The Evolution of Dilution in the United States from 1927 to 2013
*Jerre B. Swann*

Public Domain Preservation in EU Trademark Law—A Model for Other Regions?
*Martin Senftleben*

The United States Supplemental Register: Solace, Substance, or Just Extinct?
*Anne Gilson LaLonde and Jerome Gilson*

Three-Dimensional Trademark Registration in Japan
*Junko Izumi*

The Mark of a Resold Good
*Yvette Joy Liebesman and Benjamin Wilson*

ICANN Dot-Anything: Rethinking the Scope of the New gTLD Expansion, Its Effect on Government Regulation, and Its Impact on Trademark Owners
*Ukeme Awakessien Jeter*

Amicus Brief of the International Trademark Association in
*Specsavers International Healthcare Limited & others v. Asda Stores Limited*

Amicus Brief of the International Trademark Association in
*Samsung Electronics Company Ltd. & Anr. v. Kapil Wadhwa & Ors.*
THE EVOLUTION OF DILUTION IN THE UNITED STATES FROM 1927 TO 2013

By Jerre B. Swann

I. INTRODUCTION

To understand the evolution of dilution in the United States from Frank I. Schechter’s “The Rational Basis of Trademark Protection,”1 through the early implementation of the Trademark Dilution Revision Act (the TDRA),2 it is necessary to begin not only with Schechter’s article but also with his preceding doctoral dissertation on the historical foundations of trademark law3 and his subsequent congressional testimony.4 In those materials, Schechter traced the evolution of the function of trademarks from the Middle Ages to the 1920s—from the guilds in England through the Industrial Revolution in the United States. He documented the conversion of strong, singular trademarks from signals of source to assurances of “satisfaction”5 and articulated a need to prevent the dispersion of a unique mark’s quality signal by third-party use on non-competing goods.

After a very brief honeymoon, Schechter’s dilution construct was: (a) besieged by Harvard school economics; (b) undercut by overreaching enactments at the state level; and (c) substantially obviated by expanded concepts of consumer confusion. The strength factor in a likelihood of confusion analysis affords reach for truly strong, unique marks to virtually any third-party use, and Schechter’s recognition of the reputational function of marks was thus absorbed into the mainstream of trademark law.

---

1. 40 Harv. L. Rev. 813 (1927) [hereinafter Schechter, Rational Basis].
4. Hearings before the Committee on Patents, House of Representatives, 72nd Cong., 1st Sess. (February 8-9, 1932) [hereinafter Congressional Testimony].
5. See, e.g., Schechter, Rational Basis, supra note 1, at 818, 820, and Congressional Testimony, supra note 4, at 17.
Marks and markets, however, were not quiescent: (a) in the 1960s, trademarks began to evolve into modern-day brands; (b) the evaluation of that evolution was radically altered by Chicago school economics; and (c) in the latter decades of the twentieth century, brands entered the current Age of Information (and clutter). A need to protect the expanded informational content of brands—their communication, as value propositions, of a total experience—supplanted Schechter’s more limited focus on the reputational function of marks.

Dilution concepts in the 1920s were thus perceived as necessary to prevent third-party appropriation of trademark quality signals for non-competing goods; by the 1960s, at the midpoint of its history, dilution was largely displaced as a remedy by an expanded confusion factors analysis; but, as of the twenty-first century, dilution is again in vogue to protect a limited number of brands with vastly greater informational/experiential content that is economically essential to consumers in a “crowded” market. Schechter participated only in dilution’s initial decade, but his insistence on a reanalysis of trademark functions set the pattern for its reemergence, and dilution’s history confirms Schechter’s organic view of trademark law. The informational function of modern brands has, indeed, so forcefully come to the fore that it has spawned sanctioned uses of marks that Schechter might have deemed troubling.

II. THE SOURCE-CENTRIC CONTEXT OF “RATIONAL BASIS”

In 1916, the Supreme Court iterated in Hanover Star Milling Co. v. Metcalf that the “proper function of a trademark” was to “identify the origin or ownership of the goods to which it [was] affixed.” As corollaries, “there [was] no property in a trademark apart from the business or trade in connection with which it [was] employed” and “the mere fact that one person ha[d] adopted and used a trade-mark on his goods d[id] not prevent the adoption and use of the same trade-mark by others on articles of different description.” “[T]he whole Law and the Prophets” of unfair trade was that “one merchant shall not divert customers from another by representing what he sells as emanating from the second”;

6. Schechter, Rational Basis, supra note 1, at 813 (“There is no part of the law which is more plastic than unfair competition, and what was not reckoned an actionable wrong 25 years ago may have become such today.”).


trademark protection was largely limited to goods of the “same descriptive properties”;\textsuperscript{10} and “if there [was] no competition, there [could] be no unfair competition.”\textsuperscript{11} Schechter was concerned, indeed, that a third party, without legal consequence, might use “Ritz Carlton” for coffee,\textsuperscript{12} and in his view, the single problem facing U.S. courts in trademark cases was the protection “being sought against the use of infringing marks on non-competing goods.”\textsuperscript{13}

\textbf{A. The Beyond-Source Evolution of Trademarks in England}

The “source/origin” function of trademarks rehashed by the Supreme Court in \textit{Hanover Star Milling} flowed from “regulatory production marks . . . compulsorily affixed [in England in the Middle Ages] to goods by [law] or gild regulation.”\textsuperscript{14} Production marks designated “the actual producer [or source] of the goods” “so that defective work might be traced to the guilty craftsman and heavily punished . . . .”\textsuperscript{15} Such marks were “distinctly not an asset, as is our modern trade-mark, but a liability”:\textsuperscript{16}

. . . if a member of the armorer’s guild made a . . . helmet for one of the knights, and he went out on the road to fight for his layde, and he came back in the evening with his head stove in,

\begin{itemize}
  \item \textsuperscript{10} Act of Feb. 20, 1905, ch. 592, 33 Stat. 724, 728.
  \item \textsuperscript{11} Schechter, \textit{Rational Basis}, supra note 1, at 824.
  \item \textsuperscript{12} Id. at 830.
  \item \textsuperscript{13} Schechter, \textit{Historical Foundations}, supra note 3, at 169. In a 1927 brief to the Supreme Court, Charles Evans Hughes could cite only eight cases from both English and American jurisprudence where a trademark, arguably, had been held to be infringed by another’s use on a different product. Milton W. Handler, \textit{Are the State Antidilution Laws Compatible with the National Protection of Trademarks}, 75 TMR 269 (1985) [hereinafter Handler, \textit{State Antidilution Laws}]. In opposition, John W. Davis distinguished each of the cases and urged that “the ambit of trademark protection should be limited to the product on which the plaintiff’s mark had been used, as otherwise the registrant would acquire property rights upon the mere adoption” of the word. \textit{Id.} at 269-70, note 3. The Supreme Court ducked the issue. Beech-Nut Packing Co. v. P. Lorillard Co., 273 U.S. 629 (1927).
  \item \textsuperscript{14} Schechter, \textit{Rational Basis}, supra note 1, at 814.
  \item \textsuperscript{15} \textit{Id.} Regulatory production marks were also required so “that ‘foreign’ goods smuggled into an area over which the gild had a monopoly might be discovered and confiscated.” \textit{Id.} The “ownership” function articulated in \textit{Hanover Star Milling} flowed from “proprietary marks” \textit{optionally} affixed by owners of goods in the Middle Ages “for the benefit of illiterate clerks or in order that in the case of shipwreck or piracy the goods might be identified and reclaimed.” \textit{Id.} It should be noted that while Schechter’s common law centric analysis began in fifteenth century England, “personal marks used by merchants to indicate ownership and by makers to indicate origin appear to have been known in various forms during the period 4000-1000 B.C.” Thomas D. Dresher, \textit{The Transformation and Evolution of Trademarks—from Signals to Symbols to Myth}, 82 TMR 301, 309-10 (1992) [hereinafter Dresher, \textit{Evolution of Trademarks}].
  \item \textsuperscript{16} Congressional Testimony, supra note 4, at 3. Production marks could not serve as assets in a market where “there was no such thing as competition, solely cooperation”; guild members were strictly forbidden from touting individual quality or undercutting a fellow member’s price. Schechter, \textit{Historical Foundations}, supra note 3, at 42.
\end{itemize}
and the layde found it out, she wanted to know who made that helmet.17

In both “Rational Basis” and his Congressional Testimony, Schechter opened by asking “[t]o what extent does the trademark today really [still] function” to denote origin; and he responded “[a]ctually, not in the least!”18 In fifteenth century England, “producer and consumer stood in direct [physical] relation with one another,”19 but with:

the breaking up of the guilds, the delocalization and unification of industry, the expansion of the industrial revolution, the growth of advertising, and the development of national and international trade, the relation of producer to consumer change[d], and the significance of the trade-mark accordingly.20

As the distance grew between producers and consumers, “[t]he true functions of the trademark [evolved] to identify a product as satisfactory and thereby stimulate further purchases by the consuming public”21—trademarks signaled quality. By the seventeenth century, for example, cloth marks in England had become assets of great value: goods were sold over great distances on the strength of such marks “without the formality of opening or carefully scrutinizing the bales to which they were affixed,” and they often commanded a 20 percent premium.22

B. The Beyond-Source Evolution of Trademarks
in the United States

For much of this country’s history, as in Medieval England, “producer and consumer were in close contact”23 and “there was little need for trademarks.”24

---

17. Congressional Testimony, supra note 4, at 43 (by Edward S. Rogers, who ultimately opposed dilution, but appreciated the common law origins of marks).
19. Congressional Testimony, supra note 4, at 40.
20. Congressional Testimony, supra note 4, at 8.
22. Congressional Testimony, supra note 4, at 79-80. Some towns debased the goods sold under their marks to derive greater profits, but their “falsehood” was espied and the towns “utterly decayed.” Id. at 86. Four hundred years before one of the greater trademark implosions in U.S. marketing history, English history thus taught that trademarks are hostages of consumer minds and that a failure to keep their promise would engender their swift demise. See note 192, infra.
23. Schechter, Historical Foundations, supra note 3, at 129.
24. Jerre B. Swann, Dilution Redefined for the Year 2002, 92 TMR 585, 586 (2002) [hereinafter Swann, Dilution 2002]. As of 1870, only 62 trademark cases had been decided
the economy as of the 1870s was still principally agrarian, and it was still cheaper to make than to buy many goods. Many families were thus units of production, not of consumption, and because the distance between a product and its guarantor typically was small, trademarks were not reputational requirements (proxies for personal proximity). Everyone knew the only two blacksmiths in town, and even products imported into the community were locally certified—the country store, not Nabisco (or then “Uneeda”), stood behind the crackers in the barrel.25

Between 1870 and 1920, however, the “percentages of total urban population, and of the workforce engaged in agriculture, dramatically reversed themselves.”26

“On or about December 1910,” Virginia Woolf once said, “human character changed.” This hyperbole contains a kernel of truth. Around the turn of the century a fundamental cultural transformation occurred.... [Whereas] the older culture [had been] suited to a production-oriented society of small entrepreneurs[,] the newer culture epitomized a consumption-oriented society dominated by [large] corporations.27

“[T]hrough the existence of the telephone, the automobile, the motor bus, the high-speed interurban trolley, the railroad, the aeroplane, and the radio, the consumer[, as of 1927, projected] his shopping far from home and [came] to rely more and more upon trade-marks and trade names as symbols of quality and guarantees of satisfaction.”28 As for any lingering reference of a mark to the actual source of goods, the Seventh Circuit noted in Walter Baker & Co. v. Slack29 that “[w]e may safely take it for granted that not one in a thousand ... [desiring cocoa or chocolate] knows of Walter Baker & Co., Limited.” Rather, the “name ‘Baker’ is ... known ... as a badge and guarantee of excellence.”30 In the

by American courts and only 121 trademarks were registered (under an act that was soon to be declared unconstitutional). Schechter, Historical Foundations, supra note 3, at 134.


28. Congressional Testimony, supra note 4, at 17.

29. 130 F. 514, 518 (7th Cir. 1904).

30. Id. See Historical Foundations, supra note 3, at 148.
“consumption-oriented society” of the 1920s, consumers looked to marks for quality, not source, information.31

C. Other Trademark Developments

In addition to the expanded distance between source and sale, two other major changes impacted U.S. marks as they merged into an industrial world. First, as Edward C. Lukens wrote shortly before Schechter penned “Rational Basis,” it was “becoming more usual for a corporation to manufacture or sell a wide variety of products”32—to leverage its reputation beyond goods of the “same descriptive properties.”

Second, trademarks were infused with the beginnings of persuasive advertising. As short, unique words came to communicate more elaborate meanings,33 trademarks not only “created in the public consciousness an impression or symbol of the excellence of the particular product in question,”34 but “offer[ed] the most effective agent for the creation of good will, imparting upon the public mind an . . . impersonal guarantee of satisfaction, creating a desire for further satisfactions.”35 An advertised, unique trademark was “the most constant, active and extensive salesman in the employ of a manufacturer,”36 and “through his trademark the manufacturer . . . [could] ‘reach over the shoulder of the retailer’ and across the latter’s counter straight to the consumer”: “[t]he mark [sold] the goods.”37

D. The Resulting Gap in Trademark Protection

So long as trademarks functioned principally to signal source, a system that targeted the diversion of trade was consistent with their scope. When, however, the function of marks shifted to signal quality, they were open game for those who would appropriate their quality message for non-competing goods. Even the critics of

31. The concept of anonymous source was then known in trademark law, *Shredded Wheat Co. v. Humphrey Cornell Co.*, 250 F. 960 (2d Cir. 1918) (L. Hand, J.), but consumers do not go through the mental process: this good comes from the same company and must be of the same tenor as the same-marked good that previously afforded satisfaction. Consumers use trademarks as short-cuts and proceed directly to a quality (or lack thereof) conclusion.


34. Schechter, *Rational Basis*, supra note 1, at 830.

35. Id. at 820.

36. Congressional Testimony, supra note 4, at 8.

dilution acknowledge that by the 1920s, a gap had thus arisen in the protection of trademarks:

... While deception today includes confusion as to source, sponsorship, endorsement, affiliation, or association, the reach of the consumer confusion test has not always been as expansive. Through the first quarter of the twentieth century, trademark infringement was actionable only between direct competitors...

The direct competition requirement may have been well suited to nineteenth century trade when trademarks were used simply as [source] identifiers and producers rarely, if ever, used the same trademark on more than one class of goods. Commercial transactions, however, underwent a dramatic transformation by the early twentieth century. As face-to-face meetings between producers and consumers became increasingly uncommon, trademarks assumed growing importance as indicators of consistent ... quality... Trademarks no longer simply identified a product: [to iterate,] the marks “actually [sold] the goods.”

From Schechter’s perspective, “[t]rademark pirates [were] growing more subtle and refined. They [were proceeding] circumspectly, by suggestion and approximation, rather than by direct and exact duplication of their victim’s wares and marks,” and “the use of similar marks on non-competing goods [in the 1920s was] perhaps the normal rather than the exceptional case of infringement.” Such use of a unique mark on different goods (mis)led “the public to assume that [they were] of good quality”

38. Robert N. Klieger, Trademark Dilution: The Whittling Away of the Rational Basis for Trademark Protection, 58 U. of Pitt. L. Rev. 789, 796 (1997) [hereinafter Klieger, Whittling Away]. The periodic emergence of a protection gap, filled by dilution, and then the gradual adaptation of trademark law to address a new trademark function, is the constant theme in Gerard N. Magliocca, One and Inseparable: Dilution and Infringement in Trademark Law, 85 Minn. L. Rev. 949 (2001) [hereinafter Magliocca, One and Inseparable]. Professor Bone more appropriately observes that Schechter was not so much motivated by a protection gap, which he likely saw as narrowing, as by a belief that preserving the singularity of a unique mark and its guarantee of satisfaction (its selling power) and preventing its dispersion by use on non-competing goods was a more rational approach to surmounting the direct competition requirement than was manipulating consumer confusion concepts. Robert G. Bone, Schechter’s Ideas in Historical Context and Dilution’s Rocky Road, 24 Santa Clara Computer & High Tech. L.J. 469, 476-77, 488 (2007) [hereinafter Bone, Schechter’s Ideas].

