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## The Law Journal of the International Trademark Association

What Can Harm the Reputation of a Trademark? A Critical Re-Evaluation of Dilution by Tarnishment

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## WHAT CAN HARM THE REPUTATION OF A TRADEMARK? A CRITICAL RE-EVALUATION OF DILUTION BY TARNISHMENT

*By Michael Handler\**

### I. INTRODUCTION

Dilution remains one of the most controversial concepts in trademark law throughout the world. Dilution by blurring has been the subject of sustained criticism for decades. Over the last decade in particular, commentators have raised serious doubts about the very nature of the harm of “blurring”—whether such harm is conceived of as an increase in consumers’ “imagination costs,” or as a type of “progressive harm” that should not be allowed to go unchecked, even if no deleterious effects are evident in any particular case, or as conduct that might result in suboptimal investment in the development of new brands. This scholarship has queried whether such harms rise to a level that justifies legal intervention by way of an anti-dilution provision, or whether such harms exist at all.<sup>1</sup> However, relatively little

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1. Critical commentary from the time of the Trademark Dilution Revision Act of 2006 includes Christine Haight Farley, *Why We Are Confused About the Trademark Dilution Law*, 16 Fordham Intell. Prop. Media & Ent. L.J. 1175 (2006) (arguing that anti-dilution law provides a remedy without a supportable theorization of the harm); Clarisa Long, *Dilution*, 106 Colum. L. Rev. 1029, 1037 (2006) (arguing that the harm of dilution is elusive because it is not clear whom the law is trying to protect); Mary LaFrance, *No Reason to Live: Dilution Laws as Unconstitutional Restrictions on Commercial Speech*, 58 S.C. L. Rev. 709 (2007) (concerned about the free speech implications of anti-dilution protection); Robert G. Bone, *A Skeptical View of the Trademark Dilution Revision Act*, 11 Intell. Prop. L. Bull. 197 (2007)

scholarly attention has been paid to the other limb of dilution—namely, tarnishment.

It is perhaps easy to see why. As Sandra Rierson recently noted, the concept of tarnishment has a stronger intuitive appeal than has blurring:<sup>2</sup> it seems easier to conceive of a right to prevent the unauthorized association of a famous mark with insalubrious content or poor-quality goods than it is to understand an action designed to prevent the far more abstract “dispersal of identity” of the mark. For this reason, examples of dilution by tarnishment are often presented by judges and commentators as if the examples speak for themselves. Famous illustrations might include Judge Posner’s reference in *Ty, Inc. v. Perryman* to the hypothetical use of “Tiffany’s” as a name for a striptease joint,<sup>3</sup> or, in the European Union (“EU”), Advocate General Sharpston’s example in her opinion in *Intel Corp. Inc. v. CPM United Kingdom Ltd.* of “Coca-Cola” used for “low-grade engine oils or cheap paint strippers.”<sup>4</sup> Tarnishment also has seemingly clear parallels with other areas of the law that seek to prevent harm to reputation, such as the torts of defamation or injurious falsehood, or moral rights protections for authors of copyright works, as well as with laws regulating obscenity. Further, as will be seen below, there is little case law around the world where dilution by tarnishment has been asserted as the sole cause of action or where tarnishment has had independent work to do beyond a separately pleaded claim of trademark infringement. The very few cases in which dilution by tarnishment has been established have tended to involve “unsavory” uses of famous marks.

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(arguing that dilution lacks a coherent policy foundation); Rebecca Tushnet, *Gone in Sixty Milliseconds: Trademark Law and Cognitive Science*, 86 Tex. L. Rev. 507 (2008) (doubting the imagination cost argument); Graeme W. Austin, *Tolerating Confusion about Confusion: Trademark Policies and Fair Use*, 50 Ariz. L. Rev. 137 (2008) (pouring scorn on the imagination cost argument); Robert Burrell & Michael Handler, *Dilution and Trademark Registration*, 17 Transnat’l L. & Contemp. Probs. 713 (2008) (doubting the “progressive harm” justification for anti-dilution protection); Dev Gangjee & Robert Burrell, *Because You’re Worth It: L’Oréal and the Prohibition on Free Riding*, 73 Mod. L. Rev. 282, 290 (2010) (criticizing attempts to justify trademark regimes by reference to the need to preserve incentives for “brand entrepreneurs”); Sarah Lux, *Evaluating Trade Mark Dilution from the Perspective of the Consumer*, 34 U.N.S.W. L.J. 1053 (2011) (arguing that consumer-based justifications for anti-dilution protection lack internal consistency); Sandra L. Rierson, *The Myth and Reality of Dilution*, 11 Duke L. & Tech. Rev. 212 (2012) (arguing that the costs of anti-dilution laws to free speech and competition outweigh any private benefits to mark owners); Barton Beebe, *The Suppressed Misappropriation Origins of Trademark Antidilution Law: The Landgericht Elberfeld’s Odol Opinion and Frank Schechter’s “The Rational Basis of Trademark Protection,”* in *Intellectual Property at the Edge: The Contested Contours of IP*, 59 (Rochelle Cooper Dreyfuss & Jane C. Ginsburg, eds., 2014) (suggesting that the theoretical underpinnings of anti-dilution protection were deliberately obscured from the outset).

2. Rierson, *supra* note 1, at 246.

3. 306 F.3d 509, 511-12 (7th Cir. 2002).

4. Case C-252/07, [2008] E.C.R. I-8823, at paras. 9 and 81 (A-G Sharpston).

To the extent that critical commentary specifically directed toward dilution by tarnishment exists, much of it has tended to accept the normative foundations of the cause of action, and instead has focused on a more limited set of formal or doctrinal issues. For example, there have been critical analyses of how the tarnishment action should be classified: that is, whether it is merely a subset of blurring, or whether it is, in fact, a type of “dilution” at all.<sup>5</sup> There have also been detailed studies of the ways in which U.S. courts have been interpreting the tarnishment provisions introduced by the Trademark Dilution Revision Act of 2006 (“TDRA”),<sup>6</sup> and how courts in the European Union have interpreted the analogous provisions of the original Trade Marks Directive<sup>7</sup> and the Community Trade Mark Regulation.<sup>8</sup> A notable example is Ilanah Simon Fhima’s wide-ranging analysis of anti-dilution laws in the United States and the European Union—the chapter devoted to tarnishment touches briefly on the nature of the action and some of its potential problems, including its impact on free commercial expression, but its primary focus is on categorizing the types of conduct that courts have considered to be “tarnishing” under decided case law, with relatively little critical engagement with this body of law.<sup>9</sup> To the extent that trademark scholars and practitioners might be uncomfortable with more fundamental aspects of dilution by tarnishment (in the way that

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5. See, e.g., Layne T. Smith, *Tarnishment and the FTDA: Lessening the Capacity to Identify and Distinguish*, 2004 BYU L. Rev. 825; Barton Beebe, *The Semiotic Analysis of Trademark Law*, 51 UCLA L. Rev. 621, 697-98 (2004).

6. Sarah L. Burstein, *Dilution by Tarnishment: The New Cause of Action*, 98 TMR 1189 (2008).

7. First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks [1989] O.J. L40/1, codified in Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks [2008] O.J. L299/25 (“Original Trade Marks Directive”). See also Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks [2015] O.J. L336/1 (“2015 Trade Marks Directive”). The 2015 Trade Marks Directive entered into force on Jan. 12, 2016, and Member States have until Jan. 14, 2019, to bring into force laws that are necessary to comply with the key articles of the new Directive.

8. Council Regulation (EC) No. 40/94 of 20 December 1993 on the Community trade mark [1994] O.J. L 11/1, codified in Council Regulation (EC) No. 207/2009 of 26 February 2009 on the Community trade mark [2009] O.J. 178/1. See also Regulation (EU) 2015/2424 of the European Parliament and of the Council of 16 December 2015 amending Council Regulation (EC) No. 207/2009 on the Community trade mark [2015] O.J. L341/21. The amending Regulation has effect from Mar. 23, 2016, and the amended Council Regulation (EC) No. 207/2009 is now known as the “EUTMR.”

9. Ilanah Simon Fhima, *Trade Mark Dilution in Europe and the United States* ch. 5 (2011).

many such commentators clearly are with dilution by blurring), this is rarely articulated in detail in the literature.<sup>10</sup>

In this article, I seek to challenge the normative foundations of tarnishment, by querying whether this form of dilution—to the extent it encompasses conduct beyond the boundaries of the traditional, confusion-based, trademark infringement action—is, in fact, a “harm” of which the law should take cognizance. I do so by a detailed analysis of three broad issues.

The first issue, which I explore in Part II, relates to the historical origins of the tarnishment action in both the United States and Europe. My focus is on mid-twentieth century U.S. state dilution statutes and earlier case law, and on developments in the Benelux countries in the 1960s and 1970s that helped shape the dilution provisions of the original European Trade Marks Directive. My research reveals that the type of harm against which such early laws were designed to protect was arguably more limited than “tarnishment” as it is currently conceptualized in U.S. and EU law, which should cause us to devote serious thought to the normative basis of the modern action. In Part III, I turn to consider the question of “reputation” in the modern tarnishment action. Specifically, looking at case law from the United States and the European Union, I investigate the ways in which famous marks’ reputations have been constructed in tarnishment actions, demonstrating that there has been insufficient judicial engagement with the complex, multivalent notion of brand “reputation.” In Part IV, I seek to unpack the issue of “harm to reputation.” Looking in part to literature on consumer psychology and using two decided cases as studies—the 2010 decision of the U.S. Court of Appeals for the Sixth Circuit in *V Secret Catalogue, Inc. v. Moseley*<sup>11</sup> and the Benelux Court of Justice’s 1975 decision in *Claeryn/Klarein*<sup>12</sup>—I analyze whether, in the absence of consumer confusion, unauthorized uses of famous marks do, in fact, create reputational harm, at least of a type and magnitude that might justify the current levels of legal intervention under U.S. and EU law. I also address the extent to which the internal limits of the dilution actions around the world adequately accommodate free speech concerns in cases where junior uses of famous marks seek to comment on, critique, or parody those marks in a manner that might cause some degree of reputational harm.

Taken together, my investigation of these issues shows that tarnishment, rather than being the more easily accepted limb of

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10. A recent exception is Christopher Buccafusco, Paul J. Heald & Wen Bu, *Testing Tarnishment in Trademark and Copyright Law: The Effect of Pornographic Versions of Protected Marks and Works* (Dec. 8, 2015), at [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2700840](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2700840), discussed in detail *infra* Part IV.B.

11. 605 F.3d 382 (6th Cir. 2010).

12. Reported in English at (1976) 7 I.I.C. 420; in Dutch at [1975] N.J. 472.

dilution, raises as many complex and unresolved issues as blurring with regard to the “harms” against which anti-dilution laws are said to protect. This should give us cause to reconsider whether the entire dilution action (that is, for *both* blurring and tarnishment) is really about preventing cognizable harm at all, or is ultimately an action concerned with the morality of trade behavior. I touch on these points, and what the consequences of a re-conceptualization of the action along these lines might be, by way of conclusion in Part V.

## II. HISTORICAL UNCERTAINTIES

### *A. Current Scope, and Orthodox Histories of, the Tarnishment Action*

Despite the fact that existing international conventions do not call for the enactment of anti-dilution protection (at least to the extent it extends beyond cases of consumer confusion),<sup>13</sup> the key jurisdictions that have provided a cause of action for dilution by tarnishment have done so in a broadly similar manner. Thus, under federal U.S. law, as a result of the TDRA, we see “dilution by tarnishment” defined as “association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark,”<sup>14</sup> and actions for dilution that apply “regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.”<sup>15</sup> Under the original European Trade Marks Directive, Member States could provide a cause of action allowing the owner of a registered trade mark that has “a reputation in the Member State” to prevent the use, “without due cause,” of an identical or similar sign that “is detrimental to . . . the repute of the trade mark.”<sup>16</sup> Under the 2015 Trade Marks Directive, Member States are required to make such an action available.<sup>17</sup> The European Court of Justice has explicitly referred to this action as one that prevents the “tarnishment” or “degradation” of the registered mark,<sup>18</sup> and which does not depend

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13. See Michael Handler, *Trade Mark Dilution in Australia?*, 2007 Eur. Intell. Prop. Rev. 307, 308-10; *Novelty Pte. Ltd. v. Amanresorts Ltd.* [2009] 3 S.L.R. 216 (Singapore Court of Appeal).

14. 15 U.S.C. § 1125(c)(2)(C).

15. 15 U.S.C. § 1125(c)(1) (injunction), §§ 1063 and 1052(f) (opposition) and §§ 1064, 1092 and 1052(f) (invalidation).

16. Original Trade Marks Directive, art. 5(2). This was also a ground of opposition to/invalidation of registration: *id.*, arts. 4(3) and 4(4)(a).

17. 2015 Trade Marks Directive, art. 10(2)(c). This remains a ground of opposition to/invalidation of registration: *id.*, art. 5(3)(a). Analogous provisions apply under the EU-wide scheme: EUTMR, art. 9(2)(c) (infringement), art. 8(5) (opposition) and art. 53(1)(c) (invalidity).

18. Case C-487/07, *L'Oréal SA v. Bellure NV* [2009] E.C.R. I-5185, para. 40 (E.C.J.).

on the existence of confusion.<sup>19</sup> A number of non-European countries, whose laws have been modelled on the original Trade Marks Directive or British law implementing the Directive,<sup>20</sup> or which have entered into bilateral trade agreements requiring them to adopt anti-dilution laws,<sup>21</sup> have similar “tarnishment” provisions in place.

The conventional histories of statutory protection against dilution by tarnishment under both U.S. and EU law have been reasonably well traversed.<sup>22</sup> To summarize these histories in outline, in the United States, legal protection against tarnishment (as well as blurring) is generally traced back to 1947, to a Massachusetts statute<sup>23</sup> that added a new Section 7A to Chapter 100 of the General Laws of Massachusetts. This new section provided:

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

This level of protection extended beyond that which was available to trademark owners in Massachusetts at that time. Similarly worded amendments to state statutes, also designed to protect “injury to business reputation” and the “dilution of the distinctive quality” of a trademark in the absence of competition or source confusion, were adopted in Illinois, Georgia, and New York in the 1950s. These quickly became known as “anti-dilution” statutes (the term “anti-dilution” here being used as shorthand for both types of injury contemplated by the statutes).<sup>24</sup> The United States Trademark Association (“USTA”) revised its Model State

19. Case C-408/01, *Adidas-Salomon AG v. Fitnessworld Trading Ltd.* [2003] E.C.R. I-12537, para. 27 (E.C.J.).

20. See, e.g., Trade Marks Act 1999 (India), section 29(4) (infringement) and section 11 (ground of opposition/invalidity); Trade Marks Act 2002 (N.Z.), sections 89(1)(d) and 89(2) (infringement). Even though New Zealand law was modelled on post-Directive U.K. law, the action for infringement by tarnishment differs from U.K. law, in that there is a requirement in New Zealand that the use be “as a trade mark” but no requirement that the defendant’s use be “without due cause.” Further, dilution by tarnishment cannot be raised in New Zealand as a ground of opposition or invalidity. For consideration, see Paul Sumpter, *Anti-Dilution Law Down the Road—But Downsized? A Perspective from New Zealand*, 80 *Intell. Prop. Forum* 11 (2010).

21. Singapore-U.S. Free Trade Agreement 2003, art. 16.1.2(b)(i). See Trade Marks Act 1998 (Singapore), section 2 (definition of “dilution”), section 55(3)-(4) (action for infringement) and section 8(4) (ground of opposition/invalidity).

22. My summary of U.S. law draws on Burstein, *supra* note 6, at 1192-96.

23. 1947 Mass. Acts, ch. 307 (p. 300).

24. For an early example, see Beverly W. Pattishall, *The Case for Anti-Dilution Trade-Mark Statutes*, 43 TMR 887 (1953).

Trademark Bill in 1964 to include “anti-dilution” provisions similar to those contained in the Massachusetts statute quoted above. A substantial number of other states, including California and Texas, had adopted anti-dilution statutes by the time Congress passed the Federal Trademark Dilution Act of 1995 (“FTDA”). Despite some uncertainty as to whether tarnishment was, in fact, actionable as a type of dilution under the FTDA,<sup>25</sup> the situation is now clear under the TDRA.

In Europe, the provisions of the original Trade Marks Directive, referred to above, owe their origins to Article 13A(2) of the Benelux Merkenwet (“BMW”). The Netherlands, Belgium and Luxembourg had started negotiations toward a common trademark law in the late 1940s, which continued throughout the 1950s. These resulted in the Benelux Convention Concerning Trademarks, and a uniform trademark law known as the BMW. While the text of both was settled by the early 1960s,<sup>26</sup> the Convention entered into force only in 1969,<sup>27</sup> and the BMW took effect only at the start of 1971.<sup>28</sup> The BMW provided for a unitary

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25. See *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 432 (2003). This uncertainty followed from the gap between the text of the FTDA (where “dilution” was defined in § 4 as “the lessening of the capacity of a famous mark to identify and distinguish goods or services,” language very much based around the harm of blurring) and what Congress asserted the FTDA was designed to protect (namely, “famous trademarks from subsequent uses that blur the distinctiveness of the mark or tarnish or disparage it”: see H.R. Rep. No. 104-374, p. 2, at <https://www.congress.gov/104/crpt/hrpt374/CRPT-104hrpt374.pdf>). This conceptual confusion was compounded by the fact that, less than a decade earlier, Congress had arguably seen “tarnishment” as something different from “dilution.” Specifically, in 1987, the Trademark Review Commission of the USTA made various recommendations and drafted amendments to the Lanham Act, which became reflected in a bill that would become the Trademark Law Revision Act of 1988. (In 1993, the USTA changed its name to the International Trademark Association.) The Commission recommended the adoption of a federal anti-dilution provision, with “dilution” understood as blurring and with the term defined in both its recommendations and the resulting bill in essentially the same language as the provision eventually adopted in the FTDA: see *United States Trademark Association Trademark Review Commission and Recommendations to USTA President and Board of Directors*, 77 TMR 375, 454-59 (1987). In a different part of its report, the Commission separately recommended an addition to the infringement provision in § 43(a) of the Lanham Act for conduct that was “likely to disparage or tarnish the mark of another,” a recommendation also reflected in the bill: *id.* at 433-35. Neither the “dilution” nor the “tarnishment” provisions of the bill were enacted, but at no stage did Congress suggest that one of the problems with those provisions of the bill was the distinction drawn between “tarnishment” and “dilution.” For analysis, see Smith, *supra* note 5, at 840-44; David S. Welkowitz, *Trademark Dilution: Federal, State, and International Law* 120, 222-28 (2d ed. 2012).

