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Debunking Dilution Doctrine: Toward a Coherent Theory of the Anti-Free-Rider Principle in American Trademark Law

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INTRODUCTION†

This Article argues that while American dilution law purports to be about preventing dilutive harm, it really is about preventing free-riding on famous marks. Because of this mismatch between dilution's stated purpose and hidden goal, it is a clumsy and largely incoherent doctrinal device. It does not allow judges to turn the anti-free-riding impulse into a carefully circumscribed set of principles with identifiable limits. This Article argues that it would be better to scrap dilution altogether and replace it with an independent cause of action that explicitly prevents free-riding in appropriate circumstances.

On its face, dilution remains a harm-based doctrine which focuses on whether the unauthorized use of a famous trademark causes the famous mark to lose its selling power and commercial magnetism—i.e., its ability to distinguish goods or services in the marketplace. The flaw in this approach is that such harm is always speculative and exceedingly difficult to prove. One can never really be sure, or even fairly confident, that a famous mark is losing its selling power due to the use of the same or similar mark by another. Indeed, plaintiffs find it quite difficult to make this showing.[1]

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† I am particularly grateful for the insightful and thoughtful comments of my friend and colleague at the University of San Francisco School of Law, Professor J. Thomas McCarthy, who is the author of the six volume treatise, MCCARTHY ON TRADEMARKS (rev. ed. 2003). Professor McCarthy has written extensively about dilution law and was an invaluable resource in the preparation of this Article. I am also grateful for the helpful comments I received from Professors Graeme Dinwoodie, Mark Lemley, Joe Liu, Susan Freiwald, Josh Rosenberg, and Roger Schechter. Finally, I thank my research assistant, Marco Montesano, for his help in locating and translating Italian trademark cases.

1. Proving dilution was made even more difficult by the Supreme Court's recent ruling in the *Victoria's Secret* case, where the Court held that plaintiffs must prove that dilutive harm has *actually* begun to occur as a result of the challenged use; it is no longer enough to show that such harm is *likely*

And yet plaintiffs often win on their dilution claims. Why is this so? This Article argues that the plaintiff success rate is due largely to the fact that judges and juries seek to vindicate an interest that is considerably different than the interest which dilution law purports to protect. The hidden interest is a desire to punish free-riding. There is a basic conviction that one should not reap where one has not sown. This is both a moral and economic principle. It is the true driving force in many dilution cases—and it is distinct from the stated dilution purpose of protecting famous marks against dilutive harm. This can be seen from the fact that plaintiffs frequently win such cases when proof of dilutive harm is remote and highly speculative, at best, but free-riding seems obvious.

The anti-free-riding impulse can either stay hidden in American trademark law or it can be openly considered and debated. It is difficult to defend its continued latency. Having a hidden agenda in the law is not a good thing. It prevents judges from identifying the actual competing interests at stake in the cases, and it retards the ability of judges to bring coherency to a particular area of law. It also enables judges to misuse the concept and to apply it in cases where it ought not to apply. The result has been that, in some instances, dilution law has offered too little protection to famous mark owners,[2] while in other cases it has offered

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to occur in the future. *See* Moseley v. V. Secret Catalogue, Inc., 537 U.S. 418, 432–33 (2003). [hereinafter short cited as *Victoria's Secret*].

2. The argument that dilution offers too *little* protection to trademark owners is contrary to the bulk of scholarly writing on the subject. Most articles on dilution law—and there are many—have argued that it is too broad. *See, e.g.*, Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L.J. 1687, 1697–1713 (1999) (detailing and criticizing the overly broad approach taken to dilution by U.S. courts); Glynn S. Lunney, Jr., *Trademark Monopolies*, 48 EMORY L.J. 367, 408–10 (1999) (criticizing dilution doctrine as overbroad); Sara Stadler Nelson, *The Wages of Ubiquity in Trademark Law*, 88 IOWA L. REV. 732, 789 (2003) (arguing that current dilution law wrongly allows owners of famous marks to extensively collaterally license their marks and thereby self-dilute while still retaining anti-dilution protection against others); Howard J. Shire, *Dilution Versus Deception—Are State Antidilution Laws an Appropriate Alternative to the Law of Infringement?*, 77 TRADEMARK REP. 273, 296 (1987) (arguing that dilution could dangerously grant the owner of a distinctive mark nearly limitless property interests in the mark, because, if properly applied, dilution prevents the use of a distinct famous mark in connection with any type of goods or services other than those of the famous mark owner). The United States Supreme Court has taken a similar approach in its recent decision in the *Victoria's Secret* case. *See Victoria's Secret*, 537 U.S. at 432–33 (substantially narrowing the scope of federal dilution law by holding that plaintiffs must show actual (as opposed to merely likely) dilution to prevail under the federal act). On the other hand, some commentators have argued that dilution law does not go far enough in protecting brand equity. *See, e.g.*, Jerre B. Swann & Theodore H. David, Jr., *Dilution, An Idea Whose Time Has Gone; Brand Equity as Protectable Property, the New/Old Paradigm*, 1 J. INTELL. PROP. L. 219, 255–56 (1994) (arguing for explicit rights in brand equity going beyond anti-dilution law). The opposition to a broad approach to dilution may be grounded, in part, in the fear that an expansive approach to language ownership is likely to intrude too much on expressive freedom. This is not an idle fear. But it is an unfocused fear. The problem is not with expansive language ownership *per se*; rather, it is with allowing people to have broad control rights in language they did not invent. Unfortunately, current dilution law permits exactly this wrong type of expansive ownership to occur. Here, I argue for a much broader (and more coherent) approach to trademark protection—but I would limit this broader

too much protection. At a minimum, then, there is a need to identify the anti-free-riding impulse in trademark law as a reality and to articulate how it is functioning. Toward this end, this Article explores how the anti-free-riding impulse has been a decisive, yet unstated, factor in many reported dilution cases.

A more controversial issue is whether the anti-free-riding impulse should be treated as legitimate and turned into an independent cause of action, or whether it should be rejected as a rogue and dangerous inclination. My position in this Article is that we ought to embrace the impulse as a legitimate expression of judicial desire to provide expansive property rights for certain kinds of words. It has been said that law should follow custom, not the other way around. There undoubtedly is a judicial custom of punishing free-riders in the trademark context. Judges appear eager to do this even when the free-riding is likely not harming the economic interests of the trademark owner—or, at least in cases where proof of confusion and dilution is absent. They are likely to continue to enforce this impulse regardless of the formal requirements of trademark law. My thesis here is that they frequently are enforcing this impulse for good reasons. A strong case can be made that free-riding on a famous mark is unfair and economically undesirable. The judicial inclination to punish free-riding deserves respect and refinement, not dismissive condemnation.

Having said that, however, I am mindful of the reasons why many courts and commentators may be reluctant to recommend this broad form of trademark protection. There may be a fear that a cause of action which prohibits free-riding without any proof of harm would be far too broad. Such a cause of action could be difficult to control, and it might trample on other important interests of persons and companies that are searching for new trademarks. In short, it may be far too unwieldy an instrument to place into the hands of judges.

These are understandable fears, but, ultimately, they prove unfounded. For one thing, this view assumes that current dilution law cabins the anti-free-riding impulse in a meaningful way. I attempt to show here that this assumption is unwarranted. More fundamentally, I try to show that it is possible to articulate meaningful limits on a free-riding cause of action without resort to dilution principles like blurring and tarnishment.[3] Requiring a finding of economic harm to the famous

protection to a narrower class of words than currently are eligible for dilution protection. If, as I show, expansive protection is given only for coined and quasi-coined words, there will be little risk of any significant intrusion on expressive freedom. For a fuller treatment of this topic, see *infra* Part IV.

3. Blurring is the typical form of dilution. It means that a famous mark's commercial magnetism will become blurred, and therefore less capable of functioning as a strong brand identifier, if other companies are allowed to use the same or a similar mark to sell a variety of unrelated goods. *See* 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 24:68 (rev. ed. 2003).

mark is not the only way, or even the best way, to limit the anti-free-riding impulse.[4] I argue here that a more significant set of limits can be found by focusing on the language sharing and expressive freedom interests of persons who wish to use marks that are identical or similar to famous marks.[5] These interests need to be closely examined and carefully articulated. One can find some effort in the decided cases to locate precisely these kinds of limits. But the efforts have been sporadic and vague. Part of my goal here is to bring this discussion out into the open.

Nor are we completely without guidance or precedent in this effort. Some European countries have a cause of action, explicitly denominated "unfair advantage," which enables judges to punish free-riding without resort to tortured reasoning about alleged dilutive harm.[6] This cause of action, which finds no direct counterpart in American law, appears in most instances to be limited to situations where defendants display a certain kind of "bad faith," meaning they *knowingly* free-ride on another party's well-known mark[7]. The European experience with the unfair advantage cause of action provides a useful starting place for crafting an independent and explicit form of protection against free-riding in American trademark law.

But it is only a place to start our discussion. The Europeans have not done a particularly good job of articulating why free-riding is acceptable in some situations but not in others. The project for American trademark scholars is to pick up where the Europeans have left off. It should be possible to lay out a coherent theory of why free-riding is acceptable in some cases, but undesirable in others. It should also be possible to identify a consistent set of limiting principles which can be used in new cases. In the end, the result of this effort should yield a body of law that is at once more coherent and intellectually honest than current dilution law.

The remainder of this Article is divided into seven Parts. Part I

Tarnishment is the other principal form of dilution. This refers to cases where unauthorized uses of a famous mark tarnish its image by associating it with an unwholesome or lower quality product. *See id.* § 24:69. For a more complete discussion of these concepts, see *infra* Part I.

4. Indeed, a strong argument exists that the harm-based focus of dilution law is a proxy for deeper concerns which are more accurately rooted in beliefs about language sharing and expressive freedom. These interests may be thought too indefinite, however, to serve as determinate limits. Harm is thought more certain. However, as I show below, harm itself is a vague and malleable concept in dilution law. It offers a false sense of security as a limiting concept. It often operates as a mask for the true countervailing interests that need to be considered. For a more complete discussion of this topic, see *infra* Part IV.

5. My claim here is that dilution law is at once too broad and too narrow. It offers too little (and too uncertain) protection to too broad a category of words. It should offer a far simpler and more potent form of protection to a much smaller set of words. The proposal advanced here would provide an expansive property right for a more limited class of words. *See infra* Parts IV, VI.

6. *See infra* Part VI.

7. *See infra* Part VI.

provides an historical overview of the development of dilution law in the United States. Part II argues that the requirements of American dilution law are inherently indeterminate, exceedingly difficult to prove, and if applied rigorously should result in few plaintiff victories. Part III seeks to explain the surprising plaintiff success rate in dilution cases as a function of the anti-free-rider impulse. Part IV argues that the anti-free-rider impulse should be embraced, not eschewed, and that it can be grounded in a compelling "as between" type of rationale. Part V discusses how the proposed new cause of action might be limited based on principles of language sharing and expressive freedom. Part VI offers the European "unfair advantage" cause of action as a starting place for crafting a new anti-free-riding cause of action in American law and discusses how that cause of action should be modified to take account of the language sharing and expressive freedom considerations discussed above. Part VII revisits the history of dilution law in the United States and argues that the proposal advanced here captures the essence of the original dilution proposal as articulated in the 1920s, before dilution law took a wrong turn to focus on harm. Finally, this Article offers some concluding observations.

I. Historical Overview of U.S. Dilution Law

Trademark law can be visualized as containing a core doctrine, often referred to as the likelihood of confusion analysis, and a broader more expansive doctrine, often referred to as dilution. The core doctrine, which comprised all of trademark law until the mid-1990s, allows trademark owners to prevent unauthorized parties from using a trademark that is confusingly similar to the trademark owner's mark.[8] Under this doctrine, for example, Kodak could prevent a rival camera company from selling *Kodaka* cameras.

To prevail on such a claim, Kodak would have to show that consumers would be likely to believe either that Kodaka cameras were manufactured by the original Kodak Company or, at a minimum, that consumers were confused as to the affiliation or association between the respective producers of products bearing the Kodak and Kodaka marks. Trademark law does not tolerate such confusion, and it permits trademark owners to stop it from occurring. The rationale for providing

8. For an overview of the likelihood of confusion doctrine, see McCarthy, *supra* note 3, §§ 23:1–23:4. For a general history of trademark law, see Thomas D. Drescher, *The Transformation and Evolution of Trademarks—From Signals to Symbols to Myth*, 82 Trademark Rep. 301 (1992); Daniel M. McClure, *Trademarks and Unfair Competition: A Critical History of Legal Thought*, 69 Trademark Rep. 305 (1979); and Benjamin G. Paster, *Trademarks—Their Early History*, 59 Trademark Rep. 551 (1969). For a treatment of early trademark history, see Frank I. Schechter, The Historical Foundations of the Law Relating to Trade-Marks (Faculty of Law of Columbia University eds., 1925).

this type of protection is two-fold. First, it prevents a company like Kodaka from committing a form of commercial impersonation and defrauding consumers as to the source of goods.[9] Second, it enables the real Kodak Company to prevent a diversion of sales to an impostor.[10]

Prior to the adoption of dilution as a distinct doctrine in the United States, trademark owners were confined to the likelihood of confusion analysis. Under that analysis, only direct competitors could be liable for wrongfully using the established trademark of another company.[11] That rationale for the competitor limitation was simple: absent competitive use, there was no injury. Kodak would not lose customers (and thereby revenue) in the banana or bicycle business because it did not sell goods in those industries.[12] And without injury, there was no basis for recovery.

This fairly restrictive approach to trademark law frustrated large corporations. As their product lines grew and their marks became more famous, they clamored for more protection.[13] They thought it absurd that someone should be permitted to take a free-ride on their name without any legal liability whatsoever. The notion that the trademark owner simply had to tolerate this perceived dissipation of their intellectual property did not go down easily.[14]

Courts responded to this pressure in various ways. Some relaxed the competitor restriction to allow recovery even where the parties were not, strictly speaking, competitors, but were in sufficiently "related" industries to surmise that competitive harm was not remote.[15] Others continued to apply the more restrictive approach.[16] A resulting tension existed in the commercial and legal communities.[17] In short, given the uncertainty of trademark law, one could never be too sure whether one could use a famous trademark in a wholly unrelated field with immunity. And, on the other side of things, owners of famous and well-established marks could not be too sure of the scope of their legal protection.

The tension reached a boiling point in the mid-1920s, as the Industrial Revolution, with its reliance on mass-production and the need for a coherent and expansive national branding system, matured. In this context, a New York attorney named Frank Schechter wrote a law review article entitled *The Rational Basis of Trademark Protection.*[18]

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9. *See* McCarthy, *supra* note 3, §§ 2:7, 2:9.
10. *Id.* § 2:7
11. *Id.* § 24:2.
12. *Cf. id.* § 24:4.
13. *Cf. id.* § 24:5.
14. *Cf.* Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 Harv. L. Rev. 813 (1927).
15. *See* McCarthy, *supra* note 3, § 24:5.
16. *Cf. id.*
17. *Cf. id.*
18. *See* Schechter, *supra* note 14, at 813.

