No Reason to Live: Dilution Laws as Unconstitutional Restrictions on Commercial Speech

Mary LaFrance

University of Nevada, Las Vegas – William S. Boyd School of Law

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NO REASON TO LIVE:
DILUTION LAWS AS UNCONSTITUTIONAL RESTRICTIONS
ON COMMERCIAL SPEECH

MARY LAFRANCE*

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I. INTRODUCTION

Traditionally, trademark and unfair competition laws have protected
trademark owners against unauthorized uses of their marks that are likely to
confuse or mislead consumers about the origin of goods or services. If a
particular use is not likely to confuse or mislead, then it is not actionable under
traditional infringement regimes. When applied to commercial speech, as
opposed to noncommercial expression, traditional trademark and unfair
competition laws generally have survived scrutiny under the First Amendment,
because these laws restrict only commercial speech that is false or misleading.¹

Dilution laws, however, do not restrict speech that is false or misleading.
Dilution laws were enacted to address a perceived gap in trademark law by

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*William S. Boyd Professor of Law, William S. Boyd School of Law, University of Nevada, Las
Vegas.

¹See, e.g., Transgo, Inc. v. Ajac Transmission Parts Corp., 768 F.2d 1001, 1022 (9th Cir. 1985)
(finding an injunction prohibiting the use of a company designation that would likely confuse the public
not violative of First Amendment rights); cf. Cent. Hudson Gas & Elect. Corp. v. Pub. Serv. Comm’n,
447 U.S. 557, 563–64 (1980) (noting that laws restricting deceptive commercial speech do not violate
the First Amendment).
enabling the owner of a famous trademark\textsuperscript{2} to prevent the unauthorized use of its mark even if that use is neither misleading nor confusing.\textsuperscript{3} Instead, dilution laws protect the owners of famous trademarks against two types of harm that arise even in the absence of consumer confusion.

Dilution of the “blurring” variety applies to unauthorized uses which are thought to somehow undermine the ability of a mark to identify and distinguish the goods or services of the mark’s owner.\textsuperscript{4} Typically, a blurring claim involves a defendant that applies another merchant’s famous trademark to products which are so unrelated to those of the trademark owner that consumers are unlikely to be confused about the origin of the goods. This has been described as a free-rider problem.\textsuperscript{5} The owner of a famous mark is viewed as deserving this type of protection by virtue of having made a significant investment in building the fame of the mark, an investment which will lose some portion of its value if another merchant is allowed to use a similar mark, even in a nonconfusing way. The owner of the famous mark can therefore invoke dilution laws to prevent others from basking in its reflective glow—for example, by selling Rolex toasters or Mercedes ice cream. For example, the Ringling Bros.-Barnum & Bailey circus asserted dilution of the blurring variety against the state of Utah for advertising “The Greatest Snow on Earth.”\textsuperscript{6}

Dilution of the “tarnishment” variety applies to unauthorized uses which are thought to reflect negatively on the mark and damage its reputation.\textsuperscript{7} This negative effect could occur because the mark is used on goods of inferior quality or on goods which have negative associations, such as pornographic merchandise or other merchandise which may be considered to be in poor taste. For example, the owner of the Victoria’s Secret trademark used the tarnishment theory to sue the operator of a small town adult novelty store who initially named his store “Victor’s Secret,” and then, in a futile effort to avoid the


\textsuperscript{4} See Trademark Dilution Revision Act of 2006 § 2.

\textsuperscript{5} See infra note 53 and accompanying text.

\textsuperscript{6} Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449, 451 (4th Cir. 1999). Although the plaintiff lost its federal dilution claim because it failed to prove actual harm to the selling power of its mark, id. at 463, the federal statute has since been amended to eliminate this requirement, requiring instead that plaintiffs prove only a likelihood that its mark will be harmed (which was already the prevailing standard under state dilution statutes). See id. at 454; 15 U.S.C. § 1125(c)(1). Under this new standard, the Ringling Bros.-Barnum & Bailey plaintiff would almost certainly have prevailed.

\textsuperscript{7} Trademark Dilution Revision Act of 2006 § 2.
lawsuit, changed it to "Victor's Little Secret." Like blurring claims, tarnishment claims do not require a trademark owner to establish that consumers are likely to be confused or misled about the origin of the goods or services bearing the unauthorized mark. 9

Thus, dilution laws address two entirely different, and arguably unrelated, types of alleged harms, which are typically shoehorned into a single statute.