26. See Antoine Braun, *Précis des Marques de Produits: Loi Uniforme Benelux*, Loi Belge, Droit International 16-18 (1971) (in French). The text of what would become art. 13A appears to have been settled as early as 1958: *Projet de Convention et de Loi Uniforme Benelux en Matière de Marques de Produits*, Document 15-1 de Conseil Interparlementaire Consultatif de Benelux 38 (Dec. 2, 1958) (in French) (copy on file with author).

27. The text is available in French at [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=265148](http://www.wipo.int/wipolex/en/text.jsp?file_id=265148).

28. Charles Gielen & Benoit Strowel, *The Benelux Trademark Act: A Guide to Trademark Law in Europe*, 86 TMR 543, 544 (1996).

right across the three countries, supplanting the three former national trademark systems. Article 13A of the BMW provided:

Without prejudice to the application of the ordinary law governing civil liability, the proprietor may, by virtue of his exclusive right oppose:

- (1) any use made of the mark or of a similar sign for the goods for which the mark is registered or similar goods;
- (2) any other use without due cause in the course of trade of the mark or a similar sign made under such conditions that would cause damage to the owner of the mark.

Article 13A(2) came to be interpreted expansively by the newly created Benelux Court of Justice in the mid-1970s, so as to afford mark owners protection against the dilution of their marks in the absence of source confusion. Even more significantly, following the determined efforts of Dutch negotiators, the Benelux provision provided a “partial template” for Article 5(2) of the original European Trade Marks Directive,<sup>29</sup> an article that the Court of Justice subsequently held protects against the harms of “blurring” and “tarnishment.”<sup>30</sup> Despite being an optional provision, Article 5(2) was implemented in the domestic laws of most EU Member States. Under the 2015 Trade Marks Directive, the analogous anti-dilution provision, Article 10(2)(c), is now mandatory.

What is immediately striking about both the 1947 Massachusetts statute and Article 13A(2) of the BMW is the breadth of the language used. Under the Massachusetts statute, liability was to be found for “injury to business reputation” even in the “absence of competition between the parties or of confusion as to . . . source.” The BMW placed no limits on the type of damage caused to the owner of the mark or the circumstances in which such damage might be caused (other than that the defendant’s use take place in the course of trade and not be without due cause). It would seem to be clear from a literal reading of these provisions that they were intended to extend trademark protection well beyond the traditional tests for infringement that existed at the time—in particular, to situations where the parties were providing vastly different goods or services. It is perhaps for this reason that the intent of the statutes has been taken largely at face value—that is, it seems to have been accepted that these were intended to be “proto-dilution” statutes—unambiguous acknowledgments by legislatures that dilution by what we would now describe as blurring and tarnishment, in the absence of source confusion, were

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29. Hanah Simon Fhima, *Exploring the Roots of European Dilution*, 2012 *Intell. Prop. Q.* 25, 36. See also Gielen & Strowel, *supra* note 28, at 572.

30. Case C-487/07, *L'Oréal SA v. Bellure NV* [2009] E.C.R. I-5185, para. 40 (E.C.J.).

harms against which, from that point on, the law would provide protection.<sup>31</sup>

While the statutes did come to be interpreted that way, there has been relatively little critical inquiry into what the statutes were originally designed to achieve.<sup>32</sup> This requires a closer look at the state of the law in Massachusetts, in other U.S. states and at a federal level, and the state of the law in the Netherlands, around the time of the adoption of the new statutes. Such a historical analysis, far from confirming the modern understanding of the statutes, in fact casts doubt over their intended scope and, in particular, the extent to which they were designed to create free-standing causes of action against dilution by both blurring and tarnishment.

### *B. Rethinking the History of Tarnishment under U.S. State Law*

Understanding the scope of the 1947 Massachusetts statute first requires an appreciation of the state of trademark and unfair competition law at that time. By 1947, no uniform standard had emerged across state and federal trademark and unfair competition laws with respect to those instances where a defendant would be held liable for using another party's mark when the parties were not in direct competition with one another. Starting with *Aunt Jemima Mills Co. v. Rigney & Co.* in 1917,<sup>33</sup> federal judges had gradually expanded the confusion-based test for liability, finding parties to be liable when they used others' marks or similar variants in relation to related, but non-competing, goods.<sup>34</sup> Courts stretched the notion of the "relatedness" of goods in some of these cases,<sup>35</sup> and started to articulate the harms caused to the plaintiff more in terms of damage to reputation than

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31. See, e.g., Burstein, *supra* note 6, at 1192; Robert G. Bone, *Schechter's Ideas in Historical Context and Dilution's Rocky Road*, 24 Santa Clara Computer & High Tech. L.J. 469, 497 (2008).

32. An important exception, in the case of the Massachusetts statute, is Bone, *Schechter's Ideas*, *supra* note 31.

33. 247 F. 407, 409-10 (2d Cir. 1917) (owner of AUNT JEMIMA for flour able to prevent another's use of "Aunt Jemima" for syrup).

34. For other key cases, see *Vogue Co. v. Thompson-Hudson Co.*, 300 F. 509 (6th Cir. 1924) (owner of VOGUE and V device on hats able to restrain the use of similarly presented VOGUE and V on magazines); *Wall v. Rolls-Royce of Am., Inc.*, 4 F.2d 333 (3d Cir. 1925) (owner of ROLLS-ROYCE in relation to cars and aeroplanes able to prevent the use of "Rolls-Royce" on radio tubes); *Yale Elec. Corp. v. Robertson*, 26 F.2d 972 (2d Cir. 1928) (enjoining the use of a "Yale" device in relation to electric flashlights and batteries in the face of another party's YALE trademark for hardware and locks); *L.E. Waterman Co. v. Gordon*, 72 F.2d 272 (2d Cir. 1934) (owner of WATERMAN for fountain pens able to prevent the sale of "Waterman" razor blades).

35. See, e.g., *Wall*, 4 F.2d at 334.

diversion of custom.<sup>36</sup> In some states, notably New York, it was possible to point to far-reaching decisions in the 1930s where courts stretched the confusion-based test even further, finding liability in cases involving use of identical or similar marks on non-competing goods, without finding that the parties' goods and services were related.<sup>37</sup> However, even as late as 1947, other states were continuing to interpret their unfair competition laws in a far more conservative manner.

Massachusetts was one such state. Before the passage of the 1947 statute, liability would only be found "where the defendant was soliciting the same trade from the same customers in the same territory"<sup>38</sup>—that is, the plaintiff and defendant needed to be in direct competition. Although the historical record relating to the adoption of the Massachusetts statute has rightly been described as meagre,<sup>39</sup> it seems clear that at least one aim of the 1947 statute was to bring Massachusetts law into line with federal law, and the law of other states, by ensuring that liability for unfair competition or infringement could be found in the absence of competition, where the injury to the plaintiff extended beyond the diversion of trade.<sup>40</sup>

A more pertinent, and much more difficult, question is whether the 1947 statute intended to go further than this—in

36. See, e.g., *Yale*, 26 F.2d at 974. Judge Learned Hand's later decision in *S.C. Johnson & Son, Inc. v. Johnson*, 116 F.2d 427, 429 (2d Cir. 1940), has been argued to be a "turnabout" from the broad approach taken in *Yale*: see Gerard N. Magliocca, *One and Inseparable: Dilution and Infringement in Trademark Law*, 85 Minn. L. Rev. 949, 997 (2001); Bone, *Schechter's Ideas*, *supra* note 31, at 496. Although Judge Hand was more explicit in *S.C. Johnson* about the potential monopoly concerns involved in cases involving non-competing goods, the case involved a defendant using his own surname, which helps explain the limited injunction that permitted him to continue to trade under his name with an appropriate disclaimer. Crucially, Judge Hand maintained that a key factor in cases involving non-competing goods was harm to reputation. See *infra*, notes 52-57 and accompanying text.

37. *Tiffany & Co. v. Tiffany Prods., Inc.*, 147 Misc. 679 (N.Y. Sup. Ct. 1932), *aff'd*, 237 A.D. 801 (N.Y. App. Div. 1932), *aff'd*, 262 N.Y. 482 (1933) (owner of TIFFANY for jewellery able to prevent "Tiffany" for film distribution); *Phila. Storage Battery Co. v. Mindlin*, 163 Misc. 52 (N.Y. Sup. Ct. 1937) (manufacturer of radio sets and storage batteries under PHILCO mark successful in its action against the maker of "Philco" razor blades). See *id.* at 55 (collecting further examples from state and federal law, and making reference to two passing-off cases from the United Kingdom (*Eastman Photographic Materials Co. Ltd. v. John Griffiths Cycle Corp. Ltd.* (1898) 15 R.P.C. 105 (Ch.) and *Walter v. Ashton* [1902] 2 Ch. 282 (Ch.)), in which misrepresentations had been found in cases involving the use of marks on dissimilar goods).

38. Patrick H. Harrington, Jr., *Note: Governmental Regulation of Business—Unfair Competition—Trade Name Legislation*, 27 B.U. L. Rev. 489, 489 (1947).

39. Walter J. Derenberg, *The Problem of Trademark Dilution and the Antidilution Statutes*, 44 Cal. L. Rev. 439, 452 (1956).

40. Harrington, *supra* note 38, at 491 ("[i]t is unfortunate that the reluctance of the Massachusetts Court to expand its concept of unfair competition has necessitated this statute"); see also Robert N. Klieger, *Trademark Dilution: The Whittling Away of the Rational Basis for Trademark Protection*, 58 U. Pitt. L. Rev. 789, 812, n.126 (1997).

particular, whether it meant to establish an entirely new form of liability, untethered to consumer confusion, such that it can be classified as a “proto-dilution statute.”<sup>41</sup> Some commentators writing at the time believed this to have been the case,<sup>42</sup> and the use of the term “dilution” and the fact that the statute was to apply “notwithstanding the absence of . . . confusion as to the source of goods or services” certainly suggests as much. However, it is vital to note that the statute was to apply “in cases of trademark infringement or unfair competition.” No new cause of action was created. Rather, the statute made clear that the harms of “injury to business reputation or of dilution of the distinctive quality of a trade name or trade-mark” could give rise to injunctive relief. The fact that the claim still had to be for trademark infringement or unfair competition raises a question about the precise roles that “dilution” and “injury to business reputation” were intended to play under the new Massachusetts law, and what, exactly, was intended by the reference to “the absence of . . . confusion as to the source of goods or services.” Addressing these issues requires an understanding of how the language of “dilution” and “injury to business reputation” had been deployed by courts and commentators up to 1947.

Courts started using the term “dilution” in trademark cases in the 1930s. But, in a point that is easily lost in modern accounts of the history of the dilution action, courts used the term differently from how the concept of dilution had been originally conceived (and from the way we now understand it). Frank Schechter, in his 1927 *Harvard Law Review* article, had proposed what might be loosely described as a right against dilution by blurring as a conceptually distinct category of legal protection from traditional, confusion-based trademark infringement.<sup>43</sup> This proposal received very little direct support.<sup>44</sup> However, in the 1930s, the courts

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41. Similar questions can be asked about the near-identical statutes adopted in Illinois in 1953 (1953 Ill. L. 455, § 1) and New York in 1955 (1955 N.Y. Laws 466, § 1).

42. See, e.g., Ralph S. Brown, *Advertising and the Public Interest: Legal Protection of Trade Symbols*, 57 Yale L.J. 1165, 1194 n.121 (1948).

43. Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 Harv. L. Rev. 813 (1927).

44. See Bone, *Schechter's Ideas*, *supra* note 31, at 489-92 (on the mild reception of *Rational Basis* up to 1937), *id.* at 492-94 (providing two convincing reasons as to why this was so: the lack of general interest among practitioners in the theoretical foundations of trademark law, and the ascendancy of the “goodwill-as-property” theory in supporting the expansion of trademark law in the 1920s and 1930s. Bone’s third reason, that Schechter did not push aggressively for a dilution cause of action, is, however, harder to square with Schechter’s drafting of the Perkins Bill and his advocacy before Congress in 1932 as to the desirability of adopting stand-alone anti-dilution protection, discussed in detail in Derenberg, *supra* note 39, at 449-50. A more compelling reason might simply be the complexity of *Rational Basis*, and the lack of clarity over whether Schechter’s proposal was meant to set up a new general theory of protection, or merely to apply to the limited subset of fanciful, arbitrary, or coined marks).

adopted and applied the concept of “dilution” in infringement and unfair competition actions as a means to describe the harm potentially suffered by a plaintiff where confusion as to source had arisen out of concurrent use of a similar trademark by a defendant on non-competing goods.<sup>45</sup> Most notably, in *Tiffany & Co. v. Tiffany Prods., Inc.*,<sup>46</sup> the New York Supreme Court restrained the defendant’s use of “Tiffany” for film production and distribution services (noting the defendant’s use of the mark in conjunction with a “diamond” image in its marketing) on the basis that this constituted unfair competition in light of the substantial reputation of TIFFANY for jewelry. In finding that there was source confusion, Judge Dore quoted Schechter, explaining that the injury to the plaintiff was best described 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.”<sup>47</sup> One of the reasons that courts might have been attracted to using “dilution” in this way is that it provided an explanation for the harm experienced by plaintiffs in the absence of competition at a time when the courts were expanding the confusion-based tests for liability. More specifically, the concept of “dilution” provided an avenue for describing the “missing injury element”<sup>48</sup> in cases where junior users were providing goods of a different quality from those of the plaintiff, which, as a matter of strict logic, might mean that consumers would be less likely to be confused as to the origin of the goods than if the two sets of goods were of the same quality.<sup>49</sup>

What is of vital importance for present purposes is that “dilution,” by 1947, did not have a settled meaning. While the idea of dilution as a stand-alone cause of action had been revived by Rudolf Callmann in his 1945 treatise,<sup>50</sup> in case law “dilution” had been used *only* to buttress the expansion of the confusion-based test for infringement—a development of which even Schechter had come to express his approval by the mid-1930s.<sup>51</sup> The presence of

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45. See George E. Middleton, *Some Reflections on Dilution*, 42 TMR 175, 184-85 (1952). A further example is *Triangle Publ'ns, Inc. v. Rohrlich*, 73 F. Supp. 74 (S.D.N.Y. 1947), where the publisher of *Seventeen* was successful in its unfair competition action against “Miss Seventeen Foundations Co” for cosmetics, with the district court noting the potential harm of dilution that might flow from the likely consumer confusion: *id.* at 76.

46. 147 Misc. 679 (N.Y. Sup. Ct. 1932), *aff'd*, 237 A.D. 801 (N.Y. App. Div. 1932), *aff'd*, 262 N.Y. 482 (1933).

47. *Id.* at 681, quoting Schechter, *Rational Basis*, *supra* note 43, at 825. See also *Phila. Storage Battery Co. v. Mindlin*, 163 Misc. 52, 54-55 (N.Y. Sup. Ct. 1937).

48. Bone, *Schechter's Ideas*, *supra* note 31, at 494 n.125.

49. See Magliocca, *supra* note 36, at 1000-01.

50. Rudolf Callmann, *The Law of Unfair Competition and Trade-Marks* (1945).

51. Frank I. Schechter, *Fog and Fiction in Trade-mark Protection*, 36 Colum. L. Rev. 60, 84 (1936).

the word in the Massachusetts statute, and in similar state statutes, needs to be interpreted in this context.

In a similar vein, “injury to business reputation” needs to be understood as having a more specific meaning than the generality of the phrase might otherwise suggest. To the extent that the language had been used in the federal unfair competition context,<sup>52</sup> it was being used at a time when courts were attempting to articulate the harm suffered by a plaintiff in a case where the defendant had been using the trademark on non-competing goods, thus presenting no possibility of diversion of trade. By the mid-1920s, the idea had started to take hold that the harm suffered by a plaintiff in such a case was “harm to reputation,” in the sense that the quality of the plaintiff’s reputation no longer laid within its control.<sup>53</sup> Thus, by 1932, the U.S. Court of Appeals for the Tenth Circuit in *Standard Oil Co. of New Mexico v. Standard Oil Co. of California*<sup>54</sup> could observe that:

If one fraudulently sells his goods . . . as those of another, injury may result to the latter although he is not engaged in the manufacture or sale of like goods. Where one passes off his goods, his services, or his business as the goods, services, or business of another, equity will intervene to protect the goodwill and business reputation of the latter from any injury liable to be caused thereby.<sup>55</sup>

Closer to the time of the Massachusetts statute, in the decision of the U.S. Court of Appeals for the Second Circuit in *Standard Brands, Inc. v. Smidler*,<sup>56</sup> Judge Chase wrote:

The protection which the law gives the owner of a trade-mark is not confined to the goods upon which it is, or has been, used by the owner of it but extends to products which would be reasonably thought by the buying public to come from the same source if sold under the same mark . . . His mark is the brand by which his goods can be identified, and when it is used by another the reputation of his mark, and consequently his own business reputation, are placed to that extent beyond his control. Unless the use by that other is upon goods so unlike his own or in territory so far from that which he has exploited that it will not create confusion, it will be enjoined.<sup>57</sup>

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52. The language was also used in cases of libel or slander of title: *see, e.g.*, *Pullman Standard Car Mfg. Co. v. Local Union No. 2928 of United Steelworkers of Am.*, 152 F.2d 493, 497 (7th Cir. 1946).

53. *See, e.g.*, *Yale Elec. Corp. v. Robertson*, 26 F.2d 972, 974 (2d Cir. 1928).

54. 56 F.2d 973 (10th Cir. 1932).

55. *Id.* at 978-79.

56. 151 F.2d 34 (2d Cir. 1945).

57. *Id.* at 37. *See also* *Phila. Storage Battery Co. v. Mindlin*, 163 Misc. 52, 54 (N.Y. Sup. Ct. 1937) (referring to a possible harm flowing from source confusion as being that the mark

What is crucial is that this harm to “business reputation” was recognized as arising in the context of unfair competition, which still turned on a showing of consumer confusion. There was no sense that the adoption of the language of “injury to business reputation,” in isolation, was intended to introduce an independent “proto-tarnishment” cause of action to determine liability for conduct beyond that proscribed by unfair competition law.

