federal courts interpreted state dilution statutes, courts often summarily found dilution based on the language of the statute after determining that there is a likelihood of confusion. Then later decisions used similar analyses, appropriate for determining likelihood of confusion, to decide whether dilution was likely to occur. For example, the courts in the Panavision decisions relied on dilution theory but based their reasoning on a traditional infringement analysis, which requires consumer confusion as to source of origin. The Circuit Court found that the defendant's actions "diluted" plaintiff's trademark because consumers would expect that a cite with Panavision's name would be owned by the Panavision company. A fundamental re-

194. See id. at 271.
195. See id. at 273.
197. See McCarthy, supra note 20, at 24-162.
198. See Panavision, 945 F. Supp. 1296 (C.D. Cal. 1996). See also Panavision, 141 F.3d. 1316 (9th Cir. 1998).
199. See Panavision, 945 F. Supp. at 1327.
requirement for any injury to occur is that the consumer, when accessing the cite, believe that she has reached Panavision's cite.\textsuperscript{200} This is classic source confusion, and dilution theory was not needed to grant Panavision relief.

The potential harm cited by the Circuit Court also requires consumer confusion, and dilution theory is therefore also mistakenly relied upon as grounds for relief. The court cited the valid concern that the plaintiff's name and reputation would be at the mercy of the defendant if consumers associated Panavision with the messages on defendant's cite.\textsuperscript{201} Again, the fundamental requirement for the injury to occur is that the consumer mistakenly perceives that the messages on defendant's website are posted or authorized by the plaintiff. If this were the case, once again the court would not need to rely on dilution theory. Instead, there would exist a classic case of infringement, in which the consumer mistakenly believed that the plaintiff was the source of the information on the website.

Even more disturbing is the Massachusetts district court decision in \textit{I.P. Lund Trading APS, v. Kohler Co.},\textsuperscript{202} where the court relied on the language of \textit{Mead Data's} six-factor test to find evidence of potential dilution by blurring.\textsuperscript{203} The court relied on Judge Sweet's test to determine whether dilution as defined in 15 U.S.C. 1127\textsuperscript{204} was likely to occur, even though these factors are really more indicative of whether or not there is a likelihood of confusion.\textsuperscript{205}

The \textit{Lund} court not only offered protection under dilution theory when there was actually evidence to support a finding of likelihood of confusion. The reasoning suggests the court was truly addressing an unarticulated concern with some other form of unfair competition. The court offered protection because the trade dress of plaintiff's faucet "caused a lessening of a demand for the product or services bearing the famous

\textsuperscript{200} See id.

\textsuperscript{201} See id.


\textsuperscript{203} See id. at 127.

\textsuperscript{204} See discussion supra, p. 17 for the statutory definition of dilution.

\textsuperscript{205} See Port, supra note 9, in which the author compares the dilution factor with the likelihood of confusion factors from the Second Circuit Polaroid case, and finds the likelihood of dilution factors all present within the likelihood of confusion factors. See also MCCARTHY, supra note 20, at 26-164.
Although it found that potential consumers were sophisticated enough to know the source of the respective faucets and not confuse them, the court found blurring because consumers “may buy the Falling Water, knowing they are not getting a VOLA, but knowing too that they are getting a product of similar quality, albeit one that has not been featured in MoMa, for less money, with lower search costs.” This analysis extends trademark protection to senior owners confronted with any effective competition. It provides the plaintiff with a permanent monopoly over the shape of its product even though the trade dress retained its ability to signify the source of the faucet and the relevant quality associations. Although the court looked to 15 U.S.C. 1127 for the definition of dilution (which admittedly offers little guidance) it did not determine whether this perceived injury would truly affect the ability of the mark to function as defined by the statute. The court specifically found that the trade dress’ function as defined by the statute was not impaired, then still offered protection under dilution theory.

The Ringling Bros. court took a fundamentally different approach when it required proof of actual dilution, including causation and economic harm. By doing so, it remained faithful to the language of the statute and created a stringent requirement to ensure that dilution claims are not used by companies with famous marks to inhibit competition without proof of quantifiable injury. By recognizing the difference between state