Schechter argued that the traditional likelihood of confusion analysis was too limited and unresponsive to modern commercial realities.[19] He asserted that, in the (then) contemporary marketplace, trademarks performed far more than a mere source-identifying function.[20] Their chief function was to form a psychological link between consumers and producers.[21] He spoke of the commercial magnetism of marks and argued that this magnetism was a form of property, developed after valuable investment, which deserved broader protection than the likelihood of confusion test afforded.[22]

Schechter limited his proposal to famous marks that were either coined (entirely made-up words) or arbitrary (known words that were arbitrarily applied to products).[23] He spoke repeatedly of the property interest that can attach to such marks.[24] The protectable property interest was the psychological bond between consumer and producer.[25] This was a bond or link that often was not based on any understanding by the consumer of who actually made the goods.[26] Thus, it was not a source-signifying function, as such.[27] But it was a function that deserved legal protection.[28]

Schechter offered a mixed rationale for the expanded protection he proposed.[29] One strand of his thinking tended toward the property rationale.[30] He believed that famous distinct trademarks were a form of intellectual property that belonged to those who created the marks.[31] Schechter suggested these strong trademarks deserved protection from exploitation in order to honor the investment in time and money that went into making the mark strong.[32] He believed it was wrong for others to exploit this value regardless of whether the trademark owner was harmed in any way by the unauthorized collateral use.[33] Schechter wrote:

> Quite apart from the destruction of the uniqueness of a mark by its use on other goods . . . once a mark has come to indicate to the public a

19. *See generally id.*
20. *Id.* at 818–19.
21. *Id.* at 831.
22. *See id.* at 819, 829–33.
23. *Id.* at 828–30. Schechter's proposal applied only to coined, fanciful, or arbitrary marks, only to situations in which the junior user's mark was identical to that of the senior user, and only to use of identical marks on non-competing goods. *See id.*
24. *See generally id.* at 813.
25. *Id.* at 831.
26. *Id.* at 832–33.
27. *Id.* at 822.
28. *Id.* at 822–24.
29. *See id.*
30. *Id.* at 823.
31. *Id.*
32. *Id.* at 833.
33. *See generally id.* at 825–31.

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.[34]

Schechter recognized that in some situations another party's use of a famous trademark is not likely to cause confusion as to the source of the goods, and yet protection still seems warranted.[35] Assume, for example, that a company sells Kodak bananas. Consumers are not likely to believe that these bananas originate from the same company that sells Kodak cameras. Nor are they likely to assume that the camera maker and the banana supplier are related or affiliated. The sale of Kodak bananas does not involve the diversion of sales from Kodak, because Kodak is not in the banana business and therefore cannot lose sales in that business. Still, in Schechter's view, a banana company should not be allowed to use the Kodak name for bananas.[36]

Another strand of Schechter's thinking tended toward the tort point of view.[37] By tort, I mean the desire to prevent *injuries* to a trademark owner (as opposed to the property-based desire to give a trademark owner broad control over the use of a mark without requiring proof of imminent harm).[38] To justify his intuition that expanded trademark protection was warranted in certain circumstances, Schechter posited that mark owners could be *harmed* in ways beyond the traditional harm of losing one's customers due to the use of one's mark by a competitor.[39] The harm rationale was a supplement to his property rationale. The chief harm he exposed was that of a gradual lessening of the commercial magnetism of a mark if others were allowed to freely copy it in a variety of non-competing products.[40]

Schechter never actually used the word "dilution." Rather, he described a type of harm (the gradual lessening of the mark's capacity to

34. *Id.* at 823 (internal quotations omitted).

35. *See id.* at 821–24.

36. *See id.* at 829–30.

37. *See id.* at 819–24.

38. Tort, in this sense, is distinguished from a property rationale in trademark law. The tort rationale in trademark law is rooted in its original purpose—the prevention of two particular types of harm. First, trademark law aimed to prevent the diversion of sales from trademark owners to counterfeiters through confusingly similar uses of the mark by the counterfeiters. *See* McCARTHY, *supra* note 3, § 24:2. Second, trademark law sought to avoid a fraud-based injury to consumers who mistakenly purchased counterfeit goods believing them to be the real thing. The property rationale, by contrast, refers to the tendency of trademark law to respect an individual's claim that a word is exclusively hers in a broad range of situations and to enforce her attempts to transfer her ownership interests in that word to others. For a discussion of how trademark law has increasingly become more propertized in recent years, see David J. Franklyn, *Owning Words in Cyberspace: The Accidental Trademark Regime*, 2001 WIS. L. REV. 1251 (2001). *See also* Lemley, *supra* note 2, at 1697–1713; Lunney, *supra* note 2, at 408–10.

39. *See* Schechter, *supra* note 14, at 824–30.

40. *See id.* at 830–33.

function as a strong mark) that later came to be called dilution.[41] In Schechter's view, a famous mark's strength could be diminished in some way if other companies were allowed to use the same mark on different types of goods.[42] After a while, the famous mark will not be as capable of cementing the bond between the original mark creator and the public.[43] The mark owner has a justifiable interest in preventing this type of harm from occurring before its economic interests are irreparably injured.[44] Schechter described the harm to be avoided as

> the gradual whittling away or dispersion of the identity and hold upon the public mind of the mark or name by its use upon non-competing goods. The more distinctive or unique the mark, the deeper is its impress upon the public consciousness, and the greater its need for protection against vitiation or dissociation from the particular product in connection with which it has been used.[45]

It took some time for American legislatures to adopt the dilution cause of action.[46] Massachusetts was the first to do so in 1947.[47] Other states followed suit, adopting similar anti-dilution acts. These acts largely followed only the harm prong of Schechter's original dilution proposal.[48] That is, they specified that expanded trademark protection is available only in situations when the challenged use dilutes the selling power of the plaintiff's mark.[49] They also tended to limit expanded protection to highly distinct, strong trademarks.[50]

Theoretically, at least, two types of dilutive harm could trigger injunctive relief under the state anti-dilution acts.[51] First, protection was available upon proof that the plaintiff's mark was likely to suffer a lessening of the capacity of the mark to perform its source-identifying function.[52] This type of harm is sometimes called dilution by "blurring," because the plaintiff's mark is blurred in the mind of consumers due to the unrestrained use of the same mark by other, unrelated companies.[53] Alternatively, plaintiffs could claim that the challenged use tarnished

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41. *See* Nelson, *supra* note 2, at 754 & n.145.

42. *See* Schechter, *supra* note 14, at 824–30.

43. *Id.* at 829–30.

44. *Id.* at 825.

45. *Id.*

46. For a discussion of historical developments between the time Schechter made his original anti-dilution proposal in 1927 and the adoption of the first anti-dilution statutes by various States in the 1940s, see Nelson, *supra* note 2, at 757–63.

47. *See* Act of May 2, 1947, 1947 Mass. Acts 307. For the current version of the statute, see MASS. GEN. LAWS ch. 110B, § 12 (2004).

48. *See* Nelson, *supra* note 2, at 760–63.

49. *Id.*

50. *Id.*

51. *Id.* at 761 n.184.

52. *Id.*

53. *Id.*

their reputation.[54] This might occur because the defendant was engaged in a shady business or made shoddy products.[55] This type of harm is sometimes called dilution by tarnishment.[56]

In the years immediately following the enactment of state anti-dilution acts, state court judges were reluctant to enforce the acts literally.[57] Inexplicably, they often required plaintiffs to show a likelihood of consumer confusion or competitive injury.[58] Initial judicial reluctance to fully enforce state anti-dilution statutes gradually gave way to a more expansive approach.[59] State courts increasingly treated dilution as an independent and potent cause of action.[60] But trademark owners were not satisfied with the level of protection offered by state statutes.[61] Trademark owners lobbied hard for federal anti-dilution protection.[62] They asserted that such protection was necessary to bring uniformity to dilution law, to make federal courts an appropriate venue for dilution law suits, and to ensure that nationally famous marks enjoy a strong form of trademark protection on a national level.[63]

Partly in response to the extensive lobbying efforts of trademark owners, Congress finally adopted federal anti-dilution protection in 1995. The Federal Trademark Dilution Act (FTDA), 15 U.S.C. § 1125(c)(1),

54. *Id.*

55. *Id.*

56. *Id.*

57. *Id.* at 763–65.

58. *Id.*; *see also* Beverly W. Pattishall, *The Dilution Rationale for Trademark—Trade Identity Protection, Its Progress and Prospects*, 71 Nw. U. L. REV. 618, 621 (1976) ("[T]he [dilution] concept seemingly has remained so misunderstood or unpalatable to the judicial taste that it largely has been ignored by the courts despite the plain dictates of the statutes and the voluminous urgings of the academics." (footnotes omitted)).

59. *See* Nelson, *supra* note 2, at 765–70.

60. During roughly the same time period (the 1940s–1960s), judges also expanded the likelihood of confusion cause of action. *Id.* at 758 & n.168. Originally, that cause of action was limited to direct competitors. Eventually, it was expanded to include sellers of related goods. More significantly, judges expanded the concept of confusion to include not only confusion as to source, but also confusion as to sponsorship or affiliation. Congress picked up on this when it revised the federal Lanham Act in 1989 to assert liability for confusion as to sponsorship or affiliation. *See* MCCARTHY, *supra* note 3, §§ 23.8; 24:2. This is significant because it arguably rendered dilution law superfluous. Dilution was originally intended to fill the void created by the fact that the standard likelihood of confusion action was limited to competitors. The familiar example of this void was that the Kodak camera company could not enjoin the use of its name by a potato chip maker since the two were not in competition and consumers were unlikely to assume that the potato chips came from the camera maker (*i.e.*, no source confusion). Dilution, it was thought, could remedy this problem by enabling the camera maker to enjoin the potato chip maker on the ground that if there were many different Kodaks, the name would be weakened as a trademark and this was a harm that the law would prevent. With the expansion of the likelihood of confusion cause of action to include confusion as to sponsorship or affiliation, however, it became much more possible for Kodak the camera maker to enjoin Kodak the potato chip maker, on the theory that consumers might think the two companies were "affiliated."

61. *See* Nelson, *supra* note 2, at 765–70.

62. *See id.* at 768–69.

63. *Cf. id.* at 766.

provides:

> The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark.[64]

To establish a claim of dilution under the FTDA, a plaintiff must demonstrate five elements: (1) the senior mark must be famous; (2) the senior mark must be distinctive; (3) the junior use must be a commercial use in commerce; (4) the junior use must begin after the senior mark becomes famous; and (5) *the junior use must cause dilution of the distinctive quality of the senior mark, by lessening the capacity of the senior mark to identify and distinguish goods or services.*[65]

The fifth element of the FTDA follows the harm rationale for expanded trademark protection.[66] It defines dilutive harm as trademark use which causes a "lessening [of] the capacity of the senior mark to identify and distinguish goods or services."[67] The harm imagined is necessarily progressive. The progressive erosion contemplated by dilution theory has been nicely explained by Professor McCarthy.[68] He invites the reader to imagine a pure glass of crystal clear water into which is placed a single drop of red dye.[69] That first drop might not produce much change. But eventually, after a number of drops, the water will turn a distinct form of red. The more drops, the more red it will get.

Dilution as a legal theory works in much the same way. The economic harm envisioned by dilution has been described as a gradual

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64. 15 U.S.C. § 1125(c)(1) (2000). The FTDA largely resembles its state-law counterparts, but it is different in at least three potentially important respects. First, on its face the FTDA permits an injunction against dilutive uses of "famous" marks. There is no language specifically or even impliedly prohibiting "tarnishing" uses. Arguably, therefore, the federal act provides a cause of action only for dilution by blurring and not for dilution by tarnishment. Second, the federal dilution cause of action is available only for "famous" marks. Most state statutes, by contrast, protect famous or highly distinctive marks. Third, on its face, the FTDA states that liability follows uses that "cause" dilution. Most of the state statutes impose liability for conduct that causes or is "likely" to cause dilution. The United States Supreme Court recently ruled that this difference in terminology means that plaintiffs pursuing relief under the federal act must prove actual dilution; the mere likelihood that dilutive harm may occur in the future is not enough. *See* Moseley v. V. Secret Catalogue, Inc., 537 U.S. 418, 432–33 (2003).

65. *See* Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 215 (2d Cir. 1999); *see also* McCARTHY, *supra* note 3, § 24:89.

66. Recently the United States Supreme Court reinforced the harm-based focus of dilution law by ruling that the FTDA requires proof of actual dilution as opposed to a mere likelihood that such dilution will occur sometime in the future. This was a significant development in federal dilution law. It made it harder to prove dilution in most cases. *See Victoria's Secret*, 537 U.S. at 432–33.

67. *Nabisco, Inc.*, 191 F.3d at 215. Although the FTDA does not expressly mention blurring or tarnishment, judges have it to enjoin both kinds of dilution. *See* McCARTHY, *supra* note 3, §§ 24:94, 24:104. The FTDA has also been used to prevent cybersquatting. *See id.* § 25:77.

68. *See* McCARTHY, *supra* note 3, §§ 24:67, 24:68.

69. *Id.* § 24:92.2

"whittling away" of the commercial magnetism or selling power of a famous and distinct trademark.[70] No one knows exactly when a trademark will be hurt due to multiple diluting uses of the same or a highly similar mark by others.[71] But dilution theory is premised on the notion that eventually the famous mark will lose some of its selling power if multiple, unauthorized uses of the mark are permitted to proceed.[72]

Until recently, the gradual erosion theory was reflected in dilution doctrine. An aggrieved party could obtain injunctive relief by showing that a challenged use, if permitted to continue, would eventually cause dilutive harm.[73] A plaintiff (in most jurisdictions) had to show only that it was more likely than not that dilution would occur at some point in the future if defendants and others were permitted to use a trademark that was the same or highly similar to the plaintiff's famous trademark.[74] Plaintiffs did not have to show actual harm.[75]

Recently, the United States Supreme Court rejected the *likelihood* of dilution approach. In *Moseley v. Victoria's Secret*, the Court ruled that plaintiffs must show *actual* dilution.[76] The Court reasoned that the FTDA, unlike its state law counterparts, does not include language which explicitly makes *likely* dilution actionable.[77] The FTDA states that an injunction shall follow whenever the challenged use "causes" dilution.[78] The Court ruled that this language means a plaintiff in a federal dilution case must prove that its mark has actually begun to be diluted as a result of the defendant's activities.[79] *Victoria's Secret*, then, represents a

70. Schechter, *supra* note 14, at 825.

71. *See* McCarthy, *supra* note 3, § 24:92.2.

72. *Id.*

73. *See id.*

74. *See* Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 224–25 (2d Cir. 1999) ("[W]e read [the FTDA] to permit adjudication granting or denying an injunction, whether at the instance of the senior user or the junior seeking declaratory relief, before the dilution has actually occurred."); *accord* Eli Lilly & Co. v. Natural Answers, Inc., 233 F.3d 456, 468 (7th Cir. 2000) (where Seventh Circuit aligned itself with Second Circuit's finding that a "likelihood of dilution" is sufficient to trigger dilution remedies under the federal act). *But see* Ringling Bros.—Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F. 3d 449, 461 (4th Cir. 1999) (holding that the FTDA provides a remedy only for actual dilution that has already begun to occur); *accord* Westchester Media v. PRL USA Holdings, Inc., 214 F.3d 658, 670 (5th Cir. 2000) (aligning itself with the *Ringling Bros.* actual dilution holding).

75. *See Nabisco, Inc.*, 191 F.3d at 223–25.

76. *See* Moseley v. V. Secret Catalogue, Inc., 537 U.S. 418, 432–33 (2003).

77. *Id.* at 433.

78. Federal Trademark Dilution Act, 15 U.S.C. § 1125, 109 Stat. 985 (1995).

79. *See Victoria's Secret*, 537 U.S. at 434. No one knows exactly what *Victoria's Secret* means. *See* McCarthy, *supra* note 3, § 24:110. For one thing, the ruling seems inconsistent with the gradual erosion theory that lies at the heart of dilution law. Moreover, the Court in *Victoria's Secret* stated that proof of actual dilution does not necessarily entail proof of current economic loss. Apparently, the court believes it is possible for a famous trademark to be experiencing dilution even though the products to which it is attached are still just as profitable as they were before the dilution began to

sharpening of the harm focus in American dilution law.[80]

II. The Inherent Indeterminacy of Dilution Law

This Article began with the assertion that the primary flaw in dilution doctrine lies in the fact that dilution is vague and indeterminate, and that if it is taken seriously as a concept, it is nearly impossible to prove. This Part seeks to support that assertion.