More difficult to explain, then, is the reference in the Massachusetts statute to the availability of an injunction in “the absence of . . . confusion as to the source of goods or services.” This might suggest that the legislative intent in creating the statute was, in fact, to establish a new, “full” anti-dilution cause of action. However, by its very terms, the statute was to apply only “in cases of trade-mark infringement or unfair competition.” This part of the statute is rarely commented on, but it is highly significant, because it shows that the legislature did not set up a distinct cause of action for parties that enabled them to seek an injunction to restrain “dilution” or “injury to business reputation” at large—the action still needed to be for trademark infringement or unfair competition.<sup>58</sup> Moreover, if read literally, the statute would have eliminated confusion as a necessary element in an action for trademark infringement or unfair competition in *all* cases, not only those involving non-competing goods. It seems highly unlikely that a change so sweeping would have been the object of such a terse amendment by the legislature.

What, then, did the Massachusetts legislature intend to accomplish by referring in the statute to “the absence of . . . confusion”? Two potential readings are possible. One is that these words were intended to be broadly synonymous with “the absence of competition between the parties.” Keeping in mind the highly restrictive nature of Massachusetts unfair competition law at the time, it is arguable that the intention of the statute was to make doubly clear that courts were no longer required to find that the defendant’s use of a similar mark would generate confusion that would result in a diversion of trade from the plaintiff. That is, “confusion” might have been used in the statute as shorthand for *both* a mistaken belief as to source *and* a resulting, limited type of harm (the diversion of trade), with the real concern of the statute

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owner’s “reputation may be tarnished by the use of his mark upon an inferior product.” In support of this proposition, Judge Shientag cited the U.K. House of Lords’ decision in *Eno v. Dunn* ((1890) 15 App. Cas. 252, 258), in which a mark was denied registration for baking powder on the basis that its use would deceive the public due to the existence of an earlier, similar mark being used in relation to unrelated goods, namely, salts used to produce a fizzy drink).

58. This is to be contrasted with the approach taken in the FTDA and TDRA, where trademark infringement and anti-dilution actions are treated as ontologically separate (that is, the latter is not a subset of the former).

being to ensure that that limited type of harm was no longer an essential element of an action for trademark infringement or unfair competition. Alternatively, the words could have been intended to capture the principle of trademark infringement that existed at the time that a defendant could not avoid liability for use of the same mark as the plaintiff for competing goods by claiming that the mode of use of its mark would render confusion unlikely. Such mode of use might include the use by defendant of trade dress in addition to the mark, or use of disclaimers with the mark.<sup>59</sup>

This is not to suggest that the orthodox view of the Massachusetts statute (that is, that it set up a “full” anti-dilution measure) is implausible. However, beyond a literal reading of the statutory text, the evidence that the legislature intended to enact a change of such significance is thin. There is little to suggest that the legislators were influenced by Callmann’s theories of dilution,<sup>60</sup> or that those supporting the bill were, in fact, seeking full anti-dilution protection, as distinct from expanded unfair competition protection.<sup>61</sup> A more cautious reading of the contemporaneous evidence suggests that the 1947 Massachusetts statute was intended only to codify existing federal and state judicial decisions that established that actionable “confusion” could be found even in cases of non-competing goods.<sup>62</sup> Support for this reading is contained in the 1948 decision of the U.S. District Court in *Food Fair Stores, Inc. v. Food Fair, Inc.*,<sup>63</sup> where Judge Wyzanski interpreted the “injury to business reputation” element of the statute as follows:

If one were to read that phrase without any acquaintance with the prior case law and the mischief sought to be remedied, it would be possible to construe it as affording protection only in

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59. For detailed analysis, see Milton Handler & Charles Pickett, *Trade Marks and Trade Names: An Analysis and Synthesis: II*, 30 Colum. L. Rev. 759, 777-82 (1930).

60. Cf. Bone, *Schechter’s Ideas*, *supra* note 31, at 498-501 (making a circumstantial case for Callmann’s influence).

61. Cf. *id.* at 501-03 (suggesting that the bill was “sold to” the legislature as one that merely expanded unfair competition law). Perhaps the strongest argument that the legislature intended to introduce “full” anti-dilution protection is that “the original bill, as first introduced into the House, was limited to ‘any coined or peculiar word,’ just as Schechter had intended”: *id.* at 503 n.166. However, even this can potentially be explained on the basis that to the extent that courts in New York had recognized the harm of dilution in unfair competition cases involving non-competing goods, they had also recognized that “[t]here may be situations in which protection should not be projected beyond the field of the plaintiff’s exploitation of his mark,” for example, where “the mark *may be so nondescript* as to render further dilution of its selling power improbable”: *Phila. Storage Battery*, 163 Misc. at 56 (emphasis added).

62. Similarly, the adoption of the statute in New York might have been said to have entrenched the dilution-influenced approach taken in *Tiffany* and *Phila. Storage Battery*, rather than ushering in “full” anti-dilution protection by stealth.

63. 83 F. Supp. 445 (D. Mass. 1948).

a case where it was probable that defendant would render inferior services or sell inferior goods which would make customers think less of plaintiff. That is, plaintiff would be required to show—what has not been shown at bar—that defendant’s services or goods were below plaintiff’s standard . . . But such a literal reading is not warranted because the statute was obviously designed to make the Massachusetts law go at least as far as the unfair competition rules laid down in federal courts . . .<sup>64</sup>

This more cautious reading also chimes with the way the Massachusetts statute, and similar state anti-dilution statutes, were subsequently interpreted. For many years, Massachusetts and other state courts read a *requirement* of confusion into the state statutes in cases involving non-competing goods (whether the harm was claimed to be injury to business reputation or dilution).<sup>65</sup> A notable example from the 1950s was *Esquire, Inc. v. Esquire Slipper Manufacturing Co.*, where the owner of the stylized mark ESQUIRE for magazines was unsuccessful under Massachusetts law in preventing the use of “Esquire” in relation to slippers.<sup>66</sup> Gerard Magliocca describes this result as “rather astounding,”<sup>67</sup> and both this decision, and others of state courts interpreting their anti-dilution statutes in the 1950s and 1960s, received sharp criticism from commentators in favor of strong anti-dilution protection.<sup>68</sup> These decisions seem much less surprising, however, if one takes the view that the courts understood their role as applying an “expanded” notion of trademark and unfair competition law, one that continued to require a showing of likelihood of confusion, but that now provided protection against injuries to business reputation and also dilution of the distinctiveness of the mark. Indeed, there is evidence for this in *Esquire* itself, where Judge Woodbury held that “the statute was

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64. *Id.* at 451 (referring to Harrington, *supra* note 38, at 492). See also Middleton, *supra* note 45, at 182 (considering that, under the statute, “injury to the plaintiff’s business reputation . . . could arise only out of confusion as to the defendant’s identity”).

65. See Magliocca, *supra* note 36, at 1006; Burstein, *supra* note 6, at 1195. This can arguably be seen in the earliest case to have considered the 1947 Massachusetts statute, *265 Tremont St. v. Hamilburg*, 321 Mass. 353 (D. Mass. 1947). Although the action was brought before the coming into force of the 1947 statute, the Supreme Judicial Court appeared to look forward to the impact of the new statute in holding that there was nothing about the defendant’s use of “Shubert’s Jewelry Store” that would suggest “it was owned, operated, or sponsored by” the owner of the “Shubert Theatre,” and that the absence of confusion was fatal, “even though the absence of competition be treated as no objection”: *id.* at 357.

66. 243 F.2d 540 (1st Cir. 1957).

67. Magliocca, *supra* note 36, at 1006.

68. See, e.g., Derenberg, *supra* note 39, at 458. See also Beverly W. Pattishall, *The Dilution Rationale for Trademark—Trade Identity Protection, Its Progress and Prospects*, 71 Nw. U. L. Rev. 618, 624 (1976).

meant to accomplish no more than to permit injunctive relief in Massachusetts in suits for trade-mark infringement or unfair competition grounded on dilution of a plaintiff's mark as well as in such suits grounded on direct infringement,"<sup>69</sup> where "a dilution case" was understood as simply being one where the parties were "not directly competing with one another in the sale of similar goods."<sup>70</sup>

"Anti-dilution" decisions up to the time of the passage of the FTDA produced "a confusing body of case law,"<sup>71</sup> as courts grappled with the meaning and scope of the statutes. This case law was complicated by two related factors. One was that actions were frequently brought on grounds of both federal trademark infringement and violation of the applicable state anti-dilution statute, with courts tending to focus on the former and tending not to engage in sustained, independent analysis of the latter. The second factor was that, in considering claims brought under state statutes, courts started to read the concept of "dilution of . . . distinctive character" broadly, in a manner that encompassed reputational injury (helping to explain how tarnishment became known as a type of dilution).<sup>72</sup> What is most striking about decisions under the anti-dilution statutes, however, at least up to the late 1970s, is that the imposition of liability *still* required a finding of confusion. Cases that are often cited as early examples of dilution by tarnishment, such as the (in)famous "Enjoy Cocaine"<sup>73</sup> and Dallas Cowboy Cheerleader<sup>74</sup> cases, involved claims for both federal trademark infringement and breach of a state anti-dilution statute, and were, in fact, determined to have involved infringing conduct, on the basis of the existence of a likelihood of confusion.

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69. *Esquire*, 243 F.2d at 544.

70. *Id.* at 542. See also George E. Middleton, *Some Aspects of Trademark Dilution*, 47 TMR 1023, 1031-33 (1957) (accounting for the early lack of judicial enthusiasm for 'full' dilution on the basis that the harms sought to be prevented were adequately addressed by the confusion-based infringement action).

71. David S. Welkowitz, *Reexamining Trademark Dilution*, 44 Vand. L. Rev. 531, 533 (1991).

72. Magliocca, *supra* note 36, at 1010-12 has traced the origins of the classification of tarnishment as a type of dilution to Note, *Dilution: Trademark Infringement or Will-O'-The-Wisp?*, 77 Harv. L. Rev. 520 (1964), where the author claimed that "dilution threatens two separable but related components of advertising value. Junior uses may blur a mark's product identification, or they may tarnish the affirmative associations a mark has come to convey": *id.* at 531. This definition was quoted by Callmann in the subsequent edition of his treatise: 3 *The Law of Unfair Competition, Trademarks, and Monopolies* § 84.2 (3d ed. 1967), which was in turn adopted by courts (calling it Callmann's definition) by the early 1980s. See, e.g., *Sally Gee, Inc. v. Myra Hogan, Inc.*, 699 F.2d 621, 625 (2d Cir. 1983).

73. *Coca-Cola Co. v. Gemini Rising, Inc.*, 346 F. Supp. 1183 (E.D.N.Y. 1972).

74. *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200 (2d Cir. 1979).

It was only in the early 1980s that courts started to grant relief under state statutes based on tarnishment, absent any showing of confusion. Strikingly, in only five cases prior to the passage of the FTDA in 1995 was tarnishment found in the absence of confusion, with the conduct in question involving well-known trademarks being associated with an unholy trinity of sex,<sup>75</sup> drugs,<sup>76</sup> or lawnmowers.<sup>77</sup> Since the passage of the TRDA, the only successful stand-alone tarnishment actions have also involved either sexual<sup>78</sup> or drug-related<sup>79</sup> associations. While the courts have asserted that, at the level of principle, “tarnishment is not limited to seamy conduct,”<sup>80</sup> the case law on stand-alone tarnishment actions suggests otherwise.

It is thus the case that the injury to business reputation or dilution by tarnishment action has played only an extremely limited independent role, aside from the confusion-based trademark infringement action. This raises questions about the

75. Pillsbury Co. v. Milky Way Prods., Inc., 215 U.S.P.Q. 124 (N.D. Ga. 1981) (plaintiff's corporate mascot shown engaging in sex acts in a pornographic magazine considered to injure the plaintiff's business reputation and dilute the mark's distinctive character); American Express Co. v. Vibra Approved Labs. Corp., 10 U.S.P.Q.2d 2006 (S.D.N.Y. 1989) (American Express's slogan “Never Leave Home Without It” used on condoms considered to be dilution); Eastman Kodak Co. v. Rakow, 739 F. Supp. 116 (W.D.N.Y. 1989) (use of “Kodak” by a comedian in a comedy act relating to bodily functions and sex held to constitute dilution by way of both blurring and tarnishment (with the court citing “Callmann's definition,” *supra* note 72)).

76. Coca-Cola Co. v. Alma-Leo USA, Inc., 719 F. Supp. 725 (N.D. Ill. 1989) (involving a bubble gum product in the form of a white powder resembling cocaine sold in a plastic container shaped like a Coca-Cola bottle. This was considered to dilute the distinctiveness of Coca-Cola's mark and injure Coca-Cola's reputation).

77. Deere & Co. v. MTD Prods., Inc., 41 F.3d 39, 43 (2d Cir. 1994). This decision, involving a comparative advertisement that made mocking use of an animated deer taken from John Deere's logo, only came to be classified as a tarnishment case in *Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497 (2d Cir. 1996). In neither decision was it made clear why the defendant's alteration of the John Deere mark risked the possibility that consumers would come to attribute unfavourable characteristics to the mark and associate it with inferior goods and services.

78. V Secret Catalogue, Inc. v. Moseley, 605 F.3d 382 (6th Cir. 2010) (VICTORIA'S SECRET held to have been tarnished by use of “Victor's Little Secret” and “Victor's Secret” in relation to a store selling goods including lingerie and sex toys); Univ. of Kansas v. Sinks, 644 F. Supp. 2d 1287 (D. Kan. 2008) (University of Kansas marks used on T-shirts in context of sexual activity and obscenity). *See also* Anheuser-Busch, Inc. v. Andy's Sportswear, Inc., 40 U.S.P.Q.2d 1542 (N.D. Cal. 1996) (owner of BUDWEISER successful in securing a temporary restraining order in relation to “Buttwiser” T-shirts); Rolls-Royce Motor Cars Ltd. v. Davis, Civ. No. 15-0417 (D.N.J., Mar. 11, 2016) (owner of ROLLS-ROYCE obtained default judgment against a hip-hop artist called “Rolls Royce Rizzy,” with the judge noting the use of the artist's name in an advertisement featuring a scantily clad woman and advertising a “Booty Shaking Contest,” and on the cover of the artist's album, titled “Pimp'n”).

79. Lorillard Tobacco Co. v. Cal. Imports, LLC, 886 F. Supp. 2d 529 (E.D. Va. 2012) (use of “Newprot” in relation to a product associated with synthetic marijuana said to have tarnished plaintiff's NEWPORT mark for cigarettes).

80. *Hormel*, 73 F.3d at 507.

real intent of the original anti-dilution statutes, and the extent to which they were ever intended to capture conduct without the requirement of source confusion. Further, it needs to be asked whether the independent role that the tarnishment action has come to play is in fact justifiable, which involves returning in Parts III and IV to some of the cases mentioned above, in considering how the reputations of the marks were said to have been harmed in the absence of source confusion.

### *C. Rethinking the History of Tarnishment under Benelux Law*

There are some notable parallels between the U.S. history outlined in Part II.B and the history of the equivalent Benelux law (the BMW), particularly when this is read in light of the pre-Benelux Dutch law. As noted in Part II.A, understanding the development of anti-dilution laws in the Benelux countries in the 1960s and 1970s is particularly important because of the way these laws helped shape the anti-dilution provisions of the original European Trade Marks Directive.

Until the early 1970s in the Netherlands, protection for trademarks was afforded primarily through the *Merkenwet* of 1893. At the time the uniform Benelux law was being negotiated, Article 10 of the *Merkenwet* afforded trademark owners the right to prevent the use of similar marks on the same kind of goods. Following a 1956 amendment, trademark owners also had the right to prevent the use of similar marks in a manner that would cause confusion as to the origin of the goods. Article 4*bis*(3) of the *Merkenwet* applied in a similar manner to prevent the registration of such problematic marks.<sup>81</sup> In applying the “confusion” ground, courts examined not only how closely related the two sets of goods were and the nature of the potential consumers of such goods, but also the fame and distinctiveness of the earlier mark.<sup>82</sup> Owners of well-known marks, separate from any rights they had under the *Merkenwet*, could also bring actions for unfair competition under Article 1401 of the Dutch Civil Code of 1838.<sup>83</sup> By the mid-1950s such actions for unfair competition had extended to cases of

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81. See generally L. Wichers Hoeth, *Letter from The Netherlands*, 58 TMR 31, 42 (1968).

82. *Id.* at 43-44; see also T.J. Dorhout Mees, *Kort Begrip van het Nederlands Handelsrecht* 131-32, 134-36 (4th ed. 1964) (in Dutch).

83. See L. Wichers Hoeth, *Note to Claeryn/Klarein* [1975] N.J. 472, para. 1 (in Dutch). Although art. 1401 required a party that had committed “an unlawful act” to compensate the injured party, from 1919, following the decision of the Dutch Supreme Court in *Lindenbaum/Cohen* [1919] N.J. 161, actions were able to be brought in relation to conduct that was “contrary to good morals.” See Antoine Hol, *Fault in Legal Doctrine in the Netherlands*, in *The Development and Making of Legal Doctrine*, 164, 168 (Nils Jansen, ed., 2014).

“slavish copying” of product appearance, provided such acts were likely to deceive the public.<sup>84</sup> Thus, by around that time, it was possible to point to cases where owners of well-known marks had been able to prevent the registration or use of identical or similar marks on dissimilar goods,<sup>85</sup> although it could not be said with certainty how far such protection might extend.

