

**DOES DILUTION “DILUTE”  
THE FIRST AMENDMENT?:  
TRADEMARK DILUTION AND THE RIGHT TO  
FREE SPEECH AFTER TAM AND BRUNETTI**

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**ABSTRACT**

*Trademark dilution, a legal theory allowing owners of famous trademarks to prevent others from weakening their marks’ source-identifying power despite lack of consumer confusion, is controversial because it reveals the tension between trademark law and free speech. It has long been argued that laws against dilution violate the First Amendment by giving trademark owners an intellectual interest that exceeds a trademark’s source-identifying function. As trademarks are governed by both federal and state laws, dilution laws exist at both the state and federal levels. One type of dilution occurs when any similar trademark is likely to decrease, by milliseconds, the processing speed with which consumers associate the famous trademark with its source. The other type of dilution occurs when any similar trademark “tarnishes” a famous trademark, usually by leading consumers to, at least momentarily, associate a famous mark with a vice or sexual reference. These concepts are extremely abstract, difficult to define or measure, and unduly favorable to famous*

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*brands; however, the First Amendment requires that regulations on commercial speech justify a government interest that is substantial, in a way that does not broadly suppress speech. Although relatively recent federal dilution statutes have added First Amendment exemptions to try to protect free speech, these exemptions are too discretionary and loosely defined to ensure that free speech is consistently upheld. For these reasons, scholars have long posited that dilution laws are contrary to the First Amendment.*

*While the anti-dilution argument is not new, recent cases reveal a shift in judicial attitudes towards trademark law's relationship to the First Amendment, making courts now more amenable to overturning dilution law. In the past, courts more or less assumed that dilution laws were constitutional—as no trademark statute had been deemed unconstitutional since the 1800's—and then developed various means to justify that end. In 2017, that changed when the United States Supreme Court in *Matal v. Tam* struck down a federal statute that had prohibited federal trademark registration for “disparaging” trademarks. The Court decided that this content-based registration bar violated the First Amendment's free speech clause. Shortly thereafter the Federal Circuit used the same reasoning to invalidate a second registration bar against “immoral” trademarks. Although only registration was denied (and any banned trademarks could still be used freely in commerce), the courts still held that blanket restrictions on certain types of trademarks did not serve a substantial government interest and were too unlimited in scope to be justifiable. These problems are even more pronounced in the context of trademark dilution, which bars not only registration but also use in commerce for trademarks that are found to dilute famous marks. Although the disparagement and immorality clauses are not perfectly analogous to trademark dilution, they signal that courts are at least willing to consider the possibility that certain trademark statutes are not*

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*compatible with the First Amendment. Considering the serious First Amendment problems that dilution laws cause, these controversial laws may no longer pass muster.*

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## I. INTRODUCTION

In 2017, the United States Supreme Court—for the first time since 1879—invalidated a federal trademark statute on constitutional grounds.<sup>2</sup> Decided June 19, 2017, *Matal v. Tam* held that the Lanham Act’s disparagement clause was unenforceable because it infringed upon the First

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<sup>2</sup> Theodore Davis Jr. & Samuel Kilb, *Supreme Court Holds a Portion of Section 2(a) of the Lanham Act Unconstitutional*, JD SUPRA (June 21, 2017), <https://www.jdsupra.com/legalnews/supreme-court-holds-a-portion-of-38844/> [https://perma.cc/9GLK-AG36]. The first constitutional invalidation was part of the famous Trademark Cases (1879), where the Supreme Court held that the Intellectual Property Clause of the Constitution (art. 1, § 8, cl. 8) did not give Congress the authority to regulate trademarks (i.e. the Intellectual Property Clause only covers patents and copyrights). Instead, the Court found potential regulatory authority within the Commerce Clause, which grants Congress the power to regulate interstate commerce. See *In re Trade-mark Cases*, 100 U.S. 82 (1879).

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Amendment right to free speech.<sup>3</sup> The disparagement clause, codified as Lanham Act § 2(a) since 1905, provided that the federal government (i.e. the United States Patent and Trademark Office or the Trademark Trial and Appeal Board) could deny registration for otherwise-eligible trademarks that disparage people, institutions, beliefs, or national symbols.<sup>4</sup> Disparaging trademarks denied federal registration prior to *Tam* included “Redskins” as the name of a football team, “Heeb” in connection with clothing, and “Stop the Islamisation of America” in connection with an anti-terrorist organization.<sup>5</sup> *Tam*, however, eliminated the longstanding grounds for refusal in holding that the disparagement restriction on federal trademark registration was unconstitutional viewpoint-based discrimination.<sup>6</sup> A few months later, in *In re Brunetti*, the Federal Circuit relied on *Tam* to invalidate § 2(a)’s immorality clause, which similarly barred registration for marks deemed “immoral” or “scandalous.”<sup>7</sup> These cases show courts are starting to

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<sup>3</sup> *Matal v. Tam*, 137 S. Ct. 1744, 1765 (2017). This case arose when the PTO refused to register “The Slants” as a trademark for an Asian-American rock band desiring to reclaim “slants,” a historically pejorative slur against Asians. *In re Tam*, 808 F.3d 1321, 1331 (Fed. Cir. 2015).

<sup>4</sup> Lanham Act, 15 U.S.C. § 1052(a) (2005); Davis & Kilb, *supra* note 2.

<sup>5</sup> *In re Geller*, 751 F.3d 1355, 1361 (Fed. Cir. 2014) (holding that the slogan “Stop the Islamisation of America” was unregistrable on account of disparaging Muslims); *Pro-Football, Inc. v. Blackhorse*, 112 F. Supp. 3d 439, 487 (E.D. Va. 2015) (holding that “Redskins” was unregistrable because the term is offensive to Native Americans); *In re Heeb Media*, 89 U.S.P.Q.2d 1071 (T.T.A.B. 2008) (holding that “Heeb” was unregistrable because the term denigrates Jews).

<sup>6</sup> *Tam*, 137 S. Ct. at 1749.

<sup>7</sup> This category encompasses profane and vulgar speech — particularly expletives — which does not necessarily require that the speech defame a specific targeted group as with disparaging marks. *See In re Brunetti*, 877 F.3d 1330, 1340 (Fed. Cir. 2017). The U.S. Supreme Court granted review and heard oral arguments in April 2019. The Supreme Court could either affirm or reverse the Federal Circuit’s ruling. *See Jacqueline Lesser, Protected or Unprotected: The Supreme Court Hears Iancu v.*

analyze trademark statutes more critically and, if First Amendment standards are not met, invalidate long-existing statutes that were never before questioned.<sup>8</sup>

Legal commentators have suggested that the abrogation of the disparagement and immorality clauses could lead to the downfall of other trademark law provisions.<sup>9</sup> Of particular interest is trademark dilution, which bans commercial trademark uses that cause non-confusing interference with a famous trademark.<sup>10</sup> The Lanham Act includes a federal cause of action for dilution,

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*Brunetti*, JD SUPRA (Mar. 19, 2019), <https://www.jdsupra.com/legalnews/protected-or-unprotected-the-supreme-85267/> [<https://perma.cc/8GPT-E28K>].

