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Mark D. Janis

Indiana University Maurer School of Law, mdjanis@indiana.edu

Peter K. Yu

Drake University Law School, peter_yu@msn.com

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International and Comparative Aspects of Trademark Dilution

Mark D. Janis* and Peter K. Yu**

In the United States, trademark antidilution protection is back—maybe.¹ Proposed by Frank Schechter in the 1920s,² adopted in various incarnations in some states over the next few decades,³ and ultimately introduced in a slightly different form in federal trademark law in 1995,⁴ the dilution provisions drew a cool reception in the courts.⁵ By the late 1990s, an increasingly restive judiciary was constraining the federal dilution provisions in various ways, most notably by requiring mark owners to prove actual dilution in order to establish liability, a requirement endorsed by the United States Supreme Court in *Moseley v. V Secret Catalogue, Inc.*⁶ Eventually, in 2006, Congress responded by overhauling the federal dilution provisions—specifying a likelihood of dilution standard, redefining the threshold fame requirement, defining dilution by blurring and dilution by tarnishment, and

* Professor of Law and H. Blair & Joan V. White Chair in Intellectual Property Law, The University of Iowa College of Law.

** Kern Family Chair in Intellectual Property Law and Director, Intellectual Property Law Center, Drake University Law School; Wenlan Scholar Chair Professor, Zhongnan University of Economics and Law; Visiting Professor of Law, Faculty of Law, University of Hong Kong. Professors Janis and Yu thank the editorial board and staff of *Transnational Law and Contemporary Problems* for their hard work on and dedication to this Symposium Issue.

¹ See Graeme B. Dinwoodie & Mark D. Janis, *Dilution's (Still) Uncertain Future*, 105 MICH. L. REV. FIRST IMPRESSIONS 98 (2006) (commenting on the 2006 statutory revisions and predicting that courts will continue to find ways to limit dilution causes of action); cf. Barton Beebe, *A Defense of the New Federal Trademark Antidilution Law*, 16 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 1143, 1171–72 (2006) (arguing that the statutory revisions appropriately constrain the dilution cause of action); Barton Beebe, *The Continuing Debacle of U.S. Antidilution Law: Evidence from the First Year of Trademark Dilution Revision Act Case Law*, 24 SANTA CLARA COMPUTER & HIGH TECH. L.J. 449 (2007) (arguing that courts have continued to treat dilution theories as redundant of infringement theories).

² Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813 (1927).

³ See *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 170 F.3d 449, 454 (4th Cir. 1999) (recounting the history of state antidilution statutes); DAVID S. WELKOWITZ, TRADEMARK DILUTION: FEDERAL, STATE AND INTERNATIONAL LAW 11–21 (2002) (discussing state antidilution statutes); see also Robert G. Bone, *Schechter's Ideas in Historical Context and Dilution's Rocky Road*, 24 SANTA CLARA COMPUTER & HIGH TECH. L.J. 469 (2007) (analyzing dilution's early reception in state law and commenting on the modern implications).

⁴ Lanham Act § 43(c), 15 U.S.C. § 1125(c) (1995) (the Federal Trademark Dilution Act).

⁵ See, e.g., Clarisa Long, *Dilution*, 106 COLUM. L. REV. 1029 (2006) (concluding on the basis of an empirical study that courts were construing the 1995 federal dilution provisions restrictively).

⁶ *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003).

introducing other important changes.⁷ Today, courts are only beginning to confront the challenge of applying the amended provision.⁸

In Schechter's original formulation, dilution bore the imprint of comparative thinking; Schechter famously borrowed from the Germans in crafting his model for dilution.⁹ Yet as dilution evolved—first in state antidilution provisions and then in Section 43(c) of the Lanham Act—and as U.S. courts continued to struggle with fundamental principles of dilution, there was little evidence that courts or commentators were looking beyond U.S. boundaries for enlightenment.¹⁰

If, indeed, dilution is back in the judicial and academic consciousness, it is an appropriate time to consider anew whether U.S. law would be well served by embracing a less isolationist approach to trademark dilution. In this Symposium issue of *Transnational Law and Contemporary Problems*, several leading trademark law scholars from the United States and abroad explore the international and comparative dimensions of trademark dilution with the objective of providing guidance for jurists and commentators who continue to grapple with this difficult concept.