The primary type of dilution is blurring. The notion here is that multiple uses of the same mark on different types of products will eventually blur the distinctive character of the famous trademark and cause it to lose some of its commercial magnetism and selling power.[81] The concept of blurring is complex. It assumes that a mark has a degree of distinctiveness in the public consciousness and that this degree of distinctiveness can be measured. It also assumes that multiple uses of the same trademark can blur that distinctiveness in the public consciousness. This blurring occurs because consumers no longer associate the famous mark with only one line of goods or only one source of goods.[82] Dilution theory further assumes that once blurring occurs, the blurred mark is less capable of functioning as a strong source identifier for the company that originally adopted that mark.[83] Over time, this lessening of capacity to identify goods and services is likely to weaken the brand and cause measurable financial loss to the mark owner.[84]

For example, take the famous trademark Kodak, which is known primarily as the brand name for a type of camera equipment. If other companies attempt to use Kodak as their own mark for unrelated goods,

occur. This is a strange and highly dubious assumption. If one is going to require actual dilution, it would seem much more logical to conclude that this necessarily entails proof of economic harm, as the Fourth Circuit concluded in the *Ringling Bros.* decision. *Ringling Bros.*, 170 F.3d at 455.

80. In the wake of the *Victoria's Secret* decision, the International Trademark Association ("INTA") presented a draft bill to the House Judiciary Subcommittee on Courts, the Internet and Intellectual Property. The proposed bill would overrule the *Victoria's Secret* case and change the statutory requirement from proof of actual dilution to proof that dilution is merely "likely." If INTA's proposed bill passes, federal dilution law, like most state dilution law, will require only a showing of likely dilution as a basis for recovery. *See generally Committee Print to Amend the Federal Trademark Dilution Act: Hearing Before the Subcommittee on Courts, the Internet, and Intellectual Property of the House Committee on the Judiciary*, 108th Cong. 6 (2004) (describing the draft bill and the hearing held Apr. 22, 2004).

81. *See* McCarthy, *supra* note 3, §§ 24:67, 24:68.

82. Mattel, Inc. v. MCA Records, 296 F.3d (9th Cir. 2002) ("The distinctiveness of the mark is diminished if the mark no longer brings to mind the senior user alone.").

83. *See* McCarthy, *supra* note 3, § 24:68 (Under the "blurring" theory, "[c]ustomers or prospective customers will see the plaintiff's mark used by other persons to identify other sources on a plethora of different goods and services. The unique and distinctive significance of the mark to identify and distinguish one source may be diluted and weakened. But no confusion as to source, sponsorship, affiliation or connection has occurred.").

84. *Ringling Bros.*, 170 F.3d at 458 ("[T]he end harm at which [the dilution cause of action] is aimed is a [diminishment of] the mark's selling power, not its 'distinctiveness' as such.").

such as bicycles or automobiles, dilution theory would hold that these uses should be disallowed because they ultimately will weaken the selling power of the original Kodak mark and thereby injure the commercial interests of the owner of that mark. Dilution theory further holds that the owner of the Kodak mark should be empowered to prevent dilution before it occurs.

The problem with this line of reasoning is that it is built on a series of curious and ultimately dubious assumptions.[85] First, it is not at all clear that the degree of distinctiveness of a particular trademark can be accurately measured. Some marks are more famous than others, but fame, alone, is not an indicator of mark strength. Mark strength (which is what is often meant when one refers to mark distinctiveness) is a slippery concept. Ultimately it refers to the ability of the mark to attract consumers' attention in a complex and information-rich marketplace.[86] But it is difficult to know why one's goods sell well or why they do not. A measurement of product sales may be more associated with how customers feel about a particular product than with a particular brand name, *per se*.

Second, and for similar reasons, it is exceedingly difficult to measure any reduction in mark distinctiveness. Absent clear proof that a particular brand is losing substantial sales, and that such loss is caused by the prevalence of other similar marks in the marketplace, one could never really know whether dilution is occurring. But such proof is hard to come by. In fact, in most dilution cases, the plaintiff sues before actual economic harm has occurred.[87] The plaintiff alleges that such harm is likely to occur if the defendant is permitted to continue to sell similarly branded goods. And so the inquiry shifts from whether dilution has occurred to whether it is likely to occur.

It is even more difficult to measure whether dilution is likely to occur than it is to measure whether it has already occurred. This is so because the likelihood of dilution occurring in the future necessarily

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85. *See* McCARTHY, *supra* note 3, § 24:100 (noting judicial skepticism about dilution by blurring); *see also* Walter J. Derenberg, *The Problem of Trademark Dilution and the Anti-dilution Statutes*, 44 CAL. L. REV. 439, 451 (1956) (raising doubts about dilution theory); George E. Middleton, *Some Reflections on Dilution*, 42 TRADEMARK REP. 175, 187 (1952) (stating that as of 1952: "So far as I know no [state law dilution case] case has turned on dilution alone"); David S. Welcowitz, *Reexamining Trademark Dilution*, 44 VAND. L. REV. 531, 583–88 (1991) ("Courts are struggling to define a dilution theory and to distinguish it from [traditional trademark] infringement when no real theory or distinction may exist.... If legislatures cannot summon the will to repeal dilution statutes, the statutes should be limited as much as their language will permit.").

86. McCARTHY, *supra* note 3, § 11:73 ("The legal strength of a mark is usually the same as its economic and marketing strength").

87. *See, e.g.*, Nabisco, Inc. v. PF Brands, Inc. 101 F.3d 208 (2d Cir. 1999) (considering before any extensive marketing of the defendant's product, whether Nabisco's sale of a gold-fished shaped cracker would dilute Pepperidge's Farm's famous cracker in the same shape).

entails a prediction about future events about which the court cannot hope to know. A judge will never know with any degree of certainty whether (and how many) other companies are likely to start using marks that are identical or similar to the plaintiff's famous mark. Nor will the judge be able to predict whether these future uses of the same mark are likely to become pervasive. And yet the probability of a number of other companies widely using the same or a similar mark is critical to the analysis. If only this one defendant uses a mark that is similar to the plaintiff, then dilution is much less likely to occur than if multiple parties use the same mark. For example, if only one candy company uses the Kodak mark, and if that candy company operates at a fairly low level, dilution is considerably less likely to occur than if fifty different companies use the Kodak mark on many different types of products and all fifty of them are well known.

Even if many companies adopt the mark in the future, there is the possibility that multiple uses of the same or similar mark will not, in fact, materially lessen the strength or selling power of the famous mark.[88] There is scant empirical evidence that multiple uses of a famous mark dilute the selling power of the mark in connection with the first class of products to which it was attached.[89] It takes a certain leap of faith to assume that multiple uses of a mark on diverse products will necessarily or even usually or probably weaken a famous mark in connection with either the first class of goods to which it was attached or even in connection with the other classes of goods to which it was attached.[90] Indeed, if dilution were a real risk, famous mark owners would rarely, if ever, license their marks for use in collateral markets on a variety of different types of goods. Yet this type of licensing occurs frequently.[91] This means that famous mark owners that license their marks must assume that dilution by blurring is not likely to occur merely because their mark is associated with a number of different and diverse products.

III. THE HIDDEN INTEREST IN DILUTION LAW: PREVENTING FREE-RIDING

Given these inherent ambiguities in dilution law, it is surprising to see that plaintiffs have been quite successful in obtaining injunctions in dilution cases.[92] One might have thought that plaintiffs would tend to lose dilution cases in all but the rare instance when their sales have measurably declined and they can show a clear causal connection between that decline and the activities of the particular company that has

88. *See* Welcowitz, *supra* note 85, at 539.

89. *Id.*

90. *Id.*

91. *See* David S. Franklyn, *Toward a Coherent Theory of Strict Tort Liability for Trademark Licensors*, 72 S. CAL. L. REV. 1, 12–13 (1998) (noting the prevalence of collateral market licensing).

92. *See, e.g.*, cases cited *infra* note 96.

been using a mark that is identical or similar to the plaintiff's mark. At a minimum, one would have thought that judges would refuse to grant injunctions in dilution cases absent compelling evidence showing that a host of companies were planning to use marks similar to the plaintiff's mark and that, if allowed to proceed, consumers would indeed buy fewer of plaintiff's products than they otherwise would have bought.

But this has not been the case. Plaintiffs frequently have won dilution cases with little more than the assertion that plaintiff's mark was famous before defendant began using the same or a highly similar mark without any authorization from the plaintiff.[93] Judges have been willing to enjoin such copycat uses of famous marks even when the risk of dilution by blurring or tarnishment was nothing more than a mere possibility, and not even a compelling one at that.[94]

The reason for this phenomenon is that judges are most likely vindicating an interest that is quite different than the interests that dilution law seeks to protect. The hidden interest is a desire to punish free-riding. There seems to be a basic conviction in the human consciousness that free-riding is wrong. This conviction is fairly simple and straightforward and probably accounts for the plaintiff success rate in dilution cases.

Indeed, given the complexities and ambiguities of dilution theory, it is odd that trademark law came to focus on dilutive harm as the exclusive or even dominant mechanism for providing protection beyond the likelihood of confusion paradigm. This is particularly odd when one considers that the anti-free-riding impulse provides us with a much simpler and more compelling rationale for protection of famous trademarks.

One can think of numerous instances where a trademark ought to be protected despite the absence of dilutive harm. Take, for example, the famous trademark Google. It is the name of a popular internet search engine web site. Suppose I want to sell Google candy bars without Google's permission. Should it be allowed?[95] The traditional likelihood of confusion analysis probably would not provide Google with relief. It is doubtful anyone would conclude that Google candy bars were manufactured by the search engine company. Most of us are not aware of a search engine company being in the candy business. We would not be confused into buying the candy bars on the mistaken assumption that they came from the same company that provides excellent search engine services.

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93. *See, e.g.*, cases cited *infra* note 96.

94. *See, e.g.*, cases cited *infra* note 96.

95. For a similar case which was recently litigated, see *Xtraplus Corp. v. Google, Inc.*, No. C-01-20425 (N.D. Cal. 2003).

And yet my strong hunch is that most people would say Google (the search engine company) deserves protection in this instance. If you asked them to give a reason why, 99% of them (excluding trademark lawyers) would provide a rationale that has absolutely nothing to do with dilution. I have conducted an informal survey of this type. I always get the same basic answer. People feel strongly that Google is the property of the Internet search company and that a candy company called Google would be attempting unfairly to poach or trade off of the good reputation of the search engine company. People generally feel this type of "free riding" is wrong. They may not be able to explain why, but their intuitions rarely comport with anything that resembles dilution theory.

When confronted with this hypothetical, the dilution argument does not naturally come to mind. It is one of those rare, exotic concepts invented by lawyers. It is not that a case for dilution cannot be made; it is just that it is not the natural and most straightforward case to make. Indeed, the notion that the Google mark would be diluted by the use of the same mark on candy bars seems far fetched. It is difficult to imagine the Google mark losing fame or credibility in the search engine industry because of the use of the same or a similar mark in other industries. The risk of harm from blurring seems remote at best. It is possible that the tarnishment type of harm could occur if the Google mark was associated with an unsavory business practice, but even this type of harm seems highly speculative. In any event, the possibility of any such harm occurring seems to be a much weaker and more tenuous rationale for providing Google with relief than the basic anti-free-riding rationale.

The truth is that dilution law—as actually practiced and applied by judges—hews more closely to the anti-free-riding rationale than to the dilution rationale. An empirical review of the case law seems to bear out the notion that judges are just as likely as lay persons to conclude that free-riding is wrong in and of itself, and that dilution, as such, is largely beside the point. I next discuss four dilution cases to illustrate this phenomenon.[96]

96. I discuss four illustrative cases in this Part. There have been many, many other cases in which dilution has been used to punish free-riding. In all of these cases, the risk of dilutive harm has been remote but free-riding was obvious. *See, e.g.*, Nikon Inc. v. Ikon Corp., 987 F.2d 91, 96 (2d Cir. 1993) ("Ikon" dilutes "Nikon"); Polaraid Corp. v. Polaroid, Inc., 319 F.2d 830, 837 (7th Cir. 1963) ("Polaraid" dilutes "Polaroid"); Hester Indus., Inc. v. Tyson Foods, Inc., 16 U.S.P.Q.2d (BNA) 1275, 1281 (N.D.N.Y. 1990) ("Wing-Flings" dilutes "Wing-Dings"); Cynthia Grey v. Campbell Soup Co., 650 F. Supp. 1166, 1175 (S.D.N.Y. 1986) ("Dogiva" dilutes "Godiva"); McDonald's Corp. v. McBagel's, Inc., 649 F. Supp. 1268, 1281 (S.D.N.Y. 1986) ("McBagel's" dilutes "McDonald's"); Toys R Us, Inc. v. Canarsie Kidie Shop, Inc., 559 F. Supp. 1189, 1208 (E.D.N.Y. 1983) ("Kids 'r' Us" dilutes "Toys R Us"). Indeed, courts in a number of cases have been quite clear in explicitly identifying free-riding as the gist of the dilution cause of action. *See, e.g.*, Mattel, Inc. v. MCA Records, 296 F.3d 894, 903 (9th Cir. 2002) (stating that dilution is about preventing free-riding on mark owners' substantial investment in famous marks); Playboy Enters. v. Welles, 279 F.3d 796, 805 (9th Cir. 2002) (standing for the same

A. VICTORIA'S SECRET

One need not look far to find a compelling example of the anti-free-rider impulse at work in dilution law. In the very recent *Victoria's Secret* case, which eventually made its way to the U.S. Supreme Court, both lower courts were willing to enjoin the defendant's use of a mark that was similar to plaintiff's mark because they clearly saw the defendant as a free-rider.[97] The Court was willing to affirm the injunction even when there was an absence of any type of clear evidence that dilution was likely to occur.

In *Victoria's Secret*, plaintiff owned the famous trademark "Victoria's Secret" for use on women's lingerie and apparel.[98] It sued a Lexington Kentucky retail store which called itself "Victor's Secret." Victor's Secret sold a variety of things, including a slight amount of sexy women's lingerie and a slightly larger amount of sex toys.[99] Victor's Secret changed its name to "Victor's Little Secret," after receiving a cease and desist letter from Victoria's Secret's lawyers.[100] The nationally famous plaintiff was not impressed with this slight name change, and promptly brought suit in federal court for garden-variety trademark infringement and dilution.[101] The district court and Ninth Circuit Court of Appeals both sided with plaintiff on the dilution claim.[102] Eventually, the United States Supreme Court overturned the decision and remanded the case for further proceedings.[103]

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proposition as *Mattel*); I.P. Lund Trading ApS v. Kohler Co., 163 F.3d 27, 50 (1st Cir. 1998) (stating that dilution protects trademark owners "from an appropriation of or free riding on" the substantial investment that they have made in their marks). The desire to funnel all manner of anti-free-riding anger into the dilution mold is not limited to decided cases; to the contrary, one can see numerous examples of it in pending litigation. Recently, for example, Fox News Channel sued Al Franken, the former Saturday Night Live comedian, for placing on the bottom of the front cover of his new book the phrase "Fair and Balanced"—a phrase which Fox previously registered as a trademark. Fox candidly admits that the essence of its suit is that Franken is attempting to exploit the fame of a phrase that Fox allegedly made famous. This suit raises serious issues about language sharing and the proper boundaries of any cause of action that seeks to vindicate the anti-free-riding impulse. *See infra* Part V.

97. *See* Moseley v. V. Secret Catalogue, Inc., 537 U.S. 418, 425 (2003).

98. *Id.* at 422.

99. *Id.* at 422–23.

100. *Id.* at 423.

101. *Id.*

102. *Id.* at 425–26.