<sup>8</sup> See Mary LaFrance, *No Reason to Live: Dilution Laws as Unconstitutional Restrictions on Commercial Speech*, 58 S.C. L. REV. 709, 714 (2007) (“It is well settled that the enforcement of trademark laws, like that of defamation, privacy, and right of publicity laws, involves sufficient state action to implicate the First Amendment.”).

<sup>9</sup> See, e.g., Theodore Davis & Samuel Kilb, *What Will Impact Be Of Supreme Court’s Tam Decision?*, LAW JOURNAL NEWSLETTERS (Aug. 2017),

<http://www.lawjournalnewsletters.com/sites/lawjournalnewsletters/2017/08/01/what-will-impact-be-of-supreme-courts-tam-decision/>

[<https://perma.cc/56AJ-XU45>]; Ned Snow, *Symposium: The First Amendment Silences Trademark*, SCOTUSBLOG (June 20, 2017, 12:43 PM),

<http://www.scotusblog.com/2017/06/symposium-first-amendment-silences-trademark/> [<https://perma.cc/3V78-CPQK>]. Cf. Lisa P. Ramsey, *Symposium: Increasing First Amendment Scrutiny of Trademark Law After Matal v. Tam*, SCOTUSBLOG (June 20, 2017), <http://www.scotusblog.com/2017/06/symposium-increasing-first-amendment-scrutiny-trademark-law-matal-v-tam/>

[<https://perma.cc/GSX6-NADQ>] (speculating that the First Amendment could go as far as precluding exclusive trademark rights in “inherently valuable descriptive words,” even where the use has acquired secondary meaning).

<sup>10</sup> See Rebecca Tushnet, *Gone in Sixty Milliseconds: Trademark Law and Cognitive Science*, 86 TEX. L. REV. 507, 507 (2008). For the current federal dilution statute, see Lanham Act § 43(c), 15 U.S.C. § 1125(c) (2006).

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and many states also have dilution laws.<sup>11</sup> Even before *Tam* and *Brunetti*, scholars have posited that dilution laws may be unnecessary at best and unconstitutional at worst.<sup>12</sup> Now that First Amendment free speech principles have nullified the § 2(a) registration bars, dilution laws should be reexamined by weighing their legal necessity against their speech-suppressing effects.<sup>13</sup>

This Note argues firstly that because the free-speech harms of dilution laws outweigh the purported benefits, dilution laws fundamentally violate the First Amendment. Secondly, in the aftermath of *Tam* and *Brunetti*, courts are more willing to critically evaluate trademark law's constitutionality and are thus likely to recognize that dilution law does not comport with free-speech principles. Part I overviews the evolution of dilution law and its statutory elements. Part II evaluates dilution law under the First Amendment test for commercial speech, concluding that dilution laws fail intermediate scrutiny. Part III explains why the current First Amendment protections included in the Lanham Act, and a few state statutes, are insufficient to

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<sup>11</sup> See *infra* Part I (summarizing the evolution of dilution law at first the state and then the federal level).

<sup>12</sup> One scholar refers to a "cottage-industry" of academics criticizing dilution law, continuing to the present day. Kenneth L. Port, *The Commodification of Trademarks: Some Final Thoughts on Trademark Dilution*, 46 HOFSTRA L. REV. 669, 677 (2017). See, e.g., Brian A. Jacobs, *Trademark Dilution on the Constitutional Edge*, 104 COLUM. L. REV. 161, 162 (2000); Tushnet, *supra* note 10, at 510; David S. Welkowitz, *Reexamining Trademark Dilution*, 44 VAND. L. REV. 531, 533 (1991).

<sup>13</sup> See Lisa P. Ramsey, *The First Amendment Protects Offensive Trademarks*, REGULATORY REV. (July 25, 2017), <https://www.theregreview.org/2017/07/25/ramsey-first-amendment-protects-offensive-trademarks> [https://perma.cc/E7C6-9EP5]; Rebecca Tushnet, *Section 2 Refusals Are Subject to Reed Strict Scrutiny*, Fed. Cir. Rules, REBECCA TUSHNET'S 43(B)LOG (Dec. 20, 2017), <http://tushnet.blogspot.com/2017/12/section-2-refusals-are-subject-to-reed.html> [https://perma.cc/XL5Y-CW6D].

alleviate First Amendment problems. Part IV expounds on judicial challenges to dilution law prior to 2017 and then explains why *Tam* and *Brunetti* signal a shift in judicial attitudes towards free speech in the trademark law context. This Note concludes that, compared to the mere registration bars invalidated in *Tam* and *Brunetti*, a total bar on non-confusing—yet supposedly “diluting”—uses of trademarks in commerce constitutes a greater infringement on free speech and is thus unconstitutional.

## II. EVOLUTION OF DILUTION LAW

Trademark dilution is traditionally seen as harm to the uniqueness of a famous trademark.<sup>14</sup> Although he did not call the doctrine “dilution,” Frank Schechter famously laid the foundation for trademark dilution laws in his 1927 Harvard Law Review article proposing protection against “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>15</sup> At its core, dilution law grants a special protection to well-known trademarks by enjoining all variations and evocations of the mark—even those that do not constitute trademark infringement, which requires unauthorized use of another’s trademark is likely to

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<sup>14</sup> See J. Thomas McCarthy, *Proving a Trademark Has Been Diluted: Theories or Facts?*, 41 HOUS. L. REV. 713, 727 (2004) (“There is potential harm to both consumers and mark owners if a once-unique designation loses its uniqueness . . . [as it is] harder for consumers to link that designation with a single source—the hallmark of a strong trademark.”). Plaintiffs alleging dilution will typically use expert testimony and/or survey evidence to prove likely or actual dilution. *Id.* at 742–45.

<sup>15</sup> Frank Schechter, *Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 825 (1927) (discussing “the possibility that the use of trademarks on entirely non-related goods may of itself concretely injure the owner of the mark”).

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create consumer confusion between brands.<sup>16</sup> A recent example, explained *infra*, was when Louis Vuitton successfully sued Hyundai for dilution on account of Hyundai's Super Bowl commercial featuring Louis Vuitton's trademarks.<sup>17</sup>

Starting in 1947 with Massachusetts,<sup>18</sup> individual states began adopting trademark dilution laws; these state laws varied in terms of whether they applied to "distinctive," as opposed to "famous," marks and whether success required proof of a "likelihood" of dilution, or actual dilution.<sup>19</sup> Twenty-eight states had dilution laws by the time Congress enacted a federal dilution statute in 1995.<sup>20</sup> The Federal Trademark Dilution Act (FTDA) created Lanham Act § 43(c), which granted injunctive relief to owners of *famous marks* when another person causes "dilution of the distinctive quality of the mark."<sup>21</sup> The original § 43(c) defined "dilution" as "the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of (1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake, or deception."<sup>22</sup> After

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<sup>16</sup> Jacobs, *supra* note 12, at 168.

<sup>17</sup> Louis Vuitton Malletier, S.A. v. Hyundai Motor Am., No. 10 Civ. 1611(PKC), 2012 WL 1022247, at \*1, \*5 (S.D.N.Y. Mar. 22, 2012). *See also infra* Part III.B.1.