39. Schechter, Rational Basis, supra note 1, at 825.

40. Id. No sooner did a trademark become well-known than a host of “commercial buccaneers” were ready to “reap the fruits of its celebrity.” Schechter, Historical Foundations, supra note 3, at 166.

and saved the pirate “a big expenditure in advertising,” affording prestige that had cost the mark’s owner millions to build. Yet, beyond goods of the “same descriptive properties,” relief was often unavailable and then only after an exceedingly laborious spelling out of an injury other than trade diversion.

E. Proposals to Remedy the Protection Gap

Three different trademark minds in the first third of the twentieth century—Edward C. Lukens, Edward S. Rogers, and Frank I. Schechter—approached the protection gap from three very different perspectives.

1. Edward C. Lukens

In the January issue of the 1927 University of Pennsylvania Law Review, Edward C. Lukens systematically constructed an argument that thirty-four years later bore full fruit:

a. “The foundation principle of unfair competition cases, involving the use of trade-names, [was] that one may not palm off his goods as the goods of another.”

b. The test of the principle was that one “may not use a previously adopted name on goods that are similar . . . .”

c. Where the goods were similar, “[t]he wrongfulness of the defendants act lay in the fact that it would deceive the public . . . .”

d. Cases had gradually extended protection where the goods were of “the same general class” or “related,” e.g., where there was a “similarity in appearance, material or purpose, [or] . . . a relationship based on complimentary use.”

e. Relief was not, however, consistent, and courts extending protection in cases of non-competitive goods sometimes engaged in “far-fetched reasoning.”

f. “The public[, for its part, had] become so accustomed to the idea of dissimilar articles being produced by the same
company that it [was] hardly surprised at any combination whatever."49

g. It was time thus to recognize that the test as to “similar or related goods” had grown up “in application of the principle” forbidding palming off and “not in limitation of it.”50

h. The inquiry should thus “go directly to the question whether defendant’s use of the name, under all the circumstances, was fair.”51

In formulating marketplace confusion factors to be applied in cases of non-competing goods, Judge Henry Friendly, in 1961, effectively endorsed Lukens’ reasoning.52

2. Edward S. Rogers

In a 1909 article, “Comments on the Modern Law of Unfair Trade,”53 Edward S. Rogers systematically traced the history of: (a) trademark infringement (an equitable remedy grounded in trespass); and (b) unfair trading or passing off (a legal remedy grounded in fraud). Believing that any approach based on a trademark as property was “untenable,” Rogers “modified” the equitable construct (and reconciled law and equity) under the umbrella of “a trespass upon business good will”:

... the trade mark in and by itself is of little importance, ... it is but the visible manifestation of a much more important thing, a business good will, ... the good will is the substance, the trade mark merely the shadow, and ... this business good will is the property to be protected against invasion.54

Competitive trespass and source confusion were (and remained) the targets of Rogers’ good will construct, but under the principle (“perfectly general and without exception”) that “no one has any right to sell his goods as the goods of another,”55 Rogers’ analysis,

49. Id. at 204. See Bone, Schechter’s Ideas, supra note 38, at 480 (“Confusion between [marks on] different products was a serious risk by the 1920s because customers were accustomed to companies diversifying across product lines.”).

50. Lukens, Principles of Unfair Competition, supra note 32, at 205 (italics supplied).

51. Id. at 206. See Vogue Co. v. Thompson-Hudson Co., 300 Fed. 509, 512 (6th Cir. 1924) (“There is no fetish in the word ‘competition.’ The invocation of equity rests more vitally upon the unfairness.”).

52. See note 131 infra and related text.

53. 9 Ill. L. Rev. 551 (1909) [hereinafter Rogers, Unfair Trade].

54. Id. at 555. Schechter expressly rejected the characterization of trademarks as mere “shadows,” Schechter, Rational Basis, supra note 1, at 831, and Schechter’s “focus on the mark as a thing of value in itself,” Bone, Schechter’s Ideas, supra note 38, at 484, is perhaps the reason for Rogers’ split with the proponents of dilution. See note 58, infra and related text.

55. Rogers, Unfair Trade, supra note 53, at 556.
like Lukens’, easily could have been extended, as appropriate, to cases of non-competing goods.

By the 1930s, however, Rogers’ believed that the courts, by expanding the interpretation of goods “of the same descriptive properties” to reach “goods in the same general class” (See Part II.E.1.d. supra), were adequately addressing the protection gap. He feared, moreover, that dilution might be deemed a substantive alteration of trademark law, forbidden in the Trademark Cases, and in 1935 he broke sharply with proponents of a dilution remedy. Thereafter, he devoted his efforts to amending trademark legislation so as to jettison the “same descriptive properties” language and to adopt judicial extensions to “related goods,” and he ultimately achieved his goal in the Lanham Act.

56. Congressional Testimony, supra note 4, at 43 (Rogers: “I have this feeling that if a situation is pretty good and is getting better perhaps the best thing to do is to let it alone.”).

57. 100 U.S. 82 (1879). As Rogers testified before Congress:

The Chairman. I have seen the advertisements of . . . Uneeda Biscuit, and . . . I have seen five or six different organizations using the very same name for Uneeda cigars, Uneeda ice cream, and different types of food products. If the Uneeda Biscuit Co. wanted to, could it go into court and have that stopped?

Mr. Rogers. They could to a certain extent. . . . If the use of the word “Uneeda” . . . has a tendency to make an ordinary person believe it has the same origin as the product which he owns, . . . the Uneeda Biscuit Co. could object successfully, because it is a utilization of their good will. . . . But . . . if the goods are so widely separated that that presumption would not exist, the courts would say they are not damaged . . . .

The Chairman. But if everybody can use that name promiscuously, doesn’t that belittle the name itself?

Mr. Rogers. Certainly it does, and it injures the reputation of the man who has made it famous, and it seems to me an essentially immoral thing.

Mr. Robertson. And isn’t it a fact that the unfair user sometimes uses the mark on cheaper goods?

Mr. Rogers. Oh, almost invariably he does. That’s why he uses it.

The Chairman. What would you suggest in the form of legislation that would stop that?

Mr. Rogers. I don’t know that we could do so under the substantive law, and I doubt very much if the Congress would have any authority over it.

Congressional Testimony, supra note 4, at 41-42.


59. See Sara Stadler, The Wages of Ubiquity in Trademark Law, 88 Iowa L. Rev. 731, 757-58 (2003) [hereinafter Stadler, Ubiquity]. At some point between 1932 and 1946, Rogers obviously changed his views as to the ability of Congress to enact substantive trademark legislation, and there are interesting acknowledgements in the legislative history of the Lanham Act of Schechter-like concerns, e.g., of a need to protect the investment of the trademark owner who “has spent energy, time, and money . . . [to prevent the mark’s] misappropriation by pirates and cheats.” S. Rep. No. 79-1333 (1946), at 3, in 1946 U.S. Code Cong. Serv. 1274.
3. Frank I. Schechter

In “Rational Basis,” Schechter tersely observed\(^60\) that the “diversion of custom” limitation on the protection of trademarks (the requirement of competition) ignored that “the *creation and retention of custom*, rather than the designation of source, is the primary purpose of the trademark today, and the *preservation of the uniqueness or individuality* of the trademark is of paramount importance.”\(^61\) Schechter had witnessed the (appropriate) erosion of laudatory terms—e.g., “Blue Ribbon” and “Gold Medal”—from plural exploitations of their extrinsic quality promises;\(^62\) and he feared a similar (but in his view, totally inappropriate) erosion of unique terms “that had been added to rather than withdrawn from the human vocabulary”\(^63\)—e.g., “Rolls Royce” and “Kodak”—from plural efforts by third parties to exploit their intrinsic quality messages on non-competing goods.\(^64\)

To Schechter, the “real injury” in non-competitive goods cases was “the gradual whittling away or dispersion of the identity and hold upon the public mind of [a unique] mark” and its quality signal;\(^65\) and in a vein similar to that suggested by Rogers as to good will, Schechter posited that “vast expenditures in advertising . . . should be protected to the same extent as plant and machinery.”\(^66\) Given the quality (selling) function of the strong, unique marks he enumerated in “Rational Basis,” Schechter tersely concluded that:

1. the value of the modern trademark lies in its selling power;
2. this selling power depends for its psychological hold on the

\(^60\) The body of the article, printed from the Internet, occupies only eight pages. Schechter’s conciseness of expression adversely impacted his clarity of expression.

\(^61\) Schechter, *Rational Basis*, supra note 1, at 823 (italics partially supplied to reflect that uniqueness, singularity, distinctiveness and individuality, words that Schechter used essentially synonymously and interchangeably, were (along with a signal of quality) at the core of Schechter’s dilution concept).

\(^62\) “[O]ne who takes a phrase like ‘Blue Ribbon’ or ‘Gold Medal’ must be content with that special field which he labels with so undistinctive a name. *** Such trademarks . . . as ‘Blue Ribbon,’ used, with or without registration, for all kinds of commodities or services, more than sixty times; . . . ‘Gold Medal,’ sixty-five times . . . – all these [laudatory] marks and names have . . . very little distinctiveness in the public mind. . . .” *Id.* at 827-29.

\(^63\) *Id.* at 829.

\(^64\) Schechter knew of efforts to use KODAK for bicycles and ROLLS ROYCE for radio parts, and he feared that “[s]hould the rule, still broadly enunciated by the [U.S.] Supreme Court [in Am. Steel Foundries, supra note 8], that a trademark may be used on different classes of goods, be literally adhered to, there is not a single one of these fanciful marks which will not, if used [by third parties] on different classes of goods, or to advertise different services, gradually lose its effectiveness and unique distinctiveness in the same way as” BLUE RIBBON did. *Id.* at 829-830.

\(^65\) *Id.* at 826-27.

\(^66\) *Id.* at 831.
public, not merely on the merit of the goods upon which it is used, but equally upon its own uniqueness and singularity; (3) such uniqueness or singularity is vitiated or impaired by its use upon either related or non-related goods; and (4) the degree of its protection depends in turn upon the extent to which, through the efforts or ingenuity of its owner, it is actually unique or different from other marks.67

Schechter, in effect, read the below-discussed “Odol” decision from Germany protecting (i) a singular mark that (ii) signalled quality—dilution’s initial cornerstones—as an epiphany.

Why do I characterize “Rational Basis” as Schechter’s revelation based on a single foreign precedent? In Historical Foundations, Schechter spent more than forty pages meticulously tracing each step in the evolution of trademarks in the cloth and cutlery trades from the fifteenth to the seventeenth century in England—from “mark[s] of origin to mark[s] of quality and hence from liability[es] to asset[es], of distinct value to the owner.”68 Schechter well knew how to analyze trademark law and build an argument. “Rational Basis,” however, is essentially devoid of the systematic development that characterized Historical Foundations (or, for that matter, Lukens’ more traditional approach to the gap in trademark protection).

Schechter did carefully restrict himself to “coined, arbitrary or fanciful words or phrases that have been added to rather than withdrawn from the human vocabulary by their owners,”69 but such a limit is logically dictated in a system affording absolute protection to marks.70 Otherwise, there are no clear rules and virtually no guidelines:

a. Schechter was troubled not merely with the “duplication,” but with the “approximation” of unique marks,71 yet all of his examples involved duplications and there is no discussion in

67. Id. at 832.

68. Schechter, Historical Foundations, supra note 3, at 78.

69. Schechter, Rational Basis, supra note 1, at 830.

70. See Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 216 (2d Cir. 1999) (“The antidilution statute seeks to guarantee exclusivity not only in cases where confusion would occur but throughout the realms of commerce. Many famous marks are of the common or quality-claiming or prominence-claiming type—such as American, National, Federal, Federated, First, United, Acme, Merit, or Ace. It seems most unlikely that the statute contemplates allowing the holders of such common, albeit famous, marks to exclude all entrants. That is why the statute grants that privilege only to holders of distinctive marks.”). See also Trademark Dilution Revision Act of 2005: Hearing on H.R. 683 Before the Subcomm. on Courts, the Internet, and Intellectual Property of the H. Comm. on the Judiciary, 109th Cong., 32 (2005) (marks such as AMERICAN “are commonly used by numerous companies [and] it is unlikely that [they] will be blurred by yet another use.”).

71. Schechter, Rational Basis, supra note 1, at 825.
“Rational Basis” as to how similar a third-party use needed to be to invoke a dilution remedy.

b. Based on his body of work, it is clear that Schechter was concerned with free riding on the quality signals emitted by unique marks: (i) in his Congressional Testimony, he opined that the Rolls-Royce radio was so named because the “natural inference was that the radio was just as fine” as the car;72 and (ii) in Historical Foundations, he explicitly noted that courts protecting marks from third-party use on different goods were loath that defendants “get the benefit of complainant’s reputation,” which he saw as “a salutary . . . recognition of the actual nature and function of the trade-mark under modern conditions of production and distribution.”73 Other, however, than in his quotation from the “Odol” case, Schechter’s reliance on a free riding rationale to support dilution in “Rational Basis” is reduced, in the (overstated) estimate of a leading commentator, to “suggestive snippets rather than developed arguments.”74

c. Schechter was clearly concerned that consumers could be misled as to the quality of third-party goods bearing a prior user’s unique mark, but he so eschewed a consumer deception rationale for dilution that his views have been improperly characterized as “a radical response to the [gap in] the consumer protection model.”75

72. Congressional Testimony, supra note 4, at 14.
73. Schechter, Historical Foundations, supra note 3, at 170.
74. Bone, Schechter’s Ideas, supra note 38, at 486-87. In fact, as Stephen L. Carter notes in The Trouble with Trademark, 99 Yale L.J. 759, 766 (1990), “[t]he theory underlying the dilution action is that the senior user’s mark is so strong that even a junior user in a distinct product market may be trading on the goodwill that the mark represents. . . . [I]nvestments in those features of a brand that make it appealing to consumers should not be undermined”; and free riding is expressly included as a dilution factor in the TDRA. 15 U.S.C. § 1125(c) (2)(B)(v). See also David J. Franklyn, Debunking Dilution Doctrine: Toward a Coherent Theory of the Anti-Free-Rider Principle in American Trademark Law, 56 Hastings L.J. 117 (2004).
75. Klieger, Whittling Away, supra note 38, at 795. Elsewhere, Klieger appropriately notes that consumers in 1927 could be “duped into believing that goods bearing the same mark [were] of the same quality,” id. at 803; and in 1932, Schechter proposed legislation to Congress that would have largely preserved the consumer confusion rationale arguably even in a dilution context:

When such previously used trade-mark (1) is applied to merchandise or services of the same descriptive properties, or (2) is applied to merchandise or services of such other properties, quality, or reputation or merchandise or services so distributed or conveyed to the purchasing public, or (3) was at the time of its registration a coined or invented or fanciful or arbitrary mark,

So that the use of applicant’s mark is likely to cause confusion or mistake or to deceive purchasers or users thereof as to their source or origin or otherwise injure the good will, reputation, business, credit or securities of the owner of the previously used trade-mark,

it shall constitute prima facie grounds for refusing registration.
d. Schechter strongly believed that “once a mark has come to indicate to the public a constant and uniform source of satisfaction, its owner should be allowed the broadest scope possible for ‘the natural expansion of his trade’ to other lines or fields of enterprise,” 76 but he so failed to articulate a “bridging the gap” confusion factor that “Rational Basis” has been misread by a leading commentator as rejecting the extension and other leveraging of marks. 77

e. From the marks he cites in “Rational Basis,” it is obvious that Schechter envisioned dilution as protection only for commercially and conceptually strong terms, but, other than in his discussions of uniqueness, he nowhere sets forth the qualifications or recognition requirements necessary for a mark to access a dilution remedy. 78

---

76. Schechter, Rational Basis, supra note 1, at 824. My former and highly esteemed colleague, Sara Stadler, is thus in rare error in remarking, as to brand extensions, that “Schechter probably never considered that trademark owners themselves would engage in acts destructive of uniqueness.” Stadler, Ubiquity, supra note 59, at 734. Schechter knew that enterprises were beginning to extend their product lines, and preserving the right to extend was a central benefit he envisioned from a dilution remedy. A mark’s selling power was not the strength of its link to a single product, but its assurance of satisfaction—the power of its quality image “to stimulate further purchases by the consuming public,” Schechter, Rational Basis, supra note 1, at 818—and Schechter was particularly interested in preserving a mark’s ability to suggest “the same degree of excellence” on a variety of goods, confident that if extensions “don’t live up, . . . within a few years the people will find out.” Congressional Testimony, supra note 4, at 15.