Most state dilution statutes, as well as the recently amended federal dilution statute, allow the owner of a famous trademark to enjoin unauthorized uses of the mark (or very similar marks) which are likely to cause dilution of its mark by either blurring or tarnishment. Yet the harm alleged to be caused by blurring and tarnishment is ill-defined and, thus far, unproven. Furthermore, if any harm does flow from dilutive activities, it may affect trademark owners in ways that do not affect any broader public interest; indeed, dilutive activities may actually offer some benefits to the public. In addition, by requiring trademark owners to show only a likelihood of dilution, rather than actual harm from dilution, the dilution statutes permit trademark owners to enjoin the commercial speech of other merchants based on assertions of harm that are purely speculative.

For these reasons, the federal dilution statute, as well as most state dilution statutes, are unconstitutional restrictions on commercial speech. Under the standards established by the Supreme Court in Central Hudson Gas & Electric Corp. v. Public Service Commission of New York, 10 dilution laws violate the First Amendment because they restrict commercial speech without advancing any substantial government interest. 11

II. NO REASON TO LIVE?

Much has been written about the constitutional problems of applying dilution laws to noncommercial speech, 12 and these are certainly serious problems. The federal dilution statute contains exceptions for noncommercial uses 13 which generally have been effective in preventing courts from imposing federal dilution liability against literary, musical, artistic, and dramatic works

8. Moseley v. V Secret Catalogue, Inc., 537 U.S. 418, 422–24 (2003). In Moseley, the plaintiff lost its federal dilution claim because it failed to establish actual harm to its trademark. Id. at 434. Although it almost certainly would have prevailed under the "likelihood of dilution" standard employed by state dilution statutes. The Moseley decision prompted Congress to amend the federal dilution statute by eliminating the requirement of actual dilution and replacing it with the likelihood standard. See Trademark Dilution Revision Act of 2006 § 2.

11. See id. at 562–66.
that reference famous trademarks.\textsuperscript{14} Unfortunately, most state dilution laws do not have an express exception for noncommercial uses, and as a result expressive works have unconstitutionally been subjected to liability under state dilution laws by courts that have been woefully insensitive to First Amendment concerns.\textsuperscript{15}

Furthermore, the line between commercial and noncommercial speech is a shaky one, and some have argued that no such distinction can or should be drawn.\textsuperscript{16} If there is a line, it certainly is elusive. Novelty items, such as T-shirts, posters, and coffee mugs, frequently are purchased not for their utility but for the messages they express. Yet courts frequently do not accord these items the same level of constitutional protection that they give to more traditional forms of expression. An unlicensed T-shirt bearing the trademark-protected name of a football team or a musical group will typically be treated as infringing or dilutive, even though the consumer purchasing the shirt typically does not view the presence of the name on the shirt as a trademark at all, but simply as a way to express the wearer’s enthusiasm for the team or the musical group. The impact on free expression is even more problematic when the T-shirt expresses a criticism or commentary on the mark—for example, the word “Starsucks” accompanied by something resembling the Starbucks logo. In the absence of a clear and rational distinction between expressive commodities and purely commercial commodities, dilution laws (and even some applications of traditional trademark and unfair competition laws) will continue to chill these nontraditional, yet highly effective, forms of communication.\textsuperscript{17}

Moreover, even pure advertisements can be entertaining and informative, and sometimes they challenge our sensibilities and spark debate. At times, the disappointment of the advertisers, advertisements do a better job of engaging viewers in these ways than of persuading them to purchase the advertised goods and services.

Traditional commercials also seem to be an endangered species as new technology enables viewers to skip over commercials, leading advertisers to rely increasingly on product placements and other techniques for seamlessly interweaving advertising with entertainment programs. \textit{American Idol} and the ubiquitous home improvement shows epitomize this trend. In this environment, the distinction between commercial advertising and expressive speech will be difficult to maintain.

