

A Skeptical View of the Trademark Dilution Revision Act

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The Trademark Dilution Revision Act (“TDRA”),¹ adopted on October 6, 2006, is the result of an almost two-year campaign to overturn the Supreme Court’s 2003 decision in *Moseley v. V Secret Catalogue, Inc.*² The TDRA responds to *Moseley* in two ways. First, and most important, it makes clear that a plaintiff need not prove “actual dilution” to establish liability under Section 43(c),³ but can obtain injunctive relief by showing that a defendant’s use is “likely to cause dilution.” Second, it makes clear that Section 43(c) covers tarnishment as well as blurring,⁴ countering a suggestion in *Moseley* that the language of the statute might not include tarnishment.⁵

The TDRA does more than address the *Moseley* decision. It makes clear that Section 43(c) includes descriptive marks with secondary meaning as well as inherently distinctive marks, thereby reversing a line of lower court decisions narrowly interpreting the statute.⁶ It explicitly addresses dilution for trade dress by establishing that the owner has the burden of proof on non-functionality and fame when the trade dress is unregistered.⁷ And it adds an express parody and criticism exception.⁸

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1. Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, 120 Stat. 1730 (2006). The original bill that became the TDRA was first introduced in February 2005.

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

3. *See id.* at 433 (holding that a plaintiff must prove actual dilution).

4. Moreover, it adds definitions of tarnishment and blurring and includes factors for determining the latter. TDRA § 43(c)(2)(B)-(C).

5. *See Moseley*, at 432 (suggesting that Section 43(c) might only cover blurring).

6. TDRA § 43(c)(1). *See, e.g.*, *TCPIP Holding Co. v. Haar Commc’ns., Inc.*, 244 F.3d 88, 98 (2d Cir. 2001) (holding that Section 43(c) covers only inherently distinctive marks with strong secondary meaning).

7. TDRA § 43(c)(4).

8. TDRA § 43(c)(3)(A)(ii). The TDRA makes other changes as well, some of which usefully clarify ambiguities in Section 43(c). For example, it adds a definition of a “famous mark,” which makes clear that fame is measured by the degree of source-identification recognition and which excludes

While some of its provisions are improvements, the TDRA as a whole represents a setback for American trademark law. By signaling congressional interest in shoring up dilution liability, the TDRA opens the door to more aggressive judicial application of the statute and broader interpretation. A stronger Section 43(c) threatens to sever trademark law from its policy moorings and send it in directions that risk high social costs.

This brief article argues that the problem with the TDRA, and the original Section 43(c) that it amends, is the same as the problem with dilution law more generally. Dilution, and especially dilution in its blurring form, lacks a coherent policy foundation. The lack of clear normative direction gives particularly wide latitude to industry groups to influence the legislative process in ways that serve their private interests at the expense of the public interest.

The following remarks first briefly review the principal policy arguments for dilution protection and then examine the major provisions of the TDRA in light of this policy analysis.

I. DILUTION POLICIES

Trademarks serve as source-identifiers. When a consumer buys a tube of CREST toothpaste, for example, she relies on the CREST mark to indicate that the particular toothpaste tube comes from the same source as every other toothpaste tube labeled CREST. Because of this, she can readily access information about the toothpaste acquired through advertising, personal experience, and word of mouth. In this way, trademarks reduce consumer search costs. Moreover, by making it easier for consumers to access information about products, trademarks also make it easier for sellers to communicate information about hidden product features, which helps support incentives to maintain, and even improve, product quality.

Core trademark law secures these social benefits by protecting trademarks against uses that risk source or sponsorship confusion. Consumer confusion undermines the information transmission function of a mark by making it difficult for consumers to rely on the mark as a source-identifier and thus a symbol of brand or firm quality.

Trademark law has also manifested a concern for sellers historically, but seller harm alone was normally thought insufficient for liability in the absence of some form of consumer confusion. For example, a mark owner might complain about losing sales or suffering reputation harm, but ordinarily these harms were actionable only if they resulted from the confusion of consumers. To be sure, courts at times have been influenced to find liability by the perceived unfairness of defendant's free riding on the mark owner's goodwill, but preventing free riding has never been fully accepted as an independent ground for trademark liability.

marks with only geographical niche fame. *Id.* § 43(c)(2). It also eliminates the "distinctive and famous" phrase, making clear that fame is a requirement in all cases. *Id.* § 43(c)(1).