Schechter was interested, it is true, in marks that had, “from the very beginning, been associated in the public mind with a particular product, not a variety of products,” Stadler, Ubiquity, supra note 59, at 751, not to preserve the link between a mark and a product, but because marks qualifying for dilution protection, in his view, should be distinctive both as to the goods to which they were applied, and vis-à-vis other marks in the market. A lion, for example, was arbitrary applied to iron and was distinctive in that sense, but a lion had also been applied by a separate entity to linen, and was not distinctive (as was “Blue Goose”) in terms of being “associated in the public mind with the excellence of any single product. . . .” Id. at 752. Use of a lion “on various products . . . in no way impair[ed its nonexistent] individuality,” Schechter, Rational Basis, supra note 1 at 830, and a lion thus did not qualify for dilution protection. If the equation that Schechter drew between the words “distinctive” and “singular” had been applied to the interpretation of state dilution statutes, discussed at note 112 infra, much mischief might have been avoided.

77. See note 76, supra. Schechter, in effect, anticipated that extensions that keep a brand’s promise strengthen the brand: “[A]ppropriate brand extensions . . . strengthen brand equity . . . because they increase the evidence of the truth of the [brand’s] promise.” Larry Light, Brand Loyalty Management, Direct Marketing 36, 39 (March 1997). The “ubiquitizing” of a famous mark is only likely from its association with inconsistent or divergent attributes, as may occur when the owner extends the mark to products that do not “fit” (Kevin Lane Keller, Strategic Brand Management 524 (3d ed. 2008) [hereinafter Keller, Strategic 2008]) or when the mark is used by a third party on divergent goods.

78. Schechter, indeed, did little more than distinguish between marks suggesting merit or prominence, on the one hand, and coined, arbitrary or fanciful words on the other. Schechter, Rational Basis, supra note 1, at 829-30.
f. Schechter was concerned that efforts to free ride on the quality signal of a unique mark would lead to the same dispersion that had beset laudatory marks and that if one use of a unique mark was permitted, "other companies likewise might use it, with resultant loss of identity."79 From examples he gave,80 it is clear that Schechter would have endorsed the dilution rationale offered in McDonald’s Corp. v. Gunville:81

It is somewhat like the pollution of a lake. If everyone who pollutes Lake Michigan were allowed to say its discharge is an insignificant contribution to the lake and that no one is really hurt by it, then no polluter could ever be restrained and it is only on the theory that each pollution, when considered as part of the total pollution that is discharged into the lake, is a restrainable act that the whole concept of protecting the environment through injunctive relief makes any sense.

Dilution to Schechter was analogous to pollution as to which the modesty of a particular toxic emission (like the modesty of a given infringement82) is not a defense, but there is only a vague "hundred bee sting" analogy83 in Schechter’s writings.84

"[I]f the laws are to be administrable, it is necessary to have a scale . . . [but the] scale [for ‘whittling away’ was] a mystery wrapped in an enigma."85 In a leading review, Professor Robert Bone has correctly characterized Schechter as a legal realist, and there clearly is an attack in “Rational Basis” on “inherited legal doctrines and older forms of reasoning as excessively formalistic,”86

80. See Congressional Testimony, supra note 4, at 15 (“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”). Schechter effectively anticipated the “fan effect” confirmed by consumer psychology: adding spokes to a brand core that radiate to divergent associational sets will erode a brand’s singularity and weaken its hub. Jacob Jacoby, The Psychological Foundations of Trademark Law: Secondary Meaning, Genericism, Fame, Confusion, and Dilution, 91 TMR 1013, 1049 (2001) [hereinafter Jacoby, Psychological Foundations].
83. 4 J. Thomas McCarthy, Trademarks and Unfair Competition § 24:12 (4th ed. 2012) (it is the rare famous mark that does not have evidence in its files, as to which Professor McCarthy would like proof, of multiple third-party efforts to benefit from the mark).
84. See note 80 supra. My own favorite analogy comes from Larry Light, who offers that each diluting event is like the taking of a thin slice from a delicatessen’s roll of salami—at some point, there is no more salami.
85. Handler, State Antidilution Laws, supra note 13, at 280.
86. Bone, Schechter’s Ideas, supra note 38, at 483. In the first paragraph of “Rational Basis,” Schechter states that he will focus on the “present validity” of “historical preconceptions as to the nature and function of a trademark and as to the necessities for its
but there are no “new legal rules” adapted “to the way things actually work.” 87 Schechter bemoaned in Historical Foundations that the “so-called ordinary purchaser change[d] his mental qualities with every judge,” 88 but, as to dilution, he maddeningly testified that he would “leave it to courts of equity whether the mark is sufficiently unique, whether it is a product of sufficient ingenuity, whether there is sufficient use of the mark to guarantee the broadest possible protection.” 89 “[Eight] decades after Schechter’s article was published, [many] courts are still unable to figure out what dilution means.” 90

In the legal environment of the 1920s, Schechter was legitimately concerned with: (i) protecting advertising investments in “arrestingly” unique marks; (ii) protecting expansion opportunities; (iii) preventing consumer deception from the pirating of a unique mark’s quality signal; and (iv) preventing the dispersion of a unique mark and its meaning—its ability to reach across the shoulder of the merchant and communicate a selling message of quality. He read the “Odol” case as addressing all of his concerns:

the owners of the well-known trademark “Odol” for mouth wash . . . sought to obtain the cancellation of the registration of that same mark for various steel products. The court held that the use of the mark “Odol” even on non-competing goods was “gegen die gutten Sitten,” [contrary to good morals,] pointing out that, when the public hears or reads the word “Odol,” it thinks of the complainant’s mouth wash, and an article designated with the name “Odol” leads the public to assume it is of good quality. Consequently, concludes the court, complainant has “the utmost interest in seeing that its mark is not diluted . . . : it would lose selling power if everyone used it as the designation of his goods”:

The respondent has registered the mark for steel goods for the obvious purpose of deriving from its selling power some advantage in marketing its own products. There are, of

---

87. Bone, Schechter’s Ideas, supra note 38, at 483-84. Bone accurately suggests that Schechter wrote “at a time when mass national marketing and psychological advertising were celebrated as positive developments, necessary to build and maintain the infrastructure supporting robust economic growth, [and he] simply took for granted that his audience would accept these features as normatively desirable and worth nurturing.” Id. at 487. As is explained below, however, advertising has been on an economic rollercoaster, being characterized by the Harvard school as “black magic” promoting monopolistic competition and by the Chicago school as providing consumers with information and images they need and/or desire.

88. Schechter, Historical Foundations, supra note 3, at 166.
89. Congressional Testimony, supra note 4, at 14.
90. Magliocca, One and Inseparable, supra note 38, at 984.
course, numerous euphonious words that the respondent could have used as the symbol of its goods; it chose the word “Odol,” it was clear, because this mark had acquired an especially favorable prestige through the efforts of the complainant.

To be sure, the parties, on account of the wholly different goods put out by them[,] are not in actual competition. That, however, is beside the point. The complainant has created a demand for its goods, while employing thereon a word having drawing power, for only through the year-long activity of the complainant was its selling power acquired. . . . Complainant’s ability to compete with other manufacturers of mouth wash will be impaired if the significance of its mark is lessened. 91

If Schechter had not had the “Odol” template, forcing him to use his own prescience to flesh out his newly coined doctrine, just as he had explicated the evolution of marks in English and U.S. common law, dilution might have moved more quickly into the legal mainstream. Schechter did have the template, and the articulation of dilution suffered as a consequence.

III. THE PROTRACTED ADOPTION OF SCHECHTER’S VIEWS

“Rational Basis” created an initial flurry of excitement. 92 It was extensively quoted, albeit in dicta, in Tiffany & Co. v. Tiffany Productions, Inc.; 93 and Learned Hand, in Yale Electric Corp. v. Robertson, 94 temporarily departed from his strict insistence on proof of trade diversion to articulate Schechter’s trademark quality function:

. . . it has of recent years been recognized that a merchant may have a sufficient economic interest in the use of his mark outside the field of his own exploitation to justify interposition by a court. His mark is his authentic seal; by it he vouches for the goods which bear it; it carries his name for good or ill. If another uses it, he borrows the owner’s reputation, whose quality no longer lies within his own control. This is an injury,
even though the borrower does not tarnish it, or divert any sales by its use; for a reputation, like a face, is the symbol of its possessor and creator, and another can use it only as a mask.  

Even dilution’s most strident critic acknowledges that “[j]udicial recognition of the quality representation function of trademarks, perhaps the most important development in trademark law [in the twentieth] century, developed largely as a result of Schechter’s” ideas.  

In the 1930s, however, Schechter’s dilution construct effectively entered a sixty-year hibernation. Subsidiary reasons for the hibernation were, as noted above, that Schechter created no measurements for blurring, and many were concerned that enactment of his concepts would represent an unconstitutional “substantive” revision of trademark law. The three principal reasons were: (a) the emergence of economic views hostile to the persuasive advertising and differentiation of trademarks; (b) overreaching missteps at the state level; and (c) the success of other approaches in filling the gap in trademark protection.

A. Harvard School Economics

Schechter’s views as to a need for the protection of advertising investments were not shared. Quite to the contrary, Harvard school economists theorized that “[b]y successfully differentiating a standardized product from competitors’ products and achieving brand loyalty through advertising, a producer could insulate his market share from price competition . . . [and] create high barriers to entry.” In the most articulate application of Harvard school economics to trademark law, Ralph S. Brown, Jr. variously observed:

1. “To the extent that the blandishments of sellers inform buyers what is to be bought, and at what price, advertising

95. Learned Hand retreated from the broad overtones of Yale Electric in L. E. Waterman Co. v. Gordon, 72 F.2d 272, 273 (2d Cir. 1934), and, with exceptions for protecting reputation from concrete injury and protecting the right to expand, returned to his trade diversion roots in Dwinell-Wright Co. v. White House Milk Co., 132 F.2d 822, 825 (2d Cir. 1943) and S.C. Johnson & Son, Inc. v. Johnson, 116 F.2d 427, 429 (2d Cir. 1940). Judges Augustus Hand and Charles Clark, in contrast, generally favored expanded protection of marks against third-party use on non-competing products. See Triangle Publications, Inc. v. Rohrlich, 167 F.2d 969 (2d Cir. 1948) and Judge Clark’s dissent in Hyde Park Clothes, Inc. v. Hyde Park Fashions, Inc., 204 F.2d 223 (2d Cir. 1953). The Second Circuit’s schism was ultimately resolved by Judge Friendly in favor of broader protection for commercially strong marks from third-party use on different goods. Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492 (2d Cir. 1961).


97. See note 57, supra.

undoubtedly helps to quicken the stream of commerce [particularly as to new products],” but “most advertising [was] designed not to inform, but to persuade and influence.”99

2. “The economist, who defines as irrational any market behavior not dictated by a logical pecuniary calculus, may think it irrational to buy illusions; but there is a degree of that irrationality even in economic man; and consuming man is full of it.” Nonetheless, consumers were not being given “information” as to alternatives, but were bombarded by a bewildering manipulation of superlatives,100 and “an enormous number of consumers . . . have been duped by unscrupulous marketers.”101

3. “The task before the courts in trade symbol cases . . . should [thus] be to pick out, from the tangle of claims . . . they are set to unravel, the threads of informative advertising, and to ignore the persuasive.”102 “Communication free of confusion needs to be fostered only for sellers who give and buyers who seek information”103 and dilution was a “demand for protection of persuasive values alone.”104

4. The guarantee or quality function of trademarks was, at best, only a minimum warranty of merchantable quality, and a trademark owner could vary quality widely without legal consequence.105

5. Free riders might exist under a senior’s price umbrella and cloak inferior production, but they might also offer an equal product at a lower price and defuse differentiation; in either event, to the extent that both senior and junior attempted to profit from differentiation, they were in pari delicto.106

Edward Chamberlain of the Harvard school urged that “the public interest would be best served by permitting unlimited competition through imitation, so that it would be almost impossible to accomplish advertising differentiation [and he would have scrapped] the identification function, leaving the public to be


100. Id. at 1181-82.


103. Id. at 1189.

104. Id. at 1190.

105. Id. at 1186.

106. Id. at 1204.
protected against debased imitations by standard grades.” The judiciary’s age-old abhorrence of trademark monopolies was energized; Harvard school influence led the Justice Department to oppose the Lanham Act; and dilution was viewed as an unconstitutional effort to achieve copyright status for a mark.

**B. State “Antidilution” Laws**

Whether as a consequence of the strong advocacy of Rudolf Callmann or of “local politics” reasserting the state’s then traditional role in trademark regulation (after Congressional failure to include dilution provisions in the 1946 Lanham Act), Massachusetts adopted the first dilution statute in 1947:

Likelihood of injury to business reputation or of dilution of the distinctive quality of a trade-name or trade-mark shall be ground for injunctive relief in cases of trade-mark infringement or unfair competition notwithstanding the absence of competition between the parties or ... of confusion as to the source of the goods or services.

Illinois, New York, and Georgia followed; in 1965, the United States Trademark Association added dilution language along Massachusetts lines to its Model State Trademark Bill, and as of the enactment in 1996 of the Federal Trademark Dilution Act (FTDA), twenty-eight states had dilution laws similar or identical to the Model Bill.

In my view, the state enactments deterred the development of meaningful dilution jurisprudence at the state or national level. They were rogue laws, requiring only a bare showing of secondary

---

107. Id. at 1195, n.126.


109. Handler, State Antidilution Laws, supra note 13, at 273. See Carter, Trouble with Trademark, supra note 74, at 775 (“The Justice Department [acted] on the ground that nationwide Federal protection of trademarks would lift words out of the commonly available language, thus creating monopolies on particular symbols.”).

110. George E. Middleton, Some Reflections on Dilution, 42 TMR 175, 178-79 (1952) [hereinafter Middleton, Reflections].

111. Bone, Schechter’s Ideas, supra note 38, at 496-505.


meaning for their application. They attracted widespread judicial hostility that manifests itself even to the present. They produced meaningless results. They spawned a patchwork quilt of trademark laws. As even an ardent proponent of dilution acknowledged, “[a]s packaged and presented [by the states, dilution] remained so misunderstood or unpalatable to the judicial tastes that it largely [was] ignored by the courts.” By omitting, indeed, foundational elements of singularity and selling power, state laws exacerbated the vagueness of Schechter’s construct.

There were, of course, a few highlights:

1. In Allied Maintenance Corp. v. Allied Mechanical Trades, the highest court of New York affirmed denial of relief to plaintiff:

   There is nothing in the name “Allied Maintenance” itself which indicates that it is an inherently strong trade name susceptible of dilution . . . [nor is there evidence that the name] has become so associated in the mind of the public with [plaintiff] or its product that it identifies the goods sold by [plaintiff] and distinguishes them from goods sold by others. . . . A quick glance at the New York City phone

115. “Unfortunately, [the state] antidilution statutes are so worded as to invite reliance thereon not only by the owners of well-known or famous trademarks or names for whose protection this legislation was intended, but also by others who can make no claim to such celebrity or reputation.” Derenberg, The Problem of Trademark Dilution, supra note 112, at 451. Without a rigorous commercial strength requirement, “an anti-dilution statute becomes a rogue law that turns every trademark, no matter how weak, into an [economically irrational] weapon.” 4 McCarthy, supra note 83, § 24:108. In Ameritech, Inc. v. American Information Technologies Corp., 811 F.2d 960, 961-62 (6th Cir. 1987), as an example, a $17 billion company adopting the name “Ameritech” for telecommunications services nationwide was delayed by an action by a senior user with $400,000 in annual sales of reclaimed industrial oil in Ohio.