While a number of authors in this Symposium explore ways in which U.S. law might be influenced by the extant jurisprudence of dilution overseas, Dev Gangjee flips this proposition on its head in the first article in this issue, examining the prospects that U.S. dilution law might guide the law of dilution in India.¹¹ Professor Gangjee characterizes dilution in India as exhibiting "polymorphism," in that the statutory dilution cause of action has been largely ignored since its introduction in 1999, while the use of dilution concepts in common law passing-off theories has been commonplace.¹² This is significant because dilution in the context of passing off in India has been treated as requiring a showing of confusion or deception, whereas dilution

⁷ For a summary of the changes, see, for example, GRAEME B. DINWOODIE & MARK D. JANIS, *TRADEMARKS AND UNFAIR COMPETITION: LAW AND POLICY* 594–98 (2d ed. 2007). See generally Symposium, *Trademark Dilution Symposium*, 24 SANTA CLARA COMPUTER & HIGH TECH. L.J. 449 (2007).

⁸ For a prominent example, see *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, L.L.C.*, 507 F.3d 252 (4th Cir. 2007) (concluding that the parodic nature of the defendant's use could be taken into account in analyzing whether defendant's use gave rise to a likelihood of dilution by blurring and finding no likely dilution); see also *Jada Toys, Inc. v. Mattel, Inc.*, 518 F.3d 628, 636 (9th Cir. 2008) (concluding that Mattel's survey evidence had at least raised an issue of fact under the statutory blurring factors as to whether defendant Jada's use of HOT RIGZ for toy vehicles likely diluted Mattel's mark HOT WHEELS for toy vehicles).

⁹ See Schechter, *supra* note 2, at 831–32 (referring to the German "Odol" case, in which the owners of the mark ODOL for mouthwash sought to cancel the registration of ODOL for steel products).

¹⁰ *But see* WELKOWITZ, *supra* note 3, at 433–46 (incorporating international and comparative concepts).

¹¹ See Dev Gangjee, *The Polymorphism of Trademark Dilution in India*, 17 *TRANSNAT'L L. & CONTEMP. PROBS.* 611 (2008).

¹² See *id.* at 612.

under the Indian Trade Marks Act of 1999 does not require such a showing. According to Professor Gangjee, statutory dilution is therefore a potent “weapon” that courts should approach with caution.¹³

As he sees it, one area in which Indian courts should exercise particular care is in the definition of dilution by blurring. Professor Gangjee perceives a growing international consensus that dilution by blurring requires something more than mere mental association between the defendant’s and plaintiff’s respective marks. For example, U.S. law requires a mental association that “impairs the distinctiveness of the famous mark.”¹⁴ Professor Gangjee expresses the hope that a convergence in blurring standards around the world will result in a richer jurisprudence on which Indian courts may draw in elucidating the meaning of dilution under the Indian statute. If Indian courts do borrow from the U.S. statutory definition—particularly the blurring factors enumerated in Section 43(c)(2)(B) of the Lanham Act—one may wonder whether Indian courts will find it frustrating to attempt to distinguish blurring from confusion, a difficulty that has permeated U.S. jurisprudence to date.¹⁵

In the second article, Ilanah Simon Fhima provides a comparative analysis of U.S. and European approaches to the fame threshold requirement for dilution.¹⁶ The fame requirement is a worthy focus for Professor Fhima’s attention. That requirement, as articulated in the 1995 version of the U.S. statute, rested on an amorphous multi-factor test that allowed considerable room for judicial variation, leading critics to assert that the fame requirement was performing no reliable filtering role.¹⁷

Fame under the current version of the U.S. statute may be tighter. As Professor Fhima observes, the Trademark Dilution Revision Act of 2006 appears to have eliminated the concept of niche-market fame in the United States.¹⁸ That concept, however, remains a part of EU trademark law. As Professor Fhima points out, the fame requirement appears to be a somewhat

¹³ *Id.* at 625.

¹⁴ Lanham Act § 43(c)(2)(B), 15 U.S.C. § 1125(c)(2)(B) (2006).

¹⁵ For an illustrative discussion from a decision applying the 1995 federal provisions, see, for example, *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 227 (2d Cir. 1999) (criticizing a judicially-developed factors test for dilution by blurring and advising courts to “feel their way from case to case, setting forth in each those factors that seem to bear on the resolution of that case, and, only eventually to arrive at a consensus of relevant factors on the basis of this accumulated experience”).

¹⁶ See Ilanah Simon Fhima, *The Fame Standard in the United States and European Union Compared*, 17 *TRANSNAT’L L. & CONTEMP. PROBS.* 631 (2008).