Against this background, it is apparent why dilution has been an extremely controversial doctrine ever since Frank Schechter first introduced the idea to American trademark law in his famous 1927 article, *The Rational Basis of Trademark Protection*.⁹ Dilution imposes liability in the absence of any risk of consumer confusion and thus has shaky support in trademark's traditional information transmission policies. The arguments for dilution have focused historically on protecting the seller's goodwill and the mark's power to attract consumers. But this raises the critical question: *Why should trademark law protect goodwill and selling power in the absence of consumer confusion?*

The reasons traditionally given for protection vary with the type of dilution. There are two conventional types, both of which are actionable under Section 43(c): dilution by tarnishment, and dilution by blurring. In addition, it has been suggested that dilution might extend to preventing free riding on goodwill—dilution by free riding—although this theory has never been expressly recognized in dilution law and is not included explicitly in Section 43(c).¹⁰ The following discussion examines the major policy arguments for each type of dilution.

A. DILUTION BY TARNISHMENT

Dilution by tarnishment is the least problematic of the three types of dilution. Tarnishment refers to a use that clashes with the meanings and images the trademark owner has cultivated in the mark—or in the language of the TDRA, a use that “harms the reputation of the famous mark.”¹¹ An example is TIFFANY used in connection with a greasy spoon restaurant or a strip club. These associations so strongly clash with the images and feelings associated with the TIFFANY mark that consumers are likely to have difficulty evoking the mark's positive meanings in as clear and strong a way.

It is not too difficult to justify the tarnishment prong on information transmission grounds, although one must stretch the function of marks a bit to do it. The clashing associations generated by the defendant's conflicting use distort the information that the mark conveys. Moreover, in our TIFFANY strip club example, it seems reasonable to assume that the tarnishing associations would not entirely disappear over time, leaving consumers with a somewhat soured impression of the TIFFANY mark

9. Frank Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813 (1927). After its publication, courts cited Schechter's article to bolster decisions extending confusion-based liability to non-competing products, but they shied away from embracing dilution as an independent basis of liability – until several decades later when state statutes and then the Federal Trademark Dilution Act codified the doctrine.

10. *Ty Inc. v. Perryman*, 306 F.3d 509, 512 (7th Cir. 2002) (Posner, J.) (noting the possibility but expressing doubts about the “validity of the rationale”); David J. Franklyn, *Debunking Dilution Doctrine: Toward a Coherent Theory of the Anti-Free-Rider Principle in American Trademark Law*, 56 HASTINGS L. J. 117 (2004) (defending a version of dilution by free riding).

11. TDRA § 43(c)(2)(C). The strip club example in this section is Judge Posner's in *Ty Inc.*, *supra*, at 511.

inconsistent with what the mark is supposed to convey.

The analysis is not quite this simple, however. While the argument sounds as though it is about consumer search costs, it is actually about protecting the integrity of the product itself and ensuring product diversity. The information transmission/search cost argument in its simple form assumes that a mark is distinct from the product it brands and that it conveys information about that separate product. However, the information that TIFFANY conveys, and that tarnishment harms, is not just information about a separate product; it is a large component of the product itself. Consumers do not want luxury jewelry. They want TIFFANY jewelry because of how they feel when they wear TIFFANY and because of what it says about their status and wealth. Thus, "TIFFANY jewelry" is to some extent its own product—the appearance, durability, and so on of the physical jewelry coupled with the feelings triggered and the messages conveyed by the mark itself. The latter component of the product is altered by the tarnishing use.

Trademark law is not supposed to grant exclusive rights in product features that consumers want. To be sure, it does this when it protects product design trade dress and merchandising rights, but these applications are controversial for precisely that reason. Even so, protecting TIFFANY against tarnishment fits trademark law, if somewhat awkwardly. One of the purposes of core trademark law is to support incentives to maintain and improve product quality and thus preserve a rich product diversity, and tarnishment protection does roughly the same thing.¹² Moreover, many marks do more than convey information about a separate product. Even the CREST mark carries feelings of social confidence and cleanliness instilled by advertising and not an inherent part of the toothpaste itself. To be sure, the emotional content of the TIFFANY mark is a much larger fraction of the consumption value of TIFFANY jewelry, but the difference is, in the end, a matter of degree.