<sup>18</sup> Jerre B. Swann, *The Evolution of Dilution in the United States from 1927 to 2013*, 103 TRADEMARK REP. 721, 740 (2013).

<sup>19</sup> MICHAEL M. LAFEVER & KRISTIN L.C. HAUGEN, THE DILUTION DILEMMA – LITIGATING DILUTION CLAIMS AND THE TRADEMARK DILUTION REVISED ACT OF 2005 (Am. Bar Ass'n 2005).

<sup>20</sup> Swann, *supra* note 18, at 740. An earlier attempt in 1988 to pass a federal dilution statute was unsuccessful. *See Welkowitz, supra* note 12, at 537.

<sup>21</sup> Along with injunctive relief, damages may also be available in cases where the defendant "willfully" caused dilution. Federal Trademark Dilution Act, Pub. L. No. 104-98, 109 Stat. 985 (1995).

<sup>22</sup> *Id.*

the FTDA's passage, a circuit split emerged as courts attempted to determine whether § 43(c) required plaintiffs to prove actual dilution or a likelihood of dilution.<sup>23</sup> Eventually the Supreme Court in 2003 decided in *Moseley v. V Secret Catalogue, Inc.* that the FTDA required a showing of actual dilution.<sup>24</sup> This decision implied the justices' belief that the higher standard of actual dilution is required for dilution to be constitutional as a cause of action.<sup>25</sup>

Unhappy with the new actual dilution standard, Congress passed the Trademark Dilution Revised Act (TDRA) in 2005.<sup>26</sup> The TDRA amended § 43(c) to specify that the mere likelihood of dilution is sufficient to warrant relief, and this is the federal standard that applies today.<sup>27</sup> The current statute clarifies that region-specific fame is insufficient to qualify a trademark as a "famous mark"—the mark must be "widely recognized by the general consuming public of the United States as a designation of source."<sup>28</sup> Additionally, injunctive relief may be granted "regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury."<sup>29</sup>

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<sup>23</sup> See *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 170 F.3d 449, 461 (4th Cir. 1999) (endorsing an actual dilution standard). *But see V Secret Catalogue, Inc. v. Moseley*, 259 F.3d 464, 476 (6th Cir. 2001) (both circuits endorsing a likelihood of dilution standard); *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 224 (2d Cir. 1999).

<sup>24</sup> *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 433 (2003).

<sup>25</sup> The First Amendment was nowhere mentioned in the proceedings at the district court, circuit court, or Supreme Court levels. See *Moseley*, 537 U.S. at 433; *V Secret Catalogue, Inc.*, 259 F.3d 464; *V Secret Catalogue Inc. v. Moseley*, No. 3:98CV-395-S, 2000 WL 370525 (W.D. Ky. Feb. 9, 2000).

<sup>26</sup> LAFEBER & HAUGEN, *supra* note 19.

<sup>27</sup> Trademark Dilution Revised Act, Pub. L. No. 109-312, 120 Stat. 730 (2005); LAFEBER & HAUGEN, *supra* note 19.

<sup>28</sup> Lanham Act § 43, 15 U.S.C. § 1125(c)(2)(A) (emphasis added); LAFEBER & HAUGEN, *supra* note 19.

<sup>29</sup> Lanham Act § 43, 15 U.S.C. § 1125(c)(1) (2005).

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As currently amended, § 43(c) also delineates two actionable types of dilution: (1) dilution by blurring; and (2) dilution by tarnishment. *Dilution by blurring* is an “association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark.”<sup>30</sup> The statute provides six factors used to determine the existence of dilution by blurring: (1) the degree of similarity between the two marks; (2) the famous mark’s degree of inherent or acquired distinctiveness; (3) the extent to which famous mark owner is exclusively using the mark; (4) the degree of recognition of the famous mark; (5) whether the owner of the diluting mark intended to create an association with the famous mark; and (6) any actual association between the two marks.<sup>31</sup> Two marks need not be “substantially similar” for a famous mark owner to prevail under a theory of dilution by blurring.<sup>32</sup> *Dilution by tarnishment* is an association that “harms the reputation of the famous mark.”<sup>33</sup> Famously, the Sixth Circuit held in *V Secret Catalogue, Inc. v. Moseley* that “Victor’s Little Secret,” a small Kentucky store selling adult videos and sex toys, tarnished the “Victoria’s Secret” famous mark under the revised Lanham Act.<sup>34</sup>

Importantly, the current § 43(c) leaves intact the original statute’s three exclusions from liability for trademark dilution. First, § 43(c) exempts “fair use,”

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<sup>30</sup> *Id.* at. § 1125(c)(2)(B) (2005).

<sup>31</sup> *Id.*

<sup>32</sup> *Nat’l Pork Bd. v. Supreme Lobster & Seafood Co.*, 96 U.S.P.Q. 2d (BNA) 1479 (T.T.A.B. 2010).

<sup>33</sup> Lanham Act § 43, 15 U.S.C. § 1125(c)(2)(C) (2005).

<sup>34</sup> *V Secret Catalogue, Inc. v. Moseley*, 605 F.3d 382, 388 (6th Cir. 2010). See also Jeffrey Pietsch, *Trademark Dilution and Sex: Victor’s Secrets v. Victoria’s Secrets*, IP LAW BLOG (June 18, 2010), <https://www.theiplawblog.com/2010/06/articles/trademark-law/trademark-dilution-and-sex-victors-secrets-v-victorias-secrets/> [https://perma.cc/GN5U-E2NM]. For a more detailed history of the Victoria’s Secret case, see *infra* Part IV.

meaning any use of a trademark that does not function as a source identifier. The statute specifies that examples of fair use include (1) advertisements comparing competing products or services, and (2) parody, commentary, or criticism of the trademark owner or his products or services. Second, the statute exempts all forms of news reporting and commentary. Third, the statute wholly exempts uses of trademarks for non-commercial purposes.<sup>35</sup>

### III. DILUTION LAWS FAIL INTERMEDIATE SCRUTINY AND ARE THUS AN UNCONSTITUTIONAL RESTRAINT ON FREE SPEECH

As *Tam* and *Brunetti* acknowledge, trademarks have an expressive function subject to First Amendment protection.<sup>36</sup> In *Tam*, the court declined to decide whether the disparagement clause targeted commercial or non-commercial speech, as the registration bar failed the test for either type of speech.<sup>37</sup> In *Brunetti*, however, the court decided that the § 2(a) registration bar on immoral trademarks was a non-commercial speech restriction, based on the content of a trademark and not its commercial function.<sup>38</sup> Because courts generally apply strict scrutiny to regulations on non-commercial speech, the *Brunetti* court stated that strict scrutiny was the most appropriate standard to determine whether the immorality clause violated First Amendment free speech.<sup>39</sup> Notwithstanding, the court also

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<sup>35</sup> Lanham Act § 43, 15 U.S.C. §1125(c)(3)(A)–(C) (2005). For more discussion about the Lanham Act exemptions, see *infra* Part III.

<sup>36</sup> See *Tam*, 137 S. Ct. at 1760; *In re Brunetti*, 877 F.3d at 1340.

<sup>37</sup> *Tam*, 137 S. Ct. at 1763.