By way of contrast, it appears that the trademark laws of both Belgium and Luxembourg were not nearly as advanced as those in the Netherlands. In particular, it appears that under Belgian law a trademark owner could prevent the use of similar marks only in relation to the same kind of goods.<sup>86</sup>

Article 13A of the BMW, set out in Part II.A, established a differently worded test for infringement compared with the infringement provisions of the former laws of the Netherlands, Belgium, and Luxembourg. Each article of the new BMW contained its own explanatory notes, and the notes to Article 13 began by stating that the new provision was intended to provide broader rights than those available under the national laws that were being superseded. Exactly how much broader, keeping in mind the differences between the three countries’ former laws, was, however, not specified. The explanatory notes indicated the limits placed on the new article: it was emphasised that the right to prevent “any other use without due cause in the course of trade . . . that would cause damage to the owner of the mark,” would only catch uses taking place in commerce (as distinct from uses in dictionaries and scientific publications). But, significantly, both the text of Article 13 and the explanatory notes were silent on a number of key questions. It was unclear whether Article 13A was intended to apply to all marks, or only those with particular reputations. There was no guidance on what, exactly, was meant by the “due cause” exception. And, above all, nothing in either the text or the notes indicated what sort of “damage” was contemplated, and what sort of evidence would be needed to show such damage. As one commentator asked, if protection against damage was to extend to the impairment of distinctiveness of the

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84. See Hyster Karry Krane [1954] N.J. 90 (Dutch Supreme Court). See generally Rogier de Vrey, *Towards a European Unfair Competition Law: A Clash between Legal Families* 114-23 (2006).

85. For example, the registration of “Steiner” for toothpaste was annulled on the basis of confusion with an earlier identical mark used in relation to paper towels and associated containers ([1962] B.I.E. 88, Court of The Hague), while the following applications for registration were refused: “Chevrolet” and “Buick” for watches ([1952] B.I.E. 122, Court of The Hague); “Lucky Smile” for chewing gum, in light of “Lucky Strike” for cigarettes ([1954] B.I.E. 101, Court of s’Hertogenbosch); and “Pontiac” for refrigerators ([1965] B.I.E. 240, Court of The Hague).

86. Wichers Hoeth, *Note to Claeryn/Klarein*, *supra* note 83, at para. 3 (“deze stap was intussen voor België en Luxembourg groter dan voor Nederland, omdat in die landen de ‘règle de la spécialité’ nog volop werd toegepast”).

mark, or injury to reputation, to what extent was this protection to be conditioned on a finding of a likelihood of confusion as to the source of the dissimilar goods?<sup>87</sup>

Early in the negotiating history of the uniform law, statements were made by a group assembled under the auspices of the International Association for the Protection of Intellectual Property (“AIPPI”) suggesting that what was intended was a new, broad right against “usurpation” of a mark.<sup>88</sup> The concern expressed by these members of the AIPPI was that “the weakening of the attractive power of a famous brand by its use on dissimilar products” was an unfair action that would cause harm to the trademark owner, against which the owner ought to be protected under the new law.<sup>89</sup> This might suggest that “full” dilution protection was intended to be part of the BMW from the very start. It is, however, worth noting that the AIPPI’s statements were made prior to the expansion of Dutch trademark law in 1956 by the addition of “confusion” to the infringement test, which provided stronger protection for owners of well-known marks. An even more telling point is that the drafters of what became Article 13A of the BMW shied away from using the specific language of “dilution” or “usurpation,” instead adopting the more neutral language of “damage.” This was so notwithstanding that the concept of “usurpation” was in use in international intellectual property law as a recognised type of harm for which protection was required even in the absence of confusion.<sup>90</sup> This is not to suggest that dilution or usurpation were not contemplated by the drafters, but rather to emphasize that a decision appears to have been made to leave the full scope of the new article to be worked out by courts over time.

This was also reflected in the lack of consensus in academic and practitioner publications in the Benelux countries in the early 1970s concerning the potential scope of the new Article 13A. Antoine Braun, writing from a Belgian perspective, anticipated that the new “damage” condition would be fulfilled “each time the power of attraction of the famous mark is weakened as a result of

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87. Rudolf Kraßer, *The Extent of Trademark Protection in the Benelux Trademark Act*, 7 Int’l Rev. Indus. Prop. & Copyright L. 358, 360 (1976).

88. See the 1954 explanatory statement prepared by a Benelux group of the AIPPI (in French), reported in [1954] B.I.E. 17, and cited in Braun, *supra* note 26, at 189.

89. Cited in Braun, *supra* note 26, at 189 (“l’affaiblissement du pouvoir attractif d’une marque célèbre par son usage pour des produits non similaires . . . autant de manoeuvres déloyales de nature à causer préjudice au titulaire de la marque”).

90. See Lisbon Agreement for the Protection of Appellations of Origin and their International Registration of 1958, art. 3 (in the context of a provision requiring parties to afford protection to registered appellations of origin). See *generally* Dev Gangjee, *Relocating the Law of Geographical Indications* ch. 4 (2012).

‘dilution.’”<sup>91</sup> Some commentators, such as the Dutch practitioner Wichers Hoeth, criticized the fact that it would be left up to individual judges to determine whether actionable damage would be incurred in any given case,<sup>92</sup> and expressed concern that the “exceptions” carved out for non-commercial use and for use with “due cause” were overly generous.<sup>93</sup> But others, such as Koman and Verkade, while noting that the wording of the new Article 13A was broader than the infringement provisions under former Dutch law, anticipated that courts would apply much the same criteria in interpreting the new article.<sup>94</sup> The only thing that can be said with certainty is that the precise scope of Article 13A—in particular, the circumstances in which use on dissimilar goods would “cause damage” to the mark owner—was to be left to the courts.

It might have been expected that this issue would have been addressed in a slow, incremental manner by the judiciary. Instead, the Benelux Court of Justice, in its very first decision in *Claeryn/Klarein*, gave close to the widest possible reading of Article 13A(2). Colgate-Palmolive had sought to enter the Dutch market with a detergent product called “Klarein.” Lucas Bols Co., the Dutch owner of the phonetically identical mark CLAERYN for genever (a high-quality gin), sought to restrain Colgate-Palmolive from advertising and selling its product, which, given the dissimilarity of the goods, required Lucas Bols to make a case under Article 13A(2). The Court of Appeals in Amsterdam found in favor of Lucas Bols. On appeal, the Dutch Supreme Court referred a number of questions about the scope of Article 13A to the Benelux Court of Justice. Noting that the intent of the BMW was to expand the protection given under former law, the Court of Justice asserted, without explanation, that this meant that the new law was designed to go beyond situations involving confusion, and instead covered conduct that impaired the “attraction” of the mark and the “capacity of the mark to stimulate the desire to buy” the goods for which it was registered.<sup>95</sup> The Court held that the protection afforded by Article 13A(2) was not limited to famous marks, although the fame of the mark might be deemed relevant in determining whether the defendant had impaired the “capacity

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91. Braun, *supra* note 26, at 222 (“on peut estimer que chaque fois que le pouvoir d’attraction de la marque célèbre sera affaibli, suite à la ‘dilution’ de la marque dans le grand public, cette condition sera remplie”).

92. Wichers Hoeth, *Note to Claeryn/Klarein*, *supra* note 83, at para. 3 (“de vraag of een bepaald merkgebruik (bijv. voor ongelijksoortige waren) schadelijk is in de zin van art. 13 kan door onderscheidene rechters zeer wel verschillend worden beantwoord”).

93. L. Wichers Hoeth, *Kort Commentaar op de Beneluxmerkenwet 90 (1970)* (in Dutch).

94. A. Koman & D.W.F. Verkade, *Het Nieuwe Merkenrecht 21-22 (1970)* (in Dutch).

95. *Claeryn/Klarein* (1976) 7 I.I.C. 420, 423.

of the mark to stimulate the desire to buy.”<sup>96</sup> The Court further held that the “without due cause” exception would apply only in a case where the defendant was under a compulsion to use the mark, or could show a prior right to the mark (but not including that the mark had been used in another country).<sup>97</sup>

The breadth of this decision surprised Dutch commentators,<sup>98</sup> and it was sharply criticized by Rudolf Kraßer in a 1976 article. Kraßer argued that the Court of Justice’s reasoning, based on the explanatory notes, as to the scope of Article 13A(2) was unconvincing, since that reasoning relied on an assumption that the former national laws of all three countries already provided for full protection against the risk of confusion (that is, including in cases involving non-competing goods).<sup>99</sup> More tellingly, Kraßer was particularly concerned that the Court had failed to appreciate how wide a scope it had been given to put flesh on the bones of the new Article 13A(2). More specifically, Kraßer argued that it had been left to the Court to explain the relevance of the trademark’s reputation, to clarify how the lower courts were to assess whether conduct would cause detrimental associations at a level warranting legal intervention, and to impose appropriate boundaries upon the right in order to ensure that it would not “develop into an instrument for unlimited expansion of trademark protection.”<sup>100</sup> Kraßer’s criticism is a strong reminder that Article 13A was capable of multiple interpretations, and that the Court of Justice’s holding that “damage” could be divorced entirely from consumer confusion was by no means compelled.

Unsurprisingly, however, the *Claeryn/Klarein* decision imposed upon lower courts in the Benelux countries an exceptionally wide reading of the “damage” requirement in Article 13A(2), subject to few limits. Similarly broad approaches were taken by Dutch courts in cases in the 1970s and 1980s involving successful actions by the owner of SKOL for beer, enjoining “Sjolk” for chocolate milk;<sup>101</sup> by the Coca-Cola Company, restraining the distribution of a movie featuring a Coca-Cola bottle used as part of a sex act;<sup>102</sup> and by the owner of BLUE BAND, a well-known mark in the Netherlands for margarine, preventing a blues band from

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96. *Id.* at 424.

97. *Id.* at 425.

98. See D.W. Feer Verkade, *De Zaak Claeryn/Klarein (Benelux-Gerechtshof 1 Maart 1975, Zaak A/74/1)*, in *Liber Amicorum Ludovic De Gryse*, 331 (Brigitte Dauwe et al., eds., 2010), at <http://dare.uva.nl/document/2/122684> (in Dutch).

99. Kraßer, *supra* note 87, at 361.

100. *Id.* at 362-64.

101. [1979] B.I.E. 11 (District Court of Zutphen).

102. [1977] N.J. 59 (Court of Amsterdam).

continuing to use the name “The Blue Band.”<sup>103</sup> In a particularly striking case, the owner of the mark POUR VOUS MADAME for stockings obtained an injunction to prevent the use of the mark on a magazine devoted to perfume.<sup>104</sup> The Dutch Supreme Court avoided the issue of “damage” under Article 13A(2) altogether, holding that it was sufficient to find that damage could be caused, and unnecessary to determine whether and how it might occur.<sup>105</sup>

As noted in Part II.A, Article 13A of the BMW came to provide a partial template for the anti-dilution provision of the original European Trade Marks Directive. Just as importantly, the Benelux Court of Justice’s interpretation of Article 13A in *Claeryn/Klarein* remains relevant under the harmonized European trademarks regime. Since the original Directive came into force, English and Dutch commentators,<sup>106</sup> English courts,<sup>107</sup> and the Advocate General for the European Court of Justice<sup>108</sup> have all cited *Claeryn/Klarein* as an example of what might constitute “detriment to repute” as set out in the Directive. Because of the ongoing significance of this case, it is vital to appreciate the historical context in which it was made. The Benelux Court of Justice’s reading of Article 13A in *Claeryn/Klarein* was only one of several possible interpretations available, and one that did not closely address the ways in which reputational “damage” could be caused, something that the text of the article had deliberately left open. Indeed, as will be seen in Part IV, a critical re-reading of *Claeryn/Klarein* shows that the decision, rather than being an uncontroversial illustration of “detriment to repute,” in fact should make us call into question whether harm to reputation in the absence of source confusion is of sufficient gravity to warrant a legal remedy at all.

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103. [1981] B.I.E. 266 (District Court of Arnhem). For further examples, see Feer Verkade, *De Zaak Claeryn/Klarein*, *supra* note 98, at 337-38; D.W. Feer Verkade, *Unfair Use of and Damage to the Reputation of Well-Known Trademarks, Trade Names and Indications of Source—A Contribution from the Benelux*, 17 Int’l Rev. Indus. Prop. & Copyright L. 768, 771 (1986).

104. Pour Vous Madame [1984] B.I.E. 257.

105. *Id.*, discussed in Feer Verkade, *Unfair Use*, *supra* note 103, at 772.

106. See, e.g., Lionel Bently & Brad Sherman, *Intellectual Property Law* 1005 (4th ed. 2014); Helen Norman, *Intellectual Property Law* 341 (2d ed. 2014); Tobias Cohen Jehoram, Constant van Nispen & Tony Huydecoper, *European Trademark Law* 318 (2010).

107. See Simon Fhima, *Trade Mark Dilution*, *supra* note 9, at 179 n.74 (collecting cases). See also Simon Fhima, *Exploring*, *supra* note 29, at 28 (noting that the U.K. courts have “sought inspiration” from *Claeryn/Klarein* and suggesting that this is “understandable” given that the EU anti-dilution provision does not turn on the existence of confusion).

108. Case C-408/01, *Adidas-Salomon AG v. Fitnessworld Trading Ltd.* [2003] E.C.R. I-12537, para. 38 (A-G Jacobs).

### D. Summation

Dilution by tarnishment, as a stand-alone and actionable claim in the absence of consumer confusion, has taken on a life of its own since the passage of the first United States and Benelux statutes. But its origins are murkier than are often recognized. There is some irony in a statement by commentator Patrick Harrington, writing immediately after passage of the 1947 Massachusetts statute, that “[a]ny legislative attempt to lay down principles governing so complex a field as unfair competition runs the risk that the statute will be too inflexible to furnish an adequate solution for the varied situations which will arise.”<sup>109</sup> This brief historical survey reveals something of the *opposite* problem. The statutes’ imprecise language gave courts the license to interpret them more broadly than was arguably ever intended (in the case of U.S. law), or without supplying a clear normative basis for extending the law in the manner that occurred (in the case of the Benelux law). It is to these normative issues that I will now turn in Parts III and IV, in considering whether current laws against tarnishment are justifiable.

## III. CONSTRUCTING REPUTATION

Surveying the current form of tarnishment laws across jurisdictions, two interesting points of convergence emerge. First, these laws protect only those marks that have reached a particular level of fame and, second, they render unlawful conduct that harms the “reputation” of the plaintiff’s mark.

To reiterate, for a claim to succeed under United States federal law, there must be a finding of an association arising out of the similarity between marks that “harms the reputation of the famous mark.” In the European Union, both the original and the 2015 Trade Marks Directives render unlawful the defendant’s use of a sign identical with or similar to a mark that has a “reputation in a Member State” and is “detrimental to . . . the repute of the trade mark.” Notably, the term “reputation” is used in two different ways in the EU provision: first, to indicate a threshold level of fame;<sup>110</sup> and second, to indicate the “esteem” commonly afforded the mark. These concepts are more closely intertwined than even the common language suggests.

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109. Harrington, *supra* note 38, at 491. Harrington was of the view that the 1947 statute was only intended to align state unfair competition law with the more “liberal” position under federal and New York law: *id.* at 492.

110. The European Court of Justice has interpreted this to mean that the mark must be known among a “significant” proportion of the relevant public, which only need be in a substantial part of the Member State: *see* Case C-375/97, *Gen. Motors Corp. v. Yplon SA* [1999] E.C.R. I-5421, paras. 26 and 28. For Community/EU Trade Marks, the reputation must subsist in a substantial part of the EU: *see* Case C-301/07, *PAGO Int’l GmbH v. Tirolmilch registrierte Genossenschaft mbH* [2009] E.C.R. I-9429 (E.C.J.).

The concept of “reputation” in the action for dilution by tarnishment is one that tends to be glossed over by courts and commentators, but it needs to be carefully unpacked. In this Part III, I seek to analyze the way in which “reputation” has been interpreted (or, more accurately, how courts have allowed it to be constructed) in tarnishment actions. As will be seen, courts, particularly in the United States, have tended to apply a highly reductive notion of “reputation” that is ultimately closer to one of “positive brand identity,” that is, an image said to have been created by the mark owner and fostered through advertising expenditure and investment. Such an approach has arguably been fortified by the existence of the “fame” threshold, which allows certain assumptions to be made about the value of those marks that qualify for anti-dilution protection.

### *A. Heterogeneous Reputation versus Brand Identity*

Reputation is inherently social and relational. In the case of trademarks, a mark’s reputation depends on how it is perceived and understood by consumers or society at large, a perception that can be shaped, in part, by the mark’s owner. Such perception shaping is not accomplished simply through the owner’s ability to exercise control over the quality of the goods or services provided under the mark, but also through the owner’s creation of a cluster of associations in marketing its goods or services, which, in turn, attempt to generate ongoing emotional and economic responses among consumers. In marketing literature, these latter activities would be called the creation of a “brand identity.”<sup>111</sup> This is a concept that covers the construction of an image, containing a set of attributes and qualities, that is transmitted to (passive) consumers and that, it is hoped, will then “trigger predictable affective and cognitive effects.”<sup>112</sup>

Brand identity is not, however, coterminous with reputation. Since, by definition, reputation refers to the qualities by which something is known, assessing the reputation of a mark requires an understanding of its *reception*. This cannot be assessed simply by reference to sales figures or market share of goods or services provided under the mark: it also requires a sophisticated appreciation of how the mark has been received, interpreted, and engaged with by consumers.

What this means is that the reputation of a mark, once it enters the field of commerce, cannot be completely controlled. Nor

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111. Shiva Nandan, *An Exploration of the Brand Identity–Brand Image Linkage: A Communications Perspective*, 12 J. Brand Mgmt. 264 (2005).