Thus, the policy case for providing some legal protection against tarnishment has weight, although it is not as strong as for confusion-based theories. Still, it is important that courts be careful about finding tarnishment. Tarnishment might produce very little consumer harm when there are relatively close substitutes for the tarnished product. Consumers unhappy with TIFFANY jewelry, for example, might just shift to another luxury brand.¹³ Moreover, famous marks often have popular meanings that extend beyond the products they brand, and those meanings invite socially

12. The astute reader might wonder whether this same incentive argument also supports broader dilution protection. After all, using dilution to prevent free riding on goodwill might help support incentives to create new products where the "goodwill" (e.g. reputation for luxury, prestige, and so on) is actually a large component of the consumption value of the product. However, it is one thing to use trademark law to prevent a "lemons problem," in this case, the tainting and ultimately the destruction of quality attributes created in response to incentives from *outside* trademark law, and quite a different thing to use trademark law *itself* to generate those incentives.

13. However, it is possible that allowing a single tarnishing use might lead to tarnishment of all marks and leave consumers with no substitutes at all.

valuable criticism and parody. It is important that the law carve out an exception for this type of arguably tarnishing use—just as the TDRA does—and that courts apply the exception generously.

B. DILUTION BY BLURRING

Critics of dilution law focus most of their attention on dilution by blurring. Blurring refers to a use that “impairs the distinctiveness of [a] famous mark.”¹⁴ For example, the use of TIFFANY for a luxury car is not likely to harm the reputation of TIFFANY for jewelry, but it might blur the distinctiveness of the TIFFANY mark—and especially if TIFFANY is also used for a luxury hotel, high-end restaurant, and so on.

The phenomenon of blurring is poorly understood. Unfortunately, this is an area of the law in which metaphor often substitutes for hard analysis. Nevertheless, a number of policy arguments have been offered to justify the doctrine. Some of these arguments focus on special situations, such as enjoining counterfeit goods and protecting the scarcity and exclusivity of prestige items like the ROLEX watch.¹⁵ The most intense debate, however, has to do with using blurring law to prevent uses of marks on unrelated products. There are three main arguments offered to support a broader doctrine: Schechter’s original argument, the modern search cost argument, and the anti-free-riding argument. I shall discuss the first two here and take up the third in the following section.

1. Schechter’s Argument: Protecting Selling Power

Frank Schechter, the father of American dilution law, defended a blurring theory as necessary to protect a mark’s “selling power.”¹⁶ His idea was that highly distinctive marks with strong consumer associations exert a kind of magnetic force that holds existing customers, draws in new ones, and builds goodwill, and that the law should protect the seller’s interest in using marks for these purposes.¹⁷

Schechter’s argument continues to have enormous rhetorical appeal today, and companies invest huge sums in creating consistent brand

14. TDRA § 43(c)(2)(B).

15. See Clarissa Long, *Dilution*, 106 COLUM. L. REV. 1029, 1063-1067 (2006). When many different sellers are free to market watches called ROLEX, it erodes the scarcity and exclusivity of the genuine ROLEX and thus weakens its prestige value—even if consumers are in no way confused about source or sponsorship. One might argue that there are other legal options available to address the counterfeit good problem, such as the tarnishment prong of dilution (when the counterfeit good is inferior to the genuine article), the post-sale confusion theory, and the Trademark Counterfeiting Act, but the availability of these alternatives does not mean that the blurring prong should not be available too. Moreover, there are serious questions about whether the law should lend its expensive hand to protecting prestige goods that merely convey status, but assuming it should, dilution by blurring is certainly one way to do it.

16. Schechter, *supra* note 9, at 819 (arguing that the law should protect a mark’s distinctiveness because “self-evidently, the more distinctive a mark, the more effective is its selling power”). Schechter did not use the term “blurring,” however, nor did he refer to his proposal as “dilution.”