207. This is factor three of Judge Sweet’s test. See supra, note 123.
209. See text, supra, p. 18 for the definition.
210. The court found that potential customers for this high-end faucet were sophisticated enough to distinguish between the faucets even though they looked alike because it took a particularized interest to seek out this product. See Lund, 11 F. Supp. 2d at 125. If this were true, then it is hard to imagine how defendant’s use would truly harm the distinctiveness of the plaintiff’s trade dress. In addition, the court does not examine what kind of packaging and other marks are used in conjunction with the shape of the faucet. If defendant’s actions truly impaired the ability of plaintiff’s faucet to remain distinctive it seems necessary to examine what other marks are used in conjunction with the shape of the faucet to create this “distinctiveness.” Based on the reasoning in the decision, it appears that the court was more concerned with preventing defendant from free-riding on plaintiff’s efforts to establish a market for this particular faucet. Although this may be a valid concern, it is not properly addressed by a preliminary injunction for trade dress dilution.
statutes which required only a likelihood of dilution and the Federal Act which on its face requires actual dilution, it created a workable standard for the practical application of a notoriously elusive concept. By requiring proof of injury and causation the court's interpretation limited the application of a confusing legal standard that is easily abused. This standard will force courts to define the actual injury requirement defined by the statute.  

C. The Social Cost of Protection for a Likelihood of Dilution Outweighs the Benefits

Because an injunction based on the likelihood of trademark dilution protects against an injury that is speculative and therefore immeasurable, the potential cost of this protection outweighs the benefit to plaintiffs. The cost of relief granted by U.S. courts that rely on the federal dilution statute to provide protection for a likelihood of dilution outweighs the benefit to the small number of plaintiffs who truly have a case of trademark dilution. Because a likelihood of dilution produces no quantifiable injury, it is difficult to prove. This is particularly true in the case of a preliminary injunction proceeding, where plaintiffs may not have time to conduct a reliable consumer survey to prove that the mark's ability to signify a particular class or quality of goods has been or will be eroded. Admittedly, plaintiffs will lose the ability to stop this harm in its initial stages. But if true dilution has occurred, then wider exploitation of the mark by the junior user will inevitably lead to either sufficient dilution to be proved through a survey, a likelihood of consumer confusion, or a strong separate identity for the junior user. If consumers eventually become confused, then senior users will be able to sue under traditional infringement theory. And if the junior user's mark eventually develops a strong and separate identity, it will not blur or tarnish the senior user's mark. Finally, if

211. The statute requires a "lessening of the capacity of the mark to identify and distinguish ...." As the Ringling Court noted, this standard requires more than just a mental association between the two marks. See Ringling Bros., 170 F.3d at 453.
212. See Moskin, supra note 4, at 128.
213. For blurring or tarnishment to occur a consumer must, when confronted with the junior user's mark, think of the senior user's mark and its relevant
true dilution has occurred, a claimant can prove it by presenting reliable survey evidence.

In addition, the nature of the relief available under a likelihood of dilution standard effectively stifles competition at the preliminary injunction stage. Manufacturers develop products and packaging to be released by specific target dates based on marketing research. When courts grant a preliminary injunction based on the general language of the dilution statute and an incomplete understanding of the theory of dilution, they delay the release and usage of the offending product or advertisement until further proceedings to determine whether or not a permanent injunction will be granted. Realistically, companies will be forced to settle, change their product or packaging, or wait to release their product or advertising at a time when it is no longer viable. Because of the potentially drastic effect this could have on an emerging competitor, large companies with sufficient resources may be able to squash competition by bringing an action for a preliminary injunction in a court that liberally applies a dilution statute. The underlying purpose of trademark protection is to safeguard producers who invest in a mark so that their goods are identifiable by preventing junior users from subverting the function of the trademark by confusing consumers,214 not to prevent competitors from entering the market.

Finally, decisions based on a likelihood of dilution standard may provide an unnecessary reward to the owners of the most notorious marks by protecting the mark even when there is no damage to its function. As a result, trademark owners with sufficient resources to make their mark "famous" can secure a monopoly right in the words and images used to identify their products. The "trespass" theory of trademark infringement, in which senior user's own the mark divorced from its function will lead to anti-competitive results which undermine the policies of trademark law. Although it is argued that trademarks now serve additional functions such as advertisement,215 the relevance is that the advertisement evokes the

source and quality associations. If the junior user's mark develops a strong separate identity, then the junior mark will call its own source and quality associations to mind.

214. See MCCARTHY, supra note 20.
215. See Vuk, supra note 1, at 877. See also Mostert, supra note 18, at 104.
association of the source of the goods. Therefore, an integral part of dilution is that it requires fame, however famous marks will be protected by conventional infringement protection because junior marks that copy or imitate will inevitably be associated with the senior user.  

As a result, courts in the U.S. and the EU should follow the Ringling Bros. approach when providing protection for dilution and require proof of causation and actual injury. EU members could effectuate this change without amending the legislation that implements the Directive. Article 5(2) of the Directive applies to marks used on dissimilar goods. It allows Members to provide protection where "use of that sign without due cause takes unfair advantage, or is detrimental to, the distinctive character or the repute of the trade mark." Unlike Article 5 (1), nowhere in section 2 is a "likelihood" mentioned. As a result, the language of the Directive appears to require proof of actual dilution.