103. *Id.* The Supreme Court reversed after finding that the FTDA requires proof of actual as opposed to merely likely dilution. Because the law was not clear on this point prior to the Court's ruling, the case was remanded for further proceedings consistent with the opinion. Undoubtedly, the Court's ruling makes it harder to prove dilution and it makes the dilution cause of action less susceptible to use as a general anti-free-rider statute. The Court understandably wanted to limit dilution, probably because of its own perception that an unlimited anti-free-riding statute was a bad thing. As I show more fully below, the Court got it wrong. The free-riding impulse should be limited. But not by a strict focus on harm. If, as I contend, the impulse has deep and compelling theoretical justification, then it is likely that the impulse will simply find its expression elsewhere in trademark law. Perhaps lower court judges will further stretch the likelihood of confusion analysis to punish free-

The lower court decisions in *Victoria's Secret* provide clear examples of the anti-free-rider impulse at work. The possibility that the use of Victor's Secret could dilute Victoria's Secret was remote. Victor's Little Secret was a small operation in a small Kentucky town.[104] The location of its store, nature of its business, and look and feel of its operation all precluded consumers from assuming that it had any connection with the plaintiff. There was no proof that Victoria's Secret had lost its luster as a trademark.

However, Victor's Secret was free-riding on Victoria's Secret name. In these circumstances, it did not really matter to either the district court or the appellate court that the possibility of dilutive harm (i.e., blurring or tarnishment) was remote. There was free-riding. That was all that mattered.

B. THE *WAWA* CASE

Another example of how dilution rhetoric can serve as a malleable vehicle for the anti-free-riding impulse is found in *WaWa v. Haaf*.[105] In *WaWa*, plaintiff owned a successful and prominent chain of convenience stores in Pennsylvania and surrounding areas.[106] Defendants, apparently wishing to trade on plaintiff's fame, started a single convenience store called HaHa.[107] Plaintiff sued defendants on several grounds, but ultimately proceeded only on a dilution theory.[108] Plaintiff contended that the selling power of the WaWa name was being undermined and diluted by defendants' use of HaHa as a similar name for a convenience store.[109] They produced no proof of actual harm.

Defendants explained that they picked the HaHa name as an abbreviation for their family name, Haaf.[110] The district judge would have none of it. In issuing an injunction, he reasoned that "[a]lthough Mr. Haaf denies predatory intent, I am dubious."[111] The court thought there was a "parody problem" in defendants' use, which, when combined with the fact that defendants' HaHa mark was itself distinctive and easy to remember, made it likely that plaintiff's famous WaWa mark would be "blurred" in the minds of consumers.[112]

riders. Perhaps they will ignore parts of *Victoria's Secret* or confine it to its facts or find a way to wiggle around it. But they are not likely to simply abandon the desire to punish free-riders. *See infra* Part IV.

104. *See Victoria's Secret*, 537 U.S. at 423.

105. 40 U.S.P.Q.2d (BNA) 1629, 1632 (E.D. Pa. 1996), *aff'd without opinion*, 116 F.3d 471 (3d Cir. 1997).

106. *Id.* at 1630–31.

107. *Id.* at 1631.

108. *Id.* at 1632–33.

109. *Id.* at 1631–32.

110. *Id.* at 1632.

111. *Id.*

112. *Id.* at 1633.

The court never stopped to explain why such blurring was likely. Plaintiff offered a survey showing that some twenty nine percent of respondents thought of plaintiff's business when encountering defendants' store name (on the survey form).[113] But neither the parties nor the court explained why this mere association was likely to "blur" the distinctiveness of plaintiff's mark.

The opinion can only be explained as an expression of the anti-free-riding impulse. Indeed, the court almost acknowledges as much when it focuses on "predatory intent." Such intent, strictly speaking, ought to be irrelevant to the dilution inquiry. Dilution is about likely effects—i.e., the probability that numerous uses of a famous mark will diminish its selling power. It is not supposed to be about predatory intent. Yet courts, as here, often talk of such intent in dilution opinions.[114] This fact alone illustrates that they are as concerned about preventing free-riding as they are about preventing any sort of harm to a mark. The court's decision in *Wawa* honestly acknowledges the free-riding factor.[115]

C. *Lexington Management Corporation v. Lexington Capital Partners*

The primacy of the anti-free-riding impulse is also evident in the court's opinion in the case of *Lexington Management Corp. v. Lexington Capital Partners.*[116] There, the plaintiff, a 401(k) fund manager, sued defendant, a retail securities broker, for traditional trademark infringement and dilution due to defendant's use of the "Lexington" name in the financial services industry.[117] There was no evidence of actual confusion and little possibility of any shared customers between the two companies—plaintiff dealt mainly with institutional investors as a mutual fund manager, whereas defendant dealt with retail investors.[118]

Plaintiff presented no evidence that its mark was famous nationally or in the financial services industry in particular. Nor did it explain how defendant's use of the word "Lexington" in its own name could dilute the selling power of plaintiff's mark. Indeed, such dilution was highly unlikely given the fact, as defendant asserted, that over 3,400 businesses were already using the Lexington mark nationally in one business or another, and that several of those uses related to financial services.[119]

On these facts, the court nevertheless ruled for the plaintiff, on both

113. *Id.* at 1632.

114. *See, e.g., id.* at 1633.

115. *Id.* The fact that the opinion was affirmed by the Third Circuit (without opinion) arguably reflects the appellate court's agreement with the outcome and unwillingness to dissect the lower court's rationale.

116. 10 F. Supp. 2d 271, 290 (S.D.N.Y. 1998).

117. *Id.* at 274.

118. *Id* at 276.

119. *Id.* at 275–76.

its likelihood of confusion and dilution causes of action.[120] While the court stated that there was no firm evidence that defendant acted in "bad faith" in selecting the Lexington name, plaintiff's "strong and widespread presence in the investment market and press makes it unlikely that defendant could not have known of plaintiff's business and trademark rights."[121] The court also noted that whereas plaintiff began using the Lexington mark in the mid-1980s, defendant did not include Lexington in its name until 1997. Prior to that time, defendant was called First Hanover Securities.[122] In these circumstances, the court apparently believed that defendant was attempting to capitalize inappropriately on plaintiff's existing reputation generally in the financial services industry. Based on this belief, the court was willing to enjoin defendant from using the Lexington mark in any manner whatsoever—despite the lack of evidence of dilutive harm.[123]

D. *Times Mirror Magazine v. Las Vegas Sports News*

In *Times Mirror Magazines, Inc. v. Las Vegas Sports News*,[124] plaintiff was the owner of the trademark "Sporting News," which had been used as the name of a sports magazine since 1886.[125] Plaintiff's magazine provided its readers with information on baseball, basketball, football, and hockey, and had a weekly circulation of approximately 540,000 customers in the United States.[126]

Defendant originally published a gambling news magazine in Las Vegas under the name "Las Vegas Sports News," but changed its name in 1997 to "Las Vegas Sporting News," in an effort to boost sales.[127] Defendant's magazine contained articles, editorials, and advertisements on sports wagering for "the sports gaming enthusiast."[128]

Plaintiff sued defendant solely on a dilution theory.[129] The district court found for plaintiff and the Third Circuit affirmed.[130] The appellate court held that the plaintiff's mark was sufficiently famous in its "niche market" to qualify for protection under the FTDA.[131] The Court also found that defendant's use was likely to blur the distinctiveness of

120. *Id.* at 290.
121. *Id.* at 287 n.12.
122. *Id.* at 276.
123. *Id.* at 283.
124. 212 F.3d 157 (3d Cir. 2000).
125. *Id.* at 160.
126. *Id* at 161.
127. *Id.*
128. *Id.*
129. *Id.* at 162.
130. *Id.* at 170.
131. *Id.* at 164–65.

plaintiff's mark in the mind of consumers.[132]

The Court's holding cannot be explained on a dilution rationale. There was no evidence that purchasers of plaintiff's magazine had come to associate plaintiff's mark with gaming; nor was there a serious risk that that would occur in the future. Rather, both the district and appellate courts seemed genuinely troubled by the fact that defendant clearly had attempted to take a free-ride on the superior notoriety and good reputation of plaintiff's publication.[133]

IV. Toward a More Coherent Anti-free-rider Theory

In the foregoing Part, I showed that judges appear to frequently use dilution law as a mechanism for vindicating the anti-free-riding impulse, even when dilutive harm is remote. Accepting that this phenomenon exists, there are two possible responses. One could conclude that the judicial inclination to punish free-riding through the malleable vehicle of dilution law is wrong and should be stopped. Perhaps this is one reason the United States Supreme Court recently attempted to rein in federal dilution with the new requirement that plaintiffs prove actual dilution.[134] On this view, the problem is not with the harm requirement, as such, but rather with how slippery it has been and how easy it has been to avoid. The remedy, if one accepts this approach, is to make harm a more central and meaningful component of dilution law. In this way, the judicial tendency to vindicate the anti-free-rider impulse in cases where dilution

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132. *Id.* at 169–70.

133. The use of dilution law to punish free-riders in the absence of blurring or tarnishment can also be seen in the early cybersquatter cases. Prior to the adoption of the federal Anti-Cybersquatting Protection Act ("ACPA") in 1999, plaintiffs' claims were usually funneled into the dilution mold. It was a poor fit. Judges did not like cybersquatting. They clearly thought it a form of free-riding that should be stopped. They therefore found little difficulty in stretching standard dilution law to achieve that end. One of the first instances of cybersquatting to be enjoined under the FTDA occurred in *Intermatic v. Toeppen*, 947 F. Supp. 1227, 1241 (N.D. Ill. 1996). Mr. Toeppen had reserved hundreds of famous trademarks as Internet domain names before the trademark owners could do so. The district court granted summary judgment against Toeppen on the dilution count. The result in Toeppen cannot be squared with the theory of dilution or the wording of the FTDA. Toeppen did not dilute the selling power of the Panavision trademark through blurring or tarnishment. It is probable that the judges were convinced that Mr. Toeppen was attempting to reap where he had not sown. He was a classic free-rider.

The impulse to punish free-riding in the cybersquatting context is not limited to the judicial arena. The ACPA itself is a legislative expression of the anti-free-riding impulse. Because some judges thought it intellectually dishonest to punish cybersquatting through the dilution cause of action, they refused to enjoin activity that clearly counted as free-riding. Congress eventually elevated the anti-free-riding impulse to a statutory cause of action in the ACPA. Courts increasingly interpret the ACPA to punish free-riding whenever the defendant has used a famous mark as part of its domain name with knowledge of the mark's fame. *See, e.g.*, Harrods Ltd. v. Sixty Internet Domain Names, 157 F. Supp. 2d 658, 679 (E.D. Va. 2001) (granting summary judgment against cyber-squatter largely due to the anti-free-rider impulse, where bad faith arguably should have been a triable issue of fact); *see also* Xtraplus Corp. v. Google, Inc., No. C-01-20425 (N.D. Cal. 2003).

134. *See supra* Part I.

is highly unlikely might be minimized.

Another possible approach—and the one I advance here—is to embrace the anti-free-rider impulse as a legitimate basis for an independent form of trademark protection. My thesis in this Article is that the anti-free-rider impulse should be embraced and turned into a separate form of trademark protection. This thesis is ultimately grounded in the notion that strict adherence to dilution theory would not naturally protect famous marks from free-riders. Rather, courts should continue to enjoin free-riding, but under an explicit, coherent theory that has little to do with dilution. In the paragraphs that follow, I offer a theoretical construct which might be used as the basis for anti-free-riding legislation that does not rely on traditional dilution principles like blurring and tarnishment. I first lay out the basic justifications for preventing free-riding on famous marks. I then apply those justifications in the context of a hypothetical case.

A. Justifying the Anti-free-rider Impulse

The anti-free-rider cause of action in trademark law finds its strongest justification in a blended rationale that focuses on the respective rights and interests of the famous mark creator and the party who wishes to knowingly exploit that mark for clear commercial gain. Because the justification process is necessarily contextual, I refer to it as an "as between" type of argument. That is, as between the famous mark owner, who frequently expends some time, effort, and money to create and maintain the mark's fame, and a third party who did nothing to create that fame but nevertheless wishes to exploit it, we generally have no trouble siding with the famous mark owner. The intuition here is based on a vague and often unarticulated but still defensible sense of the equities of the situation.

On the one side, we consider the interests of the mark owner. The mark owner gets credit for selecting a catchy word or phrase as a mark and for investing time, money, and energy to make the mark famous. Fame does not usually come to a mark overnight or by accident. It takes planning and considerable economic investment to make most marks famous. We feel that that investment generally deserves protection. We also believe that the famous mark creator should be allowed to capture the full economic rewards of her investment and to control how her investment is utilized. In disputes with free-riders, that usually means requiring the free-rider to obtain some sort of license from the mark owner.

When examined more closely, these basic intuitions about the interests of the famous mark owner appear to be grounded in a multi-faceted rationale. One strand of the rationale relies on the labor theory of property rights.[135] Intellectual property rights (outside the trademark context) have long been justified in part by the labor theory of property.[136] The notion here is that one deserves to own the fruits of one's labor.[137] John Locke posited that if a human being can be said to own her own body, it follows that she should own the fruits of her body's labors.[138] This means that the laborer has a superior right to control the fruits of her labor and to capture benefits which those labors might generate.[139] As applied here, Lockean labor theory supports our intuition that famous mark owners deserve to own and control marks which they made famous and to capture the economic benefits that they generate.[140]

The other strand of the "as between" rationale finds support in economic incentive theory.[141] Lurking in the "as between" rationale is a set of economic assumptions about optimal mark investment. One assumption is that free-riding prevents a famous mark owner from capturing the full financial benefits of her mark.[142] This appears to be a valid assumption. If a company knows it can license its famous and highly distinct marks in all fields—even to those who wish to use the mark on totally unrelated types of goods—it will have a strong incentive to create a famous mark.[143] Economists might refer to this as internalizing the benefits of creating a famous name.[144] The famous mark owner is in the best position to decide to whom the mark should be licensed and to ensure that the mark is utilized in the most efficient and economically desirable manner. Uncontrolled free-riding thus provides a drain on the optimal use of prestigious marks.

It is important to note that considerations of harm—even dilutive harm—are not necessarily wholly absent from how we view the potential property interests of the famous mark owner. It is possible that lurking in the background of the judicial (or lay) imagination is a feeling that uncontrolled use of a famous mark could eventually hurt the mark owner is some way. (Just as it is possible that lurking in the background of real property protection is some vague notion that trespass to property could

135. *See, e.g.*, Lawrence C. Becker, *Deserving To Own Intellectual Property*, 68 CHI.-KENT. L. REV. 609, 610 (1993); Justin Hughes, *The Philosophy of Intellectual Property*, 77 GEO. L.J. 287, 296–301 (1988); Alfred C. Yen, *Restoring the Natural Law: Copyright as Labor and Possession*, 51 OHIO ST. L.J. 517, 536–38 (1990).

136. Yen, *supra* note 135, at 536–38.

137. *See* Becker, *supra* note 135, at 615.

138. *See* Hughes, *supra* note 135, at 296.

139. *Id* at 299.

140. *See id.*

141. *See* William M. Landes & Richard A. Posner, The Economics of Trademark Law, 78 TRADEMARK REP. 267, 278 (1988).

142. *Id.* at 344.

143. *See* Ty Inc. v. Perryman, 306 F.3d 509, 510 (7th Cir. 2002)

144. *Id.* at 512–13 (discussing the internalization concept with regard to famous marks and dilution theory).

harm the property owner in some way.)[145] Whether the harm could come in the form of "tarnishment" or "blurring" or even in some other sense is not particularly clear. But we are not troubled by that lack of clarity, because the immanency or likelihood of harm is not paramount—or even necessary to—the "as between" analysis. The gist of that analysis is that the famous mark owner created something of value, and that as between her and the third party user, the former should be able to control the famous mark.

On the other side of the equation, we evaluate the interests of the person who wishes to use a mark that is identical or highly similar to a famous mark. Here we often find little to commend the would-be famous mark user/emulator. Her motive frequently is clear: she selected the mark in question because of its similarity to a famous mark. We likely will conclude that she must have known what she was doing, even in the absence of clear proof, because of the fame of the mark she attempted to copy.[146] One would have to be cloistered not to know what one was doing in most of these cases.