This Essay, however, focuses on commercial speech of the most mundane variety—ordinary commercial advertising and the labeling of goods and services. If dilution laws are constitutionally justifiable at all, it must be because

\textsuperscript{14} LaFrance, supra note 12, at 470–80.
\textsuperscript{15} Id.
\textsuperscript{16} See, e.g., Alex Kozinski & Stuart Banner, \textit{Who’s Afraid of Commercial Speech?}, 76 VA. L. REV. 627 (1990) (explaining the justifications, or lack thereof, underlying the distinction between commercial and noncommercial speech).
\textsuperscript{17} LaFrance, supra note 12, at 481–88.
they are appropriate restrictions on commercial speech of this least protected variety; dilution laws are clearly inappropriate restrictions on noncommercial speech, as well as speech that straddles the uncertain border between commercial and noncommercial. 18

With apologies to Randy Newman, I want to suggest that, from a First Amendment perspective, dilution laws “got no reason to live.” 19 Their very reason for existence—restricting commercial speech for the sole benefit of a subset of trademark owners—is not a sufficiently weighty reason to justify government intervention in the marketplace. This differentiates dilution laws from traditional infringement laws, which protect consumers from being defrauded, confused, or misled.

In Mattel, Inc. v. MCA Records, Inc., 20 the Ninth Circuit refused to allow Mattel to invoke the federal dilution statute, on tarnishment and dilution grounds, to enjoin distribution of a song about Barbie and Ken. 21 Judge Kozinski based this decision on the fact that the song was noncommercial speech. 22 In dicta, however, he raised the question whether enjoining even commercial speech on dilution grounds might violate the First Amendment:

Our interpretation of the noncommercial use exemption does not eliminate all tension between the FTDA and the First Amendment because the exemption does not apply to commercial speech, which enjoys “qualified but nonetheless substantial protection.” It is entirely possible that a dilution injunction against purely commercial speech would run afoul of the First Amendment. Because that question is not presented here, we do not address it. 23

This Essay considers the question raised by Judge Kozinski and asks whether issuing injunctions against commercial speech based on a mere likelihood of dilution runs afoul of the First Amendment. If the answer is yes, then dilution laws are unconstitutional on their face, and not merely when applied to noncommercial speech.

First Amendment considerations are especially important in dilution cases because injunctive relief is the standard remedy for dilution. Indeed, many state

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18. See id.
Note: The author is of average height and respects persons of all statures.
20. 296 F.3d 894 (9th Cir. 2002).
21. Id. at 898–99, 906–07.
22. Id. at 906–07.
dilution laws do not contemplate damages as a possible remedy.\textsuperscript{24} Because dilution claims are based on a mere likelihood of dilution, plaintiffs may bring suit quickly enough that there is no occasion for a monetary remedy or an insufficient basis for calculating one. When a plaintiff succeeds in proving a likelihood of dilution, a prior restraint is imposed on the defendant based purely on the possibility that the plaintiff may suffer some ill-defined harm to its private commercial interests, with no consideration given to the best interests of the public.

\textit{A. Level of Scrutiny}

It is well settled that the enforcement of trademark laws, like that of defamation, privacy, and right of publicity laws, involves sufficient state action to implicate the First Amendment.\textsuperscript{25} While the government generally must show a “compelling” interest to justify a restriction on truthful noncommercial speech,\textsuperscript{26} only a “substantial” interest is required to justify a restraint on truthful commercial speech.\textsuperscript{27} Despite the less rigorous scrutiny applied to commercial speech restrictions, it is doubtful whether dilution laws can pass muster, because they are not supported by any substantial government interest. In fact, while enforcement of dilution laws may benefit individual trademark owners, they may actually have a negative effect on the public interest.

The Supreme Court has made clear that “the First Amendment protect[s] the dissemination of truthful and nonmisleading commercial messages about lawful products and services”\textsuperscript{28} in order “to ensure that advertising provides consumers with accurate information about the availability of goods and services.”\textsuperscript{29} In