<sup>38</sup> *In re Brunetti*, 877 F.3d at 1348–49.

<sup>39</sup> *Id.* at 1342. A law passes strict scrutiny if it “furthers a compelling [government] interest and is narrowly tailored to achieve that interest.” *Id.* at 1342 (quoting *Reed v. Town of Gilbert*, 135 S. Ct. 2218, 2231 (2015)). The Supreme Court has held that strict scrutiny applies to non-

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analyzed the immorality clause under the commercial speech intermediate scrutiny test (known as the *Central Hudson* test), finding that the immorality clause failed intermediate scrutiny as well.<sup>40</sup>

Unlike the disparagement and immorality clauses, which banned registrations solely based on the meaning of speech apart from its commercial significance, dilution laws should be analyzed under intermediate scrutiny because these laws regulate commercial speech. *Brunetti* correctly concluded that the immorality clause targeted trademarks' expressive, non-commercial aspects,<sup>41</sup> for denial of registration does not prevent use in commerce and the standard used to define immorality was whether members of the public would view the mark's meaning as offensive.<sup>42</sup> By contrast, the purpose of dilution law is to protect the *commercial* strength of all famous marks, regardless of the message, and the statute achieves this goal by preventing uses of trademarks in *commerce*.<sup>43</sup> As they are more closely

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commercial speech regulations that prohibit speech based on its content. See *Republican Party of Minnesota v. White*, 536 U.S. 765, 774 (2002).

<sup>40</sup> *In re Brunetti*, 877 F.3d at 1355; see also *Cent. Hudson Gas & Elec. Corp. v. Pub. Serv. Comm'n of N.Y.*, 447 U.S. 557 (1980) (outlining the intermediate scrutiny test to determine whether laws regulating commercial speech comport with the First Amendment).

<sup>41</sup> *In re Brunetti*, 877 F.3d at 1348–49. *Contra* Alexandra Martinez, *The Act of Registering a Trademark: Commercial Speech, Non-Commercial Speech, or a Combination of Both?* 3 (unpublished manuscript) (on file with the INTA) (arguing that the act of trademark registration is commercial speech).

<sup>42</sup> *Tam*, 137 S. Ct. at 1752 (“Without federal registration, a valid trademark may still be used in commerce.”); *In re Mavety Media Grp.*, 33 F.3d 1367, 1371 (Fed. Cir. 1994) (stating a trademark is immoral if a “substantial composite of the general public” would find the mark “shocking to the sense of truth, decency, or propriety . . . [or] giving offense to the conscience or moral feelings” when viewed in the context of the relevant goods).

<sup>43</sup> See Jerre B. Swann, *Dilution Redefined for the Year 2002*, 92 TRADEMARK REP. 585, 596 (2002).

tioned to the commercial aspect of trademarks, dilution laws are best classified as a restriction on commercial speech.<sup>44</sup> Therefore, this Note will evaluate these laws under the *Central Hudson* intermediate scrutiny test that applies to commercial speech laws.

*Central Hudson* outlined a four-part test to determine whether government regulation of commercial speech violates the free speech clause of the First Amendment.<sup>45</sup> This test is often referred to as “intermediate scrutiny” because it grants greater government freedom than the strict scrutiny standard that applies generally to content-based restrictions on non-commercial speech.<sup>46</sup> Under the *Central Hudson* test, a commercial speech regulation comports with the First Amendment if it meets all of the following criteria: (1) the regulated speech must concern lawful activity and be non-misleading; (2) there must be a substantial government interest supporting the regulation; (3) the regulation must directly advance the stated government interest; and (4) the regulation must be “narrowly tailored” to achieving the government interest.<sup>47</sup>

These laws pass the first element, as trademarks subject to dilution statutes presumably concern lawful activity,<sup>48</sup> and the speech being regulated is non-misleading

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<sup>44</sup> For concurrence that dilution laws are restrictions on commercial speech, see LaFrance, *supra* note 8, at 711; Sandra L. Rierson, *The Myth and Reality of Dilution*, 11 DUKE L. & TECH. REV. 212, 294–95 (2012).

<sup>45</sup> *Cent. Hudson Gas*, 447 U.S. at 566.

<sup>46</sup> See Neel Sukhatme, *Making Sense of Commercial Speech: A Theoretical Framework and a Case Study in Food and Drug Law* (unpublished manuscript) (on file with Harvard Law School).

<sup>47</sup> *Bd. of Trustees v. Fox*, 492 U.S. 469, 469–70, 475 (1989) (discussing a slight modification of the fourth prong of the *Central Hudson* test from requiring the “least restrictive means” to requiring a “reasonable fit” between the law’s objectives and the means used to achieve those objectives).

<sup>48</sup> Under federal law, Lanham Act § 43(c)(1) provides for an injunction against a defendant who uses a trademark or trade name “in commerce.” The PTO has determined that “use in commerce” in the context of

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because these statutes specifically target non-confusing trademark uses.<sup>49</sup> The second element is also, arguably, met. Dilution law, in theory, serves the same purpose as infringement law: to prevent other people from “free riding” on the goodwill earned by famous brands, ensuring famous marks remain effective as source-identifiers.<sup>50</sup> Protecting powerful companies could theoretically be a substantial government interest for the purposes of the *Central Hudson* test, as a substantial interest need not necessarily pertain to the entire populace.<sup>51</sup> Further, very rarely have courts in the past invalidated a commercial-speech regulation on the basis that there was no conceivable government interest.<sup>52</sup> Although some scholars contend that dilution laws have no substantial government interest,<sup>53</sup> this contention reflects the

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Lanham Act §1(a) federal trademark registration requires lawful use in commerce, known as the “lawful use rule.” See Christopher R. McElwain, *High Stakes: Marijuana Brands and the USPTO’s “[Lawful] Use” Registration Criterion* (2016) (unpublished manuscript) (on file with INTA). If § 43(c) is read consistently with § 1(a), then this would expressly place lawful uses in commerce within the scope of § 43(c).

<sup>49</sup> LaFrance, *supra* note 8, at 716; Rierson, *supra* note 44, at 295.

<sup>50</sup> Swann, *supra* note 43, at 624. *Contra* David E. Adelman & Graeme W. Austin, *Trademarks and Private Environmental Governance*, 93 NOTRE DAME L. REV. 709, 746 (2017) (“[E]xpanded trademark protection enables firms to capture the resulting surplus by increasing the prices for their goods, while competing firms are subject to higher transaction costs associated with avoiding existing trademarks. Either way, the public loses.”).

<sup>51</sup> Tushnet, *supra* note 10, at 555 n.225 (“Almost anything can be a ‘substantial interest’ . . . . In the post-New Deal era, the fact that a regulation benefits only one set of private interests is no barrier to upholding it.”).

<sup>52</sup> One article notes that it is “almost unheard of for a court to invalidate a commercial speech regulation on the basis of the legitimacy of the government interest.” Lee Ann W. Lockridge, *When is a Use in Commerce a Noncommercial Use*, 37 FLA. ST. U. L. REV. 337, 374 (2010).