116. E.g., in Esquire, Inc. v. Esquire Slipper Manufacturing Co., Inc., 243 F.2d 540 (1st Cir. 1957), and numerous other cases, courts imposed a likelihood of confusion requirement notwithstanding statutory language explicitly to the contrary.

117. In Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development, 170 F.3d 449, 451 (4th Cir. 1999), the Court opened with the complaint that “[t]his case requires us to interpret and apply the dauntingly elusive concept of trademark ‘dilution’ as now embodied in the” FTDA.

118. In Dawn v. Sterling Drug, Inc., 319 F. Supp. 358 (C.D. Cal. 1970), the plaintiff had registered TOWER OF BABBLE for an educational language game and, over a four-year period, had spent $600 on advertising. The defendants had used “Tower of Babble” in Bayer aspirin advertising to refer to confusing headache remedy claims. The District Court granted defendants’ motion for summary judgment as to trademark infringement and injury to business reputation (“Defendants have merely used the phrase in a descriptive sense to develop the conclusion that the claims made for competitive pills are ‘foolish or idle talk’”), but “[o]ut of an abundance of fairness, . . . enjo[in]ed defendants [on dilution grounds] from the further use of the phrase ‘Tower of Babble’ in its advertising.”


120. Pattishall, The Dilution Rationale, supra note 113, at 610.

121. 42 N.Y.2d 538 (Ct. of App. 1977).
directories will reveal the existence of at least 300 business entities in the metropolitan area incorporating the word “allied” in their trade name.122

Nonetheless, the Court affirmatively noted in *dicta*:

Generally, courts which have had the opportunity to interpret an anti-dilution statute have refused to apply its provisions literally[, reading in] a requirement of some showing of confusion, fraud or deception. * * * The evil which the Legislature sought to remedy[, however,] was not public confusion caused by similar products or services sold by competitors, but a cancer-like growth of dissimilar products or services which feeds upon the business reputation of an established distinctive trade-mark or name. Thus, it would be of no significance under our statute that Tiffany’s Movie Theatre is not a competitor of, nor likely to be confused with Tiffany’s Jewelry. . . . It is not difficult to imagine the possible effect which the proliferation of various noncompetitive businesses utilizing the name Tiffany’s would have upon the public’s association of the name Tiffany’s solely with fine jewelry. The ultimate effect has been appropriately termed dilution.123

The Court thus simultaneously stimulated the proponents of dilution and afforded at least modest guidance as to its proper application.

2. There were other efforts to rein in the virtually unlimited scope of New York’s dilution statute: in *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.* 124 Judge Sweet (concurring) adopted a confusion-factor—“lite”125 approach, weighing:

1) similarity of marks;

---

122. *Id.* at 545-46.
123. *Id.* at 543-44.
124. 875 F.2d 1026 (2d Cir. 1989).
125. I have noted that the “Sweet factors” (which ignored Schechter’s uniqueness/distinctiveness/singularity prong as to other marks in the market) could be deployed to support the dilution of HOLIDAY INNS by HOLIDAY OUT, notwithstanding that Holiday has been “used, alone or in combination with words other than ‘Inn’ throughout the United States . . . to designate motels and restaurants not affiliated in any way with plaintiff,” and plaintiff had even defended an action against it by Holiday Motor Hotels “on the ground that ‘Holiday is a common word and it has been used widely by others’ for motel services. Jerre B. Swann, *Dilution Redefined for the Year 2000*, 90 TMR 823, 832-33 (2000) [hereinafter Swann, *Dilution 2000*], quoting Holiday Inns, Inc. v. Holiday Out in Am., 481 F.2d 445, 448 (5th Cir. 1973). See Jonathan E. Moskin, *Dilution or Delusion: The Rational Limits of Trademark Protection*, 83 TMR 122, 139-43 (1993), appropriately noting that “Judge Sweet’s opinion is an uncertain compass in [what was then] a largely directionless field.”
2) similarity of the products covered by the marks;
3) sophistication of consumers;
4) predatory intent;
5) renown of the senior mark; and
6) renown of the junior mark.

3. And there were a few totally appropriate applications of state dilution provisions without any real review of dilution requirements: in, e.g., *Polaroid Corp. v. Polaraid, Inc.*, the Court obviously suspected the defendant’s bona fides, but rejected any requirement as to a showing of bad faith and ignored District Court findings as to the absence of confusion and trade diversion, holding that “[i]f the Anti-dilution Statute is not applicable to this situation, it is useless because it adds nothing to the established law on unfair competition. . . .”

In general, however, the history of state dilution statutes is best forgotten; according to the count of one commentator, they produced, in their first fifty years, only sixteen “successes,” many of which are more properly deemed misreadings of Schechter’s construct.

**C. The Success of Other Approaches**

In 1961, in *dictum* (the case was resolved on laches grounds), Judge Friendly reconciled the warring forces in the Second Circuit as to third-party use of a mark on non-competing goods with the observation (distillation) that:

Where the products are different, the prior owner’s chance of success is a function of many variables: the strength of his mark, the degree of similarity between the two marks, the proximity of the products, the likelihood that the prior owner will bridge the gap, actual confusion, and the reciprocal of defendant’s good faith in adopting its own mark, the quality of defendant’s product, and the sophistication of buyers.

By leading with the “strength” factor, giving strong marks reach to non-competing goods, and expressly addressing “the likelihood that the prior owner will bridge the gap,” Judge Friendly effectively addressed many of Schechter’s reputational concerns:

126. 319 F.2d 830 (7th Cir. 1963).
127. *Id.* at 837.
129. *See, e.g.*, the discussion of the *Tower of Babble* case in note 118, supra.
130. *See supra* note 95.
Trade-marks . . . cast shadows and those shadows are fringed by penumbrae of varying compass. . . . [C]ommon or weak marks are of narrow compass, while those of coined or strong marks are wide. . . . If any given penumbra stretch[es] as far as the judicial eye can reach until it embraces the whole landscape, as is probably true of the “Kodak” penumbra, for example, then dilution and confusion merge and become indistinguishable. To that extent tortuous dilution is a reality, but its postulate unnecessary.\(^\text{132}\) The trademark “gap” was thus largely filled by the ultimate expression of Lukens’ views.

In addition, in 1962, Section 32(1) of the Lanham Act, prohibiting uses “likely to cause confusion, or to cause mistake, or to deceive purchasers as to the source or origin of . . . goods or services,” was abbreviated to eliminate the italicized wording;\(^\text{133}\) and in 1988, Section 43(a) was extended explicitly to cover confusion “as to . . . affiliation, connection, or association . . ., or as to origin, sponsorship, or approval . . ..”\(^\text{134}\) The Lanham Act has thus been extended to “confusion, mistake, or deception of any kind”;\(^\text{135}\) e.g., to post-sale confusion that addresses, at least in part, Schechter’s concerns with threats to (or exploitation of) a unique mark’s reputation.\(^\text{136}\) While, therefore, Rogers closed the front door of the Lanham Act to dilution, the process that he initiated of expanding the test for likelihood of confusion has provided back-door access to many of Schechter’s concepts.\(^\text{137}\) By the 1960s, Schechter’s construct had thus “largely outlived its utility.”\(^\text{138}\) By the 1960s, it was, among intellectual property practitioners, tribal wisdom that:

If the owner of KODAK should permit its use by others on washing powders, shoes, candy bars, or cosmetics, or if the Coca-Cola Company should permit COCA-COLA or COKE to

\(^{132}\) Middleton, Reflections, supra note 110, at 178.

\(^{133}\) Stadler, Ubiquity, supra note 59, at 800.

\(^{134}\) The United States Trademark Association’s The Trademark Law Revision Act of 1988 at 370-71.

\(^{135}\) Stadler, Ubiquity, supra note 59 at 802, quoting Syntex Labs., Inc. v. The Norwich Pharmacal Co., 437 F.2d 566, 568 (2d Cir. 1971).

\(^{136}\) See, e.g., Chrysler Corp. v. Silva, 118 F.3d 56 (1st Cir. 1997) (The District Court concluded that “purchasers would not be confused or misled [by defendant’s faux Viper design]. Chrysler concedes this; indeed it offered no evidence to the contrary. Rather, its case depends on what is known as post-sale confusion—viewers who have an interest from the standpoint of the original creator’s reputation.”).


\(^{138}\) Swann, Dilution 2000, supra note 125, at 841.
be used for rain coats, cigarette lighters, golf balls, or jewelry not of its manufacture, it would not take long for even these giants in the trademark world to be reduced to pigmy size.139 By the 1960s, the penumbras of KODAK and COKE “embrace[d] the whole landscape.”140

IV. DILUTION’S REVIVAL IN THE LATTER QUARTER OF THE TWENTIETH CENTURY

Just as there were three principal causes of dilution’s effective demise in the 1960s, there were three principal reasons for its revival in 1987 and thereafter: (a) Chicago school economics; (b) the evolution of brands into huge informational/experiential clusters that far transcend source and quality; and (c) the nation’s entry into the cluttered Information Age. Most dilution scenarios can still be addressed by traditional remedies: a strong, unique brand “casts a long shadow.”141 There is, however, no longer a need to fear brands as potential monopolies; increased clutter increases the need to protect brand clarity; and there is no reason not to give qualifying brands an added layer of protection in marginal cases of confusion,142 particularly if the ease of dilution assessments can be enhanced.

A. Chicago School Economics

In Scandia Down Corp. v. Euroquilt, Inc.,143 Judge Easterbrook of the Seventh Circuit articulated the Chicago school’s economic view of trademarks (in sharp contrast to the Harvard school’s):

139. Julius R. Lunsford, Jr., Trademark Basics, 59 TMR 873, 879 (1969). Mr. Lunsford’s words were cited against his client in Amstar Corp. v. Domino’s Pizza, Inc., 615 F.2d 252, 259 (5th Cir. 1980), where the court vacated an injunction in favor of Amstar (DOMINO sugar) against DOMINO PIZZA, in part because of the third-party use of Domino on various products that Amstar had tolerated over the years.

140. The Eastman Kodak Company, of course, failed sufficiently to anticipate that camera film would in the early twenty-first century become the buggy whips of the early twentieth century.

141. Kenner Parker Toys, Inc. v. Rose Art Indus., 963 F.2d 350, 353 (Fed. Cir. 1992); James Burrough Ltd. v. Sign of Beefeater, Inc., 540 F.2d 266, 276 (7th Cir. 1976) (“A mark that is strong because of its fame or its uniqueness is more likely to be associated in the public mind with a greater breadth of products or services, than is a mark that is weak because relatively unknown or very like similar marks or very like the name of the product.”).

142. See, e.g., Nike Inc. v. Nikepal Int’l Inc., 84 U.S.P.Q.2d 1820, 1825 (E.D. Cal. 2007), where confusion even under expanded federal concepts was unlikely between plaintiff’s athletic wear and defendant’s services and products for analytical, environmental, and scientific laboratories, but where a survey reflected that “87% of the people in Nikepal’s own customer pool associated the stimulus ‘Nikepal’ with NIKE.”

143. 772 F.2d 1423 (7th Cir. 1985).
Trademarks help consumers to select goods. By identifying the source of the goods, they convey valuable information to consumers at lower costs. Easily identified trademarks reduce the costs consumers incur in searching for what they desire, and the lower the costs of search the more competitive the market. A trademark also may induce the supplier of goods to make higher quality products and to adhere to a consistent level of quality. If the seller provides an inconsistent level of quality, or reduces quality below what consumer’s expect from earlier experience, that reduces the value of the trademark. The value of a trademark is in a sense a “hostage” of consumers; if the seller disappoints consumers, they respond by devaluing the mark.144

At every level, the Chicago school rejects Harvard school analysis:

1. Whereas Professor Brown had been troubled that a quality signal was legally unenforceable, not only does Judge Easterbrook note that market forces punish quality deviations, but Richard Caswell emphasizes that in the absence of trademarks:

   ... consumers could only learn about the quality distribution of the industry as a whole, [and] a manufacturer would gain little or nothing from improving his product’s quality. Consumers would be unable to recognize high- or low-quality brands, so sales would tend to go to manufactures who reduce[] their price by cutting corners on quality. The result would be a race to produce inferior products, rather than competition to produce better ones.145

2. As to “irrational” brand premiums, Judge Posner and Professor Landes observe:

   The fact that two goods have the same chemical formula does not make them of equal quality to even the most coolly rational consumer. That consumer will be interested not in the formula but in the manufactured product and may therefore be willing to pay a premium for greater assurance that the good will actually be manufactured to the specifications of the formula. Trademarks enable the consumer to economize on a real cost because he spends

---


145. Richard Craswell, U.S. Dept. of Commerce, Pub. No. PB 2944465, *Trademarks, Consumer Information, and Barriers to Competition* 7 (1979); accord Edward S. Rogers, *Good Will, Trade-Marks and Unfair Trading* 20 (1914) (“If the bad could not be discriminated from the good, all would be bad.”).
less time searching to get the quality he wants. ** The more resources the firm spends developing and promoting its mark, the stronger [and more informative] will its mark be and the lower, therefore, consumer search costs will be; so the firm will be able to charge a higher price.**

Brand premiums thus result not from monopolistic competition, but are earned as a consequence of the greater informational value that strong, unique brands afford.

3. As to advertising, Landes and Posner note that “the hostile view of brand advertising has been largely and we think correctly rejected by economics.”** Professor Economides adds that “perception advertising provides consumers with products (mental images) that they value, and which would have been scarce in its absence.”**

4. As to monopoly power, Landes and Posner observe that “[t]he distinctive yet pronounceable combinations of letters to form words that will serve as a suitable trademark are as a practical matter infinite...”**

---

146. William M. Landes & Richard A. Posner, *The Economics of Trademark Law*, 78 TMR 267, 277 (1988) [hereinafter Landes & Posner, *Economics*] (italics supplied). As Kevin Lane Keller notes in *Strategic 2008*, supra note 77 at 202-03, “consumers will not pay price premiums that exceed their perceptions of the value of the brand. *** [S]trong brands cannot command an excessive price premium... [P]rice hikes without corresponding investments in the value of the brand[ as Marlboro learned in 1994,] may increase the vulnerability of the brand to lower-price competition.” See Lemley, *The Modern Lanham Act*, supra note 101, at 1687 (“When Ralph Brown wrote his seminal article on trademark law fifty years ago, the modern era of trademark law had just begun... and the nature of modern commerce was only just beginning to take shape. Quite a lot has changed in fifty years. More and more the currency of commerce is not goods, but information... Most economists today view trademarks as valuable aids to efficient markets.”).


149. Landes & Posner, *Economics*, supra note 146, at 276. See also *Chevron Chem. Co. v. Voluntary Purchasing Grps.*, Inc., 659 F.2d 695, 702-03 (5th Cir. 1981) (“varieties of advertising display and packaging are virtually endless”). Because firms often test potential trademarks with consumers before their adoption, one mark among a group of three or so under consideration may be superior to the others, Carter, *Trouble with Trademark*, supra note 74, at 770-71, but a dilution remedy for strong, unique marks does not constrain the “market language”:

as a mark becomes stronger, the case for permitting its removal from the market language becomes easier to make.

***

The further the mark moves on the scale away from genericness and toward fancifulness, the larger the set of available marks.