17. See *id.* at 818-819 (noting that “the mark actually *sells* the goods” and functions as an “agency for the creation and perpetuation of good will” and that it “may ‘reach over the shoulder of the retailer’ and across the latter’s counter straight to the consumer”).

identities on the belief that a mark has selling power. The normative question, however, is why the law *should* protect a mark's grip on consumers when that grip is due to factors other than information about the quality of the product (which is protected by confusion-based theories).

Schechter never addressed this question. At the time he wrote, enthusiasm for psychological advertising was nearing a peak and the practice of using psychological ads with distinctive trademarks was widespread.¹⁸ When he referred to a mark's "selling power," Schechter probably had in mind the emotional force of strong trademarks built up by association with psychological ads, and he seems to have assumed that the law *should* protect this selling power simply because private industry relied on it pervasively.

Of course, the fact a practice is widespread in an industry is not a good enough reason for the law to promote it. Private interests do not always match social interests. Moreover, today we are much more skeptical about selling power that does not have to do with product quality—irrational brand loyalty, if it exists, interferes with informed consumer choice, creates market power, and undermines efficiency. In short, protecting a mark's selling power is not by itself a good reason for protecting against blurring.

2. Search Costs

In recent years, supporters of the doctrine have developed an argument for blurring that fits the traditional information transmission function of trademarks and the related search cost rationale. According to this argument, multiple uses of the same mark on different products make it more difficult for consumers to draw an association between the mark and the plaintiff's product. The consumer must first sort among the different uses before she can make the connection, which slows her response time and increases her search costs.

This search cost argument finds some support in the cognitive psychology literature.¹⁹ Models of cognition suppose that the brain forms networks of association among ideas and images and that individuals retrieve particular associations by following links in the network. The more links and nodes the network has (that is, the more different products that use the same mark), the more time and effort it takes to retrieve a particular item (that is, the more time it takes consumers to isolate the correct mark-product link).

There are serious problems with this argument. For one thing, its empirical support is unconvincing. The most well known study comparing

18. By the 1920s, sellers had largely abandoned the informative style that dominated advertising during the late nineteenth century and replaced it with ads that appealed directly to the emotional needs and desires of consumers. The trademark was key to this new marketing strategy, as the mark carried the psychological force of the ads to the ultimate consumer. See Robert G. Bone, *Hunting Goodwill: A History of the Concept of Goodwill in Trademark Law*, 86 B.U. L. REV. 547, 579-82 (2006).

19. See, e.g., Maureen Morrin & Jacob Jacoby, *Trademark Dilution: Empirical Measures for an Elusive Concept*, 19 J. PUB. POLICY & MARKETING 265 (2000) (also noting an effect on recall accuracy).

response times for undiluted and diluted marks reported about a 125 millisecond difference.²⁰ As others have noted, it is difficult to see how 125 milliseconds adds much in the way of search costs. Furthermore, actual market settings often have additional cues that facilitate rapid consumer identification and retrieval and could offset some of the lag time measured in the laboratory.²¹ I suppose it might be possible that a proliferation of uses on different products could *cumulatively* increase search time enough to make a difference worth worrying about, but this is not at all obvious from the model or the data.

C. DILUTION BY FREE RIDING

No dilution law expressly recognizes a cause of action simply for free riding on goodwill—and for good reason. As I, and others, have argued elsewhere, there is no persuasive economic or moral argument for trademark law to protect against free riding on goodwill.²² Trademark law is not about generating incentives to create new marks, and free riding by itself is perfectly acceptable on moral grounds.

Professor David Franklyn has offered the most elaborate and sophisticated defense of a remedy for free riding.²³ Recognizing the limitations of the economic and moral arguments, he focuses on a “blended rationale” that relies on a number of different factors in addition to free riding itself, such as that the plaintiff invested a lot in creating the goodwill in its mark, that the defendant intended to and did profit substantially from its free ride, that there was no legitimate reason to use the mark, and that there were only minimal costs associated with preventing the use. He argues that these elements mutually reinforce one another to support a pragmatic judgment that as between the mark owner and the free rider, the mark owner should prevail.

There are at least three problems with Professor Franklyn’s intriguing theory. First a pragmatic, all-things-considered policy judgment makes difficult policy questions too easy. For example, it is not clear from Professor Franklyn’s account how combining several factors can overcome the normative deficiencies of each factor taken separately. Second, it is hard to imagine a case of free riding in which the defendant has no legitimate reason to use the mark. It is always possible to argue that use of the mark avoids duplicative investment in creating the same public associations and also benefits consumers by offering a new product with those meanings and associations attached. Third, there are always

20. *Id.* at 269.