<sup>53</sup> See, e.g., LaFrance, *supra* note 8, at 716 (“[D]ilution laws fail to meet this standard, because the supposed harms that dilution laws prevent or

bigger problem—dilution laws do not actually do what they are purported to, nor do they do so in a narrowly tailored fashion, as the third and fourth *Central Hudson* elements require.

**A. *Dilution Laws Do Not Directly Advance A Substantial Government Interest***

Although the commerce-promoting purpose behind dilution law may be a substantial government interest, targeting dilution does not directly advance that aim because dilution does not present a true threat to the efficacy of famous trademarks.<sup>54</sup> To pass the third *Central Hudson* element, the government must show—without conjecture or speculation—dilution laws “directly and materially” promote commerce by protecting famous trademarks from “real” harm of impaired mental associations.<sup>55</sup> Dilution laws do not achieve this, for two reasons. First, dilution—if it exists—does not necessarily translate to actual effects on consumers’ thoughts and purchases. Second, assuming dilution does affect consumers, then dilution laws insufficiently address this “problem” by targeting only a

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remedy are either nonexistent, insubstantial, or relevant only to the ability of businesses to derive profits from consumers without bestowing any commensurate public benefits such as lower prices, better products, greater product choices, or better information to assist consumers in making their choices.”). The most common argument against a substantial government interest is that dilution law only benefits famous mark owners with no greater societal benefits, for consumers are not being protected from confusion. *See, e.g.,* LaFrance, *supra* note 8, at 719–20. *See also* Welkowitz, *supra* note 12, at 585 (positing that dilution law does not incentivize new entrants into the market nor discourage already-famous brands from continuing their enterprises).

<sup>54</sup> *See* Tushnet, *supra* note 10, at 509 (“[Dilution] is not well define and . . . as best as it can be identified, it still isn’t harmful.”).

<sup>55</sup> *Greater New Orleans Broad. Ass’n v. United States*, 527 U.S. 173, 188 (1999) (discussing the *Central Hudson* test).

small subset of the acts (commercial and non-commercial) that may in theory have a diluting effect.

**1. Neither the Existence of Dilution as a Mental Phenomenon, nor the Phenomenon's Actual Effect on Commerce, Has Been Proven.**

Both the blurring and tarnishment theories aim to protect the "clarity and potency of a [famous] trademark as a signifier of source" by preventing others from exploiting the business reputation of famous brands.<sup>56</sup> A lesser-cited rationale is that dilution law eradicates all consumer confusion, even infrequent confusion that may not give rise to the "likelihood of confusion" needed to prevail on an infringement claim.<sup>57</sup> While proponents offer studies to show that both types of dilution exist, these studies try to extrapolate real-life harms from millisecond differences in mental processing—in highly engineered scenarios which do not even come close to simulating real-life trademark encounters. At the same time, dilution proponents ignore the constitutional violations inherent in expanding trademark protection beyond its proper bounds.

The rationale behind dilution by blurring is that if there are multiple similar marks, even on non-related and non-competing products or services, consumers may be slower to retrieve the association between a famous mark and its referent.<sup>58</sup> The asserted harm of dilution by blurring is increased mental search costs: "if different associations are collected in a separate schema, the speed and accuracy with which the original network can be recalled is impaired," eroding a brand's unique identity, marketing impact, and

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<sup>56</sup> Adelman & Austin, *supra* note 50, at 745.

<sup>57</sup> See Lee Goldman, *Proving Dilution*, 58 U. MIAMI L. REV. 569, 575 (2004).

<sup>58</sup> See Tushnet, *supra* note 10, at 520.

capacity to convey information.<sup>59</sup> Some experiments, survey studies, and psychological theories support the existence of dilution by blurring. In one laboratory study testing blurring on the popular chocolate brand “Godiva,” participants who were first exposed to “Dogiva” biscuits later made the mental connection between “Godiva” and chocolate 73 milliseconds slower than participants who were not shown the dog biscuit ads.<sup>60</sup> The Godiva study was part of a series of dilution studies demonstrating on average a 22-millisecond dilution search cost.<sup>61</sup> Interestingly, a 2017 survey conducted in Ecuador found the greatest blurring effect where the diluting marks were *least* similar to the famous mark.<sup>62</sup> Dilution proponents believe that, given that advertisers usually have only a few seconds or less to catch consumers’ attention, any search cost must inevitably weaken famous marks.<sup>63</sup>

There is little evidence, however, to suggest that the immediate dilutive effect observed in short-term studies would even occur in real-life situations, where a consumer will encounter a famous mark days, months, or years after exposure to the “diluting” mark.<sup>64</sup> In the words of famous trademark scholar J. Thomas McCarthy, the actual existence

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<sup>59</sup> Swann, *supra* note 43, at 623–24; *see also* Tushnet, *supra* note 10, at 520 n.54.

<sup>60</sup> Tushnet, *supra* note 10, at 528.

<sup>61</sup> *Id.* at 521.

<sup>62</sup> Washington Macías & Julio Cerviño, *Trademark Dilution: Comparing the Effects of Blurring and Tarnishment Cases Over Brand Equity*, 12 MGMT. & MARKETING 346, 352, 357 (2017). The inverse correlation between similarity and blurring might seem counterintuitive to the premise of dilution law, which assumes that similarity is the cause of impaired associations.

<sup>63</sup> *See* Tushnet, *supra* note 10, at 522.

<sup>64</sup> *Id.* at 528 (“[I]n the real world, proof that response delays persist over any appreciable time is limited.”).

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of trademark dilution is "unknown and unproven."<sup>65</sup> In addition to the passage of time, the context surrounding most real-life trademark encounters (which is absent in lab studies) should prevent dilution when the other good or service is entirely unrelated to the famous mark.<sup>66</sup> One scholar notes that "[o]utside the signaling context (where trademark rights are protected), increasing the pool of word utilizers does not impose costs on prior users in the way that, say, adding cattle to a pasture detracts from its ability to maintain the first farmer's herd."<sup>67</sup> Since spelling bees and grocery lists are the only usual places where consumers encounter trademark references out of context, contextual clues should eliminate most instances of real-world dilution by blurring.<sup>68</sup>

Dilution by tarnishment, on the other hand, is based on the idea that the defendant's use has tainted the famous brand's reputation, so the traditional rationale is the prevention of negative associations.<sup>69</sup> Tarnishment usually

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<sup>65</sup> McCarthy, *supra* note 14, at 728. See also Tushnet, *supra* note 10, at 527–58 ("Reaction times aren't meanings . . . . [S]tatistical significance does not mean that practical effects are substantial.").

<sup>66</sup> Tushnet, *supra* note 10, at 529.

<sup>67</sup> Rochelle Cooper Dreyfus, *Expressive Genericity: Trademarks as Language in the Pepsi Generation*, 65 NOTRE DAME L. REV. 397, 407 (1990). See also Graeme W. Austin, *Tolerating Confusion About Confusion: Trademark Policies and Fair Use*, 50 ARIZONA L. REV. 157, 157–59 (2008).

<sup>68</sup> See Roger W. Shuy, *Linguistic Thoughts on Trademark Dilution 6* (2003) (unpublished manuscript) (on file with author).