¹⁷ See, e.g., Mark R. Becker, Note, *Streamlining the Federal Trademark Dilution Act to Apply to Truly Famous Marks*, 85 *IOWA L. REV.* 1387 (2000).

¹⁸ Courts in the United States have, in fact, construed the statute as discarding niche market fame as a permissible approach to satisfying the fame requirement. See, e.g., *Top Tobacco, L.P. v. N. Atl. Operating Co.*, 509 F.3d 380, 384 (7th Cir. 2007) (concluding that the statutory reference to “the general public” eliminates niche market fame).

unusual example of divergence between the U.S. and EU approaches to dilution.

The fame requirement also figures prominently in Kenneth Port's contribution to this Symposium, *Judging Dilution in the United States and Japan*.¹⁹ According to Professor Port, Japanese law distinguishes between well-recognized (*hiroku ninshikisareteiru*) appellations, as to which confusion must be shown, and famous (*chomei*) appellations, as to which the statute imposes no such requirement. This is of interest to U.S. scholars and lawyers because the 2006 revisions to the U.S. dilution provisions are understood to elevate the required level of fame, yet those provisions use language that the Japanese might regard as relatively relaxed—namely, the requirement that the mark be “widely recognized” by the general public in the United States. Professor Port also sees the strict approach to fame in Japan as an expression of Japanese skepticism about the dilution cause of action. Similar skepticism probably underlies the U.S. fame requirement as embodied in the 2006 provisions.

Professor Port also notes an important distinction between U.S. and Japanese approaches to the definition of (and underlying justification for) dilution. While U.S. commentators have struggled to articulate a model of dilution that captures the essence of dilutive harm while avoiding a grant of property rights in gross to trademark owners, Japanese courts have justified dilution as an anti-free-riding measure.²⁰ The Japanese approach connects to a robust scholarly debate in the United States. Indeed, one U.S. scholar has argued that U.S. dilution law best can be explained as an application of an anti-free-riding impulse,²¹ while others have urged that U.S. intellectual property law resist that impulse.²²

Robert Howell's contribution, which explores dilution and related causes of action in Canadian trademark law, sounds a similar theme: the prospect of misappropriation as an alternative vehicle for conceptualizing actions that arguably involve dilutive harm.²³ As Professor Howell sees it, the Canadian passing-off cause of action, available to be invoked by owners of well-known unregistered marks, has been reconceptualized expansively, along the lines of a misappropriation cause of action. This is especially significant because it is now understood that the passing-off cause of action may be brought in federal

¹⁹ See Kenneth L. Port, *Judging Dilution in the United States and Japan*, 17 TRANSNAT'L L. & CONTEMP. PROBS. 667 (2008).

²⁰ See *id.* at 681.

²¹ See David J. Franklyn, *Debunking Dilution Doctrine: Toward a Coherent Theory of the Anti-Free-Rider Principle in American Trademark Law*, 56 HASTINGS L.J. 117 (2004) (addressing the 1995 version of the dilution provisions).

²² See Mark A. Lemley, *Property, Intellectual Property, and Free Riding*, 83 TEX. L. REV. 1031 (2005).

²³ See Robert G. Howell, *Depreciation of Goodwill: A “Green Light” for Dilution from the Supreme Court*, 17 TRANSNAT'L L. & CONTEMP. PROBS. 689 (2008).

court under the auspices of Section 7(b) of the Canadian Trade-mark Act. Previously, it had been thought that passing-off actions were relegated to the provincial courts.

Professor Howell devotes the bulk of his analysis to Section 22 of the Canadian Federal Trade-marks Act,²⁴ a provision enacted in 1953 but largely ignored in the courts until 2006, when the Supreme Court of Canada, in *Veuve Clicquot Ponsardin v. Boutiques Cliquot, Lteé.*,²⁵ invoked Section 22 as the basis for relief against dilution where a defendant's use "is likely to have the effect of depreciating the value of the goodwill" attached to plaintiff's mark.²⁶ Section 22 is a potentially powerful cause of action for U.S.-based mark owners. Although Section 22 extends only to marks registered in Canada, and the "likely depreciation" must occur in Canada, the goodwill may originate outside Canada.²⁷ Moreover, Professor Howell points out that the Supreme Court of Canada seemed to give the concept of "depreciation" broad reach in *Veuve Clicquot*—broad enough to extend beyond U.S. concepts of dilution by blurring and dilution by tarnishment.