21. For an excellent review and critique of the literature, see Rebecca Tushnet, *Gone in 60 Milliseconds: Trademark Law and Cognitive Science* (draft on file with author). See also Daniel Klerman, *Trademark Dilution, Search Costs, and Naked Licensing*, 74 *FORDHAM L. REV.* 1759, 1764-66 (2006).

22. See Bone, *supra* note 18, at 616-621.

23. Franklyn, *supra* note 10, at 138-43 (although noting that the remedy is more appropriately recognized independent of the formal “dilution” category).

substantial costs to recognizing a dilution claim, even if only the costs of litigating the resulting lawsuits.

II. THE TDRA

Even this brief overview of the policies indicates that the case for a dilution remedy—and especially for dilution by blurring and by free riding—is extremely tenuous. After the passage of the Federal Trademark Dilution Act in 1995, many courts eventually realized the problems and responded by interpreting and applying Section 43(c) narrowly.²⁴ The TDRA reverses a number of these limiting interpretations and in so doing restores a broader dilution remedy that is difficult to justify on policy grounds.

Before examining the most problematic aspects of the TDRA, it is important to note two important amendments that are clearly desirable—at least as long as Congress insists on retaining some kind of dilution remedy. First, the inclusion of tarnishment makes sense. Given the stronger policy support for tarnishment than for blurring, it would be strange, indeed, if Section 43(c) protected against blurring without also protecting against tarnishment. Second, the explicit recognition of a parody exception is desirable and might even encourage judges to use the exception more aggressively.

A. LIKELIHOOD OF DILUTION

Eliminating *Moseley*'s actual dilution requirement might appear sensible at first glance, since it codifies traditional equitable principles allowing courts to enjoin activity that threatens future harm. But the matter is not quite so simple. Preventing future harm is a good reason for injunctive relief *only* when the prospective harm is real and serious. In the case of dilution, however, it is unclear exactly what harm dilution creates, especially dilution by blurring, or how serious that harm actually is.

Given this uncertainty, there is a benefit to forcing plaintiffs to define the nature of the dilution risk with some care, which is exactly what the *Moseley* rule did. Requiring proof of actual dilution demands that judges in particular cases actually focus on the nature of the dilution, and that the parties actually debate its existence and its magnitude.²⁵ Focusing attention on the dilution harm even opens up the possibility of a common law process that over time might sharpen understanding of the dilution concept

24. See Long, *supra* note 15, at 1054-55.

25. To be sure, *Moseley* did not require proof of lost sales or other economic harm. *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 433 (2003). However, an investigation into the existence of dilution should naturally lead to consideration of its magnitude and the harm it causes. Indeed, even the issue of what circumstantial evidence should count to prove actual dilution, a keen question after *Moseley*, invites useful debates about what dilution actually is and why it is harmful. The one possible exception is the *Moseley* Court's unfortunate suggestion that actual blurring might be inferred from the use of an identical mark. *Id.* at 434.

and the policy reasons for protecting against it.²⁶

It is extremely unlikely that any such process will occur under the TDRA's "likelihood of dilution" rule. Given the statutory factors listed in the TDRA, a plaintiff might well prove likelihood of blurring simply by showing that its mark has strong secondary meaning and is widely recognized, that the plaintiff is the sole user of the mark, that the defendant's mark is very similar, and that consumers associate the two marks.²⁷ Notice that there is no need in this analysis for the plaintiff to actually define what blurring is, determine that it actually exists, or identify any harm that it might cause. Experience with the likelihood of confusion test confirms this point—most courts tally the factors without asking about harm²⁸—as does the history of the likelihood of dilution standard under state law.²⁹

In the end, judicial determinations of likelihood of blurring will probably turn on the judges' all-things-considered moral intuitions. As experience in other areas of trademark law makes clear, these intuitive judgments are frequently unreliable. For example, a judge convinced that free riding is unfair can find likelihood of dilution without revealing her moral intuition or giving parties an opportunity to challenge it. She need only play up the factors in the balance that support her decision and downplay the factors that do not.