<sup>69</sup> See Tushnet, *supra* note 10, at 522; see also Michael Handler, *What Can Harm the Reputation of a Trademark? A Critical Re-Evaluation of Dilution by Tarnishment*, 106 TRADEMARK REP. 639, 671 (2016) (quoting *Deere & Co. v. MTD Prods., Inc.*, 41 F.3d 39, 43 (2d Cir. 1994)) ("[D]ilution 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.'").

applies to an association of famous marks with sex and drug-related enterprises.<sup>70</sup> Because there are few empirical studies on dilution by tarnishment, most explanations of this phenomenon rely on theories of cognitive psychology.<sup>71</sup> Some consumer psychologists posit that “an accused mark appearing in a commercial context irreconcilably dissimilar from that of a similar plaintiff’s mark will . . . likely cause a feedback of negative affective associations with the plaintiff’s mark as used on the plaintiff’s products.”<sup>72</sup> This means any different use of a famous mark is inherently detrimental to the reputation of the original mark. Some psychologists believe encountering a famous mark variant in a scandalous context automatically transfers to future encounters with the mark, as a result of stimulus generalization and schema theory.<sup>73</sup>

However, newer studies also cast doubt on the validity of dilution by tarnishment.<sup>74</sup> The main obstacles in proving the existence of tarnishment are establishing that (1) a negative association with a famous mark variant indeed transfers to the famous brand; and (2) this transfer of feelings, if it does exist, actually influences consumer purchases.<sup>75</sup> A recent laboratory study on tarnishment showed no tarnishing effect when famous mark variants were associated with lesser-quality brands. The researcher showed twenty-five to fifty-year-old subjects twelve famous marks and twelve tarnished versions of those brands; in some trials, the subjects were first shown the reputable mark,

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<sup>70</sup> Since the TDRA was passed in 2005, every successful standalone tarnishment case (not also alleging likelihood of confusion) has concerned sex or drug-related junior brands. Handler, *supra* note 69, at 656; see also Jeremy N. Sheff, *The (Boundedly) Rational Basis of Trademark Liability*, 15 TEX. INTELL. PROP. L.J. 331, 356 (2007).

<sup>71</sup> Sheff, *supra* note 70, at 333.

<sup>72</sup> *Id.* at 369–70.

<sup>73</sup> See Handler, *supra* note 69, at 678.

<sup>74</sup> *Id.* at 679–80.

<sup>75</sup> *Id.* at 680–81.

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and in other trials, the subjects were first shown the tarnished mark.<sup>76</sup> By measuring brain and facial muscle activity, the researcher found that subjects first exposed to the reputable mark had no reaction to the tarnished version. Showing the tarnished version first appeared to even foster a *positive* reaction to the reputable mark.<sup>77</sup> Similarly, studies of consumer perceptions of authorized brand extensions indicate that negative reactions to an extension did not influence attitudes towards the original brand.<sup>78</sup> Moreover, brand extensions are tied to the original brand, unlike completely separate brands as in dilution cases; therefore, if bad brand extensions do not dilute the original brand, completely distinct junior brands using famous mark variants are probably even less likely to influence consumer perceptions of the senior brand.<sup>79</sup>

Not only do recent studies rebut dilution's supposed harms to the power of famous brands, but dilution proponents also ignore potential benefits arising from evocations of famous marks. For example, one study designed to demonstrate dilution by blurring actually had the opposite result: participants who were first exposed to advertisements for a "Hyatt" tattoo parlor later associated "Hyatt" with the hotel chain quicker than did participants who did not see the tattoo parlor ads.<sup>80</sup> The Ecuador study showed the same reinforcing effect.<sup>81</sup> Contrary to the

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<sup>76</sup> *Id.* at 680.

<sup>77</sup> *Id.*

<sup>78</sup> *See id.* at 679. Some studies found absolutely no mental effect; importantly, one study that found a mental effect concluded that said effect did not cause consumers to think any differently about the original brand. *See* Mark P. McKenna, *Testing Modern Trademark Law's Theory of Harm*, 95 IOWA L. REV. 63, 101–02 (2009).

<sup>79</sup> *See* McKenna, *supra* note 78, at 105 ("[W]ell-known brands are quite resistant to change.").

<sup>80</sup> Tushnet, *supra* note 10, at 538.

<sup>81</sup> Macías & Cerviño, *supra* note 62, at 357 ("When consumers perceive [junior brands] as very similar to famous brands, a reinforcement effect

premise of dilution laws, drawing attention to famous brands can actually have positive, rather than negative, implications for these brands. Similar trademarks in different markets may in fact strengthen consumers' memory of a famous mark, suggesting that dilution does not exist.

Moreover, even if slowed or negative associations do arise, it is difficult to prove that this phenomenon actually impede famous marks' ability to sell products or services:

[I]t 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.<sup>82</sup>

To pass the direct advancement test, the government must prove that alleged threats of dilution to the selling power of famous trademarks are “real and that [the] restriction will in fact alleviate [the threats] to a material degree.”<sup>83</sup> Altered mental associations relating to a famous mark are not inherently detrimental: the implicit assumption behind dilution laws must be that dilution diminishes famous marks' ability to sell goods and services when the desired mental association with the famous brand is impaired.<sup>84</sup> However, it is impossible to prove that dilution laws cure economic injury to famous brands when a mark owner does

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appears . . . . [Other studies] evidenced that brand personality is reinforced for more familiar brands, due to exposure to [junior brands], regardless of similarity.”).

<sup>82</sup> See Handler, *supra* note 69, at 681 (emphases added).

<sup>83</sup> *Greater New Orleans Broad. Ass'n*, 527 U.S. at 188.

<sup>84</sup> *Cf.* Handler, *supra* note 69, at 681; McKenna, *supra* note 78, at 102 (“[D]ilution’ can be considered a harm only to the extent it might harm the brand owner’s ability to extend its brand in the future.”).

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not even need to show economic harm to bring suit—economic injury is not needed to get an injunction under the Lanham Act and most state statutes.<sup>85</sup> Even though famous marks by definition are very strong and arguably the least vulnerable to misrecognition caused by the introduction of newer, lesser-known brands,<sup>86</sup> courts are inclined to presume trademark dilution, a psychological concept difficult to prove, causes tangible harm—especially in the context of

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<sup>85</sup> Under Lanham Act § 43(c)(1), a famous mark owner can earn injunctive relief “regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.” *See supra* Part I. States such as Texas follow the Lanham Act in this respect. *See* TEX. BUS. & COM. CODE ANN. § 16.103. Some state statutes are more ambiguous on whether economic injury to the famous mark owner should be factored into determining the existence of trademark dilution. *See, e.g.*, CAL. BUS. & PROF. CODE § 14247 (West 2017) (not addressing absence of confusion, competition, or economic injury); FLA. STAT. ANN. § 495.151 (West 2017) (same as California law); MASS. GEN. LAWS ANN. ch. 110H, § 13 (2006) (same as New York law); N.Y. GEN. BUS. LAW § 360-1 (1997) (providing that an injunction can be granted in the absence of confusion or competition, but not addressing absence of economic injury).