\begin{itemize}
\item 24. See, e.g., N.Y. GEN. BUS. LAW § 360-1 (McKinney Supp. 2007) (providing only for injunctive relief). In contrast, the federal statute permits such awards in cases of willful dilution. Trademark Dilution Revision Act of 2006 § 2, Pub. L. No. 109-312, 120 Stat. 1730, 1731 (to be codified as amended at 15 U.S.C. 1125(o)(5)). In practice, the federal willfulness standard may be relatively easy to satisfy. Damages may be awarded in blurring cases if the defendant “willfully intended to trade on the recognition of the famous mark,” and in tarnishment cases if the defendant “willfully intended to harm the reputation of the famous mark.” Id. § 2. The willfulness standard for blurring cases will arguably be satisfied any time a defendant uses the famous mark, other than by sheer accident. The willfulness standard for tarnishment cases is less clear but could apply even to humorous and parodic uses of a mark. In both blurring and tarnishment cases, the language of the federal statute implies that damages could be awarded even if no actual blurring or tarnishment has been proven. It seems unlikely that Congress intended this result.
\item 29. Id. at 496. In Virginia State Board of Pharmacy v. Virginia Citizens Consumer Council, Inc., 425 U.S. 748 (1976), the Court observed, Advertising, however tasteless and excessive it sometimes may seem, is
\end{itemize}
contrast, commercial advertising may be restricted where necessary to prevent deception or to prohibit aggressive sales practices which may exert undue influence over consumers.\footnote{30} However, the unauthorized but nonconfusing uses of trademarks that give rise to dilution claims typically do not fall into the latter categories. Thus, the consumer-protection principle does not support restrictions on commercial speech that is merely dilutive.

Under the Supreme Court’s current approach, commercial speech regulations withstand First Amendment scrutiny only if they survive the four-part test articulated in \textit{Central Hudson Gas and Electric Corp. v. Public Service Commission}.\footnote{31} First, the First Amendment protects commercial speech if it concerns lawful activity and is not misleading.\footnote{32} Second, if the commercial speech is protected, then the speech regulation must advance a substantial governmental interest.\footnote{33} Third, the regulation must directly advance the governmental interest asserted.\footnote{34} Fourth, the restriction on speech must not be more extensive than is necessary to serve the asserted government interest.\footnote{35} Although the Court has not applied a “least restrictive means” standard,\footnote{36} it does require a reasonable “fit” between the legislature’s ends and the means chosen to accomplish those ends; ‘... a means narrowly tailored to achieve the desired objective.’\footnote{37} The Court requires “the government goal to be substantial, and the

\textit{Id.} at 765.

\footnote{30} \textit{Id.} at 498 (quoting \textit{Va. State Bd. of Pharmacy}, 425 U.S. at 772 n.24).

\footnote{31} 447 U.S. at 562–66.

\footnote{32} \textit{Id.} at 564.

\footnote{33} \textit{Id.}

\footnote{34} \textit{Id.} The Supreme Court further stated,

The third part of the \textit{Central Hudson} test asks whether the speech restriction directly and materially advance[s] the asserted governmental interest. “This burden is not satisfied by mere speculation or conjecture; rather, a governmental body seeking to sustain a restriction on commercial speech must demonstrate that the harms it recites are real and that its restriction will in fact alleviate them to a material degree.”


We do not, however, require that “empirical data come ... accompanied by a surfeit of background information. ... [W]e have permitted litigants to justify speech restrictions by reference to studies and anecdotes pertaining to different locales altogether, or even, in a case applying strict scrutiny, to justify restrictions based solely on history, consensus, and ‘simple common sense.’”

\textit{Id.} at 555 (quoting \textit{Fla. Bar v. Went For It, Inc.}, 515 U.S. 618, 628 (1995)).

\footnote{35} Board of Trs. of State Univ. of N.Y. v. Fox, 492 U.S. 469, 479–80 (1989).

\footnote{36} \textit{Id.} at 480; \textit{Lorillard Tobacco}, 533 U.S. at 556 (citing \textit{Went For It}, 515 U.S. at 632).

\footnote{37} \textit{Went For It}, 515 U.S. at 632 (quoting \textit{Fox}, 492 U.S. at 480).
cost to be carefully calculated."\textsuperscript{38} Accordingly, "the State bears the burden of justifying its restrictions" on commercial speech by "affirmatively establish[ing] the reasonable fit" required between the restrictions imposed and the substantial interest that is claimed.\textsuperscript{39}

Dilution laws fail the \textit{Central Hudson} test. First, the types of speech that are actionable under dilution laws concern lawful, non-misleading activities, and thus are protected by the First Amendment. Moving to the second part, dilution can be a permissible regulation of commercial speech only if the asserted governmental interest underlying dilution laws is substantial. As discussed below, dilution laws fail to meet this standard, because the supposed harms that dilution laws prevent or remedy are either nonexistent, insubstantial, or relevant only to the ability of businesses to derive profits from consumers without bestowing any commensurate public benefits such as lower prices, better products, greater product choices, or better information to assist consumers in making their choices.\textsuperscript{40} Because dilution laws offer no substantial public benefits to compensate for their suppression of speech, they cannot survive scrutiny under the second part of the \textit{Central Hudson} test.