B. ACQUIRED AS WELL AS INHERENT DISTINCTIVENESS

As originally conceived by Frank Schechter, the dilution theory was limited to fanciful, coined, and arbitrary marks.³⁰ Schechter believed that only inherently distinctive marks were unique and distinctive enough to suffer the kind of loss in "selling power" from other uses that warranted dilution protection. For Schechter, the selling power of a descriptive mark was already diluted by the ordinary descriptive meanings it carried, and common words with descriptive meaning were likely to be used on many different products.

Congress did not expressly codify Schechter's limitation in the original Section 43(c), and many courts applied the statute to descriptive marks with strong secondary meaning just as they had done for the state

26. To illustrate, suppose that a complaint alleges blurring. Under *Moseley*, the plaintiff would have to prove that the defendant's use actually blurred its mark. To accomplish this, the plaintiff would explain what blurring actually involved and establish, perhaps with a survey or through circumstantial evidence, that consumers were in fact reacting to defendant's use in a way that involved blurring. The defendant might then argue that the phenomenon identified and measured does not qualify as blurring, and if the plaintiff relies on circumstantial evidence, the defendant might conduct a survey of its own demonstrating that blurring does not exist or is not serious enough to warrant relief. The judge would then have to engage the arguments and decide the questions, forcing useful judicial deliberation.

27. TDRA § 43(c)(2)(B) (listing factors).

28. See Robert G. Bone, *Enforcement Costs and Trademark Puzzles*, 90 VA. L. REV. 2147-49 (2004).

29. More than 20 years of experience under state law has yet to produce a coherent approach to dilution.

30. Schechter, *supra* note 9, at 828-830.

anti-dilution statutes.³¹ However, the Second Circuit Court of Appeals interpreted Section 43(c) more narrowly to apply only to marks that were inherently distinctive and had acquired substantial secondary meaning.³² The TDRA overturns this line of precedent and makes clear that Section 43(c) covers marks that have acquired their distinctiveness through secondary meaning as well as marks that are inherently distinctive.

Whether the TDRA has it right depends on the type of dilution at stake. Tarnishment easily fits the TDRA framework. Any mark with strong secondary meaning can be tarnished whether the mark is descriptive or inherently distinctive. As for blurring, the only clearly justified application is to counterfeit goods, and those cases are also consistent with the TDRA—unless there is some reason why prestige goods would not use descriptive marks.

It is difficult to justify a dilution remedy beyond preventing tarnishment and counterfeit goods, and for that reason I would favor limiting Section 43(c) to those two types of cases. However, it appears Congress has a different view of the matter; it has chosen to extend dilution more broadly to blurring uses of marks on unrelated products. As we saw, the search cost argument, though very weak, is the only arguable policy for this extension. Yet the search cost argument does not clearly support the TDRA's application of dilution to descriptive marks.

A descriptive mark starts off with a network of associations, so consumers already face a burden sorting through the various nodes and links. This makes it unclear how much greater burden adding another node and a new link would create. Moreover, if the link that connects the mark to the plaintiff's product already stands out sharply and carries powerful product-related messages, as might be the case for descriptive marks with strong secondary meaning, consumers might have little trouble finding and following that link even when others are added to the network. Inherently distinctive marks, by contrast, start off with no network connections at all, so they might be more vulnerable to blurring (although strong secondary meaning might reduce this effect as well). If this is correct, then a blurring theory would be more appropriate for inherently distinctive than for descriptive marks.

Admittedly, this analysis is speculative. The opposite results are also possible: a descriptive mark with strong secondary meaning might be particularly sensitive to noise from other uses. In the end, firmer conclusions require a more sophisticated understanding of consumer psychology. In the face of this empirical uncertainty, I believe the better course is to choose the more restrictive alternative. Confusion-based theories already give trademarks broad protection, and it is unclear how much, if any, net benefit dilution adds. One should not expand a legal

31. See DAVID S. WELKOWITZ, *TRADEMARK DILUTION: FEDERAL, STATE, AND INTERNATIONAL LAW* 32-40 (Washington, D.C.: Bureau of National Affairs, 2002).