112. Dev S. Gangjee, *Property in Brands: The Commodification of Conversation*, in *Property Concepts in Intellectual Property Law*, 29, 31 (Helena R. Howe & Jonathan Griffiths, eds., 2013).

is it likely to be homogenous or easily defined. Indeed, the reputations of the sort of well-known marks that the law privileges with anti-dilution protection are likely to be highly multivalent. The same mark might be understood in vastly different ways, and generate a range of different responses among consumers. A mark's reputation will be the product of a wide range of factors, including consumers' personal experiences with products sold under the mark, their knowledge of the owner's practices, their political preferences, and their engagement with the mark in culture and as mediated by culture. The active interplay among these factors is likely to mean that a mark's reputation, rather than being static, will be a dynamic and protean phenomenon, and therefore difficult to reduce to a simple object of legal protection.<sup>113</sup>

For a decision-making body to do justice to a socially constructed, heterogeneous notion of "reputation," in considering an action seeking injunctive relief, or a proceeding opposing registration or seeking invalidation of registration of a mark, would be a challenging exercise. This is especially so given the limited evidence likely to be proffered by the parties appearing before it in a given case.<sup>114</sup> It is, nonetheless, extraordinary that courts and other decision-making bodies have almost completely disregarded the complexity of the issue of reputation in tarnishment cases. Instead, they have been prepared to accept a constructed, sanitized version of "brand identity" built up through investment and marketing success as being synonymous with "reputation,"<sup>115</sup> in a manner consistent with much of the pro-dilution literature examining this issue.<sup>116</sup>

The case law provides useful illustrations. In the long-running *Moseley* litigation, once the case was remanded to the District Court in the late 2000s, only one piece of evidence was cited by the court in determining whether the reputation of the VICTORIA'S SECRET mark had been harmed by the defendants' use of

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113. See generally Rosemary J. Coombe, *The Cultural Life of Intellectual Properties: Authorship, Appropriation, and the Law* 269-70 (on the social practices through which brand meanings are generated); Douglas B. Holt, *How Brands Become Icons: The Principles of Cultural Branding* 3 (2004) (noting how brand meaning is constructed by a range of stakeholders, including the culture industries, retailers and consumers as both individuals and communities); Hope Jensen Schau, Albert M. Muñoz, Jr. & Eric J. Arnould, *How Brand Community Practices Create Value*, 73(5) *J. Mktg. Res.* 30 (2009) (on consumer involvement in brand value creation).

114. A similar problem exists in defamation law: see David Rolph, *Defamation Law* ch. 2 (2015).

115. This is acknowledged, albeit uncritically, in the opening paragraph of Simon Fhima's chapter on the topic: Simon Fhima, *Trade Mark Dilution*, *supra* note 9, at 159.

116. Two noteworthy examples are Steve Hartman, *Brand Equity Impairment—The Meaning of Dilution*, 87 TMR 418, 419-20 (1997) and Patrick M. Bible, *Defining and Quantifying Dilution under the Federal Trademark Dilution Act of 1995: Using Survey Evidence to Show Actual Dilution*, 70 U. Colo. L. Rev. 295, 328 (1999). See also the examples cited in Rierson, *supra* note 1, at 275-78.

“Victor’s Little Secret” as the name of a store selling sex toys. A Victoria’s Secret corporate officer stated that the company strives to “maintain an image that is sexy and playful” and that the company “avoids sexually explicit or graphic imagery.”<sup>117</sup> The veracity and sufficiency of this evidence was uncritically accepted by both the District Court<sup>118</sup> and the U.S. Court of Appeals for the Sixth Circuit, with Judge Merritt of the Sixth Circuit noting the “favorable symbolism of the famous mark.”<sup>119</sup> In *Pfizer, Inc. v. Sachs*, a case in which Pfizer sought protection of its famous VIAGRA mark against both trademark infringement and dilution by tarnishment, the U.S. District Court dispensed with the issue of Viagra’s reputation simply by quoting dicta of the U.S. Court of Appeals for the Second Circuit to the effect that a trademark’s “reputation and commercial value might be diminished ... because the defendant’s use reduces the trademark’s reputation and standing in the eyes of consumers as a *wholesome* identifier of the owner’s products or services.”<sup>120</sup> The term “wholesomeness” was also used to describe COCA-COLA in the early-1970s “Enjoy Cocaine” case.<sup>121</sup>

The examples above are striking because the reputations of the plaintiffs’ marks are far more complex than the distilled versions accepted by the courts. The first two cases are particularly noteworthy. Victoria’s Secret has been the subject of sustained criticism for decades over its representations of female sexuality and what has been argued to be its disingenuous use of tropes of soft-core pornography in its marketing.<sup>122</sup> Similarly, the uncritical acceptance of VIAGRA as a “wholesome identifier” ignores the way the mark has been received, not merely as a byword for the restoration of male sexual performance, but as “a

117. This evidence was cited in *V Secret Catalogue, Inc. v. Moseley*, 605 F.3d 382, 391-92 (6th Cir. 2010).

118. *V Secret Catalogue, Inc. v. Moseley*, 558 F. Supp. 2d 734, 750 (W.D. Ky. 2008).

119. *Moseley*, 605 F.3d at 389.

120. *Pfizer, Inc. v. Sachs*, 652 F. Supp. 2d 512, 525 (S.D.N.Y. 2009) (emphasis added).

121. *Coca-Cola Co. v. Gemini Rising, Inc.*, 346 F. Supp. 1183, 1189 (E.D.N.Y. 1972).

122. See Susan Faludi, *Backlash: The Undeclared War Against American Women* 173 (1991) (arguing that Victoria’s Secret demonstrates restriction and repression of female sexuality through punitively restrictive clothing); Jane Juffer, *A Pornographic Femininity? Telling and Selling Victoria’s (Dirty) Secrets*, 48 *Soc. Text* 27, 31 (1996) (“the company’s insistence on the private and intimate maintains a proper image of femininity which distances itself from pornography even as the catalog builds its profits on its pornographic overtones”); see also *id.* at 32 (on how Victoria’s Secret functions as a trope of soft-core pornography while escaping the label by operating discretely and privately (through mail-order)); Marie D. Smith, *Decoding Victoria’s Secret: The Marketing of Sexual Beauty*, 25 *Studies in Popular Culture* 39 (2002) (Victoria’s Secret’s success is based on trading in male-constructed image of female sexuality, entrenching the idea that female self-image ought to be shaped by the physical features that men find desirable). See also Kenneth C.W. Kammeyer, *A Hypersexual Society: Sexual Discourse, Erotica, and Pornography in America Today* 3 (2008).

euphemism for a pharmacotechnology that confirms hegemonic masculinity.”<sup>123</sup> However, this concern extends well beyond cases involving companies that trade off overt images or ideas of sexuality being allowed to make somewhat specious claims of “wholesomeness” in cases where their marks are associated with sex-related goods or imagery. The COCA-COLA illustration is particularly interesting because of the extraordinarily complex reputation of the mark. Goods sold under the COCA-COLA mark clearly enjoy colossal popularity and the mark might well be associated with ideals of youth, freedom, and global success; but can the mark not also be said to have been recoded, to some extent, as a symbol of cultural imperialism, controversial labor practices, or poor nutrition?<sup>124</sup> The bland adjective “wholesome” does not come close to encapsulating the reputation of such a mark.

This does not mean that all marks have contentious reputations, or that some marks cannot have overwhelmingly “positive” ones. The concern is that, to the extent that courts or pro-dilution commentators address the question of “reputation,” they tend to accept unreflectively the notion that brands have unequivocal, unidirectional meanings, and that “reputation” consists of only positive attributes, all of which have been generated and cultivated by the mark owner. This raises problems at both a normative and doctrinal level.

The normative issue—whether the law ought to intervene to protect the advertising or investment functions of marks in the absence of consumer confusion—has been well canvassed in the literature.<sup>125</sup> But one particular problem that stands out in this context is the assumption that only the mark owner plays a role in the creation of a mark’s reputation: that its investment alone determines the mark’s image and expressive dimensions, and entitles the owner to reap the full value of its reputation.<sup>126</sup> This idea of a mark owner as “author” is highly reductive, as is the underlying assumption that consumers are passive recipients of pre-generated brand qualities rather than active co-creators of

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123. Adele E. Clarke, Laura Mamo & Jennifer Ruth Fosket, *Biomedicalization: Technoscience, Health, and Illness in the US* 161-63 (2010). See also Meika Loe, *The Rise of Viagra: How the Little Blue Pill Changed Sex in America* 19-21 (2004) (on the drug Viagra re-establishing “normal” ideas about male and female sexuality and sexual dysfunction, and “appearing to reinforce long-standing gender stereotypes and thus social inequalities”: *id.* at 21).

124. For an overview, see Mark Pendergrast, *For God, Country and Coca-Cola: The Definitive History of the Great American Soft Drink and the Company That Makes It* (3d rev. ed. 2013).

125. For two recent examples, see Gangjee & Burrell, *supra* note 1; Katya Assaf, *Brand Fetishism*, 43 Conn. L. Rev. 83 (2010).

126. See generally Gangjee, *Property in Brands*, *supra* note 112.

brand value.<sup>127</sup> The doctrinal issue is more subtle. To elide reputation and brand identity in deciding a tarnishment action unduly privileges the mark's owner by oversimplifying the ultimate enquiry that must be made: namely, whether the defendant's conduct causes an association likely to damage the mark's reputation. If reputation is interpreted in a simplistic way, focusing only on positive attributes as curated by the brand owner, it is much easier to assume that "negative" associations will cause the requisite harm. This is a point to which I return in Part IV in considering the issue of "harm" in more detail.

### *B. How "Fame" Acts as a Proxy for Brand Identity*

The argument that the cause of action for dilution by tarnishment is concerned more with protecting constructed brand identity than with protecting "reputation," properly understood, is reinforced by the fact that the action is available only to owners of "famous" marks.

This limitation does not have strong normative underpinnings. Logically, if the law wishes to provide a cause of action to prevent associations likely to harm a mark's reputation, there seems to be no reason for this to be limited to cases where the mark has crossed a particular threshold of fame. To return to the Advocate General's example cited in the Introduction, why should the Coca-Cola Company have a right to prevent the use of "Coca-Cola" on "low-grade engine oils or cheap paint strippers," but a small, relatively new business that makes locally sourced organic juice under a distinctive mark not be able to bring a similar action against a junior user of the mark on such chemical products? Presumably the nature of the likely harm in both cases is similar, albeit of a different degree—something that should logically go to the scope of the remedy. Indeed, might it not be said that a dilution by tarnishment action is needed *more* by those businesses with only slight or emerging reputations, given that, as the mark's reputation grows, so, too, do its owner's chances of being able to bring traditional infringement proceedings against a junior user of the mark in relation to non-competing goods?<sup>128</sup>

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127. Steven Wilf, *Who Authors Trademarks?*, 17 *Cardozo Arts & Ent. L.J.* 1 (1999); Lux, *supra* note 1, at 1076-78. The idea has also been problematized in marketing literature: see, e.g., C.K. Prahalad & Venkat Ramaswamy, *Co-opting Customer Competence*, 78 *Harv. Bus. Rev.* 79 (2000); C.K. Prahalad & Venkat Ramaswamy, *Co-creation Experiences: The Next Practice in Value Creation*, 18 *J. Interactive Mktg.* 5 (2004).

128. See Graeme B. Dinwoodie & Mark D. Janis, *Dilution's (Still) Uncertain Future*, 105 *Mich. L. Rev.*, First Impressions 98, 100 (2006); Katya Assaf, *Magical Thinking in Trademark Law*, 37 *L. & Soc. Inquiry* 595, 613-14 (2012). See also Robert Burrell & Michael Handler, *Reputation in European Trade Mark Law: A Re-examination*, 17 *E.R.A. Forum* (forthcoming 2016).

Pragmatic and historical factors seem to offer the most obvious explanation for the “fame” threshold in both U.S. and EU anti-dilution law. Simon Fhima makes a sound case that the “reputation in a Member State” requirement was incorporated into the original Trade Marks Directive as a compromise, with the Benelux delegation arguing in favor of the wholesale adoption of Article 13A(2) of the BMW into the Directive, and the other Member States objecting to something so broad.<sup>129</sup> In the United States, some state courts in cases from the 1980s involving allegations of blurring had started to interpret their anti-dilution statutes as applying only in cases of famous marks,<sup>130</sup> and an explicit “fame” threshold was recommended by the USTA in a 1987 report<sup>131</sup> and was incorporated into the USTA’s 1992 revisions to its Model State Trademark Bill.<sup>132</sup> These developments must have influenced Congress in incorporating a similar threshold in the TRDA only three years later. In both the European Union and the United States, however, there is very little evidence of any detailed consideration of why a requirement of “fame” or “sufficient reputation” was thought to be an appropriate precondition for an action to prevent dilution.<sup>133</sup> At best, a superficial case could be made that a “fame” requirement is a logical extension of the long-standing idea that only “highly distinctive” or “strong” marks ought to be entitled to protection against blurring.<sup>134</sup> However, fame and strength do not always overlap and, in any event, it remains unclear why the tarnishment action should be limited even to “highly distinctive” or “strong” marks. A good case can, instead, be made that the “fame” limitation has been deployed by proponents of anti-dilution laws as a strategic device to deflect criticism of the potential breadth of such laws.<sup>135</sup> It becomes more difficult to argue that a dilution statute is a “rogue law” that makes a trademark a “potentially anti-competitive weapon” if it

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129. Simon Fhima, Trade Mark Dilution, *supra* note 9, at 24.

130. *See, e.g.,* Mead Data Central, Inc. v. Toyota Motor Sales, USA, Inc., 875 F.2d 1026 (2d Cir. 1989).

131. *See United States Trademark Association Trademark Review Commission and Recommendations to USTA President and Board of Directors, supra* note 25, at 456, 459.

132. *See* Burstein, *supra* note 6, at 1194.

133. In the United States, the Congressional record is thin. One reason that was given is that anti-dilution protection for famous marks was needed to ensure compliance with the TRIPS Agreement: *see* H.R. Rep. No. 104-374, p. 4, accepted by Simon Fhima, Trade Mark Dilution, *supra* note 9, at 24-25. However, this reason reflected a misunderstanding of the scope of art. 16.3 of the TRIPS Agreement: *see* Handler, *supra* note 13, 308-09. For further criticism of the “fame” requirement, *see* Klieger, *supra* note 40, at 846.

134. On the protection of “highly distinctive” and “strong” marks under pre-FTDA state law, *see* Welkowitz, Trademark Dilution, *supra* note 25, at 34-50.

135. Simon Fhima, Trade Mark Dilution, *supra* note 9, at 22.

makes confusion-plus protection available only to a limited subset of marks.<sup>136</sup>

But it is what is shared by this “limited subset” of marks that is of particular importance and might help provide the most convincing reason for the adoption and entrenchment of the “fame” requirement in anti-dilution laws. In order to have achieved a particular level of fame, it is almost inevitable that the mark owner will have needed to have engaged in significant investment and expenditure in promoting its mark. What this means is that by setting a “fame” threshold to qualify for protection, something that can be established simply by quantitative evidence demonstrating how well known the mark is, a court or decision-maker can take for granted that if a mark qualifies for protection, such investments in the creation of a protectable brand identity have already been made. “Fame” thus becomes a proxy for positive brand identity. This, in turn, makes it easier to find that certain unauthorized associations will be likely to cause the requisite harm, without requiring the plaintiff to prove the second element of “reputation” as something conceptually distinct from its fame.<sup>137</sup> One of the clearest examples of the elision of brand identity and fame is contained in the Advocate General’s opinion in *Intel Corp. Inc. v. CPM United Kingdom Ltd.*, where it was said that:

the best known trade marks . . . present a powerful image of quality, exclusivity, youth, fun, luxury, adventure, glamour or other reputedly desirable lifestyle attributes, not necessarily associated with specific products but capable of presenting a strong marketing message in itself.<sup>138</sup>

Not only is this statement striking in its assumption that famous marks convey only inherently desirable qualities, but also in its suggestion that these qualities are present by virtue of the fact that the mark is well-known. This approach, equating fame with “repute” under EU law, can also be seen in decisions of the General Court<sup>139</sup> and has received the support of some European

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136. J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 24:104 (Westlaw ed. 2016).

137. See Martin Senftleben, *The Trademark Tower of Babel—Dilution Concepts in International, US and EC Trademark Law*, 40 IIC: Int’l Rev. Intell. Prop. & Competition L. 45, 72-73 (2009) (criticizing the primarily quantitative approach taken under EU law to establishing “reputation”).

138. Case C-252/07, [2008] E.C.R. I-8823, at para. 8 (A-G Sharpston).

139. See Case T-215/03, *Sigla SA v. Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* [2007] E.C.R. II-711, para. 35 (“a mark also acts as a means of conveying other messages concerning, inter alia, the qualities or particular characteristics of the goods or services which it covers or the images and feelings which it conveys, such as, for example, luxury, lifestyle, exclusivity, adventure, youth. To that effect the mark has an inherent economic value which is independent of and separate from that of the goods and services for which it is registered. The messages in question which are conveyed inter alia by a mark with a reputation or which are associated with it confer on

commentators.<sup>140</sup> It also seems to be implicit in some U.S. cases in which tarnishment was alleged, including *Pfizer, Inc. v. Sachs*, that the “fame” requirement does the work of establishing a positive reputation.<sup>141</sup> This is further evidence, building on the points made in Part III.A, of how little this area of the law is interested in the impact of non-confusing uses on “reputation,” properly understood, and is instead more concerned with the impairment of the atmospherics of brand identity.

#### IV. DOES NON-CONFUSING USE HARM REPUTATION?

Assuming that the dilution by tarnishment action is ultimately intended to protect self-constructed brand identity, a much more complex and contentious issue remains, going to the very heart of the action—the question of what, if any, harm is caused by a non-confusing use of a famous mark.

Courts’ explanations of what dilution by tarnishment is, and how it arises, have tended to take a fairly similar form around the world. In the United States, in two key cases from the mid-1990s, the U.S. Court of Appeals for the Second Circuit held that “[t]he *sine qua non* of tarnishment is a finding that plaintiff’s mark *will suffer negative associations* through defendant’s use”<sup>142</sup> and that dilution by tarnishment may occur if the plaintiff’s mark is “linked to products of shoddy quality, or is portrayed in an unwholesome or unsavory context” such that “the public *will associate the lack of quality* or lack of prestige in the defendant’s goods *with the plaintiff’s unrelated goods.*”<sup>143</sup> In the EU, the European Court of Justice has held that tarnishment occurs where the defendant’s use:

may be perceived by the public in such a way that the trade mark’s power of attraction is reduced. The likelihood of such detriment may arise in particular from the fact that the goods or services offered by the third party possess a characteristic

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that mark a significant value which deserves protection, particularly because, in most cases, the reputation of a mark is the result of considerable effort and investment on the part of its proprietor”).

140. Simon Fhima, Trade Mark Dilution, *supra* note 9, at 177 (“[o]ne might expect an automatic assumption that a trade mark, particularly a well-known one, has a positive reputation”).

141. This also appears to be implicit in *Starbucks Corp. v. Wolfe’s Borough Coffee, Inc.*, 588 F.3d 97, 111 (2d Cir. 2009) (appearing to be willing to accept Starbucks’ claim that its coffee was of very high quality).