\textbf{B. The Asserted Injury}

Traditionally, the First Amendment has not barred prior restraints on commercial speech which is fraudulent in nature. However, dilution laws do not protect consumers against fraud or confusion. Commercial speech that is alleged to dilute a trademark is merely speech that the trademark owner believes will injure its own commercial interests. Because dilution does not involve fraudulent or misleading speech, if First Amendment protection is to be withheld from dilutive speech, then it must be on the basis of some justification other than protecting consumers against fraud or confusion. Such justification is difficult to identify in the case of dilution laws.

To sustain a restriction on commercial speech, the state "must demonstrate that the harms it recites are real and that its restriction will in fact alleviate them to a material degree."\textsuperscript{41} The standard of proof "requires more than 'mere speculation or conjecture.'"\textsuperscript{42} Yet, the proponents of dilution laws have yet to establish that those laws protect the public from harm of any sort. If any harm can be traced to dilutive speech, it is harm to the ability of merchants to profit

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\textsuperscript{38} Fox, 492 U.S. at 480. \\
\textsuperscript{39} Id. \\
\textsuperscript{40} As Justice Stevens noted in \textit{44 Liquormart, Inc. v. Rhode Island}, "It is the State's interest in protecting consumers from 'commercial harms' that provides 'the typical reason why commercial speech can be subject to greater governmental regulation than noncommercial speech.'" 517 U.S. 484, 502 (1996) (Stevens, J., plurality) (quoting City of Cincinnati v. Discovery Network, Inc., 507 U.S. 410, 426 (1993)). \\
\textsuperscript{41} Edenfield v. Fane, 507 U.S. 761, 770–71 (1993). \\
\end{flushright}
from psychological manipulation of consumers. Because this psychological manipulation offers no public benefits, preserving the power of merchants to manipulate consumers is not the type of harm that justifies suppression of commercial speech.

If anything, dilution laws may actually cause, rather than prevent, harm to the public. If psychological manipulation leads consumers to make purchasing decisions that are not in their best interest, then a dilution law that strengthens the ability of merchants to engage in this manipulation, unimpeded by their competitors, will benefit merchants at the expense of consumers. Indeed, the ability of dilution laws to enhance advertisers’ ability to manipulate consumer preferences has led Professor Christine Haight Farley to describe dilution laws as “statutorily enforced mind control.”

1. The Asserted Harm from Dilutive Activities Is Too Speculative to Support a Restriction on Commercial Speech

What harm does dilution actually cause? The problem of defining this harm is well-documented, and it has been persuasively argued that the alleged harm is simply non-existent. As Professor Farley has suggested, this would explain why trademark owners lobbied Congress to require federal dilution plaintiffs to establish only a “likelihood” of dilution rather than actual dilution, after the Supreme Court in Moseley v. V Secret Catalogue, Inc. interpreted the then-current federal dilution statute to require proof of actual injury. The resulting amendment brought the federal statute into line with most state dilution statutes, which require only a likelihood of dilution.

The resort to likelihood of dilution is not surprising, because it virtually eliminates the need for trademark owners to demonstrate more than the renown of their own mark and the similarity of the defendant’s mark. This is a far easier evidentiary hurdle to overcome than the likelihood of confusion standard in traditional trademark law, where the defendant must at least convince the factfinder that the similarity of the marks is likely to confuse a substantial number of ordinarily prudent consumers. Indeed, whenever dilution plaintiffs have tried to demonstrate actual harm from dilutive activities, they have failed.

While the case law, legislative histories, and scholarly literature are replete with

44. See, e.g., *id.* at 1181–84 (asking if dilution truly exists).
45. *Id.* at 1181–84.
47. *Id.* at 432–33.
hypotheticals ("DUPONT shoes, BUICK aspirin, KODAK pianos"),

49 they offer no instances in which a famous trademark has demonstrably suffered harm of either type. The Fourth Circuit lamented in Ringling Bros.-Barnum & Bailey:

[T]he most significant feature of the state antidilution statutes has been their requirement that only a “likelihood of dilution” rather than actual dilution need be proved to entitle a claimant to the injunctive relief which they provide as the sole statutory remedy. This has enabled the courts to avoid hard definition of the economic harm to a senior mark’s “selling power” that they generally agree is an essential element of statutory “dilution.” And, even more critically, the necessary speculativeness of any inquiry into future states and conditions has led some courts to allow the essential elements of “likely” dilution to be inferred . . . or, even more drastically, to be presumed from no more than the identity or sufficient similarity of the two marks.