32. See *TCPIP Holding Co. v. Haar Commc'ns., Inc.*, 244 F.3d 88, 98 (2d Cir. 2001).

theory when the public benefits are so uncertain.

For this reason, dilution by blurring should be confined to inherently distinctive marks, contrary to the TDRA amendment. Moreover, courts should be clear that a mark actually has strong secondary meaning before giving it dilution protection.³³

C. DILUTION FOR TRADE DRESS

The TDRA amendment assigning the burden of proof to plaintiffs in cases with unregistered trade dress might be seen as a congressional effort to restrict the availability of dilution protection.³⁴ I fear, however, that the amendment will have just the opposite effect. It sends a clear signal that Congress means to have Section 43(c) extend to trade dress, and this signal might encourage the filing of more dilution claims and perhaps also prompt broader judicial application of Section 43(c) to trade dress cases. Moreover, the elimination of *Moseley*'s actual dilution requirement removes an impediment to weak and meritless trade dress suits by making it easier for plaintiffs to obtain preliminary injunctions and more difficult for defendants to secure summary judgments.³⁵

Before passage of the TDRA, a number of courts took a very restrictive approach to dilution protection for trade dress, especially for product design trade dress.³⁶ The TDRA eases some of these limitations and opens the way for a more generous approach. This is likely to create the most serious problems for cases involving the blurring prong applied to product design. The trademark-related benefits in these cases are tenuous at best and the social costs potentially quite serious.

As for benefits, consider the effect on search costs.³⁷ Every product with distinctive trade dress also has a more conventional word mark to signify source, and consumers can use that word mark as a contextual cue to help them quickly isolate the network link connecting the trade dress with the plaintiff's product. As a result, the search time benefits of prohibiting other uses of the same trade dress are likely to be even smaller

33. Section 43(c)'s fame requirement mandates strong secondary meaning, but Section 43(c)(2)(A) allows circumstantial proof. Because of its importance, I favor always requiring *direct proof* of strong secondary meaning (through consumer surveys, media accounts, and the like) whenever dilution is alleged.

34. It is not clear how significant this amendment actually is. By assigning the burden to the plaintiff to prove non-functionality it simply tracks the burden assignment in Section 43(a) for confusion-based theories. As for the "fame" requirement, either the amendment does nothing new, or it creates the disturbing negative pregnant, that defendants must bear the burden to prove lack of fame when a mark is registered. Shifting the burden to the defendant in this way would be unfortunate, since fame is an important gatekeeper in dilution law. *See* Welkowitz, *supra* note 31, at 178-179.

35. The Supreme Court has expressed a serious interest in deterring meritless suits for trade dress cases involving product design. *See* Wal-Mart Stores, Inc. v. Samara Bros., Inc., 529 U.S. 205, 213-214 (2000).

36. *See, e.g.,* I.P. Lund Trading ApS v. Kohler Co., 163 F.3d 27, 50 (1st Cir. 1998) (questioning whether Congress meant to extend dilution protection to product design trade dress and insisting on a rigorous review of the statutory requirements in all such cases).

37. The anti-free-riding policy is obviously inappropriate for trade dress, since it clearly converts trademark into a form of patent or copyright.

than for word marks (which are very small to begin with).

Furthermore, the social costs of extending protection to trade dress are potentially very high. The main concern is that dilution law will give the trade dress owner monopoly power in the product market. The functionality doctrine is supposed to prevent this by barring trademark protection for features needed to compete. But the functionality doctrine is difficult to apply, and it is not clear how effectively it screens cases at the crucial preliminary injunction and summary judgment stages.

It is true that removing blurring protection for product design trade dress might leave some deserving cases without relief, but every legal rule has its costs. The benefits seem so uncertain and the risks so serious that an absolute bar makes sense – at least until someone is able to make a convincing demonstration that the social benefits do in fact exceed the costs.

III. CONCLUSION

The TDRA, on balance, expands the scope of Section 43(c) relative to pre-TDRA law, and it does so without a careful policy analysis. Expanding dilution law, even with a safe harbor for parody and criticism, risks creating high social costs without corresponding benefits. We need to take a closer look at dilution and in particular the extremely problematic blurring prong. Legal protection should be given only when it is *clearly* justified on policy grounds, and this means we should err on the side of a narrow statute rather than a broad one that has flimsy support.