*Id.* at 763, 775. I know of no instance where one trademark has been shown to be superior to all other possibilities or where the reservoir of potentially suitable marks has proven deficient. The economic response to the assertion that dilution may create “property rights in gross” in a mark is thus, “So What?” A brand is a mark, not a market. COKE enjoys enormous mind share, but it must share shelf space with PEPSI in the most fiercely competitive duopoly in the nation. There may be no more suitable words for frozen diet
5. As for dilution, “[a] trademark seeks to economize on information costs by providing a compact, memorable, and unambiguous identifier of a product. . . . The economy is less when, because the trademark has other associations, a person seeing it must think for a moment before recognizing it as the mark of the product. . . .”150

I concur with Professor Bone that “[trademark] law’s core mission, as it is understood today, is to facilitate the transmission of accurate information to the market.”151 In that context (as a meals than WEIGHT WATCHERS, but the brand was blindsided by HEALTHY CHOICE when it failed to appreciate that consumers are concerned with fat and salt as well as with calories. David A. Aaker, Building Strong Brands 270-73 (1996) [hereinafter Aaker, Brands].

Schechter was ambivalent as to the “property rights in gross” issue: in Historical Foundations, supra note 3, he acknowledged the monopoly phobia that treating marks as property evoked (at 136) and he carefully labeled marks only as “probable expectancies” (at 157); in “Fog and Fiction,” he stated that “[n]othing is to be gained, in determining the nature of a trade-mark and the basis of its protection by describing the trade-mark as ‘property.’” Frank I. Schechter, Fog and Fiction in Trade-Mark Protection, 36 Colum. L. Rev. 60, 65 (1936). As Professor Bone has perceptively observed, Schechter was a legal realist, Bone, Schechter’s Ideas, supra note 38, at 483; and Schechter regarded a trademark as a “right having pecuniary value” warranting protection of its “probable expectancy.” Schechter, Historical Foundations, supra note 3 at 171, language that was consistent with then Supreme Court precedent, International News Service v. Associated Press, 248 U.S. 215 at 240 (1918) (“in a court of equity, where the question is unfair competition, if that which complainant has acquired fairly at substantial cost may be sold fairly at substantial profit, a competitor who is misappropriating it for the purpose of disposing of it to his own profit, and to the disadvantage of complainant, cannot be heard to say that it is too . . . evanescent to be regarded as property”).

150. Richard A. Posner, When Is Parody Fair Use?, 21 J. of Legal Studies 67, 75 (1992); Ty Inc. v. Perryman, 306 F.3d 509, 511 (7th Cir. 2002) (Posner, J.) (“[W]hat is dilution? * * * [T]here is concern that consumer search costs will rise if a trademark becomes associated with a variety of unrelated products. Suppose an upscale restaurant calls itself ‘Tiffany.’ There is little danger that the consuming public will think it’s dealing with a branch of the Tiffany jewelry store if it patronizes this restaurant. But when consumers next see the name ‘Tiffany’ they may think about both the restaurant and the jewelry store, and if so the efficacy of the name as an identifier of the store will be diminished. Consumers will have to think harder—incur as it were a higher imagination cost—to recognize the name of the store.”). See Lemley, The Modern Lanham Act, supra note 101, at 1704, notes 90-91 (“The information consumers can obtain and process is in part a function of how clear the association between mark and product remains in their minds; ‘clutter’ therefore imposes real costs on consumers.”). There is research that if different associations are collected in separate schemas, the speed and accuracy with which a strong brand can be recalled will likely be impaired. Maureen Morrin and Jacob Jacoby, Trademark Dilution: Empirical Measures for an Elusive Concept, 19 J. Pub. Pol’y & Mktg. 265, 269 (2000). Academics trumpet the limited impacts reflected by such research, Rebecca Tushnet, Gone in 60 Milliseconds: Trademark Law and Cognitive Science, 86 Tex. L. Rev. 507 (2008), ignoring that the results are necessarily based on single exposures to a junior mark, whereas dilution is predicated on multiple exposures and on the likelihood that one tolerated diluting use will lead to others (particularly given the increased speed and accuracy with which the junior mark is recalled). Famous brands are attractive targets, see note 223 infra, and efforts to bask in their haloes and access their memory traces are not uncommon.

151. Robert G. Bone, Hunting Goodwill, supra note 25, at 548, 555 (“The major focus of trademark law is protecting the source identification and information transmission function of marks. . . . The information might be factual [as to quality] . . . or it might be emotional or
consequence of the next-discussed explosion in marketing), “[s]uccessful marks are . . . packets of information.” 152 In the currently cluttered Information Age, the need for a dilution remedy to enhance protection of highly successful informational supernovas is supported by economics:

the more [information conveyed by a] mark, and the larger the number of consumers who attach a positive association to it, the better off the firm, which will make more sales at a higher price, and the better off the consuming public, which will realize a larger net economy on information costs. 153

In the latter half of the twentieth century, brands and dilution have thus transitioned from monopoly-friendly economics’ “bad boys” to economics’ “poster children.”

B. The Mushroom in Modern Marketing

In the nineteenth century, most advertising was “designed to provide product information.” 154 In the early twentieth century, firms shifted “to use more complex psychological ads designed to persuade consumers with emotional appeals.” 155 As, however, David A. Aaker has observed:

marketing [through the 1940s] was very different than it is today. Marketing and consumer analyses were largely done on the basis of instinct and experience, and the techniques available to study consumer behavior were crude when compared to today’s standards. Competition was less intense, and trademarks, and the contexts in which they existed, tended to be well-defined. 156

In the wake of the Second World War, the capacity to produce and the demand for high-quality, national brands 157 exploded and concomitantly:

affective in content. . . . All of this factual and emotional information about a brand is what the mark communicates.”). To the extent that a brand conveys inaccurate information to the market, it will be “devalued” to the same degree as is a brand that fails to keep its quality promise. See note 22, supra, and note 192, infra.

152. Carter, Trouble with Trademark, supra note 74 at 759.

153. Id. at 763.


155. Id.

156. Jerre B. Swann, David A. Aaker & Matt Reback, Trademarks and Marketing, 91 TMR 787, 789 (2001) [hereinafter Swann, Aaker & Reback, Marketing]. Matt Reback and I contributed substantial portions to the article, but the discussion as to the evolution of marketing was solely Dr. Aaker’s.

157. In the preceding sections, I have generally referred to “trademarks.” In this and following sections, I generally refer to “brands,” and my use of that word should be read to encompass commercially and conceptually strong, top-of-mind brands that meet or exceed the elevated fame bar of the TDRA, 28 U.S.C. § 1125(c) (2)(A), and that exist as elaborate schemas in the mind in which marks, products, quality perceptions and associations are
marketing developed ... from an intuitively understood concept located in a single organizational department to a scientific study integrated with management strategy. Today, marketing draws on theoretical concepts and insights from anthropology, economics, psychology and sociology in order to understand consumer behavior. Most marketing professors in leading business schools today have training in a social science discipline and are able to model consumer behavior phenomena with depth and sophistication. The accumulated knowledge in the field of consumer behavioral process and of constructs such as perception, learning, memory, involvement, motivation, attitude, self-concepts, brand personality, group influences, and consumer lifestyles, all of which are relevant to trademark issues, is now substantial. ** Whereas marketing in the past focused on a consumer who was believed to be motivated solely by price and quality, over the last two decades insights into consumer decision-making have revealed that consumers rely on the convergence of many different factors in making buying decisions.158

As a consequence, trademarks with information merely as to product category, (anonymous) source, and price point have evolved into far more complex brands with panoplies of (usually) positive associations, conveying information as to product-related attributes, user imagery, usage imagery, personality, and functional, experiential, and symbolic benefits159—features and benefits that consumers often cannot see or tangibly assess.160 An abbreviated list of the informational/experiential benefits of modern brands would include:

1. Brands161 **reduce emotional as well as economic search costs.** “Given a choice, consumers do not want to go through the mentally exhausting and unsure process of trying a new brand. They do not want to have to work their way through the proliferation of new products and services offered to them in any given category every year. Brands are the

158. Swann, Aaker & Reback, Marketing, supra note 156, at 790-91; Kevin Lane Keller, Strategic Brand Management 30 (1998) [hereinafter Keller, Strategic 1998].
161. See supra note 157.
shorthand that consumers use to guide their all-important purchasing decisions.”

2. Brands reduce risk. “Inherently, brands exist as soon as there is perceived risk,” and risk can be social, emotional, physical, functional, financial or time related. Faced with purchasing a home computer, “[a] consumer’s logic [might be]: I could do some research to determine what a microprocessor is and how much better Intel is than its competitors, or I could just pay a little more and get Intel. An easy[, efficient, economical] decision. . . .”

3. Brands facilitate price and variety competition. WAL-MART (a) entices manufacturers with high-volume opportunities; (b) obtains substantial quantity discounts; and (c) generates high traffic and sales—all (d) in support of a masterbrand promise of “brand name goods” at “every-day low prices.” As to variety, MAXWELL HOUSE in the quality-centric era may have been “good to the last drop,” but “mountain grown” FOLGERS developed more personality, and STARBUCKS, by offering “a brief reprieve in a hectic day,” is the now dominant brand in consumer minds.

4. Brands address emotional and self-expressive needs. Many brands are used as “badges” to convey “information about [a] person to others.” “[W]e are known by the brands we keep.”

“[M]any persons purchase branded goods for the purpose of demonstrating to others that they are consumers of the


165. Aaker, Brands, supra note 149 at 13; see Keller, Strategic 1998, supra note 158, at 8. Perceived risk increases when: “little information is available about” an offering; it “is new”; it “has a high price”; it “is technologically complex”; “there are fairly substantial quality differences between brands, so the consumer might make an inferior choice”; “the consumer has little confidence or experience in evaluating the offering”; or “the opinions of others are important, and the consumer is likely to be judged by the acquisition, usage, or disposition decision.” Wayne D. Hoyer & Deborah J. MacInnis, Consumer Behavior 68 (3d ed. 2004).


167. Swann, Aaker & Reback, Marketing, supra note 156, at 803. The same may be said of many supermarket private label brands.

168. For seminal research as to brand personality, see Jennifer Aaker, Dimensions of Measuring Brand Personality, 34 J. Mktg. Res. 347 (1997).


171. Upshaw & Taylor, Masterbrand Mandate, supra note 166, at 38.
particular goods”—in other words to impress. . . . They advertise themselves (much as sellers of goods advertise their goods) by wearing clothes, jewelry or accessories that tell the world that they are people of refined (or flamboyant) taste or high income. 172

Some brands are even emotionally transformative:

[O]pening a Tiffany [blue] package will feel different from opening a Macy’s package—the feeling will be more intense, more special. Further, the wearing of a Tiffany bracelet may make the wearer feel more attractive and confident. . . . The associations of prestige and quality are hypothesized to actually change the use experience. 173

Consumers feel more important when shopping at NEIMAN MARCUS, 174 more caring when buying a HALLMARK card, and “arrived” when wearing a ROLEX watch. 175 By sporting their school’s colors, undergraduates and graduates alike bask in the reflected glory of their institutions. 176

5. Brands address social needs. “[F]or many people, brands serve the function that fraternal, religious and service organizations used to serve—to help people define who they

172. Landes & Posner, Economics, supra note 146, at 305. Brands are even used to misrepresent who we are: “The fake goods that copy luxury goods are much sought after by consumers because consumers can ‘pass themselves off’ as being associated with the luxury goods and get an elevated emotional feeling without the luxury price tag.” J. L. Zaichowsky, The Psychology Behind Trademark Infringement and Counterfeiting 34 (2006). See Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-LeCoultre Watches, Inc., 221 F.2d 464, 466 (2d Cir. 1955) (recognizing that many ersatz goods are purchased “for the purpose of acquiring . . . what many visitors at the customers’ homes view as a prestigious article”). Post-sale confusion generated by imitations is an accurate measure of a copycat’s transference to its consumers of an ability to deceive their peers.

173. David A. Aaker, Managing Brand Equity 16 (1991) [hereinafter Aaker, Equity]. Tiffany communicates that the recipient is “special,” deserving of only the best.

174. “We have lived through a cultural sea change. Shopping is no longer a chore that we endure to stock the fridge with milk or the underwear drawer with socks. . . . Where we shop and what the stores are like reflect our images of ourselves.” Jim McCann, Stop and Sell the Roses 19 (1998).

175. Swann, Interdisciplinary Approach, supra note 158, at 952. There are still “economic moralists” who decry emotional and self-expressive branding, Ronald K. L. Collins and David Skover, Commerce and Communications, 71 Tex. L. Rev. 697 (1993), and Klieger writes in Whittling Away as if Chamberlain of the Harvard school still held sway in the economics of trademarks, but economics is no longer paternalistic, regarding consumers as having been “duped by unscrupulous marketers,” see Lemley, The Modern Lanham Act, supra note 101, at 1692-93 (raising and rejecting the notion that consumers are mere puppets). To iterate, “perception advertising provides consumers with products (mental images) that they value . . . .” Nicholas S. Economides, The Economics of Trademarks, 78 TMR 523, 535 (1998), and economics does not endeavor to sort perceptions into the good and bad or to label emotional responses as irrational—economics has appropriately lost a moral, condescending imperative.

are and then help them communicate that definition to others.”

NASCAR fans and HARLEY-DAVIDSON owners have a pervasive sense of community and enjoy a social experience rooted in the brand. By marketing leather jackets, sun glasses, shaving cream and a plethora of other products, Harley has created a total “consumer lifestyle.”

Reacting to a particular gestalt or charisma, consumers do not just “buy such brands; they join them. . . . [They] bond to a brand, and one generation . . . can lead you to the next. . . . ”

6. Brands facilitate extensions. Today’s “biggest challenge is not more brands, but the pruning of brands,” focusing on “fewer, bigger, stronger brands.” In that regard, it is “easier for consumers to create an association to new information when extensive, relevant knowledge structures already exist”; and the memory structures of strong brands thus “facilitate the formation of linkages to new associations.”

7. Brands facilitate communication(s). “[F]amiliar brands are selectively given more exposure, attention, comprehension and retention by consumers.” Brands, indeed, operate much as does the picture of a celebrity on the cover of a magazine in a sidewalk kiosk operates for the publication’s owner—it attracts the eye in an otherwise busy


178. After solving its quality problems, Harley-Davidson roared back from the brink of bankruptcy largely because its Japanese competitors failed sufficiently to appreciate that a big bike is “an experience, a lifestyle, and a vehicle to express who one is.” Acker, Equity, supra note 173, at 138; see Douglas Atkin, The Culting of Brands 27-30 (2004). Today, the bar and shield logo covers the human spectrum: during life, it is the most popular tattoo in the United States (Aaker, Equity, supra note 173, at 138); for deceased bikers, the most frequent request for permission to use the logo is in connection with cemetery headstones. Remarks of Gail Leone, Vice President and General Counsel of Harley-Davidson, at INTA’s 128th Annual Meeting on May 8, 2006.


180. Kate Berry & Ellen Almer, How to Put Procter on the Road Again, After the Pile-up, N.Y. Times, June 18, 2000, at 4 (quoting Faith Popcorn).


182. Keller, Strategic 1998, supra note 158 at 104. As, for example, the defendant in Federal Express Corp. v. Federal Express, Inc., 201 F.3d 168, 170 (2d Cir. 2000), admitted thinking, “Federal Expresso ‘would be an easy name to remember [for a coffee shop] because of its similarity to ‘Federal Express,’ which she knew to be a well-known . . . trademark.” Defendant likely also sought to tap into the halo of Federal Express for fast, reliable and high quality service. Also see McDonald’s Corp. v. Druck and Gerner, D.D.S., P.C., d/b/a McDental, 814 F. Supp. 1127 (N.D. N.Y. 1993) (where defendants admitted that McDental had a “quality of retentiveness” and the court found they “were fully cognizant of the name’s similarity to McDonald’s and chose to capitalize on plaintiff’s popularity.”).


184. Id.
and hurried environment. Perhaps the clearest example of brand communicative power is a typical trip to a supermarket where the average shopper, in forty-five minutes without assistance, must sort through 20,000 or more items.