142. *Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497, 507 (2d Cir. 1996) (emphasis added).

143. *Deere & Co. v. MTD Prods., Inc.*, 41 F.3d 39, 43 (2d Cir. 1994) (emphasis added).

or a quality *which is liable to have a negative impact* on the image of the mark.<sup>144</sup>

What is common to these formulations is that more than a link between the marks is needed. There must be some impact on the famous mark; a *transfer* of negative associations that causes consumers to think differently about the plaintiff's mark and the goods or services it provides under that mark, with adverse consequences for the plaintiff.<sup>145</sup> Given that the tests under both United States federal law and European Union law look to the likelihood that such harm will occur (rather than a demonstration of past tarnishment), this makes it all the more important to assess the question of when and how, exactly, this negative impact might occur.

Here, it is worth distinguishing between two types of conduct by defendants. The first involves use of the famous mark on what we might call “dissonant” goods or services—these might be poor quality goods or services, or goods or services that convey meanings or symbolism antagonistic to the owner's reputation. In both cases, the defendant's use is not intended to make any direct comment on the mark's owner. The second category involves situations where the defendant's goods might not be dissonant, but where the plaintiff's mark has been consciously used (including in modified form) to refer to and comment on the mark or its owner, for example by way of critique or parody. The first type of use will be explored in Part IV.A below to assess the fundamental question of whether harm is likely to be caused, while the second type of use more squarely raises the issue of whether there are adequate safeguards in place to ensure that freedom of expression is not unduly stifled, which will be addressed in Part IV.B.

### ***A. Use on Dissonant Goods: Do Harmful Negative Feedback Effects Occur?***

It is easy enough to accept that harm to reputation might occur where the defendant's use of a mark on inferior quality goods, or goods antithetical to the mark owner's business, causes confusion, whether as to source, sponsorship or affiliation or some other form of commercial connection between the parties. If such confusion exists, then it seems probable that a consumer will think that the owner is in some way responsible for that inferior quality, or has engaged in a form of “self-tarnishment” by producing a new

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144. Case C-487/07, *L'Oréal SA v. Bellure NV* [2009] E.C.R. I-5185, para. 40 (emphasis added).

145. This has notably been described as “negative contagion”: Assaf, *Magical Thinking*, *supra* note 128, at 614-17.

line of goods that conflicts with the defendant's core business.<sup>146</sup> Anglo-American trademark law has long recognized reputational harm in such circumstances. For example, in the United Kingdom and British Commonwealth countries, a passing-off action has long been available where the injury alleged is damage to reputation, consequent on a misrepresentation, in cases involving both similar and dissimilar goods.<sup>147</sup> The same idea can be said to underpin the British Commonwealth "defensive trade mark" regime, which was established in the United Kingdom in 1938 and still exists in countries such as Australia today. Under this scheme, an owner of a registered mark can separately register that mark for an extended range of goods, without any intention of using the marks on those goods, if it can establish that a third party's use of the mark on those "extended" goods would indicate a commercial connection with the owner.<sup>148</sup> In the United States, returning to the history discussed in Part II.B, courts recognized as early as the 1920s that a major type of harm that flowed from the defendant's confusion-generating use of a mark on non-competing goods was harm to reputation.

To the extent that it encompasses conduct involving confusion as to source, sponsorship or affiliation, the dilution by tarnishment action adds nothing to the action for trademark infringement or passing off. A much more controversial question, therefore, is whether harm to reputation is likely to occur beyond these situations. The issue here is whether the "negativity" associated with or generated by the defendant's use will be transferred to the plaintiff's mark and adversely affect its reputation—that is, whether there will be negative feedback effects even where consumers would not consider the plaintiff's and defendant's goods to be connected. It is easy to assert that this might happen and, as indicated in the Introduction, the idea has strong intuitive appeal. But is there, in fact, evidence that this is likely to occur?

It might have been expected that there would have been sustained engagement with this issue in the case law. Instead, perhaps because the majority of cases in which tarnishment has had independent work to do in the United States (that is, where there was no claim for trademark infringement, or where such a claim failed) have involved marks being associated by defendants with sexual content or drug use, we see courts assuming the

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146. Although Mark McKenna has made persuasive arguments that even accepting these types of confusion as giving rise to actionable trademark infringement is problematic: see Mark P. McKenna, *Testing Modern Trademark Law's Theory of Harm*, 96 Iowa L. Rev. 63 (2009); Mark P. McKenna, *A Consumer Decision-Making Theory of Trademark Law*, 98 Va. L. Rev. 67 (2012).

147. See Bently & Sherman, *supra* note 106, at 875-76 and the cases cited therein; Robert Burrell & Michael Handler, *Australian Trade Mark Law* ch. 12 (2d ed. 2016).

148. See Burrell & Handler, *Dilution and Trademark Registration*, *supra* note 1.

existence of the likelihood of the very harm that needs to be established.

*Moseley* is an excellent case study in this regard. The only evidence proffered by Victoria's Secret that was potentially relevant to its claim of tarnishment was a statement by an army colonel who had come across the defendants' sex store. He claimed that he was "offended" by the defendants' use of a close variant of the VICTORIA'S SECRET trademark to promote "unwholesome, tawdry merchandise" and was "dismayed" by the defendants' "effort to associate [themselves] with, trade off the image of, and in fact denigrate a store," namely Victoria's Secret, frequented by his family.<sup>149</sup> Without addressing this evidence, the U.S. District Court assumed the likelihood of harm based on the nature of the defendants' business.<sup>150</sup> Judge Merritt of the U.S. Court of Appeals for the Sixth Circuit went a step further. Drawing on a line of cases in which associations with sexual subject matter had been found to constitute tarnishment (but without mentioning that most of these involved consumer confusion), and misreading the adoption in the TDRA of a "likelihood of dilution" standard, the judge indicated there was now a "rebuttable presumption, or at least a very strong inference, that a new mark used to sell sex-related products is likely to tarnish a famous mark if there is a clear semantic relationship between the two."<sup>151</sup> Although it was noted that the tarnishing effect of the defendants' mark was "somewhat speculative," the absence of evidence put forward by the defendants meant that they were unable to rebut the presumption of tarnishment.<sup>152</sup>

The introduction of a rebuttable presumption imposing a burden on the defendant to adduce evidence of the absence of something that in cases for injunctive relief is likely to be speculative (that is, evidence of a lack of likely harm to the plaintiff's reputation) has been rightly criticized.<sup>153</sup> There is a tension here with the Supreme Court's earlier decision in *eBay Inc. v. MercExchange, LLC*, holding that irreparable harm should not be presumed in cases where a plaintiff seeks injunctive relief for

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149. *V Secret Catalogue, Inc. v. Moseley*, 605 F.3d 382, 391 (6th Cir. 2010).

150. *V Secret Catalogue, Inc. v. Moseley*, 558 F. Supp. 2d 734, 750 (W.D. Ky. 2008).

151. *Moseley*, 605 F.3d at 388.

152. *Id.* at 389.

153. See, e.g., Rierson, *supra* note 1, at 258; Jennifer E. Rothman, *Sex Exceptionalism in Intellectual Property*, 23 *Stan. L. & Pol'y Rev.* 119, 135-36 (2012); McCarthy, *supra* note 136, § 24:89 (calling it "wildly misguided"). Even commentators otherwise sympathetic to dilution have been critical: see, e.g., Theodore H. Davis, Jr., *United States Jurisprudence Following the Enactment of the Trademark Dilution Revision Act of 2006*, in *International Trademark Dilution*, 453, 489 (Daniel R. Bereskin, ed., 3d ed. 2015) (noting the shift in burden was "without apparent precedent").

patent infringement,<sup>154</sup> a decision that has since been applied by the U.S. Courts of Appeals for the Third and Ninth Circuits in cases involving preliminary injunctions to restrain trademark infringement.<sup>155</sup> The majority's finding in *Moseley* is doubly problematic because the Court's opinion did not consider the extent to which Victoria's Secret's "reputation" was not simply that of a purveyor of goods marketed in a "sexy and playful" manner, as it sought to describe itself, but was instead integrally connected to its commodification of sex. This raises a serious question about how the defendant's use on sex-related goods could tarnish such a reputation, properly understood.<sup>156</sup>

These and similar issues as to the operation of the tarnishment action in sex-related cases are important,<sup>157</sup> but should not distract us from the more fundamental problem with *Moseley*, or indeed other cases in which the harm of tarnishment has been assumed by the "unwholesome" nature of the defendant's goods or services.<sup>158</sup> Laura Bradford is right at a descriptive level in stating that "[j]udges are willing to forbid uses of marks that are likely to incite disgust or fear out of concern that such emotions, once stimulated, will be difficult to put aside even when the consumer knows the use is unauthorized."<sup>159</sup> But, at a normative level, this simply begs the very question that needs to be answered. How do we *know* that those feelings of disgust, once generated, will be transferred and impact on the consumer's perception of the famous mark?<sup>160</sup>

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154. 547 U.S. 388 (2006). *See also* *Winter v. Natural Res. Def. Council, Inc.*, 555 U.S. 7, 20 (2008) (noting the irreparable harm requirement in preliminary injunction cases).

155. *See, respectively*, *Herb Reed Enters. v. Fla. Entm't Mgmt.*, 736 F.3d 1239, 1248-49 (9th Cir. 2013), *cert. denied*, 135 S. Ct. 57 (2014) (considering that *eBay* and *Winter* "cast doubt on the validity of this court's previous rule that the likelihood of 'irreparable injury may be presumed from a showing of likelihood of success on the merits of a trademark infringement claim'"); *Ferring Pharm., Inc. v. Watson Pharm., Inc.*, 765 F.3d 205, 216 (3d Cir. 2014) (following *Herb Reed*). This development was anticipated by Sandra L. Rierson, *IP Remedies After eBay: Assessing the Impact on Trademark Law*, 2 *Akron Intell. Prop. L.J.* 163 (2008), who argued that it should also apply under the TDRA: *id.* at 182-84. My thanks go to Sandy Rierson for drawing my attention to this issue.

156. *See* Rothman, *supra* note 153, at 137-38 (also criticizing *Pfizer, Inc. v. Sachs*, 652 F. Supp. 2d 512 (S.D.N.Y. 2009) on the basis that "[i]t is confounding how encouraging people to have sex tarnishes the image of a drug intended to facilitate sex"); Mark Bartholomew, *Trademark Morality*, 55 *Wm. & Mary L. Rev.* 85, 139 (2013) (making a similar criticism about the Dallas Cowboy Cheerleader case).

157. Rothman, for example, has queried the general assumption that an association with sex necessarily harms the selling power of a mark, when so much that we know about advertising suggests otherwise: Rothman, *supra* note 153, at 138.

158. *See, e.g.*, *Rolls-Royce Motor Cars Ltd. v. Davis*, Civ. No. 15-0417 (D.N.J. Mar. 11, 2016).

159. Laura R. Bradford, *Emotion, Dilution and the Trademark Consumer*, 23 *Berkeley Tech. L.J.* 1227, 1285 (2008).

160. *See* Rebecca Tushnet, *Stolen Valor and Stolen Luxury: Free Speech and Exclusivity*, in *The Luxury Economy and Intellectual Property: Critical Reflections* 121, 139 (Haochen

Judge Moore, in her dissent from the Court's opinion in *Moseley*, recognized the problem. After noting that there was no evidence that the army officer, or anyone else, had changed their opinion of Victoria's Secret as a result of the defendants' conduct, the judge stated:

it is simply no more probable that Victoria's Secret will suffer reputational harm as a result of the Moseleys' use of "Victor's Little Secret" than it is probable that those who are offended by "Victor's Little Secret" will limit their negative impressions to the Moseleys and refrain from projecting those negative associations upon Victoria's Secret.<sup>161</sup>

If anything, the army officer's evidence showed the latter was *more* likely.<sup>162</sup> What is particularly interesting about Judge Moore's line of reasoning is that it suggests that in any tarnishment case, the plaintiff should be required to put forward evidence, going beyond simple speculation, as to *why* a consumer's negative impressions of the defendant would in fact be projected onto the plaintiff or its mark, when the consumer knows the two parties are unrelated. That this might be exceptionally difficult for a plaintiff to establish raises questions about whether it is even plausible that reputational damage will occur in such situations.<sup>163</sup>

Courts in other jurisdictions have attempted to explain in more detail the reputational damage putatively occurring in cases of "dissonant" goods. Returning to the *Claeryn/Klarein* decision, discussed in Part II.C, the Benelux Court of Justice held that a finding of damage could be based upon the use of a mark that appeals to "sensations of the public" in such a way that it interferes with the mark's "attraction" and its "capacity to stimulate the desire to buy the kind of goods for which it is registered."<sup>164</sup> This is an extremely broad formulation, because it goes beyond situations where the defendant's goods are of inferior quality or are of a tawdry or unwholesome nature. It contemplates as a type of cognizable harm the memory of unpleasant "sensations" that may arise when the consumer re-encounters the plaintiff's goods. Or, as Dutch lawyer Charles Gielen memorably

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Sun, Barton Beebe and Madhavi Sunder, eds., 2015) (noting the ease with which dislike of a practice can, problematically, translate into a finding of harm).

161. *Moseley*, 605 F.3d at 393.

162. *Id.* at 393-94.

163. See also the empirical work of Buccafusco, Heald & Bu, *supra* note 10 and discussed in detail *infra* Part IV.B, which calls into question the extent to which unauthorized sexual associations are harmful.

164. *Claeryn/Klarein* (1976) 7 I.I.C. 420, 423.

put it: “[i]t is not funny to drink a good glass of Claeryn Dutch gin while thinking of a cleaning agent at the same time!”<sup>165</sup>

The critical analysis of the harm said to be caused by the use of a mark on dissonant goods tends to stop at that point. As noted in Part II.C, *Claeryn/Klarein* continues to be cited as a paradigm of the tarnishment action under current EU law, and Gielen’s statement has been referred to, uncritically, as an explanation of the potential harm that was avoided in that case.<sup>166</sup> It is also reflected in the European Union Intellectual Property Office’s current practice guidelines and case law on the assessment of tarnishment. It appears that the Office will look for uses that “evoke undesirable or questionable mental associations which conflict with the associations or image generated by legitimate use of the reputed trade mark by its proprietor.”<sup>167</sup> In a 2010 decision with notable echoes to *Claeryn/Klarein*, the Office rejected an application for registration of a mark featuring the element “SPA” for “[s]couring and polishing preparations and substances” in the face of an earlier, similar “Spa” device mark for mineral water, on the basis that the “pleasant notions” conveyed by the latter goods did “not mix seamlessly” with the defendant’s goods.<sup>168</sup> More remarkably, the applicant’s mark was also rejected for “pot pourri; incense; incense sticks; room fragrances and articles for perfuming rooms” because mineral water was “not pleasantly associated” with such goods.<sup>169</sup>

However, as with the U.S. jurisprudence, there are two major gaps in the reasoning that has been employed to reach the conclusion that these are situations that do, in fact, involve reputational damage. The first is that the reasoning involves similar assumptions that these “unpleasant associations” would

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165. Charles Gielen, *Harmonisation of Trade Mark Law in Europe: The First Trade Mark Harmonisation Directive of the European Council*, 1992 Eur. Intell. Prop. Rev. 262, 267.

166. See, e.g., Simon Fhima, Trade Mark Dilution, *supra* note 9, at 162.

167. Office for Harmonization in the Internal Market (Trade Marks and Designs), *Guidelines for Examination in the Office for Harmonization in the Internal Market (Trade Marks and Designs), Part C: Opposition, Section 5, Trade Marks With a Reputation, Article 8(5) CTMR*, 61 (Aug. 1, 2015), at [https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document\\_library/contentPdfs/law\\_and\\_practice/trade\\_marks\\_practice\\_manual/WP/Part-C/05-part\\_c\\_opposition\\_section\\_5\\_trade\\_marks\\_with\\_reputation\\_article\\_8\\_5\\_ctmr/part\\_c\\_opposition\\_section\\_5\\_trade\\_marks\\_with\\_reputation\\_article\\_8\\_5\\_ctmr\\_en.pdf](https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/contentPdfs/law_and_practice/trade_marks_practice_manual/WP/Part-C/05-part_c_opposition_section_5_trade_marks_with_reputation_article_8_5_ctmr/part_c_opposition_section_5_trade_marks_with_reputation_article_8_5_ctmr_en.pdf). See also *id.* at 63-65, giving examples of decisions where applications for registration were rejected on the basis of detriment to repute (such as “Kappa” for tobacco products, on the basis that it would “prompt negative mental associations with the respondent’s earlier [‘Kappa’ device marks for sports clothing] or associations conflicting with and detrimental to their image of a healthy lifestyle”: *id.* at 63).

168. Case R 417/2008-1, *SPACE NK Ltd. v. SA Spa Monopole, Compagnie fermière de Spa*, en abrégé *SA Spa Monopole NV* (OHIM First Board of Appeal, July 22, 2010), para. 101.

169. *Id.* at para. 103.

actually occur, and that any quality signals conveyed by the senior mark would be sufficiently disrupted so as to warrant legal intervention. Looked at the other way, it assumes, for example, that an ordinary Claeryn drinker would be unable to compartmentalize the associations conveyed by the two marks, keeping in mind the vastly different contexts in which he or she is likely to encounter and experience the two sets of goods. The second gap is that even if the “unpleasant associations” do arise and transfer, it is assumed that they inevitably translate into something more, in the sense of causing the consumer to shift his or her perceptions of the senior mark in a manner that has the sort of economic consequences that would justify the law intervening to prevent use on the junior goods.

To what extent, then, are these gaps in reasoning filled by evidence of what we know about the way in which consumers are likely to respond in such situations? The orthodox approach to tarnishment in the United States and European Union would carry much more weight if there were strong support in the cognitive science literature for the existence of “negative feedback effects” occurring in the absence of source confusion between branded goods. However, such support tends to be thin.