The attempt to make a profit off of some one else's fame troubles us. There seems to be something unseemly about this type of profiteering. Our concern here is precisely the opposite of the intuition that underlies our sympathy with the famous mark owner. There we felt that the mark owner deserved to control her mark because she created it and made it famous. Here, on the other hand, we see someone trying to exploit fame they did not create. They are trying to obtain credit for a something they did not earn. This attempted exploitation appears to be a form of unearned advantage seeking that troubles us. In the words of the metaphor, we believe that one is attempting to reap where one has not sown. At bottom, the conduct is seen as a type of theft, and, as such, it is adjudged to be morally wrong.

Our moral condemnation is intensified by the fact that in many instances we cannot identify any kind of justification for free-riding on famous trademarks. The free-rider usually did not need to use the famous mark. Nor can we see any benefit to allowing her to use it. There does not seem to be any collective gain from allowing such free-riding to occur. Unlike other areas of intellectual property law, free-riding on a famous trademark does not further innovation or technological advancement.[147] Thus, while unrestrained free-riding on famous marks

145. *See* Wendy J. Gordon, *Toward a Jurisprudence of Benefits: The Norms of Copyright and the Problem of Private Censorship*, 57 U. CHI. L. REV. 1009, 1045 (1990) (discussing the significance of the harm concept in Lockean property theory).

146. *See, e.g.*, WaWa v. Haaf, 40 U.S.P.Q. 2d (BNA) 1629, 1632 (E.D. Pa. 1996) (acknowledging that despite the lack of proof, the court was dubious about the defendant's assertion that he was not attempting to free-ride on the name and reputation of the plaintiff).

147. In patent law, by contrast, there may be pro-innovation and pro-creativity reasons to allow

imposes impediments to optimal mark investment, it also appears to provide no countervailing economic benefit to society.[148]

A final point to notice about the "as between" rationale is that it does not wholly depend on the strength of any one of the strands that comprise it. That is, we are still persuaded of its overall viability despite the fact that in an individual case one element of the rationale does not provide support for a mark owner.[149] For example, in some instances, it may be doubtful that a particular mark owner did much to make her mark famous (and thus Lockean labor theory *alone* would not support her property claim). In other cases, we might doubt that a particular famous mark owner would really wish to license her mark broadly or that anybody would really pay her money to use the mark in such unrelated industries (and thus economic incentive theory *alone* might not support her property claim). In still other instances, we might be quite doubtful that the accused use is likely to harm the mark owner in any clear way[150] (and thus dilution theory alone might not support her property claim).

The reason why such individually weak elements do not necessarily defeat the "as between rationale" is because it is always a comparative analysis.[151] The plaintiff may have a relatively weak property claim, but the defendant often has no justification whatsoever for her free-riding. We are willing to give the plaintiff the benefit of the doubt on how much labor or money she expended to make her mark famous or on how important the lost licensing fee is to her because we can see no compelling benefit that comes from the defendant's free-riding. In the end, it is a question of control. We believe that the famous mark owner

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free-riding. The same is often true in copyright. But a similar case cannot be made here. No economic good is furthered when, for example, a bagel company calls its bagels "McBagels," or a bicycle company calls itself "Kodak Bicycles" or a children's store calls itself "Kids-R-Us." In each of these instances, free-riding on a famous mark imposes social costs without providing a countervailing social gain.

148. It might be argued that there would be some economic value to allowing unauthorized third parties to use famous marks (even famous coined marks that were made up and made famous by others), on the ground that such use might enable them to start companies or new product lines that would otherwise be difficult to start. On this theory, the added boost of the famous mark would give the would-be market entrant immediate recognition and visibility that could mean the difference between selling the new product or not selling it. And this economic value of the famous mark might be wasted if the mark owner does not want to exploit it in this manner. While I suppose there is some merit to this possibility, it would seem that if such economic value were truly there, a rational mark owner would license the use of the mark for a mutually agreeable price. In any event, someone (presumably the mark owner) needs to weigh the economic benefit that might be derived from such collateral uses against the harms that could come to the famous mark from either overexposure (blurring) or tarnishing exposure.

149. *See* Edwin C. Hettinger, *Justifying Intellectual Property*, 18 PHIL. & PUB. AFF. 31, 51–52 (1989).

150. Of course, there be may harm in the circular sense of lost licensing fees. This is a circular conception of harm because it assumes that one has a property-based right to receive the licensing fees in the first place.

151. *See generally* Hettinger, *supra* note 149, at 78.

should be the one to decide whether she is threatened by third party use or can capture a financial benefit that her famous mark made possible.[152]

To summarize, then, the anti-free-riding impulse appears to be embedded in a crude and unarticulated cost/benefit analysis. On the property side, it relies on vague notions about the degree of labor and monetary investment (initial mark selection, continued advertising, marketing efforts, and the like) that go into making a mark famous. It concludes that this investment deserves protection as a general matter—to enable the mark owner to capture the full economic benefit of the fame she created and to control against potentially harmful uses by others. On the free-riding side, it generally assumes that the third party had improper motives, that the conduct was morally reprehensible, and that free-riding on famous marks does not provide any social or economic benefit. Finally, because the defendant's interests in such cases are often so weak, we generally are inclined to give plaintiffs considerable latitude in protecting their famous marks.

B. ILLUSTRATING THE "AS BETWEEN" RATIONALE

It may be useful to return to our Google hypothetical to explore the contours of the "as between" rationale in the context of a concrete

152. The free-rider impulse finds similar grounding as a component of an "as between" type of argument in other areas of intellectual property law. Indeed, the basic structure of the argument is found in the famous United States Supreme Court case which is often cited as the basis for the common law tort of misappropriation. *See* Int'l News Serv. v. Associated Press, 248 U.S. 215, at 242 (1918) (holding that plaintiff had a property right in "hot news" which was protectable against misappropriation by a competing news service); *see also* MCCARTHY *supra* note 3, § 10:48 (discussing same). The tort of misappropriation, in certain circumstances, prevents free-riding on intellectual property that is not otherwise protected by copyright, patent, or trademark secret. *See id.*

The anti-free-riding impulse (and the as between rationale) also finds expression in the right of publicity. The reasoning might proceed as follows. As between a famous person (the celebrity) who arguably expended some time, effort, and money to create and maintain her fame, and a third party who wishes to exploit the famous person's identity (perhaps by putting her picture on coffee mugs), we generally have no trouble siding with the famous person. We feel she has a superior right to capture the economic rewards of her fame. We feel this way despite the fact that she may have done little to create her fame (and thus a property right is not well-founded on a labor theory alone). We also feel this way despite the fact that any harm to the celebrity's reputation from third party use may be remote (notice that we do not require the famous person to prove blurring, tarnishment, or anything even remotely like these concepts). We believe that the celebrity should have control of this asset—she should be the one to decide whether she is threatened by the third party use. And we believe that the third party is a free-rider. She is attempting to reap the benefit of celebrity fame even though she had nothing to do with the creation of that fame. Absent countervailing considerations such as the defendant's free speech rights, we are often inclined to find for the famous plaintiff. *See, e.g.*, Alice Haemmerli, *Whose Who? The Case for a Kantian Right of Publicity*, 49 DUKE L.J. 383, 422 (1999) (noting the implicit balance between competing property and use claims in the context of the right of publicity); *see also* J. THOMAS MCCARTHY, THE RIGHTS OF PUBLICITY AND PRIVACY §§ 2:1–2:5 (2d ed. 2003) (discussing the basic rationales for the right of publicity). A similar as between type of argument has also been offered to justify protecting famous sports logos and the like against free-riding even in the absence of a likelihood of confusion or dilution. *See* Robert C. Denicola, *Institutional Publicity Rights: An Analysis of Merchandising of Famous Trade Symbols*, 62 N.C. L. REV. 603 (1984).

factual scenario. There, we supposed that the Google name was used without permission by a candy company and we asked whether this should be allowed. Employing the "as between" analysis, we see that the founders of the Google search engine company have invested substantial time, money, and effort to make the Google brand a valuable commodity.

The selection of the Google name also apparently entailed some degree of creativity. Google does not readily spring to mind as a suitable or natural name for a search engine company. Picking the name undoubtedly involved a prior search to make sure it was not similar to the name of any other search engine company. Indeed, the Google name appears to have been derived from the word "googol," which signifies the number one followed by a hundred zeros. Perhaps the implication was that the Google search engine has a search capacity that is at least as large as this huge number. This combination of creativity in selection and monetary investment in advertising to make the mark famous counsels in favor of granting the Google mark owners a strong property right.

On the other side of the equation, we analyze the interests of the company that wishes to use Google as a name for candy. The fame of Google fosters a strong presumption that the candy company is operating with full knowledge of Google's fame as a search engine trademark and is attempting to exploit that fame. There also does not appear to be any justification for allowing the candy company to do so. An almost limitless number of names would be equally good for a candy company (if one puts aside the advantage they are attempting to gain by capitalizing off of Google's fame). And the candy company cannot claim that the Google name in any way uniquely suits their particular product or is necessary for them to effectively compete in the candy business.

In these circumstances, we are justifiably inclined to find for Google. Our conviction is based first and foremost on our reasonable conclusion that the founders of Google have certain investment-backed expectations and that those expectations deserve legal protection. Our conviction is also based on the fact that the candy company has no apparent reason for free-riding on the fame that Google created. Lurking in the back of our minds may be a concern that failing to protect Google could subject Google to some type of harm.

We may be justifiably concerned that if Google loses control over its mark, others might be able to use the mark in ways that could wash back on the search engine company to its detriment. But we do not feel compelled to make an actual finding that such harm has already begun to occur. Nor do we feel that Google should be required to prove a likelihood that it will suffer such harm in the immediate future. Our desire to provide Google with sufficient control to prevent such harm is grounded in a more basic sense that free-riding is wrong in this situation and that Google has a right to control the use of this particular name. In short, we have no difficulty deferring to Google as the entity best situated to decide whether another party's use of its name is likely to harm it in the future.

We also are inclined to allow Google to decide whether it wishes to license its mark for this particular use. We believe Google has a superior interest in capturing collateral licensing fees from the use of its name. Whether it actually would be willing to license its mark to this particular candy company is largely beside the point. Again, when we compare Google's right to profit from its investment in its name to the utter lack of justification for the candy company's use, we are justifiably inclined to allow Google to decide whether licensing its mark is in its best interest.

To summarize, then, in Part I have demonstrated that there are good reasons to vindicate the anti-free-riding impulse in trademark law and that those reasons are only remotely related to considerations of traditional dilution concepts like blurring and tarnishment. I have argued that broad protection for famous marks can be grounded most convincingly in an "as between" type of analysis that compares the investment of the mark owner to the justifications, if any, for free-riding. When such justifications are lacking, we are right to conclude that the trademark owner should prevail.

V. Finding Limits

Having sought to justify the basic impulse that causes judges to enjoin free-riding in the trademark context and to locate that impulse as a component in a multi-faceted analysis, I am not unmindful of the reasons why many courts and commentators may be reluctant to recommend this broad form of trademark protection. There may be a fear that a cause of action which prohibits free-riding without any proof of clear and definable types of harm (such as blurring and tarnishment purport to be) would be far too broad.[153] Such a cause of action could be difficult to control, and it might trample on other important interests of persons and companies that are searching for new trademarks. In short, it may be far too unwieldy an instrument to place into the hands of judges.

These are legitimate fears, but they are largely unfocused. For one thing, this view assumes that current dilution law cabins the anti-free-riding impulse in a meaningful way. As I have shown above, dilution law has not offered an effective set of mechanisms to limit the anti-free-riding impulse.[154] The focus on harm as a limit has superficial appeal, but

153. *See* Swann & David, *supra* note 2, at 225 (noting reasons why some might fear broad brand protection).

154. *See supra* Part II.

this appeal dissipates once one realizes how speculative and indeterminate dilutive harm is. Courts have not done a particularly good job in applying dilution in a way that would make it a coherent and predictable—and thus well-bounded—concept.[155]

More fundamentally, it ought to be possible to articulate meaningful limits on a free-riding cause of action without resort to dilution principles like blurring and tarnishment.[156] Requiring a finding of economic harm to the famous mark is not necessarily the only way, or even the best way, to limit the anti-free-riding impulse.[157] As I show below, a more significant set of limits can be found by focusing on the language sharing and expressive freedom interests of persons who wish to use marks that are identical or similar to famous marks.[158]

A. Starting with a Hypothetical Case

As we have seen, dilution is not the most natural and compelling rationale for providing anti-free-riding protection to famous marks. It is also not the most natural mechanism for articulating effective and meaningful limits on the free-riding concept. One can think of instances where free-riding on a famous mark seems justifiable, but not because that free-riding is unlikely to dilute the selling power of the famous mark. Take, for example, the famous trademark Amazon.com. As we all know, that mark is used to sell a host of on-line products, the main bulk of which are books. Suppose someone decides to name their jungle expedition travel agency "Amazon Travel." Should this be allowed?

I suspect that most people would answer this question in the affirmative. But, again, their assessment would have little, if anything, to do with the standard dilution law. Again, my point here is not that a non-

155. *Id. See also supra* note 85.

156. Blurring is the typical form of dilution. It means that a famous mark's commercial magnetism will become blurred, and therefore less capable of functioning as a strong brand identifier, if other companies are allowed to use the same mark (or a similar mark) to sell a variety of unrelated goods. Tarnishment is the other principal form of dilution. This refers to cases where unauthorized uses of a famous mark tarnish its image by associating it with an unwholesome or lower quality product. For a more complete discussion of these concepts, see *supra* Part I.

157. Indeed, a strong argument exists that the harm-based focus of dilution law is a proxy for deeper concerns—concerns which are more accurately rooted in beliefs about language sharing and expressive freedom. These interests may be thought too indefinite, however, to serve as determinate limits. Harm is thought more certain. However, as I have shown above, harm itself is a vague and malleable concept in dilution law. It offers a false sense of security as a limiting concept. It often operates as a mask for the true countervailing interests which need to be considered. For a more complete discussion of this topic, see *supra* Part III.

158. My claim here is that dilution law is at once too broad and too narrow. It offers too little (and too uncertain) protection to too broad a category of words. A more appropriate doctrine protecting famous marks should offer a far simpler and more potent form of protection to a much smaller set of words. The proposal advanced here would provide an expansive property right—which is broader than the right to be free from dilutive uses—but it would limit that right to certain types of trademarks (*i.e.*, coined or quasi-coined words).

dilution rationale could not be constructed. Rather, my point is that dilution is an unnatural and largely unnecessary analytical tool in this context. It is much more likely that people would think Amazon Travel ought to be allowed to utilize the word Amazon as part of their own name because the word Amazon was not invented by the owners of Amazon.com and because Amazon is the name of a jungle river and thus somehow linked to the nature of the travel agency's business. In short, people would intuitively conclude that Amazon.com's property interests are relatively weak and that the travel agency's reasons for using the Amazon name are strong. Indeed, they may even be inclined to stick to this analysis in the face of evidence that the travel agency selected Amazon as part of its name in part because of the popularity of Amazon.com.

By contrast, in the earlier Google hypothetical, where we imagined a candy company calling itself Google Candy, we were strongly inclined to protect the famous mark owner. This intuition probably was grounded largely in our sense that Google is a strange and quirky name carefully selected by the Google search engine company and our sense that the candy company had no business-related reason to use Google as part of its name (aside from the obvious free-riding profit-seeking reason).

The different intuitive reactions to the Amazon.com hypothetical (where free-riding seems acceptable) and the Google hypothetical (where free-riding seems unacceptable) are due to the nature of the famous mark involved in each case, and the reasons why the other party was using a mark which was identical or similar to the famous mark. I explore each of these factors in greater detail below.