Imagine what shopping would be like without marks. . . . If marks like Charmin were not around, [as Schechter's “constant, active salesmen,”] we would have to squeeze the Charmin and everything else in order to make even the most mundane purchasing decisions. . . . By lowering customer search costs . . ., marks greatly facilitate commercial transactions.

8. Brands are thus “value propositions.” Many brands are upward ladders of attributes, functional and psychosocial consequences, and value satisfiers. They can best be understood as pyramidal structures: at the base are the features of a product or service, including perceptions as to its quality; a level up are the emotional benefits the brand affords to consumers; and at the peak are the self-expressive, self-esteem and cultural values that a brand may provide.

“Successful trademarks are [thus] valuable [today] because of the information [and emotion] they convey.” The “source and


186. Id. at 54.

187. Magliocca, One and Inseparable, supra note 38, at 956. If consumers, to make choices, were relegated to reading nutritional labels, supermarkets would cease to exist.


189. Peter & Olson, Consumer Behavior, supra note 185, at 82-86. Consumers, of course, are not always conscious of the value they attach to brands:

When queried about why they buy brands such as Coca-Cola . . . or Mercedes-Benz, consumer responses typically reflect little insight into the appeal of brands. “Coca-Cola tastes better than Pepsi,” some will argue. . . . “Mercedes-Benz is an incredibly well engineered car; it will last forever.” These reasons may or may not be true, but few consumers can reliably distinguish between brands of soft drinks, and most consumers in the United States keep their cars for only a few short years. Rather than deriving value from the product, buyers often seek and gain much more value from the brand. . . .

Alice M. Tybout & Gregory S. Carpenter, Creating and Managing Brands, in Dawn Iacobucci, ed., Kellogg on Marketing 76 (2000). A brand clearly can have “value independent of the good it identifies,” Landes & Posner, Economics, supra note 146, at 283 n.32, and “the psychological response to the brand can be as important as the physiological response to the product.” Keller, Strategic 1998, supra note 158, at 6.

190. Davis, Brand Management, supra note 162 at 55-64. Many brands are ladderized in keeping with Abraham Maslow’s hierarchy of human needs with functional attributes (“physiological” and “safety and security needs”) as the bottom rung; “social needs (. . . belonging)” a rung up; and “ego needs (. . . status)” and “self-actualization” or fulfillment at the top level. Keller, Strategic 2008, supra note 77, at 118-19.

191. Carter, Trouble with Trademark, supra note 74, at 761.
quality” brands\textsuperscript{192} of Schechter’s day no longer provide the “added attributes and content that consumers now want, demand and need.”\textsuperscript{193} Consumers today do not buy commodities, but “\textit{experiences} . . . whose contents are largely image driven, intangible and symbolic.”\textsuperscript{194} Brands today are “integrated holistic \textit{experiences}.”\textsuperscript{195}

There is no longer (there never really was) a mass market filled with essentially undifferentiated, generic/commodity-type products competing on price,\textsuperscript{196} as was the Harvard school’s ideal, and such a market would not address current consumer needs. Ralph Brown, for example, criticized the branding of bread, a then “standardized” product as to which differentiation was arguably prodigal,\textsuperscript{197} but responding, \textit{inter alia}, to health gurus shouting, “the whiter the bread, the sooner you’re dead,”\textsuperscript{198} “the modern world features an enormous diversity not only of kinds of bread, but also qualities of bread[,] suggesting] that product differentiation facilitated by trademarks is helping consumers choose the optimal bread for them.”\textsuperscript{199} Brands, indeed, as the Chicago school appreciates, function in every corner of the market today as transmitters of essential information needed and valued by consumers—far beyond the limited information as to price and

\begin{footnotes}
\footnotetext{192. Perceived quality is still a pillar of brand equity, Aaker, \textit{Equity}, supra note 173, at 15-16, 78-103, and debased quality (or a debased experience) invites disaster. In the 1970s, when it owned the second leading beer brand, the Joseph Schlitz Brewing Co. sacrificed its mark in the name of profits: it changed the ingredients and process by which it made beer and sabotaged its premium image. Its 1970s slogan vaguely lingers in my memory—“you only go around once, so grab all gusto you can”—but by 1982, it had vanished. Aaker, \textit{Equity} at 78-85. In a decade, it went from being one of dilution’s poster children (cited by the New York legislature in 1954 as an example of a famous mark that its owner could prevent from being used on varnish, \textit{Hormel Foods Corp. v. Jim Henson Productions}, 73 F.3d 497, 506 (2d Cir. 1996)), to being a “one-billion dollar marketing disaster.” Aaker & Joachimsthaler, \textit{Brand Leadership}, supra note 188, at 20. Today, however, with strong, unique brands as mental hostages, quality is “an expectation, not a tie breaker. [It] is a given . . ., not a difference.” Jack Trout, \textit{Differentiate or Die} 28 (2000).}
\footnotetext{193. Swann, \textit{Dilution 2002}, supra note 24, at 594, confirmed by conversations in 2002 with Jacob Jacoby.}
\footnotetext{196. Larry Light & Joan Kiddon, Six Rules for Brand Revitalization 63 (2009) [hereinafter Light & Kiddon, \textit{Brand Revitalization}].}
\footnotetext{197. Brown, \textit{Advertising and the Public Interest}, supra note 102, at 1179, n.59. Similarly, before I was introduced to the Chicago school side of the economic debate, I “condemned the trademarking of the commodity poultry as economically wasteful”—that is, until exposés as to unsanitary conditions in processing facilities prompted “my partiality for \textit{PERDUE} produce.” Jerre B. Swann, \textit{The Trademark Reporter as Catalyst}, 101 TMR 81, 82 (2011).}
\footnotetext{198. Linneweber, Tracey, \textit{The whiter the bread, the sooner you’re dead}, Greene County Daily World (July 25, 2011), http://gcdailyworld.com/blogs/1639/entry/42518, last visited June 13, 2012.}
\footnotetext{199. Lemley, \textit{The Modern Lanham Act}, supra note 101, at 1692.}
\end{footnotes}
functional properties sanctioned by the Harvard school. The quality signal of brands has thus evolved not into a “myth,” but into an informational/experiential function of enormous economic consequence and value.

C. The Information Age

Of equal, if not greater, impact in terms of dilution’s evolution than the relatively nascent stage of marketing in Schechter’s day, there was then no television, there was no Internet, there were no computers (personal or otherwise), data was not digitalized, there were no i-Phones, there was no email, there was no Google. More information has been produced in the last forty years than in the previous 5,000; there are more data bytes today in a single issue of the New York Times than were encountered by a seventeenth century denizen of Great Britain in a lifetime. The drive to differentiate, of course, and the resulting trademark clutter, are not insignificant contributors to the total information overload that all consumers face. Books are devoted to the theme that there is “Too Much Choice.”

While, however, trademarks contribute to clutter, a strong, unique brand in the Information Age nonetheless possesses a host of economically beneficial characteristics that cognitively alleviate the consequences of clutter:

A consumer generally does not have a relationship with a product or a service, but he or she may have a relationship with a brand. In part, a brand is a set of promises. [Like a friend, it] implies trust, consistency, and a defined set of expectations. The strongest brands in the world own a place in the consumer’s mind, and when they are mentioned almost everyone thinks of the same things.

200. Professor Stadler appears to delight in using Dresher’s word for the third stage of trademark evolution (Dresher, Evolution of Trademarks, supra note 15, at 301) to demean modern marks, Stadler, Ubiquity, supra note 59, at 735, 786, thus amplifying the gulf between academics and practitioners that she candidly observes. Id. at 732, n.5 (she has appropriately placed me in the practitioner category, id., and I would only note that she was once an outstanding one). Dresher’s actual use parallels the meaning of “brand” as articulated in note 157, supra: at Dresher’s third level, “the mark symbolizes a bundle of themes, values and associations which, taken together, we call a ‘myth.’" Supra note 15, at 328.

201. Trout, Differentiate or Die, supra note 192, at 74.


204. Davis, Brand Management, supra note 162, at 3 (italics supplied).
[Strong, unique brands are] hugely informative data clusters[, and] few plants operate as efficiently in producing goods as do strong brands in telling about them.205

A [famous] brand is a [familiar symbol] that identifies and [relevantly] distinguishes[, particularly as to characteristics such as quality, leadership and trustworthiness,] a specific promise associated with a specific product differentiating that product from all others in the marketplace.206

A strong, coherent brand identity and position [is] easier to remember.207

A unique brand name and cohesive brand identity are probably the most powerful pieces of information for consumers . . . enabling [them] to efficiently organize, store, and retrieve information from memory.208

“[A]s the subject matter of commercial transactions becomes more complex, reputation becomes more central.”209 In the Information Age, “the shortage of time [in consumer’s lives] requires that [strong, unique] brands help ‘edit’ the overwhelming array of choices in a crowded marketplace.”210 Under conditions of overall clutter, “strong brands [function as] simplify[ers].”211 “As consumers’ lives become more complicated, rushed and time-starved, the ability of a brand to simplify decision making and reduce risk is invaluable.”212

As noted in Part III above, remedies that evolved from Lukens’ observations as to the “foundation principle[s] of unfair competition cases” sufficed to protect brands from the usurpation of their quality image. In the Information Age, with brands as hostages in consumer minds, quality today is largely a “given.”213 Particularly amid current conditions of clutter, the preservation of the clarity of a brand’s multiple associations—of its informational content—is the new economic imperative. With, indeed, the convergence of three forces: (a) Chicago school economics, (b) the emergence of brands as informational/experiential supernovas,


206. Larry Light, Address at the International Trademark Association Annual Meeting (May 1, 2000) (combining Dr. Light’s “brand” and “brand power” definitions) (italics supplied).

207. Aaker, Brands, supra note 149, at 203. And memorability is a key brand attribute. Swann, Dilution 2000, supra note 125, at 847.

208. Jacoby, Psychological Foundations, supra note 80, at 1025 (referring to brands as “information hunks”).


211. Cristol & Sealy, Simplicity Marketing, supra note 203, at 23.


213. See note 192, supra.
and (c) the advent of the cluttered Information Age, the gulf between practitioners and academics as to dilution\textsuperscript{214} may have narrowed.

As Professor Bone observes:\textsuperscript{215}

The major focus of trademark law is protecting the source identification and information transmission function of marks. Doing this serves three important policy goals. First and most important, it helps to reduce consumer search costs. By enforcing exclusivity, trademark law assures that consumers can rely on marks to retrieve information about a product that they have acquired through experience, advertising or word of mouth. The information might be factual or it might be emotional or affective in content. Advertising often relies on communicating positive images and emotional associations with the product being advertised. Indeed, the consumer's emotional response sometimes becomes an important component of the product itself. All this factual and emotional information about a brand is what the mark communicates.

Professor Bone goes on to caveat that only “[s]ome dilution holdings[, those . . . involving . . . tarnishment,] can be justified in terms of core information transmission policies”: “when the defendant uses a mark in a way that clashes with the plaintiff's product—such as using CADILLAC as the name of a greasy spoon restaurant—the clash of images can impair the quality of information that the mark conveys. . . .”\textsuperscript{216} As for blurring, he asserts that “when more and more firms use the same mark on different products,” it “might force a consumer to reflect a bit longer before buying in order to sort out the different uses, but it is difficult to see how it impairs a mark's ability to communicate information when the defendant’s product is compatible with plaintiff's and consumers are not confused.”\textsuperscript{217}

It is true that information interference via dilution may be unlikely from third-party use of a famous, unique mark on a compatible product;\textsuperscript{218} such compatible use, however, will invariably run afoul of the expanded concepts of likelihood of confusion (of the reach of modern brands that obviated dilution in the 1960s); and information interference is likely in the typical dilution scenario where a famous mark is applied by “more and more firms” to divergent products:

\begin{itemize}
  \item \textsuperscript{214} Stadler, Ubiquity, supra note 59, at 732, n.5.
  \item \textsuperscript{215} Bone, Hunting Goodwill, supra note 25, at 555.
  \item \textsuperscript{216} Id. at 559.
  \item \textsuperscript{217} Id.
  \item \textsuperscript{218} Chris Pullig, Carolyn J. Simmons & Richard G. Netemeyer, Brand Dilution: When Do New Brands Hurt Existing Brands?, 70 J. Mkt. 52 (2006) (Synopsis: “when junior brands operate in similar categories and position on similar attributes, there is no immediate threat of dilution blurring.”) [hereinafter Pullig, Simmons & Netemeyer, Brand Dilution].
\end{itemize}
1. Unique signals are more memorable and “can carry more information.”

2. Even a single exposure to a divergent product is likely to distort the speed and accuracy of information retrieval, and dilution is an incipieny concept—it was the consensus of the International Trademark Association committee that proposed much of what became the TDRA that repeated upstream association (a junior use bringing a famous senior to mind) would likely engender downstream association, the hallmark of diminished distinctiveness.

3. Dilution, moreover, does not address a single pause caused by one exposure to a single divergent use. Because of their halo effects and multiple memory traces, famous brands are attractive targets, and dilution contemplates (a) multiple uses that, if not incipiently circumscribed, can then be expected from (b) multiple users. The “theory of dilution by blurring is that if one small user can blur the sharp focus of the famous mark to uniquely identify one source, then another and another small user can and will do so. . . . Significant


220. Interview with Dr. Marian Friestadt of the University of Oregon on January 14, 2002, confirmed by subsequent discussions with leading consumer and marketing professionals: Dr. Kevin Lane Keller of the Tuck School of Business at Dartmouth College, Dr. Larry Light, Dr. Jacob Jacoby of the New York University’s Stern School, Dr. Michel Pham of the Columbia University School of Business, and Dr. Erich Joachimsthaler of Vivaldi Partners.

221. Maureen Morrin & Jacob Jacoby, Trademark Dilution: Empirical Measures for an Elusive Concept, 19 J. Pub. Pol’y & Mktg. 265 (2000); Pullig, Simmons & Netemeyer, Brand Dilution, supra note 218, at 52 (Synopsis: “. . . if the junior brand chooses to position on dissimilar attributes in a similar category, dilution of attribute associations is likely. When the junior brand operates in dissimilar categories, there is a threat of blurring dilution for both category and attribute associations.”). Truly free rides are as illusory as free lunches.

222. Jerre B. Swann, Dilution Surveys under the Trademark Dilution Revision Act, in Shari Seidman Diamond and Jerre B. Swann, Trademark and Deceptive Advertising Surveys 151 (2012). As noted in the text accompanying notes 259 and 260 infra, a survey in Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development, 170 F.3d 449, 462 (4th Cir. 1999), reflected that the slogan “The Greatest Show on Earth” was 40 percent less distinctive in areas where Utah for thirty years had advertised “The Greatest Snow on Earth.”

223. Adopting a mark that is similar to a famous senior affords numerous advantages to the junior user: (i) as is reflected in the Federal Express v. Federal Espresso example in note 182, supra, “Federal Espresso’ would be an easy name to remember [for a coffee shop] because of its similarity to the name ‘Federal Express,’”; (ii) research establishes that the speed and accuracy with which a junior user’s network is retrieved is increased, Morrin & Jacoby, Empirical Measures, supra note 221, at 273; and (iii) research establishes that a famous brand’s halo may be accessed by a junior use. Warlop & Alba, Sincere Flattery, supra note 41. Common sense suggests that failure to challenge a diluting use, just as with a failure to challenge a confusing use, will likely trigger other such uses.
injury[, e.g., to information transmission,] is caused by the cumulative effect. . .”

4. “Response competition,” potentially resulting in “unlearning” or forgetting, and fan effects, can occur when the same cue brings to mind two or more divergent propositions or concepts.