In an article from the early 1990s, relied on by a number of commentators, Alexander Simonson suggested that transfers are likely to occur because of “stimulus generalization” (that is, a “mechanical-type” reaction among consumers, triggered when a negative stimulus appears in a different context) and “schema theory” (in which a “script” or “schema” generated by the use of a brand will be evoked when the consumer sees the same brand again, or a sufficiently similar variant, even in a different commercial context).<sup>170</sup> Putting aside the problem with the idea that undiluted brands trigger only the positive set of responses desired by the mark owner and can therefore be so easily disrupted by “negative” stimuli (as canvassed in Part III.A), what is missing from this analysis is any sense that trademarks are perceived by consumers in particular commercial and social contexts. The context in which the consumer is likely to re-experience the famous mark significantly complicates the idea that simply seeing or thinking of the famous mark will “mechanically” trigger the negative association. This is not only because the famous mark is likely to be used in the context of goods or services different from those of the junior user, but also because the consumer is likely to re-encounter the famous mark in conjunction with an array of other signs, information, and stimuli that are designed to reaffirm consumers’ prior understandings of the famous mark and suppress

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170. Alexander F. Simonson, *How and When Do Trademarks Dilute: A Behavioral Framework to Judge “Likelihood” of Dilution*, 83 TMR 149, 160-61 (1993).

any competing “meanings” the mark might generate.<sup>171</sup> To put it another way, a consumer seeing the “Tiffany’s” striptease joint might have an immediate response that brings the TIFFANY jewelry business to mind, and form a new mental association between the word “Tiffany’s” and sleaze. But this falls well short of proving that when the consumer next encounters the famous TIFFANY mark in a commercial setting that negative stimuli would even be generated, let alone disrupt any existing associations the consumer might have with the famous mark.

A further problem is that while Simonson posited “stimulus generalization” and “schema theory” as explaining tarnishment in the absence of source confusion, the only published research that was relied on in support related to authorized brand extensions, where the evidence of negative feedback effects was described as being equivocal at best.<sup>172</sup> There is, in fact, a growing body of more recent literature on authorized brand extensions and feedback effects that suggests that consumers are much better than might be expected at cabining negative reactions to problematic brand extensions.<sup>173</sup> For example, it has been argued that although a brand extension that is congruent with the original brand can result in positive feedback effects, where an authorized brand extension is thought by consumers to be incongruent with core brand beliefs, a negative evaluation of the extension will *not* affect evaluation of the core brand.<sup>174</sup> Similarly, it has been suggested that consumers with high self-brand connections maintain favorable evaluations of those brands, despite the subsequent receipt of negative information about them.<sup>175</sup> This is consistent with earlier work that suggests that consumers learn brand associations that later block the learning of new predictive attribute associations,<sup>176</sup> or, as Mark McKenna has succinctly put it, “that well-known brands are quite resistant to change.”<sup>177</sup> If this

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171. This draws on Tushnet’s work on context effects in *Gone in Sixty Milliseconds*, *supra* note 1, at 529-32.

172. Simonson, *supra* note 170, at 166-67.

173. For an overview, see McKenna, *Testing*, *supra* note 146, at 104-05; Tushnet, *Gone in Sixty Milliseconds*, *supra* note 1, at 543-44.

174. Henrik Sjödin & Fredrik Törn, *When Communication Challenges Brand Associations: A Framework for Understanding Consumer Responses to Brand Image Incongruity*, 5 J. Consumer Behav. 32 (2006). See also Joseph W. Chang, *Will a Family Brand Image Be Diluted by an Unfavorable Brand Extension? A Brand Trial-Based Approach*, 29 *Advances in Consumer Res.* 299, 303 (2002) (arguing that dilution is unlikely at least in cases of “high involvement” core brands).

175. Shirley Y.Y. Cheng, Tiffany Barnett White & Lan Nguyen Chaplin, *The Effects of Self-Brand Connections on Responses to Brand Failure: A New Look at the Consumer-Brand Relationship*, 22 J. Consumer Psychol. 280 (2012).

176. Stephen J. Hoch, *Product Experience Is Seductive*, 29 J. Consumer Res. 448 (2002).

177. McKenna, *Testing*, *supra* note 146, at 105. See also *Intel Corp. Inc. v. CPM United Kingdom Ltd.* [2007] EWCA Civ 431, para. 29 (where Lord Justice Jacob stated: “[i]f a trade

holds true for authorized brand extensions, where the consumer knows that the brand owner has responsibility for the (inferior) quality of the junior goods, this must seriously call into question the extent to which “stimulus generalization” or “schema theory” provide any real insight into what is likely to happen where consumers do *not* believe the junior use is authorized.<sup>178</sup> If anything, it suggests that consumers’ attitudes toward TIFFANY jewelry, COCA-COLA beverages, KAPPA sportswear and SPA mineral water will remain unaffected after having been confronted with these marks or variants used in relation to a striptease joint, low grade engine oil, tobacco products, and scouring preparations, respectively.

This final point receives support from Christo Boshoff’s recent empirical work on consumers’ emotional responses to brand tarnishment.<sup>179</sup> Boshoff conducted experiments in which forty consumers, from 25 to 50 years old, were exposed to static, on-screen print advertisements featuring twelve well-known brands and twelve “tarnished” versions of them, with the order in which participants were exposed to the two variations of each brand being randomized.<sup>180</sup> Using electroencephalography (EEG) to measure brain activity and electromyography (EMG) to measure changes in the electrical activity of facial muscles, Boshoff found that, at an aggregate level, the tarnished brands elicited only neutral responses.<sup>181</sup> More interestingly, when the participants were exposed to the tarnished brand first, their EEG responses to the untarnished brand were *more positive* than in cases where they were exposed to the untarnished version first.<sup>182</sup> These results cast doubt on the existence of negative feedback effects and “provide some support for the view that well-known trademarks/brands are practically immune to dilution.”<sup>183</sup>

Even if it is accepted that some negative feedback effects might occur in the absence of source confusion, in that consumers

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mark for particular goods or services is truly inherently and factually distinctive it will be robust enough to withstand a mere passing bringing to mind when it or a similar mark is used for dissimilar goods or services. The average consumer is a reasonably sensible individual. He is used to lots of trade marks in different fields—some of which may resemble trade marks for other fields”).

178. See Tushnet, *Gone in Sixty Milliseconds*, *supra* note 1, at 544.

179. Christo Boshoff, *The Lady Doth Protest Too Much: A Neurophysiological Perspective on Brand Tarnishment*, 25 J. Prod. & Brand Mgmt. 196 (2016).

180. *Id.* at 200-01. The brands were VISA, PANASONIC, SONY ERICSSON, SHELL, LOGITECH, CROPP VILLAGE (a Polish retailer), GAP, GUCCI, WWF, PIZZA HUT, STARBUCKS, and KLEENEX: *id.* The “tarnishment” appeared to involve the use of the brand in a humorous, but not unsavory, context: *id.* at 205.

181. *Id.* at 201-02.

182. *Id.* at 201-03.

183. *Id.* at 204.

might feel less positively about a famous brand after seeing it used on dissonant goods,<sup>184</sup> a further, arguably even more important, question needs to be asked: is this a “harm” that rises to a level that warrants legal intervention? If all that can be said is that a consumer now has to contend with a dissonant association being triggered when he or she is confronted with the famous mark (something which is likely to be suppressed by other cues on re-encountering the famous mark), it is not clear that we are very much further along the path from this being a sort of “imagination cost” imposed on consumers. This is something that has been criticized as being a wholly inadequate explanation of the alleged “harm” of dilution by blurring.<sup>185</sup>

The issue would seem to be whether the generation of that negative feedback effect is likely to rise to a level where it will have some impact on consumers’ *behavior*. The Benelux Court of Justice in *Claeryn/Klarein* held that for there to be damage, there must be an impairment of the “capacity of the mark to stimulate the desire to buy.” The generation of the negative association might go *part* of the way to establishing this, but it does not inexorably follow—and cannot be uncritically assumed—that a consumer’s altered perception of the famous mark will make it any less likely to purchase the goods in question. In other words, we should demand some evidence that any disgust or frustration felt by a consumer encountering a brand in a dissonant context would translate into a course of economic behavior in relation to that brand. It is not at all self-evident that a Claeryn drinker who has to contend with feelings of mild discomfort generated by a mental association with a detergent whenever he or she wishes to drink his or her gin, which he or she presumably enjoys for its quality, would shun the brand on that basis. The idea that a “Spa” mineral water drinker would similarly shun the brand because of the creation of an indelible mental association between the word and potpourri is even less plausible. This line of reasoning also receives support from the brand extension literature. McKenna has drawn attention to research where it has been shown that there is only likely to be a correlation between a consumer’s attitudes and the consumer’s behavior in situations of direct product experience (that is, the purchase of goods, direct testing, sampling, or other forms of evaluation), but not in cases of mere advertising

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184. Cf. Claudiu V. Dimofte & Richard F. Yalch, *The Mere Association Effect and Brand Evaluations*, 21 J. Consumer Psychol. 24 (2011) (arguing that negative associations conveyed by particular words (such as animals, numbers or natural phenomena) can, when a consumer is primed with that word, impact on a consumer’s perception of an unrelated brand, but not considering situations akin to those where a trademark dilution action would potentially be available).

185. See Tushnet, *Gone in Sixty Milliseconds*, *supra* note 1; Austin, *supra* note 1.

exposure.<sup>186</sup> When read in light of studies that show that consumers also often inaccurately predict their future emotional states, by “overestim[ing] the intensity and duration of their emotional reactions to future events,”<sup>187</sup> this raises real questions about the likelihood of a consumer’s changed attitude as a result of an external negative stimulus impacting on his or her future purchasing decisions.<sup>188</sup>

Recognizing that what is sought to be prevented is, ultimately, an economic harm,<sup>189</sup> a much more convincing basis for legal intervention to prevent the likelihood of dilution by tarnishment would therefore require:

evidence of a change in the economic behaviour of the average consumer of the goods or services for which the earlier mark was registered consequent on the use of the later mark, or a serious likelihood that such a change will occur in the future.<sup>190</sup>

This is the current law in the European Union in relation to the dilution by blurring action. There would be nothing stopping the “detriment to repute” ground in the Trade Marks Directive being interpreted in a similar way,<sup>191</sup> or a United States court interpreting the TDRA to find that this is what is required to demonstrate a likelihood of tarnishment.<sup>192</sup> That this evidence, which would need to go beyond speculative claims as to

186. Chang, *supra* note 174, at 299 n.2.

187. Timothy D. Wilson & Daniel T. Gilbert, *Affective Forecasting: Knowing What to Want*, 14 *Current Directions in Psychol. Sci.* 131, 131 (2005).

188. See McKenna, *Testing*, *supra* note 146, at 95-96. See also Boshoff, *supra* note 179, at 204 (arguing his results “do not suggest a strong likelihood of severe economic harm due to negative emotional responses to brand tarnishment among consumers”).

189. See Alexander Dworkowitz, *Ending Dilution Doublespeak: Reviving the Concept of Economic Harm in the Dilution Action*, 20 *Tex. Intell. Prop. L.J.* 25, 60-61 (2011).

190. Case C-252/07, *Intel Corp. Inc. v. CPM United Kingdom Ltd.* [2008] E.C.R. I-8823, para. 77 (E.C.J.), affirmed by the Court of Justice in Case C-383/12 P, *Environmental Mfg. LLP v. Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* (Nov. 14, 2013), para. 37 (“The concept of ‘change in the economic behaviour of the average consumer’ lays down an objective condition. That change cannot be deduced solely from subjective elements such as consumers’ perceptions. The mere fact that consumers note the presence of a new sign similar to an earlier sign is not sufficient of itself to establish the existence of a detriment or a risk of detriment to the distinctive character of the earlier mark . . . in as much as that similarity does not cause any confusion in their minds”).

191. It is accepted that the situation is complicated in the European Union by the presence of the additional “unfair advantage” ground, which has been more generously interpreted by the Court of Justice and which is likely to catch cases of “free-riding” in cases where the (more difficult to prove) change in consumers’ economic behavior cannot be established. See *further infra* Part V.

192. See also McCarthy, *supra* note 136, § 24:115 (“judges should demand persuasive evidence that dilution is likely to occur. Even the probability of dilution should be proven by evidence, not just by theoretical assumptions about what possibly could occur or might happen”).

consequences said to flow from the existence of asserted negative feedback effects generated by the junior use, would likely be extremely difficult for mark owners to provide seems entirely justified, given the highly elusive nature of the harm in question. Indeed, if this meant that the action were only available in cases where consumers would be confused as to the origin of the two sets of goods or services, this would not be a problem. As John Golden has persuasively argued, redundancy in the law has value if this works to contain the operation of a vague, uncertain standard (in this case, dilution by tarnishment) that sits alongside a more stable one (confusion-based trademark infringement), such that the contained standard will produce different outcomes only in the most exceptional cases.<sup>193</sup>

***B. Use for Parody, Critique, or Comment:  
Is There Tarnishment, and  
Are There Adequate Safeguards?***

Moving away from use on dissonant goods, a famous mark could also be used in what might be termed a more “targeted” manner—that is, a junior user might wish to adopt a famous mark to critique, comment on, parody, or in some way refer more directly to the mark or its owner. Here, we might feel more comfortable in saying that such conduct could potentially harm the mark’s reputation, especially if that commentary makes negative claims about the mark: in such instances we would seem to be much closer to situations analogous to those dealt with under the laws of defamation or injurious falsehood.

The fact that the junior user is seeking to engage in some form of critique or commentary on the famous mark raises the issue of the extent to which allowing the mark owner to maintain a tarnishment action impinges unduly on the junior user’s freedom of expression.<sup>194</sup> The usual response to this claim is therefore to point to the variety of safeguards in place in local laws to ensure that free speech concerns are adequately accommodated. The United States provides a strong example in this regard. Current U.S. federal anti-dilution law exempts from liability “[a]ny fair use, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person’s own goods or services” (which

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193. John M. Golden, *Redundancy: When Law Repeats Itself*, 94 Tex. L Rev. 629, 708-09 (2016).

194. This is not to suggest that freedom of expression concerns arise only in relation to this second category of “targeted” use: see, e.g., LaFrance, *supra* note 1. However, the impact of the tarnishment action on freedom of expression is more squarely raised in this sort of case, and worth exploring in the context of an assessment of the internal “safeguards” of the tarnishment action around the world.

specifically includes uses for parody, critique or commentary), as well as all forms of news reporting and commentary, and non-commercial uses.<sup>195</sup> A recent illustration of the operation of this defense is the U.S. Court of Appeals for the Fourth Circuit's decision in *Radiance Foundation, Inc. v. N.A.A.C.P.*<sup>196</sup> In this case, the National Association for the Advancement of Colored People brought an action against an organization that used the phrase "National Association for the Abortion of Colored People" in an online article criticizing the NAACP's stance on abortion. There was no challenge to the District Court's finding that there was a prima facie case of dilution by tarnishment.<sup>197</sup> However, the appellate court overturned the district court, finding that Radiance was able to make out both a fair use defense (given that it was commenting on what it considered to be the NAACP's policy stance on an issue), and a defense of non-commercial use (given that the article was not an advertisement and did not refer to Radiance's services).<sup>198</sup>

A broadly similar position had been reached under the FTDA, which did not contain equivalent defenses. For example, in *Smith v. Wal-Mart Stores, Inc.*,<sup>199</sup> the defendant's sale of T-shirts bearing designs and slogans incorporating the word "Walocaust" was held not to have tarnished the plaintiff's "Wal-Mart" marks on the basis that the defendant was engaged in non-commercial speech. The judge cited the U.S. Court of Appeals for the Ninth Circuit's decision in *Mattel, Inc. v. Walking Mountain Prods.*,<sup>200</sup> a case in which an artist who created a series of photographs of nude Barbie dolls being threatened by household appliances was able to defeat

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195. 15 U.S.C. § 1125(c)(3). It is also that case that for liability to arise at all under § 1125(c)(1), the defendant must have commenced "use of a mark or trade name in commerce." It has been persuasively argued that this language incorporates a requirement that the defendant be using an indication of source, rather than merely using a term in a commercial setting: see Burstein, *supra* note 6, at 1224-27. It has also been suggested that the effect of this requirement is that some cases under pre-FTDA law, such as those involving "Enjoy Cocaine" and the Dallas Cowboy Cheerleaders, would not be actionable under the TRDA: Barton Beebe, *A Defense of the New Federal Trademark Dilution Revision Act*, 16 Fordham Intell. Prop. Media & Ent. L.J. 1143, 1172 (2006). However, it is possible to point to tarnishment cases under the TDRA, such as *Pfizer, Inc. v. Sachs*, 652 F. Supp. 2d 512 (S.D.N.Y. 2009), *Louis Vuitton Malletier, SA v. Hyundai Motor America*, 2012 WL 1022247 (S.D.N.Y. 2012) and *Radiance Foundation, Inc. v. N.A.A.C.P.*, 25 F. Supp. 3d 865 (E.D. Va. 2014), where the requirement that the defendant have "commence[d] use of a mark or trade name in commerce" has been glossed over. Consequently, it appears more likely that a defendant that has used a sign in a prima facie dilutive manner will only be able to escape liability if it can bring itself within one of the defenses in § 1125(c)(3).

196. 786 F.3d 316 (4th Cir. 2015).

197. See *Radiance Foundation, Inc. v. N.A.A.C.P.*, 25 F. Supp. 3d 865, 894-96 (E.D. Va. 2014).

198. *Radiance*, 786 F.3d at 331-32.

199. 537 F. Supp. 2d 1302 (N.D. Ga. 2008).

200. 353 F.3d 792 (9th Cir. 2003).

a tarnishment action, where it was said that “tarnishment caused merely by an editorial or artistic parody which satirizes a product or its image is not actionable because of the free speech protections of the First Amendment.”<sup>201</sup>

Such legislative and judicial recognitions of the importance of free speech and the need to ensure that dilution laws are adequately constrained are clearly important. However, to return to the points made in Parts III and IV.A, it is crucial when thinking about cases of criticism and commentary, especially in cases involving commercial speech, not to downplay the central question of whether there is a likelihood of the harm of tarnishment occurring at all. If all that is being safeguarded by the action is the owner’s “brand identity,” it is relatively easy to assume that critique or parody might mean that the plaintiff’s mark “will suffer negative associations.”<sup>202</sup> But given that the legal test is whether the defendant’s conduct harms the *reputation* of the mark, this would seem to require a much more nuanced analysis of whether such harm is likely to occur. This is especially the case if there is a substantial disparity between the owner’s brand identity and its reputation, properly understood, and where the defendant’s conduct can be seen to be drawing attention to an aspect of the plaintiff’s reputation that it might wish to suppress. For example, in *Walking Mountain*, a plausible case could be made that the artist’s use of the Barbie doll was intended to shed light on the brand’s reputation as the embodiment of “the conventional beauty myth and the societal acceptance of women as objects.”<sup>203</sup> It might well be the case that the junior user wishes to draw attention to some negative conduct of the mark owner that is not especially well known or has been largely forgotten in contemporary discourse but can still be said to form part of its reputation.<sup>204</sup> In cases involving targeted parodies of or critical engagement with what might loosely be described as “pre-tarnished” marks, there must be real doubt about whether the threshold requirement of “harm” to reputation in fact exists,<sup>205</sup>

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201. *Id.* at 812, cited in *Smith*, 537 F. Supp. 2d at 1339. For further discussion of the treatment of non-commercial use under the FTDA, see Lisa P. Ramsey, *Increasing First Amendment Scrutiny of Trademark Law*, 61 S.M.U. L. Rev. 381, 402-03 (2008).