Unlike the previous four contributors, Robert Burrell and Michael Handler explore protection against dilution from a different vantage point.²⁸ Instead of focusing on infringement proceedings, they examine how antidilution protection might be conferred via trademark registration mechanisms. As Professors Burrell and Handler argue, the dilution concept disrupts existing registration schemes in various ways. For example, registration schemes seek to provide public notice by requiring registrants to specify the goods or services with which the mark is used, but antidilution protection disrupts that notice function by extending protection against the unauthorized use of the mark on dissimilar goods. Building on these observations, Professors Burrell and Handler examine whether a *defensive* registration system might better accommodate antidilution protection, or at least might help us better understand the shortcomings of existing antidilution laws as situated in existing registration schemes.

By revisiting past objections to the defensive registration system, Professors Burrell and Handler cast doubt on "whether dilution is a form of harm that should be actionable within the registered trade mark system at all."²⁹ As they contend, the inherent uncertainty over the concepts of dilution by blurring and dilution by tarnishment presents great difficulty for mark

²⁴ Trade-Marks Act, S.C., ch. 49, § 22 (1953) amended by Trade-marks Act, 1985 R.S.C., ch. T 13 (Can.).

²⁵ *Veuve Clicquot Ponsardin v. Boutiques Cliquot, Lteé.*, [2006] 1 S.C.R. 824 (Can.).

²⁶ Trade-Marks Act, § 22(1).

²⁷ *Id.*

²⁸ See Robert Burrell & Michael Handler, *Dilution and Trade Mark Registration*, 17 *TRANSNAT'L L. & CONTEMP. PROBS.* 713 (2008).

²⁹ *Id.* at 715.

owners to spell out in advance the dilutive harm against which they want to protect. Likewise, trademark registries are ill-equipped to determine whether the use of marks on dissimilar goods or services will result in dilution, as such a determination often requires a comprehensive assessment of marketplace conditions, rather than an abstract comparison of marks.

In the final contribution to this Symposium, Xuan-Thao Nguyen reminds us of “the *other* famous marks doctrine,” which provides recognition to famous foreign marks that have not been used or have been abandoned in the United States.³⁰ International treaties, such as the Paris Convention for the Protection of Industrial Property and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs), generally mandate protection of well-known marks.³¹ However, due to the territoriality of trademark rights and the non-self-executing nature of international treaties, foreign well-known marks are not protected automatically on U.S. soil.³²

Nevertheless, increased globalization, the revolution in electronic commerce, and the contemporary obsession with image have forced courts to reexamine how they handle famous foreign marks. In her article, Professor Nguyen focuses on the recent split between the Second and Ninth Circuits over how famous foreign marks are to be protected in the United States. While the Second Circuit took an absolute view of the territoriality principle and declined to create a famous mark exception,³³ the Ninth Circuit—perhaps influenced by the considerable Mexican immigrant population in California—took the opposite view and updated the territoriality principle to promote sound public policy.³⁴ Professor Nguyen highlights not only the divergent views on fame, use, and territoriality taken by the U.S. courts, but also the evolving nature of trademark and antidilution laws in the rapidly-changing global marketplace.

As this marketplace develops, social conditions, cultural dynamics, commercial practices, marketing techniques, and consumer behaviors will continue to evolve. Such developments, in turn, will spark new legislative and judicial responses and international harmonization efforts. Although this Symposium serves only as a starting point of inquiry on these many changes and responses in the area of trademark dilution, it underscores the

³⁰ See Xuan-Thao Nguyen, *Fame, Use and Territoriality*, 17 TRANSNAT'L L. & CONTEMP. PROBS. 757 (2008).

³¹ See, e.g., Paris Convention for the Protection of Industrial Property art. 6*bis*, Mar. 20, 1883, revised at Stockholm July 14, 1967, 21 U.S.T. 1583, 828 U.N.T.S. 305 (mandating protection for well-known marks); Agreement on Trade-Related Aspects of Intellectual Property Rights art. 16, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, Legal Instruments—Results of the Uruguay Round, 33 I.L.M. 1197 (1994) (mandating protection for well-known marks).

³² Nguyen, *supra* note 30, at 758.

³³ See *ITC, Ltd. v. Punchgini, Inc.*, 482 F.3d 135 (2d. Cir. 2007).

³⁴ See *Grupo Gigante S.A. de C.V. v. Dallo & Co.*, 391 F.3d 1088 (9th Cir. 2004).

importance of international and comparative insights. We hope you will enjoy the ensuing articles.