B. THE NATURE OF THE FAMOUS MARK

The most significant limit on the free-riding impulse relates, not to the possibility of dilutive harm, but rather to the nature of the famous mark for which protection is sought. The more the famous mark appears to be an invented, coined, or made up word, the more inclined we are to protect it against any and all free-riding. The more it appears to be a common, descriptive, or already existing word, the less we are inclined to protect it against any and all free-riding. This inclination is based, in part, on our collective notions of labor and reward. We have inherited the general Lockean notion that the reward of property should follow some type of expenditure of labor.[159] We are not inclined to give people strong property rights when they expend little or no effort in creating something of value.[160] By contrast, we are inclined to give relatively greater property

159. *See* JOHN LOCKE, TWO TREATISES OF GOVERNMENT 305 (Peter Laslett ed., Cambridge Univ. Press 1967) (1690).

160. *See id.*

rights to people who expend labor to invent new things.

Patent law and copyright law are prime examples of how both inclinations have been used to construct broad sets of intellectual property rights.[161] Trademark law is not usually thought to rest on Lockean labor theory.[162] But it does.[163] This is just another example of the labor instinct at work. It takes a degree of intellectual labor and creativity to invent a new word for use as a trademark and to then make that invented mark famous. By contrast, it takes relatively little effort to simply pluck an existing word from the known and obvious lexicon of existing words and to then make that word famous. In short, we are inclined to believe that the invented word somehow *belongs* to its creator in a way that does not necessarily apply to the plucked word.

C. Language Sharing

The second reason why we are inclined to protect Google but not Amazon in these hypothetical cases is because of the language sharing interests of the alleged free-rider. We can see how one might have a good reason to call one's jungle travel agency Amazon Travel. Amazon is a common word that existed and had a real world meaning (it is the name of a South American river) before Amazon.com made it famous for on-line book sales. A jungle travel agency can, therefore, reasonably claim part of its reason for naming itself Amazon Travel is to tap into this pre-existing meaning. We are inclined to sympathize with this type of choice because we generally believe that all people should have an equal right to use common pre-existing words so long as they do not thereby harm others.[164] In this situation, the travel agency seems to have a natural and

161. *See* Hughes, *supra* note 135, at 319–40.

162. The traditional justification for trademark law is that it is designed to protect consumers against misbranded products and producers from the injury that such confusion may cause. *See* McCarthy, *supra* note 3, §§ 2:1–2:7.

163. The basic "*Abercrombie* continuum"—which runs through all of trademark law—purports to offer a sliding scale of rights to trademark owners based on the nature of a particular mark. *See* Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4 (2d Cir. 1976). Ranging from strongest to weakest, the continuum divides all verbal symbols into either fanciful, arbitrary, suggestion, descriptive or generic words. *See* McCarthy, *supra* note 3, §§ 11:1–11:25 (detailing *Abercrombie* continuum of mark distinctiveness). The continuum gives stronger rights to entirely made-up words. Generic and common words receive little or no protection. The common rationale for these distinctions is that made up words are more capable of distinguishing goods and services in commerce and thus deserve more protection. *See id.* at § 11:1. But surely this cannot be the totality of it. It seems equally if not more likely that common law judges developed these categorical distinctions in part because of the Lockean-based notion that the more labor one puts into selecting and inventing a mark, the greater one's property rights should be.

164. It is necessary that companies cull through the English language to pick suitable marks for their businesses. The picking process inevitably involves a survey of common English words. It may also involve some creative brainstorming in which companies consider a variety of made-up words. Businesses need some flexibility in choosing a trademark. This flexibility may include picking a mark that may be the same as or similar to an existing trademark of another company. There are only so

compelling reason for sharing in the use of the Amazon name.

By contrast, we are not inclined to embrace a similar language sharing rationale to justify the use of Google by a candy company. The word "google" appears to most people to be highly unusual and basically meaningless. In fact it was derived by the Google company, from the obscure mathematical word "googol," which designates the number one with a hundred zeros after it.[165] In any event, the hypothetical candy company clearly is not tapping into any preexisting and arguably shared meaning of the word googol. As such, it has no language sharing interests which even arguably could trump the property interests of Google, Inc.

It should be noted that there is a relationship between the first limiting principle mentioned above (which focuses on the inventiveness of the famous mark) and the second limiting principle (which focuses on the language sharing interests of the alleged free-rider). The more invented a word is, the less likely that depriving other trademark users entirely of its use will result in any prejudice or harm to their language sharing rights. If a word is completely made-up and none of its constituent parts is comprised of an existing word or words, excluding others from using it should not, in the usual case, result in cutting off access to common words by other would-be trademark owners.

For example, preventing others from using Kodak as a trademark for other types of products should not result in any harm to other trademark users because Kodak is not descriptively related to the function of cameras or any other type of product of which we are aware. Other companies can select a trademark that does not come close to Kodak without suffering any type of impairment to language sharing interests.[166]

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many good or suitable words to go around. *See* Stephen Carter, *The Trouble With Trademark*, 99 YALE L.J. 759, 769–71 (1990) (explaining why language scarcity is more serious in trademark law than some have supposed). Some words are simply better than others at describing and identifying a particular line of products or services. *See id.* Flexibility is ensured through trademark law in a number of ways. One way is to limit the basic level of trademark protection to the use of a similar mark on similar goods in a way that confuses consumers as to source, sponsorship, or affiliation. Another way is by requiring companies that pick common words as marks—such as the word "tasty"—to establish secondary meaning (i.e., trademark significance to consumers) before trademark rights attach. *See* MCCARTHY, *supra* note 3, §§ 11:15–11:18. The necessity/flexibility principle should also limit the operation of the anti-free-rider impulse in any new cause of action that is adopted. People have a strong interest in using common elements of their native language. This interest continues to deserve protection even when one wishes to use language as part of one's trademark and even when that language resembles language that is already being used as a mark by someone else.

165. *See* Google Corporate Information, Google History, *available at www.google.com/corporate/history.html* (describing the story of how and why Google picked its trademark).

166. The foregoing discussion might be seen as an application of Lockean labor theory, in general, and of the Lockean Proviso, in particular. In his classical work entitled TWO TREATIES OF GOVERNMENT, the sixteenth century English Philosopher John Locke posited that a person should be able to exclude others from the fruits of her labor, so long as she left "enough and as good" for others. *See* JOHN LOCKE, TWO TREATISES OF GOVERNMENT 27 (Peter Laslett ed., Cambridge Univ. Press 1964) (1690). The

By focusing on the degree of inventiveness of the famous mark and the potential language sharing interests of the free-rider we should be able to construct a more natural and compelling set of limits on an anti-free-rider impulse than exist under current dilution law. With its myopic concentration on concepts like blurring and tarnishment, dilution law largely misses these issues. The result has been a body of law that is unnatural and incoherent, both in its underlying justification and in its purported limiting devices.

D. THE IDENTICALITY ISSUE

Another possible way to limit the anti-free-rider impulse would be to hold that free-riding on famous marks should only be actionable when the defendant uses the exact same mark as the plaintiff's famous mark. There is some support for this notion historically. For example, in his seminal law review article, Frank Schechter limited his original dilution proposal to cases where the defendant's mark was identical to the famous mark for which protection was sought.[167] More recently, the United States Supreme Court held in the *Victoria's Secret* case that a federal dilution claim requires proof of more than a mere mental association between the famous and accused mark, but it limited this holding to cases where the accused and famous mark are not identical.[168] It thus held open the door to the possibility that federal dilution can be based on nothing more than mere mental association when the marks are in fact identical.[169] The upshot of this holding is that it is now much easier to prove a dilution claim if the famous and accused marks are identical.[170]

At first blush, the identicality notion promises to serve as an effective limiting device on an anti-free-riding cause of action. One would think that courts should have little difficulty in determining

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latter portion of this assertion—stating that exclusionary rights are limited by fairness principles—has become known as the Lockean Proviso. The typical example of how the Proviso might apply in real life situations involves reaping and sowing. If A farms open land (i.e., land she does not own) to the point where it produces 100 stalks of corn, A is morally entitled to exclude others from reaping any of that corn in the usual case. A's entitlement is based on her labor. She earned the right to reap the crop by planting and tending to the seed. A's right is enforceable by law, unless A occupies so much of the useable land in the area such that no one else can find their own land to farm. If A hogs land in this manner, she no longer has a moral right to exclude others from her crop.

The Lockean Proviso provides a useful framework for analyzing the competing interests of trademark owners. When a person invents a word, she adds something to the language that was not there before. She ought to be entitled to exclude others from using that word unless to do so would mean that others will not have sufficient access to the language to find or invent their own useful trademarks. In assessing whether A's appropriation unduly limits access, one is right to consider whether A's made-up word is itself comprised of already existing words. If so, the potential costs for language sharing are likely to be significant.

167. *See* Mosley v. V. Secret Catalogue, Inc., 537 U.S. 418 at 429 (2003).

168. *Id.* at 433.

169. *See* MCCARTHY, *supra* note 3, § 101:2.

170. *Victoria's Secret*, 537 U.S. at 433.

whether an accused mark is identical to the famous mark for which protection is sought. One would also think that limiting protection in this manner would properly eliminate a whole host of cases from eligibility for anti-free-riding protection. Indeed, limiting protection based on identicality preserves the language sharing and expressive freedom interests discussed above, because those interests are less strong when one wishes to use a mark that is exactly the same as a famous mark. If non-identical uses are exempt from liability, this might go a long way in protecting legitimate interests grounded in expressive freedom and language sharing.

On the other hand, the identicality limitation may prove problematic by going too far in limiting protection. In many instances we intuitively believe free-riding is wrong and unjustifiable even where the accused mark is not identical to the famous mark. Take for example the famous Google mark discussed above. If an on-line lending company called itself go$ogle.com, we would be inclined to believe that this use should not be allowed because the lending company is clearly free-riding on the fame of the distinctive Google without any apparent justification. It does not need to use the Google mark for any purpose. The meaning of the underlying English word—googol—is not related to its lending business in any manner we can determine. The mere fact that it has slightly altered the Google mark—by inserting a dollar sign—does not seem to be a compelling reason for either withholding anti-free-riding protection (as Schechter would have done) or for imposing a materially higher burden of proof on Google (as the *Victoria's Secret* holding does).[171]

The intuitive feeling that free-riding is unjustifiable in the Google hypothetical may lead courts to cheat. They may be inclined to modify the identicality rule and hold that free-riding on a famous mark is actionable so long as the accused mark is "substantially similar" to the famous mark.[172] Or they may stretch the identicality requirement in other ways to lessen its blow. For these reasons, identicality, *per se*, probably would not be an effective limiting device.

The lesson to be derived from the identicality discussion is that the finding of a lack of identicality between the famous and accused marks is merely another shorthand way for a court to vindicate its true reason for withholding protection: i.e., to allow protection might intrude too much on the language sharing or expressive freedom interests of the person who wishes to use a mark that is similar to, but not identical to, the famous mark. It may yet be workable to have some kind of identicality requirement to protect against free-riding, so long as it is applied in a

171. *Id.* at 433.

172. Given the ways that courts have stretched the dilution doctrine to vindicate their anti-free-rider impulse, this type of judicial molding of an identicality rule does not seem far-fetched.

sensitive and flexible fashion. As stated above, there are likely to be cases where persons should not be allowed to use non-identical marks that are highly similar to, but not identical to, famous marks.

E. Revisiting Some Decided Cases

In this section, I revisit some already-decided dilution cases to see how they can be analyzed differently under the approach described here.

1. *The* Victoria's Secret *Case*[173]

There can be no doubt that the proprietor of Victor's Secret was attempting to free-ride off the fame of the Victoria's Secret trademark. Victor's Secret is very close to Victoria's Secret. It should have been very easy for plaintiff to prove that consumers mentally associated Victor's Secret with Victoria's Secret. I do not mean to imply that consumers assumed there was any affiliation between the two entities. The district court properly ruled that any such perception of affiliation was highly unlikely.[174] Rather, consumers undoubtedly *thought of* the Victoria's Secret trademark when encountering the Victor's Secret trademark. This fact must have significantly influenced both the district court and the Ninth Circuit to find in plaintiff's favor.

Even so, the Supreme Court was right to overrule the lower courts' injunction. But the Supreme Court was right for the wrong reason. The Court held that the FTDA requires actual dilution,[175] which Victoria's Secret did not adequately prove.[176] However, the proper rationale for deciding the case is that Victoria's Secret is not the kind of trademark that should be eligible for expanded (anti-free-riding) trademark protection at all. This is so because it is not a coined or quasi-coined word or phrase. Victoria's Secret is not even an arbitrary use of common words. Victoria's Secret probably was chosen by the women's lingerie company to conjure up a connection with Queen Victoria, who ruled during the "Victorian Age." It is a widely held belief that sexual mores were repressive during that age.[177] By referring to "Victoria's Secret," the lingerie company may have intended to convey the impression that while Queen Victoria was outwardly prim and proper, behind the scenes she lived a voluptuous sexual life. The sales pitch is clear: you may be a prim and proper American housewife, but you too can dress sexy in secret.

173. *See* earlier discussion of the facts of *Victoria's Secret*, *supra* Part III.A.

174. *See Victoria's Secret*, 537 U.S. at 425.

175. The Congressional intent to require actual dilution in the FTDA is unclear. In fact, the legislative history appears to be silent this point. *See generally* H.R. Rep. No. 104-374 (1995).

176. *Id.* at 433.

177. *See* Michel Foucault, The History of Sexuality: An Introduction 3–13 (Robert Hurley trans., Pantheon Books 1978) (1976). *See also* Robert Kahn, *We Are Living In America's Victorian Age*, N. County Times, May 26, 2002, *available at* http://www.nctimes.com/articles/2002/05/26/export10605.txt. ("Victorianism today is generally interpreted to mean little more than an atmosphere of sexual repression and hypocrisy . . .").

It would not be proper as a matter of basic language sharing and fairness to allow one company to have a monopoly on common language that might be used to conjure up this sort of imagery. The defendant in this case was, in essence, staking his claim to access to this common language. His pitch was to men—to the "Victor's" of this world, who might want to appear prim and proper in public, but who equally desired a somewhat raunchy private sex life. Victoria's Secret assumed the risk of such free-riding when it chose this sort of uncoined, common language as a trademark. From a trademark point of view, it would have been better off selecting a more unique word or phrase to invest in.

2. *The* WAWA *Case*

The WaWa case is also worth revisiting. The reader may recall that in the WaWa case, the plaintiff owned and operated a number of convenience stores in the Philadelphia area under the trademark "WaWa." [178] Defendant started its own small store in the same general geographic vicinity under the name "HaHa."[179] Defendant stated that the name "HaHa" was related in some sense to his family name "Haaf."[180] The district court was not persuaded of the relationship.[181] The case proceeded solely on a dilution theory.[182] The district court found for the plaintiff and the Third Circuit affirmed.[183]

At first blush, the holding seems sound from an anti-free-riding perspective. Defendant clearly was free-riding off the fame of the plaintiff's WaWa trademark. WaWa seems coined and meaningless. It may sound a bit like a baby's word for water, but that is a stretch. Thus, it ought to be entitled to fairly strong anti-free-riding protection. The problem, however, is that defendant's mark does not duplicate or incorporate plaintiff's mark. Rather, it is a significantly different variation of it. It still conjures up plaintiff's mark, but it does so in a slightly humorous manner. Ha ha means something in the English language. Ha ha is a sound we make when we wish to verbally signify laughter. Defendant wishes to use the phrase ha ha, not in a way that describes the function of its goods, but in a way that plays off the double meaning of the phrase in this context. It is at once a joke (ha ha) and an allusion to the plaintiff's trade name.

This case is a close call, but on balance defendant's interests in expressive freedom and language sharing seem to outweigh plaintiff's interest in prevent free-riding on its mark. Plaintiff bears an extremely

178. For factual background on the *WaWa* case, see *supra* Part III.B.

179. WaWa Inc. v. Haaf, 40 U.S.P.Q.2d (BNA) 1629, 1631 (E.D. Pa. 1996).

180. *Id.* at 1632.