<sup>86</sup> From this perspective, a doctrine also banning dilution of weaker, more vulnerable marks might better advance the stated goals of dilution law, though this would certainly raise significant First Amendment concerns. *See* Goldman, *supra* note 57, at 577 (“Dilution statutes protect only those marks that are least in need of protection. Weak marks, struggling to establish their commercial identities, are the most vulnerable to being overwhelmed by non-competing junior users, yet such marks are not eligible for protection. The truly famous marks that are protected are least likely to be harmed and most likely to be protected under traditional trademark law.”). *But see* United States Trademark Association, Trademark Review Commission, *Report and Recommendations to USTA President and Board of Directors*, 77 TRADEMARK REP. 375, 455 (1987) (“Famous marks are most likely to be harmed by reduced distinctiveness. They are enormously valuable but fragile assets, susceptible to irreversible injury from promiscuous misuse.”).

dilution by tarnishment.<sup>87</sup> As trademark scholar Rebecca Tushnet notes, “[T]hough the cognitive theory of dilution is internally consistent and appeals to the authority of science, it does not rest on sufficient empirical evidence to justify its adoption” and as a result “even a limited dilution law should be held unconstitutional under current First Amendment commercial-speech doctrine.”<sup>88</sup> Considering the stated objective of dilution law is to protect trademarks’ commercial value, dilution laws that do not target an actual—or even probable—effect on commerce cannot advance a substantial government interest.

## 2. Dilution Laws are Ineffective Because They are Underinclusive

Even assuming that dilution is actually harmful, dilution laws would still be invalid due to their underinclusiveness.<sup>89</sup> Underinclusiveness bears on the

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<sup>87</sup> In *V Secret Catalogue v. Moseley*, the Sixth Circuit held that there is a rebuttable presumption of dilution by tarnishment any time a famous mark variant is used in connection with a sex-related enterprise, placing the burden on the junior mark user to rebut that presumption. *V Secret Catalogue, Inc.*, 605 F.3d at 388. The appropriateness of this presumption is debated. J. Thomas McCarthy, for example, wrote in his famous treatise that the concept of per se tarnishment is “wildly misguided,” with no basis in the TDRA. 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 24:89 (5th ed. 2017).

<sup>88</sup> Tushnet, *supra* note 10, at 507; *see also* Jane R. Bambauer & Derek E. Bambauer, *Information Libertarianism*, 105 CALIF. L. REV. 335, 376–77 (2017) (“The dilution doctrine defines harm to mark holders based on the loss of a unique cognitive association between the mark and the source in consumers’ minds. Whether this loss in fact occurs is dubious . . . . Dilution is a castle built in the air, a real restriction on speech justified by a self-defining harm.”). *But see* Lockridge, *supra* note 52, at 375 (arguing that dilution laws might directly advance their stated purpose, but only if that purpose is construed very narrowly—i.e. as the interest in “adding marginally to the protection of goodwill possessed by famous marks,” which does not encompass all mental associations).

<sup>89</sup> Tushnet, *supra* note 10, at 556.

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direct advancement issue, rather than on whether the law is narrowly tailored (discussed *infra*), because a law's overly limited scope could prevent the law from being able to directly advance its stated goals.<sup>90</sup> By contrast, underinclusiveness does not inherently violate the narrow tailoring requirement, because underinclusive statutes are narrow, by definition. Instead, the narrow tailoring requirement usually invalidates laws that are overbroad.<sup>91</sup> Underinclusiveness is grounds for invalidation under the First Amendment if a statute does not penalize enough conduct to effectively advance its stated goals.<sup>92</sup>

The phenomenon known as dilution frequently occurs beyond commercial trademark uses—that is, cases where the defendant is selling a product or service—which are the only ones penalized by law. Lanham Act § 43(c), for example, includes three clear exclusions of acts that cannot be enjoined despite their diluting effects—fair use (such as comparative advertising and parody), news reporting and news commentary, and all non-commercial uses of marks.<sup>93</sup> All three of these uses have the same potential as commercial trademarks to increase mental search costs or to create negative feelings about the senior brand, yet these uses are expressly shielded from enjoinder due to First Amendment concerns.<sup>94</sup> Free speech principles already, rightfully,

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<sup>90</sup> See *Glickman v. Wileman Bros. & Elliott, Inc.*, 521 U.S. 457, 492–93 (1997); *Fla. Star v. B.F.J.*, 491 U.S. 524, 540 (1989) (“[F]acial underinclusiveness . . . raises serious doubts about whether [the government] is, in fact, serving, with this statute, the significant interests which appellee invokes in support of affirmance.”).

<sup>91</sup> See, e.g., *Bd. of Trustees*, 492 U.S. at 482–83 (1989) (explaining that although narrow tailoring and overbreadth are separate legal theories, they are usually correlated).

<sup>92</sup> Tushnet, *supra* note 10, at 557.

<sup>93</sup> For an overview of Lanham Act's First Amendment exemptions, see *supra* Part I.

<sup>94</sup> *But see infra* Part III for a discussion of the loopholes in the Lanham Act's First Amendment exemptions.

exempt such a broad range of non-commercial and other uses that could be said to dilute. These First Amendment requirements, however, make dilution laws too narrow to actually advance the government’s purported anti-dilution interest, calling into question whether the First Amendment permits dilution laws at all.<sup>95</sup>

In *Cincinnati v. Discovery Network*, a commercial speech case, the Supreme Court held that the city’s ordinance banning certain types of newsracks, but not others, violated the First Amendment.<sup>96</sup> The Court explained that the outlawed “commercial handbills” were “no more harmful than the permitted newsracks, and have only a minimal impact on the overall number of newsracks on the city’s sidewalks.”<sup>97</sup> Dilution doctrine’s attempt to solve the supposed problem of trademark dilution by punishing only commercial trademark uses is akin to Cincinnati’s attempt to promote the general safety and aesthetics of its streets by banning “commercial handbills” comprising a mere four percent of the city’s total newsracks.<sup>98</sup> If trademark dilution is defined as any influence potentially affecting mental associations related to famous marks, dilution is so

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<sup>95</sup> Cf. Tushnet, *supra* note 10, at 558 ([“T]he cognition-based harms of dilution are largely inflicted by noncommercial uses and uses that fall outside current law. Protecting firms from marginal changes in the meaning of their marks induced by some commercial uses, simply because it is the most the law can do for them without harming free speech or suppressing legitimate competition, is not that helpful and risks speech-suppressive errors and wasteful litigation.”).

<sup>96</sup> *Cincinnati v. Discovery Network, Inc.*, 507 U.S. 410, 430–31 (1993).

<sup>97</sup> *Id.* at 418.

<sup>98</sup> Only 62 of the city’s 1,500–2,000 total newsracks were banned under the statute at issue. *Id.* at 417–18. See also *Greater New Orleans Broad. Ass’n*, 527 U.S. at 190 (holding that a commercial speech restriction on gambling advertisements failed the *Central Hudson* test because “[the anti-gambling statute] and its attendant regulatory regime is so pierced by exemptions and inconsistencies that the Government cannot hope to exonerate it.”).