50 Courts have searched in vain for an appropriate test to assess likelihood of dilution. In blurring cases, some courts have resorted to a multi-factor test which seems more relevant to assessing the likelihood of confusion than the likelihood of dilution, an approach that has deservedly been criticized, but which has now been adopted in the latest amendments to the federal dilution statute.

51 In effect, dilution is the “vaporware” of trademark law. The harms which dilution laws are designed to prevent, or remedy, or both, cannot be clearly defined and have not been proven to exist. Dilution laws are based on “mere speculation and conjecture,” and therefore fail to advance a substantial government interest as required by Central Hudson.

2. Even if the Harm from Dilutive Commercial Speech Is Real, Dilution Laws Are Not Supported by a Substantial Governmental Interest

Alternatively, let us suppose that the speculation about dilution harming the value of trademarks is true. Many scholars characterize dilution by blurring as a

50. Ringling Bros., 170 F.3d at 458.
51. This test, suggested by Judge Sweet’s concurring opinion in Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc., considers the “1) similarity of the marks 2) similarity of the products covered by the marks 3) sophistication of consumers 4) predatory intent 5) renown of the senior mark [and] 6) renown of the junior mark.” 875 F.2d 1026, 1035 (2d Cir. 1989) (applying the New York dilution statute).
form of free-riding—that is, allowing one merchant to benefit from the favorable connotations of another merchant’s trademark. In contrast, tarnishment laws protect the investment of a merchant in creating favorable associations for a mark; unauthorized uses of the mark may undermine those favorable associations in the mind of consumers. But even if these harms are real, do they justify governmental suppression of commercial speech? This Essay suggests that they do not, because any harm to the value of the trademarks affected by dilutive speech interferes only with the ability of the trademark owners to psychologically manipulate consumers. Preserving the ability of trademark owners to influence consumers in this way does not amount to a substantial governmental interest.

It is a familiar argument that trademarks promote irrational consumer preferences. In their origin-identifying capacity, of course, trademarks can convey useful information to consumers, allowing consumers to predict the characteristics of goods and services before purchasing them, and enhancing the accountability of merchants when those goods and services fail to meet expectations. To the extent that trademarks serve as origin indicators, the government has a legitimate and substantial interest in protecting consumers from being misled about the origin of goods through trademark infringement. But owners can also use trademarks to create illusions and favorable associations that lead consumers to make purchasing decisions based on psychological vulnerability.

Literature on marketing psychology brims with references to the emotional and psychological power of brand names. Consumers, we are told, will eagerly attach themselves to brands that help them to establish and maintain a favorable self-concept. Consumption becomes a continuing—and perhaps insatiable—quest for self-esteem, and the favorable connotations surrounding a brand make consumers want to associate themselves with that brand. Harley-Davidson, for example, illustrates the power of a trademark to appeal to a consumer’s emotions and desire to achieve a favorable self-image: “A big part of Harley-Davidson’s appeal lies in the personality of the bike itself. It encapsulates masculinity, defiance, and rugged individualism.”


surprising, then, when a trademark owner objects even to non-confusing uses of the mark if those uses might tarnish or free-ride on the carefully crafted psychological associations of that mark.

In fact, Professor Tamara Piety has suggested that the ability of advertising to prey on the vulnerabilities of consumers is an argument against any First Amendment protection for commercial advertising. The psychology of advertising, she argues, is analogous to the process of addiction in that it leads consumers on a never-ending quest to achieve unrealistic goals through increased consumption.

Although Professor Piety suggests that the irrational effects of advertising should completely strip it of First Amendment protection, in the context of dilution laws these same observations can support an argument for greater First Amendment protection for advertising and other commercial speech, so that trademark owners will not be able to use dilution laws to enhance their influence over consumer attitudes by suppressing all unauthorized commercial uses of their trademarks. This Essay does not, and need not, argue that there is anything inherently wrong with merchants attempting to sell illusions or to create irrational consumer preferences. However, it does suggest that state and federal governments have no legitimate interest in intervening in the marketplace in order to foster these efforts. Thus, consumers are free to be irrational, and merchants are free to profit from those choices, but the government has no business suppressing commercial speech simply to protect these profits.