Kevin Lane Keller appropriately defines “dilution” as the alteration of a strong brand’s schema (of its informational/experiential content) by its association with a divergent junior use, and perhaps the most convincing evidence of a likelihood of dilution from third-party use on divergent products arises from divergent brand extensions that do not “fit” a famous brand’s image, and thus fail. Continuing with Professor Bone’s CADILLAC example, a divergent use can do as much harm to information transmission as a tarnishing use:

Consider General Motors’ experience with the Cadillac Cimarron. This model, introduced in the early 1980s, was a “relative” of models in other GM lines, such as the Pontiac 2000 and the Chevrolet Cavalier. The target market was less affluent buyers seeking a small luxury car who wanted, but could not really afford, a full-size Cadillac. Not only was the Cadillac Cimarron unsuccessful at generating new sales with this market segment, but existing Cadillac owners hated it. They felt it was inconsistent with the large size and prestige image they expected from Cadillac. As a result, Cadillac sales dropped significantly in the mid-1980s.

Volkswagen, the people’s car, suffered equally as dramatically when it attempted to diverge upstream with the Phaeton. Apart

224. 4 McCarthy, supra note 83, § 24:120. In the files of the strong, unique brands with which I am familiar, there is ample evidence, of the type Professor McCarthy would like to see, “of other uses of [the] mark which have been challenged in the past, proving that other users . . . are likely to continue in the future.” Id.


226. Discussions with Dr. Keller in 2004. See Visa Int’l Serv. Assoc. v. JSL Corp., 610 F.3d 1088 (9th Cir. 1010) (Kozinski, J.) (the “multiplication of meanings is the essence of dilution by blurring”).

227. Examples of failed extensions are Harley-Davidson wine coolers, Bic perfumes, Ben-Gay aspirin, Levi’s Tailored Classics suits, Coors Rocky Mountain Spring Water and Cadbury Soap. Keller, Strategic 2008, supra note 77, at 511. To use Professor Stadler’s framework, extensions that do not fit do, in fact, “ubiquitize” the brand by associating it with variant rather than consistent promises and diffusing its informational content. As Dresher observes, “[e]xtended too far beyond the core product, a brand name will be diluted resulting in a compromise of the identity of the core product.” Dresher, Evolution of Trademarks, supra note 15, at 330.


from tarnishment, divergent associations, over time and with repetition (and possibly multiplication), can impact experiential/informational brand content. “Properly conceived, [therefore,] dilution law is protecting consumers against a real harm: the loss of the informational value of a famous trademark through crowding”\(^{230}\) in an already cognitively overloaded age.

Strong, unique brands are relevant to consumers because they assist purchasing decisions with consistent and reliable information. When I asked Dr. Light in connection with a dilution article in 2000, “what is the harm if a third party uses a strong, singular brand to convey a variant message with respect to variant goods,” he answered that the brand would begin to lose “relevance”: “[u]ltimately, consumers would subconsciously ask, ‘why should I try to remember a term that may lead not to a known, but to a variety of experiences.’”\(^{231}\) In his book (with Joan Kiddon), *Six Rules for Brand Revitalization*, Dr. Light describes how McDonald’s jeopardized its own relevance—diluted its own brand—by “too many marketing messages” that diverged from “Ray Kroc’s Vision,” “cluttering the airways and minds of its customers.”\(^{232}\) Dilution law protects consumers from multiple divergent uses, over time, by multiple third-party users that “clutter,” in the already complex Information Age, the consistency and utility of a strong, unique brand’s informational and experiential content.

Current theory as to consumer choices in selecting, consuming and disposing of products teaches that “consumers make choices in order to accomplish goals”:

Four of the most important goals for consumer decision making are (a) maximizing the accuracy of the choice, (b) minimizing the cognitive effort required to make the choice, (c) minimizing the experience of negative emotion when

---

Phaetons were sold in 2004, and 820 were sold in 2005.” [http://en.wikipedia.org/wiki/Volkswagen_Phaeton](http://en.wikipedia.org/wiki/Volkswagen_Phaeton) (8/1/13). According to Erich Joachimsthaler, a $90,000 Volkswagen raised questions as to whether the brand was still a value-focused people’s car and damaged the whole line. VW may reintroduce a lighter version with more fuel-efficient engines at about $60,000 in 2014 or 2015, [www.roadandtrack.com/go/first-looks/2015-volkswagen-phaeton](http://www.roadandtrack.com/go/first-looks/2015-volkswagen-phaeton), but even with these more VW-like attributes, “the new Phaeton may continue to confuse shoppers.” [www.caranddriver.com/features/2014-volkswagen-phaeton-future-cars](http://www.caranddriver.com/features/2014-volkswagen-phaeton-future-cars).


232. Light and Kiddon, *Brand Revitalization*, supra note 197, at 5, 11. I recall witnessing in horror my grandchildren essentially tossing their “Happy Meals” in search of a “toy.” McDonald’s, for a while, radically altered the experience that its brand represented and truly ubiquitized the Golden Arches.
making the choice, and (d) maximizing the ease of justifying the decision.233

As informational clusters that promise a total experience, strong, unique brands inform each goal, and protecting their ability to inform and facilitate consumer transactions is dilution law’s goal.

In a Schechterian history of trademarks, dilution has travelled in the common law through four stages: (a) for the half millennium or more that trademarks signaled a known and nearby source, dilution as a remedy was wholly unnecessary as a protection for either marks or consumers; (b) in the first half of the twentieth century after marks had come to reach across a merchant’s shoulder to signal quality, Schechter developed the concept of dilution to protect consumers from being misled as to quality and to protect the singularity, reputation and selling power (“commercial magnetism”234) of strong, unique marks from dispersion; (c) in the second half of the twentieth century, dilution was substantially obviated by expanded definitions of likelihood of confusion that gave strong marks reach to uses on different goods; and (d) in the Information Age, with brands as value propositions, dilution has reemerged as relevant with respect to the communicative power (usually in the absence of a merchant) of strong and unique clusters of information, whose penumbrae, while vast, are not always fully coextensive with the market.235 In the Information Age, the selling power of quality has been replaced by the selling power of total associational/informational/experiential content.

V. CONGRESSIONAL RESPONSES TO THE REVIVED NEED

There have been two federal efforts to address the revival of a need for dilution remedies in the Information Age:


The protection of a trademark is the law’s recognition of the psychological [and informational] function of symbols. . . . [A] trademark 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 trademark owner has something of value. If another poaches upon the commercial magnetism of symbols he has created, the owner can obtain legal redress.

235. See note 141, supra.
A. The Federal Trademark Dilution Act

In 1987, in *San Francisco Arts & Athletics, Inc. v. United States Olympic Committee*, the Supreme Court held that:

. . . Congress reasonably could conclude that the commercial and promotional value of the word “Olympic” was the product of the USOC’s “own talents and energy, the end result of much time, effort and expense.”

. . . Because Congress reasonably could conclude that the USOC has distinguished the word “Olympic” through its own efforts, Congress’ decision to grant the USOC a limited property right in the word “Olympic” falls within the scope of trademark law protections, and thus certainly within constitutional bounds.

Congress also acted reasonably when it concluded that the USOC should not be required to prove that an unauthorized use of the word “Olympic” is likely to confuse the public. * * *

Congress reasonably could conclude . . . that unauthorized uses, even if not confusing, nevertheless may harm the USOC by lessening the distinctiveness and thus the commercial value of the marks. See Schechter, The Rational Basis of Trademark Protection, 40 Harv. L. Rev. 813, 825 (1927) (one injury to a trademark owner may be “the gradual whittling away or dispersion of the identity and hold upon the public mind of the mark or name” by non-confusing uses). 236

In 1988, a series of marketplace transactions reflected the by then obvious proposition that strong, unique brands are far more valuable than their associated physical assets.

*RJR Nabisco was the centre of a $25 billion fight between its own management and various predators to buy the company. Nabisco biscuits and Winston cigarettes now belong to Kohlberg Kravis Roberts.

*In October another American food and tobacco giant, Philip Morris, bought Kraft, the maker of cheese of the same name, Miracle Whip toppings and Breyers ice cream. The price was $12.9 billion, four times Kraft’s “tangible” assets.

*Grand Metropolitan, a British food and drinks company, looks set to take over Pillsbury for $5.5 billion—a 50% premium on the American firm’s prebid value. Grand-Met hopes to squeeze more profits out of Green Giant vegetables and Burger King.

---

Nestle paid £2.5 billion ($4.5 billion), more than five times Rowntree’s book value, to gobble up the York confectionery firm that makes Kit Kat . . . and Polo.237

Whether as a consequence of one or an accumulation of these events,238 or in recognition of the “fitful” results from state dilution statutes,239 the Trademark Review Commission of the then United States Trademark Association240 proposed in 1987, and Congress, in 1996,241 enacted the FTDA:

§ 43(c)(1) The registrant of a famous mark registered under the Acts of 1881 or 1905 or on the principal register shall be entitled, subject to the principles of equity, to an injunction against another’s use in commerce of a mark, commencing after the registrant’s mark becomes famous, which causes dilution of the distinctive quality of the registrant’s mark. . . . In determining whether a mark is distinctive and famous, a court may consider factors such as, but not limited to:

(a) the degree of inherent or acquired distinctiveness of the mark;
(b) the duration and extent of the use of the mark in connection with the goods and services;
(c) the duration and extent of advertising and publicity of the mark;
(d) the geographical extent of the trading area in which the mark is used;
(e) the channels of trade for the goods or services with which the registrant’s mark is used;
(f) the degree of recognition of the registrant’s mark in its and in the other’s trading areas and channels of trade; [ ]
(g) the nature and extent of the 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.]

238. See *The United States Trademark Association Trademark Review Commission Report and Recommendations to USTA President and Board of Directors*, 77 TMR 375, 456 (1987) [hereinafter *Trademark Review Commission Report*] as to the possible impact of *San Francisco Arts. See Magliocca, One and Inseparable,* supra note 38, at 1030, quoting Senator Leahy as to a hoped-for impact on cybersquatting.
239. *Trademark Review Commission Report*, supra note 238, at 454-55 (“The decisions have been inconsistent, the reasoning often illogical.”).
§ 45. Definitions

Dilution.

The term “dilution” means the lessening of the capacity of registrant’s mark to identify and distinguish goods or services, regardless of the presence or absence of (a) competition between the parties, or (b) likelihood of confusion, mistake or deception.242

The statute was “poorly drafted”:243 inter alia, (a) the word “likelihood” from state statutes was inadvertently omitted from § 43(c)(1);244 (b) it was unclear whether “distinctive and famous” meant “the same thing, or . . . describe[d] separable characteristics of a mark”;245 and (c) the eight “fame factors . . . raised more questions than they answered.”246 Effectively, the statute was equally as bereft of guideposts as was “Rational Basis,” and almost immediately, there was a circus among the circuits.247 Almost immediately, “dilution law in the United States [was] moving in every direction except the one it need[ed] to—forward.”248

As to fame, the Trademark Trial and Appeal Board, in Toro Co. v. ToroHead Inc.,249 essentially got it right. It applied a “rigorous test” to determine whether “the English language ha[d] changed”—whether, e.g., TORO had effectively become “celebrated”: “known to the people of a sovereign territory irrespective of class of purchasers, . . . of difference of class or education, of age or youth. . . .”250 (and concluded that TORO had not).

The fame factors, however, were not sufficiently limiting to prevent serious “doctrinal creep.”251 In Syndicate Sales, Inc. v.

---

243. Stadler, Ubiquity, supra note 59, at 774.
244. Discussions with members of the Trademark Review Commission.
245. Stadler, Ubiquity, supra note 59, at 770-71; as with state statutes, had “distinctive” been read in its Schechterian sense as “singular,” the FTDA would likely have fared better (or more consistently) in the courts.
246. Id.
251. Lemley, The Modern Lanham Act, supra note 101, at 1698 (“If Congress creates a new statute that protects some but not all trademark owners, every trademark owner will want his . . . mark to be included in the new group and will seek to receive the added protections of the new rule.”). In my view, had “causes dilution” not arrived early at the
Hampshire Paper Corp., as an example, the Seventh Circuit remanded plaintiff’s claim of fame for a design of plastic funeral floral baskets sold to wholesalers for an application of the fame factors in the niche wholesale and retail florist market. In this and other decisions, the fame requirement was eviscerated—in a niche as narrow as funeral floral baskets, a likelihood of confusion remedy adequately protects the information function if, indeed, the communication of information is remotely at issue.

The critical battle occurred, of course, as to whether the “causes dilution” wording of the statute required proof of actual “consummated” dilution or whether a “likelihood of dilution” would suffice. In Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development, the Fourth Circuit responded excessively in favor of the former:

to establish dilution of a famous mark 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.

Plaintiff’s survey in Ringling did, in my view, establish actual “dilution of the distinctive quality” of Ringling’s mark as signifying “something unique, singular, or particular.”

a. In Utah, where defendant’s “Greatest Snow on Earth” slogan had been in use since 1962, “25% of the respondents completed the statement THE GREATEST ___ ON EARTH with only the word ‘show’ and associated the completed statement with the Circus; [and] (2) 24% completed the statement with only the word ‘snow’ and associated the completed statement with Utah . . . .”

b. Outside Utah, “(1) 41% of respondents completed the statement THE GREATEST ___ ON EARTH with only the word ‘show’ and associated the completed statement with the Circus; [and] (2) 0% completed the statement with only the

Supreme Court, “doctrinal creep” would have gradually destroyed judicial receptivity to the FTDA.

253. Id. at 640-41.
256. 170 F.3d 449 (4th Cir. 1999).
257. Id. at 461.
word ‘snow’ and associated the completed statement with Utah. . . .”

The uniqueness/singularity of plaintiff’s slogan in the marketplace had been eroded almost 40 percent in the area where defendant’s slogan had gained currency, but the Fourth Circuit insisted that “the end harm at which [the federal dilution statute was] aimed [was] a mark’s selling power, not its ‘distinctiveness’ as such.”

Five months later, the Second Circuit in *Nabisco, Inc. v. PF Brands, Inc.* held that “the distinctiveness of the mark is the quality that the statute endeavors to protect”:

The dilution statutes rest on a judgment that the “stimulant effect” of a distinctive and well-known mark is a “powerful selling tool” that deserves legal protection. Restatement (Third) of Unfair Competition § 25 cmt. c (1995). This power derives not only from “the merit of the goods upon which the mark is used, but equally from its own uniqueness and singularity.” Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 831 (1927). Even when an unauthorized use of the mark does not cause consumer confusion, it can “reduce[] the public’s perception that the mark signifies something unique, singular, or particular.” H.R. Rep. 104-374, at 3 (1995), reprinted in 1995 U.S.C.C.A.N. 1029, 1030. The junior use thereby diminishes the “selling power that a distinctive mark or name with favorable associations has engendered for a product in the mind of the consuming public.”

In Schechter’s construct, a mark’s quality signal (its selling power) and its singularity (its distinctiveness) were interconnected cornerstones, not separately evaluated components, and, to iterate, “the preservation of the uniqueness of the trademark[, its distinctiveness vs. other marks in the market, was] of paramount importance.” “To read the statute[, moreover,] as suggested by the *Ringling* opinion would subject the senior user to uncompensable injury. The statute could not be invoked until [actual, financial] injury had occurred.”

The Supreme Court, in *Moseley v. V Secret Catalogue, Inc.*, effectively ended the FTDA’s misery. While it rejected a need for proof, as articulated by the Fourth Circuit, of “an actual loss of sales or profits,” it did not directly address the broad debate as

260. *Id.* at 458.
263. *Nabisco, Inc.*, 191 F.3d at 224.
265. *Id.* at 433.
to the primacy/equivalence of “selling power” and “distinctiveness.” Rather it limited itself to “whether objective proof of actual injury to the economic value of a famous mark (as opposed to a presumption of harm arising from a subjective ‘likelihood of dilution’ standard) is requisite for relief”; and it resolved that question by reference to the language of the statute:

\[
\text{... state statutes ... repeatedly refer to a “likelihood” of harm, rather than to completed harm. The relevant text of the FTDA ... provides [for] relief against another person’s commercial use of a mark ... if that use “causes dilution of the distinctive quality” of the famous mark. 15 U.S.C. § 1125(c)(1) (emphasis added). This text unambiguously requires a showing of actual dilution, rather than a likelihood of dilution.}
\]

**B. The Trademark Dilution Revision Act**

Dilution became feasible as a federal remedy, in part, because the fear of brand monopolies has effectively evaporated. The FTDA did not, however, remotely serve to address a second criticism of the dilution concept—the difficulty and expense of its application. It is true, of course, that “[i]f you crave precise meaning in legal terminology, avoid trademark law.” An underlying purpose, nonetheless, of a new committee of the International Trademark Association formed primarily to convert the FTDA into a likelihood statute, was to simplify its application. The TDRA was the ultimate result.