181. *Id.* at 1632–33.

182. *Id.* at 1630–31.

183. *Id.* at 1633; WaWa Inc. v. Haaf, 116 F.3d 471 (3d Cir. 1997) (affirming the decision of the district court).

low risk of harm precisely because defendant's mark significantly varies from plaintiff's mark. The district court undoubtedly sensed parasitic intent and thought this enough to justify an injunction.[184] It buttressed its intuition with unpersuasive assertions about the likelihood of dilution. Had it thought more carefully about the defendant's interests in using a common word—ha ha—to describe it products, the court might have sensed that there was a need to control the anti-free-riding impulse in this case.

To put matters differently, one might say that plaintiff has strong ownership interests in WaWa, but not in HaHa. They are two different words. HaHa free-rides on WaWa, but it does more. It is a common English phrase. Wa wa is made-up. But it is close to common English words or phrases that are not made-up—phrases like ha ha, ma ma, pa pa, or ta ta. In choosing a word like WaWa as its trademark, plaintiff assumed the risk that other parties might wish to appropriate any of these similar words for their own convenience stores or other types of businesses. The key question judges should ask in these sorts of cases is this: by choosing an insufficiently unique mark, did plaintiff assume the risk that others could come close merely by using common English words? When the answer to that question is "yes," then anti-free-riding protection should be denied. This is particularly true where, as here, defendant's mark varies considerably from plaintiff's mark.[185]

3. *The* POLAROID/POLARAID *Case*

A case we have not yet discussed, but which bears discussion in this context, is *Polaroid Corp. v. Polaraid, Inc.*[186] There, the U.S. Court of Appeals for the Seventh Circuit, applying the Illinois anti-dilution statute, found that the defendant's use of "Polaraid" for the installation of refrigeration and heating systems diluted the plaintiff's mark "Polaroid" for cameras.[187] The likelihood of harm here was remote. People would not be less likely to buy Polaroid cameras because they had seen advertisements for Polaraid cooling systems. The court nevertheless issued an injunction here because defendant clearly was free-riding on plaintiff's mark.[188]

184. *See supra* Part III.B, discussing district court decision.

185. The United States Supreme Court was correct to note the importance of this factor in *Victoria's Secret.* But it related it to the probability of dilution occurring. *See* Mosley v. V. Secret Catalogue, 537 U.S. 418, 427 (2003). There probably is some such relationship, but it does not properly pinpoint the rationale for looking at the variance between the accused and the famous marks. The real reason why the variance matters is because the defendant's language sharing and expressive freedom interests are likely to be particularly strong in cases where the defendant's mark and plaintiff's mark are not identical.

186. 319 F.2d 830 (7th Cir. 1963).

187. *Id.* at 833-36.

188. *Id.* at 836.

Under the proposal I advance here, the court would focus first on the strength of the plaintiff's property interests in the Polaroid mark. The word "Polaroid" appears to be a fairly strong trademark. It is a coined word. However, even though it is an invented word, it is comprised of an existing word with independent meaning in the English language. Polar, as used in this context, probably alludes to the internal refraction of light in a camera. A camera refracts light between two poles.[189] Light goes through a tiny hole at one pole of a camera and then branches out before landing on the other pole. The addition of the "oid" component carries less apparent meaning. Oid might be a reference to a type of advanced or futuristic technology[190] Oid has been added to other made-up words and it does not appear to be particularly unique. Thus, while Polaroid is an invented word, it is not completely meaningless. It utilizes at least one known word (polar) which carries significant meaning in the English language and it relates that word to the function of the product at hand—cameras.

On the other side of the equation are defendant's interests in using Polaraid as a trademark. Polaraid is a complex word as used in the context of this case. It seems highly important that defendant sells heating and air conditioning equipment. Consumers are likely to perceive the word "polar" as used here to be a reference to the North Pole of the Earth. The North Pole is known to be cold.[191] Consumers are likely to perceive the word "aid" as a modifier of the word polar. Aid here might mean "reducer" or "increaser," depending on whether one is seeking to purchase heating or cooling equipment. If one is seeking to buy heating equipment, polar aid might mean relief from the cold. The defendant's heating equipment reduces the polar air by supplying hot air. Conversely, if one is seeking to buy air conditioning equipment, polar aid might mean the addition of cold air into one's house. Either way, Polar*aid* is a clever combination of two known English words.

In these circumstances, defendant has a strong claim to use the words polar and aid. They are previously existing English words. He is tapping directly and obviously into those English meanings in a way that bears a logical and legitimate relationship to the products he offers for sale. He may not be attempting to free-ride at all. Any appearance of free-riding may be completely accidental.

But let us assume the contrary. Let us assume that defendant is attempting to free-ride on the Polaroid mark, or at least that he is not unaware of the fact that he is capitalizing to some extent on the fame of that mark. I make this assumption because I think it is probably true.

189. *See* definition of "polar" *available at* http://www.hyperdictionary.com.
190. *See* definition of "oid" *available at* http://www.hyperdictionary.com.
191. *See* definition of "North Pole" *available at* http://www.hyperdictionary.com.

Moreover, even if the defendant did not intend to free-ride here, it is likely that a considerable number of consumers would think of Polaroid when they encountered the Polaraid mark.

Even so, the defendant's conduct probably would not be enjoined under the proposal I advance here. Where, as here, the defendant's dual use claim seems credible and related to the function of its products, the law should withhold an injunction. In this situation, the defendant's interests in tapping into common meanings of established words should outweigh the plaintiff's interests in preventing free-riding. To give plaintiff superior rights would unduly limit defendant's access to the words "polar" and "aid," when both words describe its products. It is not that defendant could not find another suitable trademark that in no way alluded to the Polaroid mark. Rather, my point here is that it is not fair to make the defendant do so. He should not have to steer clear of the words "polar" and "aid" when those words relate so clearly to the function of his products.

One might say, alternatively, that the plaintiff assumed the risk of such free-riding when it chose to fashion its trademark from a common, existing word—polar. It was unreasonable for plaintiff to assume that it would be able to prevent everyone else from using that same word as a component part of their own marks. To give legal backing to this unreasonable assumption would be a violation of the Lockean Proviso—which requires property owners to leave "enough and as good" for others.[192] Granting Polaroid injunctive relief in this case did not leave the owner of Polaraid with "enough and as good" language to use in fashioning its own mark.[193]

I provide these examples of how the free-rider concept might be applied in concrete cases not to persuade the reader of a particular result. Courts might come to different conclusions about how to answer these questions. My point here is only to suggest that the discussion about free-riding and its appropriate limits is more likely to yield positive fruit if we focus on the degree of inventiveness of the famous mark and the language sharing interest of the alleged free-rider than on the blurring and tarnishment concepts of current dilution law.

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192. *See* discussion of Lockean Proviso, *supra* notes 159, 166.

193. Another way to view the situation is that defendant should have a fair use defense analogous to copyright law. It has made a derivative work of a coined mark. Defendant added significant creative components of its own and developed its own coined mark that is independently worthy of protection. Defendant's use should not significantly cut into plaintiff's market in any way. On balance, this could be seen as a type of fair use. For an analogous attempt to craft limits on the anti-free-riding impulse in the right of publicity context, see Alice Haemmerli, *Whose Who? The Case for a Kantian Right of Publicity*, 49 DUKE L.J. 383, 421 (1999).

VI. TOWARD A NEW CAUSE OF ACTION: THE EUROPEAN "UNFAIR ADVANTAGE" CLAIM

In the preceding parts of this article, I have demonstrated that current dilution law purports to be about preventing dilutive harm, but really is about preventing free-riding on famous marks. I have also shown that the anti-free-riding impulse can be explained and justified as an integral part of an "as between" type of analysis. I have shown that this analysis is a more natural and compelling way to account for dilution cases than standard dilution theory. I have further shown that the anti-free-riding impulse can be effectively limited by focusing on the degree of inventiveness of the famous mark and on the alleged free-rider's language sharing interests.

Still, I am aware that many readers may be reluctant to embrace an independent cause of action that prevents free-riding without in some way tying the cause of action to a theory of harm. I hope that some of these fears can be allayed by the fact that we are not completely without guidance or precedent in this effort. We would not be the first country to adopt an anti-free-riding cause of action for famous trademarks that does not depend on a harm-based concept like dilution. Many European countries have a cause of action, explicitly denominated "unfair advantage," which enables judges to punish free-riding without resort to tortured reasoning about alleged dilutive harm.[194]

The European "unfair advantage" cause of action is based on the European Directive on the Harmonization of Trademark Law (the "Directive").[195] It is often included as an alternative basis of liability in the same statutory provision that makes traditional dilution actionable. Specifically, article 4(4)(a) of the Directive allows European Union

194. Council Directive 89/104/EEC to approximate the laws of the Member States relating to trade marks, art. 4(4)(a), 1989 O.J. (L 40) 1. Recently, for example, the First Board of Appeal of the European Union's Office For Harmonization In The Internal Market (Trade Marks and Designs) (OHIM) applied the unfair advantage cause of action to a dispute between an American microprocessor manufacturer (Intel Corporation) and a European company that was using a stylized variation of the INTEL mark in a different industry. *See* OHIM Decision of the First Board of Appeal, Intel Corp. v. Intel-Internazionale Elettrotecnica Associazione, Case R782/2002-1, October 22, 2004 (relating to Community Trademark application No. 854125, INTEL), *available at* http://www.oami.eu.int.The defendant was in the business of organizing trade shows for various companies, including electronic manufacturers. The lower tribunal had found no trademark infringement under any theory on the ground that the defendant's goods were too dissimilar from the plaintiff's to cause a likelihood of confusion or to constitute the taking of an "unfair advantage" on the reputation of plaintiff's INTEL mark. The Board of Appeal disagreed and reversed, finding that the trade show company was taking unfair advantage of the INTEL mark. The court noted that the concept of unfair advantage is synonymous with free-riding on the investment of another firm in advertising its own mark and it found such free riding here. *See id.* at para. 63-68. The Board of Appeal also held that it was unnecessary to consider whether the defendant's use of the INTEL mark harmed the plaintiff in any way given the clear existence of unjustfied free riding. *See id.*

195. Council Directive 89/104/EEC to approximate the laws of the Member States relating to trade marks, art. 4(4)(a), 1989 O.J. (L 40) 1

Member States to refuse registration to trademarks that would take unfair advantage of the reputation of a mark that has already been registered or is to be registered within their territory:

> Any member State may [] provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where, and to the extent that: [] the trade mark that is identical with, or similar to, an earlier national trade mark . . . and is to be, or has been, registered for goods or services which are not similar to those for which the earlier trade mark is registered, where the earlier trade mark has a reputation in the Member State concerned and *where the use of the later trade mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.*[196]

Similarly, article 5(2) of the Directive states that Member States may entitle trademark owners to enjoin the use of marks that would take unfair advantage of the repute of their marks:

> Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, *where the [trade mark] has a reputation in the Member State concerned and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.*[197]

A number of European countries have enacted unfair advantage statutes which essentially track the EU Directives. Italian law is illustrative.[198] For example, article 1.1(c) of the Italian Trademark Act[199] provides that:

> The owner [of a registered mark] has the right to prevent third parties, not having his authorization, from using . . . a sign identical with or similar to a mark registered for dissimilar goods or services, *if the registered mark enjoys a reputation in the Country and if use of the sign without due cause permits taking unfair advantage of the distinctive character of the reputation of the mark or causing detriment to the same.*[200]

The Italian Trademark law also provides that marks that take unfair advantage of earlier marks shall not be registered on the Italian

196. *Id.* (emphasis added).

197. *Id.* at art. 5(2) (emphasis added).

198. I discuss Italian law only as an example of how one European country has developed statutory and decisional law pursuant to the European Directive. It is not intended to be exhaustive or necessarily representative of how any other European country has implemented the same Directive.

199. *See* Italian Trademark Act, Royal Decree No. 929 of June 21, 1942, *amended by* Legislative Decree No. 480 of Dec. 4, 1992 *and by* Legislative Decree No. 198 of Mar. 19 1996 (emphasis added) [hereinafter Italian Trademark Act].

200. *See id.*

trademark registry.[201]

The Italian Trademark Act thus provides expanded trademark protection under the following circumstances. First, only registered marks that "enjoy a reputation" in the Country (Italy) qualify for this type of protection.[202] The category of eligible marks appears to be broader than the category of famous marks that enjoy anti-dilution protection in the United States. It appears that any mark that is sufficiently well known to be subject to free-riding is sufficiently well known to be eligible for the expansive protections set forth in articles 1.1(c) and 17.1(g).[203] This is not to say that any and all trademarks qualify for this expanded form of protection. To the contrary, it appears that this protection is available only for marks that, due to their reputation, carry and communicate a symbolic message in a way that consumers will associate those marks with a junior similar mark used in connection with dissimilar products.[204]

Second, there is conflicting law as to whether the unfair advantage cause of action applies only to dissimilar goods cases, or whether it might also be applied in cases where the plaintiff and the defendant are competitors (and thus sell similar types of goods).[205] The better view seems to be that the unfair advantage cause of action should apply only to dissimilar goods.

Third, the essence of the cause of action is the prevention of the taking of "unfair advantage" of the reputation of the well-known mark.[206] Uses of signs that take *unfair advantage* of a well-known mark are contrasted in the Italian statute with uses that are *detrimental* to the distinctive character of a well-known mark.[207] The latter concept is akin to the dilution cause of action in the United States. Taking unfair advantage of a mark is clearly a distinct type of wrong that is actionable under the Italian statute. The concept of unfair advantage is meant to

201. *See* Italian Trademark Act art. 17.1(g).

202. *Id.* arts. 1.1(c), 17.1(g).

203. *See* Case 375/97, General Motors v. Yplon, 1999 E.C.R. I-5421, 3 C.M.L.R. 427, ¶ 28 (1999), where the European Court of Justice, interpreting EU Directive 5(2) (upon which article 1.1[c] of the Italian Trademark Act is based), held that to qualify for the expanded protection under 5(2) a mark does not have to be prominent or even renown; instead, it must be known by a significant part of the public in the Member State concerned. This appears to be a broad standard favoring wide application of the unfair advantage cause of action.

204. *See id.*

205. *Compare* Davidoff & Cie SA v. Gofkid Ltd, [2003] All ER (EC) 1029, ¶ 30, Case 292/00 (2003) (unfair competition can protect against later user with similar or identical goods or services), *with* La Chemise Lacoste v. Crocodile Garments, Trib. di Milano, 12 July 1999, 1999 Giurisprudenza Annotata Di Dirito Industriale [Giur. Ann. Dir. Indus.], No. 4017, 1251 (holding Italy's version of unfair advantage directive does not apply when goods are in identical mercantile sector).

206. *See* Nike Italy s.r.l. & Nike (Ireland) Ltd v. Saledo Italia s.r.l. & Campomar s.r.l. & Nike Cosmetics S.A., Trib. di Milano, 23 Dec. 1999, 2000 Giur. Ann. Dir. Indus., No. 4116, 578.

207. Italian Trademark Act art. 17.1(g).

cover all instances where there is an attempt to take advantage—without due cause—on the reputation of the famous mark by exploiting and capitalizing on its attractive value and commercial magnetism.[208]

Fourth, Italian courts in general appear to have limited the unfair advantage concept to cases where the defendant acted with demonstrable "parasitic intent."[209] In the reported cases, it would appear that only intentional and knowing free-riding has been enjoined under the unfair advantage prong of the Italian statute.