Some researchers suggest that the harm from blurring consists of increased “internal search costs” for consumers. When consumers encounter a new use of a familiar mark, they may no longer be as quick to associate the famous mark with the goods or services which they previously associated with that brand, even when they are not confused about the origin of the junior user’s goods. Empirical tests purport to quantify this slower processing time. For example, a consumer that encountered Dogiva dog biscuits was, when tested shortly thereafter, somewhat slower to associate Godiva with chocolates. The difference was a matter of milliseconds at most, and no studies have indicated how long this effect might persist.

One can understand why the slower processing time might trouble the owner of the Godiva mark. But are consumers really harmed by having to think for


58. Id. at 387, 432–33.

59. For a detailed examination and critique of the authorities discussed in this subpart, see Tushnet, supra note 53. See also infra notes 60–61 and accompanying text.


61. Morrin & Jacoby, supra note 60, at 269.

62. See Tushnet, supra note 53, at 18.
some extra milliseconds? Isn’t it enough that I recognize Godiva as a trademark when it appears on a box of chocolates? Godiva, of course, would prefer that the mere mention of the word Godiva made me think of—and want—a box of their premium-priced confections. As a consumer, am I harmed by the knowledge that a variation on the Godiva name also identifies a maker of dog biscuits? If so, then surely I suffer harm as well from the longstanding co-existence fo Delta Faucets and Delta Airlines. Are San Franciscans harmed by the extra milliseconds required to distinguish Sears Fine Food from Sears department stores?

Who really suffers when consumers have to think a little bit more before associating a brand with its products? Once a trademark owner establishes a powerful image for its brand, the trademark owner benefits if consumers think as little as possible about their purchasing decisions. The more the consumer thinks, the less likely he or she is to react uncritically to the emotional or psychological appeal of the trademark, and the more likely he or she is to examine the characteristics, cost, and quality of the goods that bear the mark, and to think about what benefits will in fact be derived from purchasing the goods. Thus, the “internal search costs” argument demonstrates, at most, that preventing dilution by blurring will help merchants to obtain unfettered access to the consumer’s mind. The “costs” of dilution by blurring, even if real, are not costs experienced by the consumer at all, but costs experienced by the merchant who prefers to encounter no resistance in accessing the consumer’s mind.

In contrast, tarnishment laws are not about prevention of free-riding or slowed mental associations. Rather, they are aimed at preventing disparagement of a trademark, even when that disparagement does not involve false or misleading statements. Tarnishment is like trade libel without the falsehood; instead of disparaging the product or service in a way that can be proven true or false, tarnishment is a less direct swipe, one which merely tries to alter public opinion rather than disseminate false information.

Tarnishment is therefore a form of criticism. As such, it merits a high degree of protection under the First Amendment. Instead, dilution laws suppress this form of criticism.

This result is the opposite of that which obtains under the “fair use” standards of copyright law. Copyright’s fair use exception exists in large part to prevent copyright law from running afoul of the First Amendment, and in service of this goal it provides a high degree of protection to copying which takes place in the context of criticism or commentary. In determining whether a particular instance of copying constitutes infringement or fair use, the Supreme Court has recognized that copyright owners should generally not be permitted to suppress parody or other forms of critical commentary that are designed to change the public’s opinion of their copyrighted works. All other things being equal, the fair use doctrine in copyright law provides greater protection against copyright infringement claims to speech that disparages a plaintiff’s expressive work than to speech which makes no commentary at all about the work.

Although fair use does not completely immunize all criticism and
commentary from infringement claims, the Court has made clear that, in
determining whether a copyright owner has suffered actionable harm from the
unauthorized copying of a work, no weight should be given to harm that arises
solely from the critic’s success in changing the public’s opinion of the work.
Consider the Supreme Court’s analysis of parody as fair use in *Campbell v.
Acuff-Rose Music, Inc.* In determining whether, under the fourth fair use factor,
the defendant’s use of the plaintiff’s work would injure the market for that work,
the Court made clear that it would disregard any injury that resulted from the
parody’s success at ridiculing the copyrighted work:

> [W]hen a lethal parody, like a scathing theater review, kills
demand for the original, it does not produce a harm cognizable
under the Copyright Act. Because “parody may quite
legitimately aim at garroting the original, destroying it
commercially as well as artistically,” the role of the courts is to
distinguish between “[b]iting criticism [that merely] suppresses
demand [and] copyright infringement[, which] usurps it.”