Although this approach will limit the misapplication of dilution theory, it is unclear what evidence will sufficiently prove actual dilution. The Ringling Bros. court found that proof of mere association was not enough because it did not sufficiently establish that the association caused harm to the plaintiff's mark. The court found that "dilution by blurring occurs only where consumers mistakeny associate or confuse the marks and the goods or services they seek to identify and distinguish, and this association causes actual harm to the senior mark's capacity to 'identify and distinguish.'" But such proof seems more indicative of confusion than dilution. Perhaps a well crafted survey could determine whether a mark's ability to convey quality and attribute associations has been damaged, regardless of whether the consumer is confused about which product the mark signifies. Then, a plaintiff could attempt to show that this loss resulted in decreased sales. If shown, the decreased sales would be the result of a loss of the mark's selling power regardless of consumer confusion. Such

216. See Reichman, supra note 2, at 5.
218. Article 5, § 1 of the Directive provides protection for a likelihood of confusion, including association. See Directive, supra note 57.
219. See Ringling Bros., 170 F.3d at 453.
220. Id. (quoting and upholding the District Court decision) (emphasis added).
survey evidence, although likely difficult to obtain, would measure the harm of trademark dilution, truly separate from consumer confusion.

D. Dilution Theory Is Partially Based on Outdated Concepts

Dilution theory is difficult to apply because it has developed from outdated concepts not relevant in today's modern marketplace. From international scholars to U.S. Congressmen, advocates of dilution protection argue that it is particularly relevant with the emergence of a true global market, when in reality the perceptions of consumers differ greatly from when the theory was first developed. In 1927, Frank Schechter argued that dilution protection would fill a gap in trademark law. He used examples like using Kodak on bicycles or Rolls-Royce on radio parts. At the time of his article, protection was not available unless the allegedly infringing mark was used on similar goods, but today they would be actionable for creating source confusion. Even the concern stated by Senator Leahy in the legislative history of the U.S. Act would be actionable under traditional source confusion analysis.

In addition to the changes in the marketplace since the emergence of Schechter's theory, there have also been significant changes in the perceptions of consumers. Today, branding is an increasingly important marketing device, and licensing agreements are commonplace. It is not unusual or surprising to find the name of famous clothing manufacturers on housewares or soft drinks on clothing, there is even an Ernest Hemingway line of furniture. It is no longer necessarily unlikely that a consumer would think that Kodak bicycles came from the same source as Kodak cameras. Words and images are particularly powerful tools that are used to advertise and communicate and the available bank should not be depleted by

221. See statement of Sen. Leahy, supra note 128. See also Vuk, supra note 1.
222. See Schechter, supra note 12.
223. See Moskin, supra note 4, at 124.
224. See id. at 126.
225. See supra note 128.
227. See Mostert, supra note 18.
companies with sufficient resources to secure an unqualified property right in words, numbers, or images.

Finally, the theories of tarnishment and blurring underestimate the ability of today's sophisticated consumer, who is constantly bombarded with words and images meant to represent and reflect various brands and organizations, to differentiate between the various stimuli. If consumers were truly unable to separate the associations between various stimuli which are similar but known to be unconnected, then our daily experience would be a constant “blur.” Our inability to separate a mental or emotional response to like stimuli would render branding and trademarking completely ineffective.

VI. CONCLUSION

Dilution protection is a largely unnecessary and costly safeguard that can undermine the objectives of trademark law by producing anti-competitive results. A likelihood of dilution determination is conceptually difficult to apply and as a result courts rely on it unnecessarily. In addition, the injury is speculative and difficult to measure. Although it is possible for a mark to be “eroded,” it is inevitable that there will eventually be confusion between the junior and senior marks, or sufficient actual, quantifiable dilution. As evidenced by the English court’s decisions, senior users will still have the opportunity to bring a claim under traditional infringement theory, and as long as they can prove injury they will still be compensated.

The EU and the U.S. Congress should limit dilution protection to require proof of causation and injury and secure a uniform system of trademark law that encourages competition in the international marketplace. This interpretation comports with the language of the U.S. statute and the EU Directive. In the expanding fields of international and Internet commerce, it is important for a uniform system of trademark protection to be developed and implemented, so that manufacturers and producers of new products can participate in the global marketplace without facing potential liability in select jurisdictions. The United States and the European Union need a uniform system of trademark protection to facilitate international commerce and insure a level playing field between nations and market participants in the global marketplace.

William Marroletti