Several courts have had occasion to apply the unfair advantage prong of the Italian statute. In all of these cases courts enjoined free-riding on famous marks without requiring proof of dilution. For example, in one case, the Court of Milan held that the defendant's use of the sign (i.e.: trademark) Nike Sports Fragrance, as used in connection with perfumes and cosmetic products, took unfair advantage of the reputation of the famous mark Nike, on the ground that the adoption of such a similar sign was based on the clear intent of the defendant to benefit from the celebrity and attractive value of the mark belonging to the worldwide leader in sporting garments.[210] The court did not require the plaintiff to prove a likelihood of confusion or dilution, but rather based its decision on the demonstrable free-riding intent of the defendant.[211]

Similarly, in another case decided by the Court of Milan, it held that plaintiff's famous mark AGIP, as used in connection with gasoline in Italy, was infringed by the defendant's use of the mark Acid (with a logo that was similar to the AGIP logo).[212] The court was heavily influenced by the evidence of defendant's intent to capitalize on the reputation of the mark AGIP when they started marketing t-shirts under a similar mark.[213]

Finally, another Italian court held that the famous mark Pirelli, as used in connection with tires, was infringed when a company attempted to use the same mark on perfumes.[214] Again, the court was concerned not with confusion as to source or dilution as such, but rather with preventing an obvious attempt at unauthorized free-riding.[215] The parasitic intent of the defendant provided an independent basis for enjoining its activity, despite the lack of proof of any type of commercial

208. *See* Nike, 2000 Giur. Ann. Dir. Indus., No. 4116, at 585.

209. *See, e.g., id.*

210. *See id.* at 585.

211. *Id.*

212. AGIP Petroli s.p.a. v. Dig. It. Int'l s.r.l. & Ambrosiana Serigrafica s.r.l., Trib. di Milano, 4 Mar. 1999, 1999 Giur. Ann. Dir. Indus., No. 3987, 977.

213. *Id.* at 981.

214. Pirelli s.p.a. v. SA.FO.SA s.r.l., Trib. di Monza, 8 July 1999, Giur. Ann. Dir. Indus., No. 4016, 1226.

215. *Id.* at 1255.

harm to the plaintiff.[216]

These cases illustrate that it is possible to punish free-riding without resort to traditional principles of dilution. They also illustrate that it is possible to provide this extended form of trademark protection without wreaking undue havoc in the law. The Italian cause of action captures the essence of the anti-free-riding impulse and places it under the banner of "unfair advantage." But it also attempts to limit that impulse by including in the statute language that immunizes free-riding that is justified by "due cause."[217]

It appears that Italian courts have not yet formulated a systematic doctrine for what will and what will not qualify as due cause for free-riding on a famous trademark. However, at least one Italian decision may provide the seeds of a more developed theory. In the case of *Leonardo Bugatti & Soci s.r.l. v. Ducati Motorcycles*, the Italian court of Bologna refused the request of the famous Italian motorcycle maker, Ducati, to enjoin a beer maker from selling beer under a similar name.[218]

The beer maker originally sold its beer under the label, Birra Ducati, which it later changed under pressure from the motorcycle company to Birra Ducati Italiani.[219] The Court rejected the motorcycle company's contention that the use of the same mark in connection with selling beer took unfair advantage of, or was detrimental to, the reputation of defendant's mark.[220] The decision was formally premised on the ground that the products in question (motorcycles and beer) were so unrelated that any mental association in consumers' minds was unlikely.[221]

However, the consumer association rationale seems suspect. The marks were nearly identical. Ducati had long been a famous mark for motorcycles in Italy. There can be little doubt consumers would think of motorcycles when seeing the beer. And it seems clear that defendant desired, to some extent, to take a free-ride on fame that had been created by the plaintiff. It seems more likely that the court's unwillingness to enjoin the defendant from continued use of the Ducati mark had to do with the fact that ducati is not a coined or even quasi-coined word in Italian. It means "dukes" and is generally understood as a reference to that period in Italian feudal history when various dukes ruled the land.[222] In these circumstances, the court's ruling would have been decided the

216. *Id.* at 1246.

217. *See* Italian Trademark Act art. 1.1(c), stating that the accused use must be "without due cause" to qualify for protection under the unfair advantage prong of the statute.

218. Leonardo Bugatti & Soci s.r.l. v. Ducati Motorcycles s.p.a, Trib. di Bologna, 17 Feb. 1997, Guir. Ann. Dir. Indus., No. 3746, 216.

219. *See id.* at 220–22.

220. *Id.*

221. *Id.*

222. *Id.*

exact same way under the rules I propose here.

Because the Italian word "ducati" is not coined and not particularly distinctive (in Italian), it can be said that the motorcycle company, in selecting such a mark to make famous and invest with secondary meaning, assumed the risk that other businesses in unrelated fields would be entitled to take a free-ride on its investment. Given the overwhelming fame in Italy of Ducati motorcycles, it is difficult to believe that the defendant was not attempting to free-ride on that fame. But the free-riding was considered justifiable here because of the defendant's legitimate right to tap into the primary meaning of the Italian word for "dukes" as part of its own trademark.

As the *Ducati* case illustrates, it ought to be possible to develop limits on an anti-free-riding cause of action that are based on considerations of language sharing and expressive freedom. The problem with the European model, however, is that it does not appear to be formally limited in any particular way. Rather, judges are given this vague statutory phrase—unfair advantage—and told only to limit it based on findings of due cause. One can find some attempts in the decided cases to impose such limits,[223] but, again, these attempts have been far from systematic.

Any adoption of the European model into American law would, therefore, require modification to include limitations, which would ensure appropriate protections for justifiable free-riding. Above I argued that such limitations might be grounded in theories about language sharing and expressive freedom.[224] In order to safeguard these interests, a person should *not* be enjoined from using a mark that is the same or similar to a famous mark whenever the person (1) is not free-riding on that mark, but rather is tapping into the same underlying meanings that the famous mark happens to tap into; or (2) is partially free-riding on the mark, but this free-riding is justifiable given the person's interest in access to various parts of the English language.

These language sharing concerns could be dealt with in a variety of ways: judges might wish to balance the respective property rights of the parties; they might wish to fashion bright line rules; or they may wish to adopt some mixture of these two approaches. Here, I argue that the latter approach is preferable. Expansive anti-free-riding protection should be categorically limited to coined and quasi-coined famous marks, and even with respect to such marks an injunction should be withheld whenever the defendant is tapping into meanings that exist in the English language separate and distinct from the fame of plaintiff's mark.

By coined, I mean completely made-up words—i.e., words that

223. *See id.* The *Ducati* case can be viewed as such an attempt.

224. *See supra* Part V.

simply did not exist before they were invented by the trademark owner. Kodak is an example; Xerox is another. Under the proposal I advance here, anti-free-riding protection might also extend to quasi-coined words, by which I mean words that are partially comprised of invented components. Polaroid is such a word. It did not exist before the camera company invented it, but it is not wholly made-up either. It includes the known word polar. Nevertheless, it is sufficiently distinct and creative to include it in the category of marks that are eligible for expansive trademark protection.

I would also include in the quasi-coined category words that are creatively derived (partially made-up) from obscure words. Google is an example of this type of word. It was derived from the existing and obscure word googol (which signifies the number one with a hundred zeros). Although Google is pronounced the same as the known English word on which it is based (googol) and is only spelled slightly differently, it appears to be sufficiently obscure and unknown to the vast majority of Americans that it is the functional equivalent of a coined word.

The point here is not to suggest that Google would always win in an anti-free-riding lawsuit. To the contrary, there may be cases where another party is justified in free-riding on Google's name. This could occur, for example, if a math book company named itself Googol—in an attempt to tap into the connection between the huge number (googol) and the purpose of studying math (number mastery). Rather, the point here is to show that there is no compelling reason why the famous mark Google should be ineligible *per se* for expansive anti-free-riding protection.

Limiting anti-free-riding protection to coined and quasi-coined marks would be a quick and fairly easy way to ensure that the new cause of action does not interfere with other parties' legitimate reasons for free-riding. Indeed, one rarely has a good reason for free-riding on a mark that has been entirely made-up by someone else. Moreover, protection should not be automatic even for these types of marks. As I demonstrated above, judges should ask in every case whether an injunction would unduly limit the defendant's interests in language sharing and expressive freedom.[225]

VII. Intellectual History—Revisiting Schechter

In Part I of this article I mentioned that the dilution concept as exhibited in American trademark law has often been traced to a 1927 law review article by Frank Schechter, a New York attorney.[226] Schechter's original proposal applied only to coined, fanciful, or arbitrary marks;

225. *Id.*
226. *See supra* Part I, discussing Schechter, *supra* note 14.

only to situations in which the junior user's mark was identical to that of the senior user; and only to use of identical marks on non-competing goods.[227] Schechter was not primarily concerned with preventing dilutive harm; rather, he was primarily concerned with protecting the property interests that arise in famous mark due to their unique function as creating and reinforcing commercial custom (i.e., cementing the link between consumer and mark owner).[228]

To be sure, Schechter argued that marks can be harmed in ways that go beyond the traditional likelihood of confusion type of harm (i.e., the diversion of customers from mark owner to mark impersonator).[229] And Schechter discussed the notion of the diminishment of a mark's selling power as a type of harm that falls outside the traditional likelihood of confusion paradigm.[230] But Schechter's discussion of harm was, in my view, largely an add-on. It was a way to supplement an already strong property theory with something more. It was, in lawyer's language, an "even if" type of argument. Schechter was essentially saying that even if the pure property view is not enough to justify broad rights in trademarks, then those rights are further justified given the possibility that such marks might be harmed in a variety of ways if others are permitted to use them widely.

The harm component was thus not essential to Schechter's theory. But Schechter did not do a good enough job in articulating why free-riding on famous marks is wrong in one situation and acceptable in another. The harm prong of his theory thus served a purpose in the development of the dilution concept in American law: it furnished a potential (and alluring) boundary device for this expansive cause of action. That is, as the law developed in this area, legislators, courts, and commentators all attached to the dilution concept as a way of articulating and hopefully cabining the new cause of action. The result, eventually, is dilution law as we have come to know it.

The problem with these developments is that harm has served as an illusory boundary. The concept of dilutive harm has not been easy to pin down. As I demonstrated above, we can never be very sure whether a mark is famous enough to qualify for dilution protection, but we are even less sure whether the mark has been harmed to a sufficient degree or in the specified way to warrant anti-dilution protection. The harm boundary has thus not fulfilled its promise.[231] It has not functioned as a useful limiting device.

227. *See* Schechter, *supra* note 14.
228. *Id.* at 818–19, 830–33.
229. *See id.* at 825.
230. *Id.* at 814–19.
231. *See supra* Part I.

More fundamentally, it is wrong to focus too much on harm in these cases. The most compelling rationale for offering an expanded form of property protection to famous trademarks lies in a multi-faceted balancing approach that focuses mostly on the comparative interests of the famous mark owner in protecting her investment (an interest that is limited by the type of mark she chose to make famous) and the relative interests of the would-be mark user in tapping into the underlying language that the famous mark employs. Considerations of harm, including dilutive harm, may figure in the analysis. But they are best seen as subsidiary to the issue of whether the mark owner has a sufficiently superior interest to be given control over a particular piece of language.

It is also not particularly helpful to elevate harm-based concerns to a central place in trademark law. To do so is to miss the point of why anti-free-riding protection ought to be available for a certain class of famous trademarks. It is for this reason that the Supreme Court's recent decision in the *Victoria's Secret* case, in which the Court heightened the harm requirement and mandated that plaintiffs show that actual dilutive harm has already begun to occur, is misguided.[232] The malleability of the likelihood of dilution standard has enabled judges to punish free-riding in some situations where it should be punished. It is wrong to require actual harm when the essence of the cause of action is the prevention of free-riding. In short, the Court has exacerbated the wrong turn that was taken long ago in dilution law when it came to focus so fully on harm as a limiting device.

The proposal advanced here seeks to return to the more property-centered view offered by Frank Schechter in 1927. Harm would not play a primary role in the scheme put forward here. Rather, famous coined and quasi-coined marks would receive a broad form of property protection regardless of whether the use of the same mark by another entity would be likely to injure the mark owner—in the sense of causing a diminishment of the selling power of the mark or in the sense of tarnishing the image of the mark owner.

However, the proposal advanced here is also significantly different than the one offered by Schechter. First, Schechter did not fully analyze why free-riding on coined marks is unacceptable but free-riding on other types of marks might be acceptable. Nor did he focus on the theoretical underpinnings of the anti-free-riding concept—its ultimate grounding in the "as between" type of argument and its reliance on harm only as a peripheral justification. Finally, he did not explore the countervailing interests in allowing people to use famous marks—particularly the interests in language sharing and expressive freedom.[233]

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232. *See* Moseley v. V. Secret Catalogue, Inc., 537 U.S. 418, 425 (2003).

233. *See supra* Part V.

Another area in which the proposal advanced here differs from the original Schechter proposal concerns whether anti-free-rider protection should be available to prevent the use of marks that are only similar to, but not identical to, the famous mark for which protection is sought. Schechter, without much explanation, limited his original proposal to identical marks.[234] That is, he would have offered expanded trademark protection only as a device for enjoining the use of a mark that was identical to the famous mark for which protection is sought.[235] I think Schechter was wrong in this respect. As I show above, there are compelling cases involving non-identical marks where anti-free-riding protection should be available.[236] And that protection should not necessarily entail more difficult proof requirements than situations involving identical marks.[237]

CONCLUSION

I have argued in this Article that American dilution law focuses too much on harm and not enough on the anti-free-riding impulse and its limits. Harm is always possible when free-riding occurs, but it should not be the focus of an anti-free-riding law suit. This is so because ultimately the issue in such suits is whether the property interests of the plaintiff outweigh the language sharing and expressive freedom interests of the defendant. Focusing too much on harm distracts courts from this ultimate issue. In some cases, a focus on harm may function as a proxy for such concerns, but even if this is true, it is a clumsy and distracting doctrinal tool. By focusing on harm to the exclusion of these other interests courts are likely to offer too little protection in some cases and too much protection in others.

The United States Supreme Court has made matters worse by ruling that dilution requires proof of actual harm.[238] Actual harm rarely is present in these cases; nor should it be required to justify injunctive relief. The question of how imminent harm must be before relief can be granted is a wrong turn in this area of the law. The focus should instead be on the type of mark chosen by the plaintiff; specifically whether it is

234. *See* Schechter, *supra* note 14, at 825.

235. This limitation has been echoed recently by the United States Supreme Court in its recent *Victoria's Secret* opinion. There the Court ruled that judges are no longer free to presume dilution from the mere fact that consumers mentally associate the defendant's mark with the plaintiff's famous mark. *See Victoria's Secret*, 537 U.S. at 433–34. But the Court limited this holding to cases such as the one before it—where the defendant's mark was not identical to the plaintiff's famous mark. *Id.* The Court did not limit dilution *per se* to identical marks situations, but it made dilution much harder to prove in situations where a defendant's mark is not identical to a plaintiff's mark. *See* MCCARTHY, *supra* note 3, § 101:2.

236. *See supra* Part V.

237. *See supra* Part V(D).

238. *See supra* Part I, discussing the recent *Victoria's Secret* case.

coined and distinctive, or whether it is merely an amalgamation of common words. The more distinctive the plaintiff's mark, the stronger the protection should be. Indeed, the proposal advanced here would provide expanded trademark protection only to coined or quasi-coined words.

Equally important in these cases are defendants' interests in language sharing and expressive freedom. These interests receive the bulk of their protection by limiting expanded trademark rights to coined or quasi-coined marks. However, even coined marks should not receive unlimited protection. There are legitimate reasons for using marks that are similar to coined marks. Proper judicial sensitivity to these reasons is more likely to occur if they are openly debated.

Dilution law, as originally conceived and proposed, was more akin to the proposal I make here than to dilution law as it is currently configured in the United States. In his seminal law review article on the subject, Frank Schechter urged a broad type of property right for certain types of trademarks. His examples all involved coined marks which were copied without justification. He argued that the expanded right was grounded in a property type rationale, not primarily in a tort rationale. Dilution law's departure from this paradigm has come at a high cost. American dilution law is incoherent and masks the underlying interests which are at stake in these cases. The proposal advanced here is an attempt to refocus dilution law on its proper aim—the protection of invented language against unjustified free-riding.

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