Thus, damaging the reputation of a copyrighted work through parody is not
tortious; rather, it is a legitimate attempt to influence public opinion of the work.
No falsehoods are involved—only an expression of opinion.

Imitation of a famous mark in order to criticize, parody, or otherwise
comment on the mark has the same type of effect on the mark’s reputation
regardless of whether the imitation takes place in commercial speech or in
noncommercial expression. Thus, for example, a Saturday Night Live sketch in
which characters express disdain for Godiva chocolates could be at least as
tarnishing as allowing a merchant to sell Dogiva dog biscuits—indeed, it could
easily do much greater damage to the Godiva mark. The First Amendment
would provide strong protection for the Saturday Night Live sketch as
expressive speech even though it might damage the favorable associations of the
Godiva brand. When a similar result follows from the offering of Dogiva dog
biscuits, this, too, results from commentary or criticism that is deserving of First
Amendment protection. The government simply has no substantial interest in
silencing this speech, provided that consumers are not being confused or misled.

III. CONCLUSION AND PROPOSED MORATORIUM

I have argued that the harms from dilution are speculative, and that even if
they are real they do not warrant government suppression of commercial speech.

I could be wrong. But under current law, how will we ever know? As others
have pointed out, requiring trademark owners to prove only the likelihood of

64. Id. at 591–92 (citations omitted) (quoting BENJAMIN KAPLAN, AN UNHURRIED VIEW OF
COPYRIGHT 69 (1967); Fisher v. Dees, 794 F.2d 432, 438 (9th Cir. 1986)).
dilution, as opposed to actual dilution, means that courts will continue to enjoin alleged dilution without ever giving us a chance to find out if there really is such thing as a dilution injury.

What we need is a moratorium on injunctive relief for dilution claims. For the near future, courts should hold that the asserted injury from dilution is simply too speculative or insufficiently related to the public interest, or both, to satisfy the substantial interest test for government restrictions on commercial speech under Central Hudson.

While the moratorium is in place, dilution plaintiffs will still be entitled to recover damages where the relevant statute permits, but in order to do so they will have to demonstrate actual injury. If a plaintiff succeeds in proving injury, the court will then determine whether it is the type of injury that warrants government intervention. If the injury affects only the merchant’s ability to inflate demand for its goods by manipulating consumers, this may not constitute a substantial interest that justifies government interference with commercial speech. If the plaintiff can demonstrate that the injury directly harms consumers or interferes with the efficient functioning of the competitive marketplace in a manner that indirectly harms consumers, government intervention may be warranted, provided that the intervention satisfies the remainder of the Central Hudson test—i.e., that the restriction directly advances the governmental interest in preventing these harms and is no more extensive than necessary to accomplish this result.

Only after this moratorium has been in place for a time will it be possible to draw conclusions as to whether allegedly dilutive activities in fact cause harm of a type that warrants government intervention. If they do, then the harm from dilution will no longer be speculative, and courts may then return to issuing injunctive relief as an appropriate remedy. The moratorium period may even yield interesting results that will help courts to determine when injunctive relief is appropriate and when it is not. For example, the nature of the injury arising from dilution by blurring may be sufficiently different from the injury arising from dilution by tarnishment claims that one type of claim may warrant injunctive relief but not the other. Alternatively, the moratorium period may provide information that will lead to a specific set of standards for determining when injunctive relief is appropriate in dilution cases.

Maybe dilution laws do have a reason to live. But how will we know if we do not put them to the test?

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65. Because state dilution statutes typically create a cause of action based on likelihood of dilution rather than actual dilution, they usually provide only injunctive relief. See, e.g., N.Y. GEN. BUS. LAW 360-1 (McKinney Cum. Supp. 2007). The federal statute permits an award of damages only if the defendant “willfully intended” to blur or tarnish the plaintiff’s mark. Trademark Dilution Act of 2006, Pub. L. No. 109-312, §2, 120 Stat. 1730, 1732 (to be codified at 15 U.S.C. § 1125(c)(5)(B)). However, if courts begin to withhold injunctive relief on First Amendment grounds, state legislatures will be free to amend their dilution statutes to permit damages awards where plaintiffs are able to prove injury. The constitutionality of these damages provisions, like the damages provisions in the federal statute, can then be assessed under Central Hudson.