202. This being the language used to describe the harm in *Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497, 507 (2d Cir. 1996).

203. *Mattel*, 353 F.3d at 797 (quoting the artist’s declaration in support of his motion for summary judgment). For recent discussion, see Rebecca Tushnet, *Make Me Walk, Make Me Talk, Do Whatever You Please: Barbie and Exceptions*, in *Intellectual Property at the Edge: The Contested Contours of IP*, 405 (Rochelle Cooper Dreyfuss & Jane C. Ginsburg, eds., 2014). See also Dan Hunter and F. Gregory Lastowka, *Barbie™*, 18 Tul. J. Tech. & Intell. Prop. 133 (2015).

204. See *Lux*, *supra* note 1, at 1066-67.

205. In this regard, it is worth noting that there is already a body of scholarship that queries whether a blurring action ought to be available where the owner has engaged in

which would seem to be a better way of resolving the issue than on the basis of the vexed question of whether the defendant's speech is or is not commercial.<sup>206</sup>

Further, even where the reputation of the famous mark is uncontentious, it cannot be taken for granted that parodies or similar adoptions of or references to well-known marks in "unwholesome" contexts give rise to the harm of tarnishment at all. In recent empirical work undertaken by Christopher Buccafusco, Paul Heald and Wen Bu, two experiments were conducted in which subjects were shown thirty pairs of posters of famous movies and asked which of each pair a theatre should show to maximize its profits, with one movie in each of the last ten pairs designated by the authors to be a "target" movie. Some subjects were exposed to posters of unauthorized parodic pornographic versions of some of the target movies in the first twenty pairs before they were exposed to the posters for the target movies in the final ten pairs. The authors' hypotheses were that subjects exposed to the pornographic posters would have more negative attitudes to the target movies afterwards than those subjects in the control group and that these tarnishment effects would be greater for women and for socially conservative subjects but would be weaker for those who had already seen the target movies (given the already positive associations generated).<sup>207</sup> Their data did not support these predictions: those exposed to the pornographic poster were, in fact, *more* likely to choose the target movie when exposed to it, with no difference between the responses of men and women, and with prior exposure to the famous movie not affecting the outcome.<sup>208</sup> In the second experiment, subjects were, in addition, shown eight pairs of posters of famous movies and asked which of each they would like to see a sequel of, with some subjects being exposed to posters of pornographic versions earlier in the experiment. The data showed no significant difference between those exposed to the pornographic versions and those who were not, with tarnishing effects being evident only among the most socially conservative subjects.<sup>209</sup> This empirical research is consistent with the arguments made in Part IV.A: it calls into question the extent to which associating a brand with sexual content has any impact on consumers' perceptions of, or desire to

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substantial brand diversification: *see generally* Sara Stadler Nelson, *The Wages of Ubiquity in Trademark Law*, 88 Iowa L. Rev 731 (2003). It might be possible to see an "already tarnished" argument developing along similar lines.

206. For recent analysis, *see* Jennifer E. Rothman, *Commercial Speech, Commercial Use, and the Intellectual Property Quagmire*, 101 Va. L. Rev. 1929 (2015).

207. Buccafusco, Heald & Bu, *supra* note 10, at 34.

208. *Id.* at 40-41, 46.

209. *Id.* at 46-49.

acquire goods or services under, the brand and, “put[s] the ball back in the court of tarnishment theorists to produce empirical support for *their* claims.”<sup>210</sup>

Assuming, however, that most courts are likely to continue to protect the mark owner’s “brand identity,” and are not likely to apply a rigorous test in determining whether the harm of tarnishment or detriment to repute exists, this raises the question of whether the safeguards contained in legal systems designed to accommodate free speech interests in commercial contexts are adequate. Despite the success of the defendants in the United States actions outlined earlier in this Part IV.B, it is important not to be too sanguine about the idea that legislative carve-outs or sensitive decision-making by courts applying constitutional scrutiny can do the work of protecting free speech in all cases of “targeted” use of famous marks, particularly given local differences in trademark laws and constitutions.

Looking first at the issue of legislative carve-outs, the key problem is the potential under-inclusivity of defenses. This is a problem even with something as broad as a “fair use” defense. Under U.S. law, the defense contained in the TDRA does not apply where the defendant’s use is as a designation of source. This not only forces decision-makers into the difficult position of having to draw fine distinctions between source-identifying and non-source-identifying uses but also, more importantly, necessarily means that some “targeted” uses will never be able to qualify as fair uses.<sup>211</sup> It is not immediately clear why source-identifying uses ought to be proscribed, when closely similar conduct that might be said to cause the same harm is not. While it could be argued that the U.S. Court of Appeals for the Fourth Circuit found a way around this problem in *Louis Vuitton Malletier SA v. Haute Diggity Dog, LLC*<sup>212</sup> by incorporating the fact that the defendant’s CHEWY VUITON brand was operating as a parody of the plaintiff’s famous mark into the assessment of whether there was dilution by blurring in the first place, it is difficult to see how this could be factored into an assessment of tarnishment. This is particularly so in cases involving more critical parodies or comment than the spoof product in *Haute Diggity Dog*, which are more likely to impact on the famous mark’s reputation.

The problem is more acute in other jurisdictions. No such “fair use” defense applies under European law. Instead, under the anti-dilution provisions in both the original and the 2015 Trade Marks

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210. *Id.* at 53 (emphasis added).

211. A similar problem exists under the Trade Marks Act 1998 (Singapore). Although section 55A(3) specifies a number of defenses that incorporate free speech concerns, these too are limited in their scope in that they do not appear to cover commercial uses for parody or criticism.

212. 507 F.3d 252 (4th Cir. 2007).

Directives, the only real carve-out of any potential relevance is for use in the course of trade that is not “without due cause.” The European Court of Justice has recently considered the application of this proviso in two specific contexts: use of a mark in keyword advertising,<sup>213</sup> and good-faith use antedating registration of the famous mark.<sup>214</sup> From those decisions, it seems that a defendant is not required to show “necessity” or a compelling need to use the mark for it to be with due cause (as was the case under former Benelux law, following *Claeryn/Klarein*<sup>215</sup>), and it has been suggested that national courts in the European Union are now more likely to look to whether the junior user has a legitimate interest in using the mark.<sup>216</sup> It is not yet clear how far this might extend, or the extent to which free speech concerns, such as the interest in using the famous mark to engage in parody or critique, can be accommodated within this proviso. And even this limited possibility might be unavailable in other jurisdictions with anti-dilution laws: for example, in New Zealand, whose anti-dilution provisions are largely modelled on post-Directive United Kingdom laws, the “without due cause” limitation does not even exist.<sup>217</sup>

Looking at the issue of the ability of decision-makers in cases involving critique or parody to prioritize free speech concerns based on constitutional considerations, the case that seems to provide the most support for this idea is *Laugh It Off Promotions CC v. South African Breweries Int’l (Finance) BV*.<sup>218</sup> In that case the Constitutional Court of South Africa found in favor of a seller of T-shirts bearing a variation on the mark owner’s CARLING BLACK LABEL device mark with “Black Label” replaced by “Black Labour,” “Carling Beer” replaced by “White Guilt,” and “America’s lusty lively beer” replaced by “Africa’s lusty lively exploitation since 1652.” The Constitutional Court overturned the lower court’s finding that the defendant’s use was likely to be detrimental to the repute of the plaintiff’s mark under the Trade Marks Act 1993, and that there was no separate justification based on the constitutional guarantee of freedom of expression. Finding this approach to be in error, the Constitutional Court considered the “detriment to repute” provision in the Act needed to be read in light of, and as being compatible with, the constitutional guarantee, and thus set

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213. Case C-323/09, *Interflora Inc. v. Marks & Spencer plc.* [2011] E.C.R. I-8625.

214. Case C-65/12, *Leidseplein Beheer BV v. Red Bull GmbH* [2014] E.T.M.R. 24.

215. *See supra* note 97.

216. Bently & Sherman, *supra* note 106, at 1011.

217. Although, as explained *supra* note 20, infringement requires the defendant’s use to be “as a trade mark,” which does provide a degree of protection for non-commercial speech. In relation to the similar provision under Australian law, *see* Patricia Loughlan, *Protecting Culturally Significant Uses of Trade Marks (Without a First Amendment)*, 2000 *Eur. Intell. Prop. Rev.* 328.

218. 2006 (1) SA 144 (CC).

up a test under which the trademark owner had to show a likelihood of substantial economic detriment to succeed.<sup>219</sup> The mere fact that the defendant's racial slur might have been "unsavory" fell well short of evidence of likely economic harm.<sup>220</sup>

*Laugh It Off* has rightly been lauded as a significant case in reconciling a constitutional guarantee of freedom of expression with property interests.<sup>221</sup> However, the extent to which it might provide a model for other jurisdictions is not clear, especially given that the defendant's speech in that case was commercial. In the United States, Ramsey has argued convincingly that although courts could potentially apply constitutional scrutiny to find anti-dilution law to be an unconstitutional restriction of commercial speech that does not cause consumer confusion, there are significant disadvantages to this approach that are likely to prevent it from occurring in practice.<sup>222</sup> Robert Burrell and Dev Gangjee have shown that in the European Union, despite the existence of Article 10 of the European Convention on Human Rights, courts have shown themselves reluctant to prioritize free speech principles in interpreting the scope of trademark rights, at least outside cases of political or polemical expression.<sup>223</sup> The situation would be different again in a country such as Australia, where the implied constitutional guarantee of freedom of political communication does not operate as a free-standing device that courts can use to guide them in the interpretation of statutes; rather, it operates only as a check on legislative power.<sup>224</sup> As such, if Australia were to adopt U.S.-style anti-dilution legislation, this constitutional guarantee could provide no protection for a junior user of a famous mark in the type of situation that confronted the court in *Laugh It Off*.

This discussion demonstrates that laws aimed at preventing dilution by tarnishment, even when read in light of safeguards designed to protect free speech, are still likely to have an adverse effect on certain types of critique and comment seeking to alter consumers' perceptions of famous marks. As a practical matter, more could be done to improve the scope of these safeguards. However, to focus only on strengthening speech-based limits to the scope of the dilution action has the potential disadvantage of

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219. *Id.* at paras. 48 and 56.

220. *Id.* at para. 55.

221. Laurence R. Helfer & Graeme W. Austin, *Human Rights and Intellectual Property: Mapping the Global Interface* 300 (2011).

222. Ramsey, *supra* note 201, at 450-53.

223. Robert Burrell & Dev Gangjee, *Trade Marks and Freedom of Expression: A Call for Caution*, 41 IIC: Int'l Rev. Intell. Prop. & Competition L. 544, 559-64 (2010).

224. For recent confirmation, see *Unions N.S.W. v. New South Wales* (2013) 252 C.L.R. 530, 554 (High Court of Australia).

drawing attention away from the more fundamental question I have sought to explore in this article: whether the so-called harm of tarnishment ever rises to a level that warrants legal intervention. Indeed, one of the notable outcomes of *Laugh It Off*, which could have been reached in the absence of the constitutional guarantee of freedom of expression, was the setting up of a test for tarnishment that requires plaintiffs to demonstrate a likelihood of substantial *economic* detriment. This chimes with the argument I made in Part IV.A that plaintiffs should be required to adduce cogent evidence of a change in the economic behavior of the average consumer. That plaintiffs may find this nearly impossible in turn raises the question of whether it is appropriate to have laws against dilution by tarnishment at all. Notwithstanding the nature of any test for dilution, or the scope of any defenses or limitations, the mere existence of these laws on the books may well have a substantial chilling effect on commercial and non-commercial expression alike.<sup>225</sup> This is particularly the case in those jurisdictions where cease and desist letters can be sent without the possibility of actions for “unjust threats” being brought in response. It is hard to see how the maintenance of a dilution by tarnishment action is justifiable when the harm of tarnishment, in situations not covered by a traditional trademark infringement action, is so elusive. As Burrell and Gangjee have put it, “perhaps the answer is not to carve out freedom of expression exceptions to dilution actions, but rather to rethink dilution.”<sup>226</sup>

## V. CONCLUDING THOUGHTS: TOWARD MISAPPROPRIATION?

Dilution by tarnishment, to the extent it encompasses conduct that does not result in consumer confusion, is a far more problematic type of action than might first appear. A plausible case can be made that the first “tarnishment” statutes in the United States and Europe did not intend to provide such extensive protection and, as the case law developed, no attempt was made to explain exactly what was being protected, or how damage could be inflicted by use of a mark in the absence of confusion. A study of that case law shows that far from being designed to safeguard “reputation,” properly understood, the action has come to protect a limited form of constructed “brand identity,” entrenching simplistic notions of a brand as repository of owner-generated positive attributes, transmitted to and uncritically absorbed by

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225. For recent consideration, see Regina Schaffer-Goldman, *Cease-and-Desist: Tarnishment's Blunt Sword in Its Battle Against the Unseemly, the Unwholesome, and the Unsavory*, 20 Fordham Intell. Prop. Media & Ent. L.J. 1241 (2010); Irina D. Manta, *Bearing Down on Trademark Bullies*, 22 Fordham Intell. Prop. Media & Ent. L.J. 853 (2012).

226. Burrell & Gangjee, *supra* note 223, at 547.

consumers. Even more of a concern is that the case law provides almost no basis to believe that reputational damage is likely to occur in cases that do not involve source confusion. Judges have assumed the existence of negative feedback effects and, except in rare cases, have failed to demand evidence of the likelihood of the junior use leading to changes in consumers' economic behavior.

When read alongside the substantial body of scholarship criticizing the notion that "blurring" is a cognizable harm,<sup>227</sup> this raises the question of whether *both* limbs of the dilution action, although framed in terms of preventing harmful effects, are really about preventing "unfair" conduct. Is it, in fact, the case that the entire dilution action is ultimately more about enforcing moral standards than regulating economic behavior?<sup>228</sup> There is much to be said for Barton Beebe's recent argument that dilution in the United States is little more than a fig leaf for a "misappropriation" action.<sup>229</sup> Writing in response to Beebe, Graeme Dinwoodie has argued that European trademark law is more overt about its purpose of protecting against misappropriation, in particular by providing a cause of action, separate from dilution by blurring or tarnishment, that enables the trademark owner to seek a remedy against a defendant who is attempting to take "unfair advantage" of the distinctive character or repute of that mark.<sup>230</sup> Rather than seeing this as a normatively hollow concept,<sup>231</sup> Dinwoodie suggests that an action for misappropriation could be a useful supplement to a trademark system geared around regulating economic behavior, but cautions that:

[t]he challenges that arise from injecting fairness into the calculus are: (1) the supposed indeterminacy of fairness-based standards in an economic context; (2) the overbreadth of the concept of misappropriation if truly limitless; and (3) if not limitless, the problems of incommensurability that come from weighing fairness with the economic concerns that heavily structure the trademark regime alongside which sits unfair competition.<sup>232</sup>

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227. See *supra* note 1.

228. See Bartholemew, *supra* note 156, at 138 (but limiting his analysis to tarnishment by use on sex-related goods).

229. Beebe, *Suppressed Misappropriation Origins*, *supra* note 1.

230. Graeme B. Dinwoodie, *Dilution as Unfair Competition: European Echoes*, in *Intellectual Property at the Edge: The Contested Contours of IP*, 81 (Rochelle Cooper Dreyfuss & Jane C. Ginsburg, eds., 2014).

231. Cf. *Moorgate Tobacco Co. Ltd. v. Philip Morris Ltd.* (1984) 156 C.L.R. 414, 445-46 (High Court of Australia) (where Justice Deane dismissed the idea that a tort of unfair competition should be introduced into Australian law, calling it a "cause of action whose main characteristic is the scope it allows, under high-sounding generalizations, for judicial indulgence of idiosyncratic notions of what is fair in the market place").

232. Dinwoodie, *supra* note 230, at 100-01.

These challenges are for the future, and it is worth noting that the European Court of Justice, in considering the “unfair advantage” provision of the original Trade Marks Directive, has shown little interest in explaining when a defendant’s appropriation of a famous mark without due cause is “unfair,” such that might be said to constitute a *misappropriation*.<sup>233</sup> For now, it is enough to note that there are real dangers in maintaining a normatively hollow cause of action based on the harms “blurring” or “tarnishment” of a famous mark, given that it is not at all clear that, in the absence of confusion, a third-party use of such a mark is ever likely to cause such harms at a level that warrants legal intervention.

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233. See Case C-487/07, *L’Oréal SA v. Bellure NV* [2009] E.C.R. I-5185, para. 49 (E.C.J.) (“where a third party attempts, through the use of a sign similar to a mark with a reputation, to ride on the coat-tails of that mark in order to benefit from its power of attraction, its reputation and its prestige, and to exploit, without paying any financial compensation and without being required to make efforts of his own in that regard, the marketing effort expended by the proprietor of that mark in order to create and maintain the image of that mark, the advantage resulting from such use must be considered to be an advantage that has been unfairly taken of the distinctive character or the repute of that mark”), an approach confirmed in Case C-323/09, *Interflora Inc. v. Marks & Spencer plc*. [2011] E.C.R. I-8625, para. 89. For extended criticism, see Gangjee & Burrell, *supra* note 1. Note, however, the more recent attention that has been given to the “without due cause” element of the action as justifying some types of conduct: *supra* notes 213-216 and accompanying text.