266. Id. at 422.
267. Id. at 432-33.
269. Other objectives were to debate the inclusion of secondary meaning marks, excluded by *TCP/IP Holding Co. v. Haar Communications Inc.*, 244 F.3d 88 (2d Cir. 2001), and of an express reference to tarnishment, which was left in limbo by the Supreme Court in *Moseley*, supra note 264, at 432. I have not discussed tarnishment in this historical account of dilution because I deem it to have different origins and to rest on different considerations. The first example of tarnishment disclosed by my research occurred in Cologne, Germany, where the “owner of the famous ‘4711’ trademark for eau de cologne got an injunction . . . against a manure collector who used his telephone number 4711, painted in 20-inch high numerals across both sides of his horse-drawn fertilizer wagon.” Derenberg, *The Problem of Trademark Dilution*, supra note 112, at 448, n.49. While tarnishment might be characterized as dilution on steroids, creating not just divergent, but “detrimental associations,” *DC Comics Inc. v. Unlimited Monkey Business, Inc.*, 598 F. Supp. 110, 118 (N.D. Ga. 1984), its development is attributed to Rudolf Callmann, *The Law of Unfair Competition, Trademarks and Monopolies*, § 21.11, at 68 (4th ed. by Louis Altman 1983); and variants of tarnishment and trade libel have been adopted absent any dilution statute, state or federal:

We are aware of the fact that the Court should not be swayed by its instinctive reaction upon reading the record that this is a brazen and cheap effort by the defendant below to capitalize on the good will created by the tremendous expenditure of advertising by the plaintiff. [A]ny conduct that is of such a nature as to fairly reek with unfairness and a callous indifference to the damage that might occur to others from the action taken by it will naturally be examined most carefully by a trial court.
The words “is likely to cause dilution” replace the words “causes dilution.” The fame bar is set at the above-noted Toro “celebrated” level: “a mark is famous if it is widely recognized by the general consuming public of the United States as a designation of the source of goods or services of the mark’s owner.” “Niche fame” and “doctrinal creep” should be relics of the FTDA. Dilution by blurring is “association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark” and is assessed by a weighing of six non-exhaustive (albeit slightly overlapping) factors:

(i) The degree of similarity between the mark or trade name and the famous mark.

(ii) The degree of inherent or acquired distinctiveness of the famous mark.

(iii) The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark.

(iv) The degree of recognition of the famous mark.

(v) Whether the user of the mark or trade name intended to create an association with the famous mark.

(vi) Any actual association between the mark or trade name and the famous mark.

Professor Lemley is correct in observing both: (a) that the fame factors of the FTDA were “clear[ly] intent[ed]” to “restrict dilution doctrine to a relatively small class of nationally known trademarks whose fame [was] sufficiently great that the risk of blurring by multiple noncompeting uses [was] significant,” and (b) that “most trademarks are not sufficiently well-known [top of mind] that their use on unrelated products would create an association in the minds of consumers.” The TDRA’s elevated fame bar should

and by an appellate court whose duty it is to determine whether such conduct falls afoul of any established legal principles. . . [W]e are not reluctant to conclude that what is here morally reprehensible is also legally impermissible.

Chem. Corp. of Am. v. Anheuser-Busch, Inc., 306 F.2d 433, 438 (5th Cir. 1962) (Tuttle, J.) (enjoining “Where there’s life . . . there’s bugs” for floor wax containing insect repellant).

270. 15 U.S.C. § 1125(c) (1).

271. See note 249, supra, and related text.


273. See Bd. of Regents, Univ. of Tex. Sys. v. KST Elec., Ltd., 550 F. Supp. 2d 657 (W.D. Tex. 2008) (holding under the TDRA that the orange Longhorns Logo was likely famous in the world of sporting events, but not on a general, national level; that it was not a “household name”; and that niche fame “does not apply”).


277. Id. at 1704.
effectuate the FTDA’s fame intent and the mandated factors analysis (ascertaining the likelihood of impaired distinctiveness from a balancing of similarity, uniqueness, degree of recognition, association, and intent) should position dilution now finally to serve the “valuable purpose[]” of preventing the “‘whittl[ing] away’ [of] the distinctive [and informational] value[,] the total singularity[,] of a famous trademark by giving the mark several different associations”—affording dilution “some [to me, very solid] ground in trademark theory.” 278

As a member of the INTA committee that hotly debated and ultimately drafted the statute’s language, I believe that the language distills—much as Judge Friendly distilled confusion factors in *Polaroid*—the essence of “Rational Basis” (in a manner that Schechter, with “Odol” as precedent, avoided): (a) it opens with an elevated and immutable fame threshold, and (b) as to liability: (i) it extends to “approximations” as well as exact imitations; (ii) it covers only terms that are or have become distinctive and unique (e.g., “Rolls-Royce” and “Blue Goose”); (iii) the preservation of that uniqueness/distinctiveness vis-à-vis other marks in the market is at its core;279 (iv) even beyond the high fame threshold, the more “well known” the mark, the more likely the statute is to be applied; (v) it expressly explores (but does not require) free riding; and (vi) it requires an overall assessment of mark similarity, strength, uniqueness, junior user intent, and association, as they are likely to impair distinctiveness.

The early returns are favorable. “Doctrinal creepings” away from the exacting fame standard are facially flawed280 and have been clearly overwhelmed.281 The excessive emphasis in the Ninth

---

278. *Id.*


281. *See, e.g.*, Green v. Fornario, 486 F.3d 100, 105 (3d Cir. 2007) (“widely recognized by the general consuming public of the United States’ . . . is a rigorous standard”); Milbank Tweed Hadley & McCloy LLP v. Milbank Holding Co., 82 U.S.P.Q.2d 1583, 1587 (C.D. Cal. 2007) (“the [plaintiff’s] mark must rise to the level of a household name [and the plaintiff] has failed to establish anything like the kind of fame required for dilution protection”); Maker’s Mark Distillery, Inc. v. Diageo N. Am., Inc., 703 F. Supp. 2d 671, 698 (W.D. Ky. 2010) (“Congress intended for dilution to apply only to a small category of extremely strong
Circuit on similarity appears to have been corrected.282 The requirement in one case in the Southern District of New York of proof of association that alone impairs distinctiveness283 is inconsistent with the wording of the statute284 and has not been followed.285 As I thus recently wrote elsewhere, “[e]vidence, survey or otherwise, as to fame, uniqueness, similarity, association and intent addresses what should no longer be a ‘puzzle’ as to dilution, any more problematic than that presented by a confusion factors analysis.”286

VI. BEYOND DILUTION

Both as a matter of likelihood of confusion and of dilution, the vastly expanded experiential function of modern brands is now thus shielded from Schechter’s feared third-party allusions on divergent goods. In trademark law, however, competition and the First Amendment are the defaults.287 When famous marks are thus used predominantly in their informational capacity, they have been and appropriately will continue to be exposed to the dilutive effects of comparative advertising and pure parody.288 The TDRA additionally excludes from dilution’s ambit “[a]ny fair use, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a marks’), judgment aff’d, 679 F.3d 410 (6th Cir. 2012); Biosafe-One, Inc. v. Hawks, 524 F. Supp. 452, 466-67 (S.D. N.Y. 2007).


284. Inter alia: (i) the TDRA clearly sets forth a six factor test, and “actual association” is no more controlling than “degree of similarity”; (ii) the “actual association” factor can be addressed by a “what comes to mind” association survey, just as “actual confusion” in a confusion factors analysis can be informed by a likelihood of confusion survey; (iii) the “actual association” factor does not read (or require proof of) “actual association that impairs distinctiveness”; and (iv) a “what comes to mind” survey thus alone address one factor that is to be balanced with four other factors—fame, similarity, uniqueness and intent—in evaluating the likely impairment of distinctiveness. Insisting, on the other hand, on proof of actual association that impairs distinctiveness is tantamount to requiring actual, as opposed to likelihood of, dilution.


286. Swann’s Rebuttal to Diamond, in Trademark and False Advertising Surveys: Law, Science and Design 164-65 (Shari Seidman Diamond & Jerre B. Swann, eds., 2012). See, e.g., Nike v. Nikepal, supra note 142. The greatest “going forward” dilution concern may be, indeed, the continued existence of state dilution statutes that, as in Georgia, Ga. Code Ann. § 10-1-451(b), still adhere to the antiquated Massachusetts language and, other than as to federally registered marks, are not preempted.


designation of source for the person’s own goods or services...”

Famous marks are hugely powerful words in the language, and their fair use is often essential to communication.

What guidelines will emerge, particularly on the Internet, as to the informational use of famous brands is an area still in flux, but in a medium where Google, for example, daily breaches the maxim that marks must be consistently presented, flux is to be expected. In the (to me) short time that I have practiced trademark law, I have witnessed not only the emergence of an experiential function for brands, and the shift from Harvard school to Chicago school attitudes, but the lesser advents, to name a few, of initial interest confusion, post-sale confusion, and reverse confusion. Marks and the market are rarely truly at rest. The function of marks, in both emerged and emerging markets, confounds stasis.

289. Id.


[I]deograms that once functioned solely as signals denoting the source, origin, and quality of goods, have become products in their own right, valued as indicators of the status, preferences, and aspirations of those who use them. Some trademarks, now many, have worked their way into the English language; others provide bases for vibrant, evocative metaphors. In a sense, trademarks are the emerging lingua franca: with a sufficient command of these terms, one can make oneself understood the world over, and in the process, enjoy the comforts of home.

To the extent that he notes that brands have an independent existence and value “unplugged” from the goods or business in connection with which they are used, Judge Kozinski reopens the debate between Schechter and Rogers as to the proper function of a brand, see note 54, supra—a debate that, as a matter of law and economics, the Schechter forces long ago won. See Landes and Posner, Economics, supra note 146, at 283, n. 32.

291. While I agree with Professor McCarthy that Samsung’s use of Vanna White images was purely derivative, J. Thomas McCarthy, The Rights of Publicity and Privacy App. A (2000), I appreciate Judge Kozinski’s dissenting sentiments that we must be careful not to withdraw “from the public domain [more] than prudence and common sense allow.” Graeme B. Dinwoodie and Mark D. Janis, Trademarks and Unfair Competition 866 (3rd ed. 2010).

“Some trademarks enter our public discourse and become an integral part of our vocabulary... Once [so] imbued, the trademark becomes a word in our language and assumes a role outside the bounds of trademark law.” Mattel, Inc. v. MCA Records, Inc., 296 F.3d 894, 900 (9th Cir. 2002).

292. See Toyota Motor Sales, U.S.A. v. Tabari, 610 F.3d 1171 (9th Cir. 2010). Members of my trademark class at the University of Georgia this past spring responded almost as one that they would not be confused as to the sponsorship of Tabari’s website, even if the site displayed the circled “L” Lexus symbol. The site did not signal to them the sense of luxury they would expect from Lexus. With its sophistication in evaluating websites, the current generation will thus necessarily formulate the Internet guidelines for informational use, unhampered by considerations that constrained Judge Kozinski. Addressing the new functions of trademarks did not end with enactment of the TDRA.

293. In my view, the TDRA appropriately treats any purely informational use of a famous brand, whether labeled a “nominative or descriptive fair use,” as effectively a non-trademark-like use; it equates nominative (informational) use with fair descriptive use as sanctioned by § 33 (b)(4) of the Lanham Act. 15 U.S.C. § 1115 (b) (4).

294. In my earliest writings, I was a Harvard school advocate. See note 197 supra.
VII. CONCLUSION

One purpose of trademark law is to protect the function of trademarks, and the function of strong, unique trademarks has evolved from (a) communicating source to (b) communicating quality to (c) serving as informational/experiential supernovas.\footnote{Overlooking the experiential/informational function, Magliocca’s third dimension of trademarks is a “location” function, Magliocca, One and Inseparable, supra note 38, at 1020, but if a location function truly existed (now 74, I have basically missed the travails of the Internet Age, metatags and cybersquatting), it was niche-like, too short-lived to merit denomination as a separate stage in the evolution of trademarks or dilution and far too limited to address the vastness of the Web.} I criticize Schechter above for not clearly promoting dilution within traditional trademark boundaries (e.g., as a means of preventing consumer confusion as to quality by those seeking to free ride on a strong, unique brand’s reputation, particularly in areas into which the senior brand might expand). Had he not, however, gone “outside the box” to reassess fundamental trademark principles and functions, the law in the latter half of the twentieth century might be as ill-equipped to accommodate the super-informational brands of today, as the law in the first half of the twentieth century was ill-equipped to deal with the quality messages of that era.

I have repeatedly written that the primary purpose of dilution law in the Age of Information is to protect the informational “clarity” of trademarks that meet the strength and “substantially exclusive use” criteria built into the TDRA.\footnote{In Dilution 2002, supra note 24, at 598, I repeated from Dilution 2000, supra note 125, at 852, a five-step dilution formula: “(1) the owner of a strong, unique marketing symbol (2) should be entitled incipiently to prevent impairment of its communicative clarity (3) by its substantial association (4) with another’s similar symbol, (5) particularly when there is an element of misappropriation,” and I am delighted to have played a role as to a federal statute that focuses on fame, exclusivity of use, similarity, association and junior user intent. I am delighted, indeed, that my suggestions as to an even broader array of guidelines was roundly rejected.} “A mark is celebrated when it has entered into the language of a people with a definite and therefore single signification,”\footnote{Hans Becher, The Protection of Well-Known Trade-Marks, 42 TMR 606, 607 (1952).} and the protection of its informational/experiential celebrity (its “distinctiveness”) is economically essential for the purpose of consumer decision-making. The derogation of dilution as protecting marks, not consumers, is amiss; brand clarity is a consumer good.\footnote{See notes 209-12 and 233 supra and related text. In my view, those who insist in the Information Age that consumer confusion is the only touchstone for the protection of the current function of trademarks are equally in error with those who, in Schechter’s day, insisted that diversion of custom was “the whole Law and Prophets” of unfair trade.}

Academics and practitioners should thus find common ground in the TDRA. Chicago school economics has eliminated the monopoly concerns once surrounding dilution protection and elevated the criticality of brand information; marketing has
infused strong, unique brands with informational and experiential content of significant value to consumer decision making; and Information Age clutter demands that the clarity of brands as value propositions that own a unique place in consumers’ minds be preserved.

If they operate as intended, the guidelines incorporated in the TDRA will facilitate predictability and ameliorate the expense of dilution protection, equating dilution with the likelihood of confusion. If they operate as intended, the guidelines incorporated in the TDRA will, in tandem with emerging fair use concepts, protect the often competitively enhancing uses of famous brands in their purely informational sense. Those eventualities, of course, are not yet assured, and particularly in the age of the Internet, the function of trademarks—the nature of the information they convey and the total value they provide to consumers—may shift again.299 Still now, as when Schechter penned “Rational Basis” in 1927, “[t]here is no part of the law that is more plastic than unfair competition.”300

299. I observed in Dilution 2002, supra note 24, at 586, that “[i]n the late Nineteenth Century, the nation experienced huge gains in productivity from the advent of the electric motor and the railroads,” events that impacted the function of trademarks in our economy. The impact of computers on productivity and the transmission of information is likely to be far more substantial, but as noted by Judge Fernandez concurring in Toyota v. Tabari, 610 F.3d 1171, 1185, the record is not yet developed.

300. See note 6, supra.