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inevitable and broadly defined that governments should not attempt to legislate it:

In the blooming, buzzing confusion of the modern marketplace, trademarks are constantly thrown at us, jostling shoulders in ways that ensure multiple associations, whether from the hundreds of marks visible side by side in Times Square or the dozens that obscure the uniforms and cars of NASCAR drivers . . . [C]ompetition itself dilutes—the simple presence of a competing product interferes with retrieval of other brands.<sup>99</sup>

Dilution in the abstract is impossible to eradicate. The most dilution laws can do is prohibit a narrow category of supposedly “diluting” speech, just to try to protect famous brands from any conceivable interference that they may not like—essentially trying to extend trademark infringement law beyond its logical limit. Simply put, dilution laws cannot meaningfully prevent trademark dilution on the whole if most dilution is not prohibited.<sup>100</sup>

***B. Dilution Laws Are Not Narrowly Tailored To Advancing Government’s Interest***

Even assuming that preventing dilution actually furthers the goals of trademark law, dilution laws are not narrowly tailored toward these goals. In order to be narrowly tailored, a law must be a “reasonable fit” between the government’s goals and the means chosen to achieve those goals.<sup>101</sup> Dilution laws prescribe the extreme remedy

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<sup>99</sup> Tushnet, *supra* note 10, at 547–48 (emphasis added).

<sup>100</sup> *See id.* at 554 (“Given how little is left for dilution once noncommercial uses, parody, criticism, comparative advertising, and so on are largely exempted, one might argue that the remaining prohibitions are simply not very significant.”).

<sup>101</sup> *Bd. of Trustees*, 492 U.S. 469, 480 (1989).

of enjoining trademark uses based on little or no evidence of actual harm to a famous mark owner. *Tam* and *Brunetti*, in applying the *Central Hudson* test, both concluded that barring federal registration was too forceful a means to achieving the objectives of protecting underrepresented groups, upholding “public order and morality,” and promoting commerce.<sup>102</sup> Even more so than the registration bars, dilution laws use drastic means that do not reasonably fit the goals they purport to advance. The first reason is the lenient “likelihood of dilution” standard that captures much more lawful speech than is necessary, and the second reason is the extreme remedy of injunctive relief once dilution is established.

### 1. “Likely Dilution” and “Sufficient” Similarity Standards Make Dilution Law Overbroad

Since the TDRA was passed in 2005, Lanham Act § 43(c) has required plaintiffs to convince the court that a defendant’s mark is merely “likely” to cause dilution;<sup>103</sup> California, Florida, Massachusetts, New York, and Texas are just a few of the states that also follow this standard.<sup>104</sup> Under the likelihood of dilution standard, plaintiffs can successfully enjoin uses in commerce of trademarks that are only surmised to cause harm, a harm that is in itself inarticulable. This pre-emptive approach violates a core principle of injunctive relief—that no injunction will be granted simply to “prevent the possibility of some remote

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<sup>102</sup> *Tam*, 137 S. Ct. at 1764; *In re Brunetti*, 877 F.3d at 1350.

<sup>103</sup> Lanham Act § 43(c)(1), 15 U.S.C. § 1125.

<sup>104</sup> For examples of “likelihood of dilution” state statutes, see, e.g., CAL. BUS. & PROF. CODE § 14247 (West 2017); FLA. STAT. ANN. § 495.151 (West 2017); MASS. GEN. LAWS ANN. ch. 110H, § 13 (West 2017); N.Y. GEN. BUS. LAW § 360-1 (McKinney 2017); TEX. BUS. & COM. CODE ANN. § 16.103 (West 2017). For examples of “actual dilution” state statutes, see, e.g., 54 PA. STAT. AND CONS. STAT. ANN. § 1124 (West 2017); TENN. CODE ANN. § 47-25-513 (West 2017).

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future injury.”<sup>105</sup> Even before likelihood of dilution was implemented at the federal level, courts were skeptical of this loose standard implemented in state laws.<sup>106</sup> As expressed by the Fourth Circuit in 1999:

This enables the courts to avoid the hard definition of the economic harm to a senior mark’s ‘selling power’ . . . [and] the necessary speculativeness of any inquiry into future states and conditions has led some courts to allow the essential elements of ‘likely’ dilution to be *inferred* . . . or, even more drastically, to be *presumed* from no more than the identity or sufficient similarity of two marks.<sup>107</sup>

Just as the Fourth Circuit feared, the Lanham Act’s adoption of the lenient likelihood of dilution standard, according to one trademark scholar, “virtually eliminates the need for trademark owners to demonstrate more than the renown of their own mark and the similarity of the defendant’s mark.”<sup>108</sup>

Moreover, under the current regime, a junior mark need not even be substantially similar to a famous mark in order to potentially dilute it—“sufficient” similarity is enough.<sup>109</sup> For example, the TTAB held in 2010 that “The

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<sup>105</sup> See *Winters v. Nat. Res. Def. Council, Inc.*, 555 U.S. 7, 22 (2008).

<sup>106</sup> LaFrance, *supra* note 8, at 718.

<sup>107</sup> *Ringling Bros.-Barnum & Bailey Combined Shows, Inc.*, 170 F.3d at 458 (emphases added).

<sup>108</sup> LaFrance, *supra* note 8, at 717. See also Stacey L. Dogan, *What is Dilution, Anyway?*, 105 MICH. L. REV. FIRST IMPRESSIONS 103, 103 (2006) (“Substituting a ‘likelihood of dilution’ standard for ‘actual dilution’ . . . does not resolve a deeper philosophical question that has always lurked in the dilution debate: what *is* dilution, and how does one prove or disprove its probability?”).

<sup>109</sup> Mark A. Finkelstein & Michelle Stover, *Trademark Dilution: Recent U.S. Case Law Rejects Requirement that Marks Must be “Identical” or Substantially Similar*, INTA BULLETIN (Sept. 1, 2012), <http://www.inta.org/INTABulletin/Pages/TrademarkDilutionRecentUSCaseLawRejectsRequirementThatMarksMustBe%E2%80%9CIdentical>

Other Red Meat,” used in connection with salmon, was “sufficiently similar” to and likely to dilute “The Other White Meat,” used in connection with—among other items—guitar picks with slogans promoting pork consumption.<sup>110</sup> Applying the same standard, the TTAB in 2011 decided that “Motown Metal” as a trademark for toy cars was likely to dilute a recording company’s “Motown” trademark used in connection with music and music devices.<sup>111</sup> In the first case, a key word was different between the two trademarks. In the second case, the two trademarks did not even have the same number of words, yet likelihood of dilution was found. These cases exemplify dilution laws’ overbreadth, as the “sufficient” similarity threshold can easily support a “likelihood” of dilution—making the possibilities for dilution lawsuits nearly limitless.

## 2. Injunctions are an Unreasonably Extreme Measure to Remedy Negligible Harm

Dilution law also is not narrowly tailored because it provides an extraordinary remedy based on flimsy evidentiary standards. Under both federal and state law, injunctive relief is the usual remedy for trademark dilution—meaning that the defendant will be enjoined from using the diluting mark in commerce, enforceable by sanctions for contempt of court.<sup>112</sup> As a result, critic Milton Handler

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<https://perma.cc/ZT2X-A7SF>

<sup>110</sup> *Nat’l Pork Bd.*, 96 U.S.P.Q.2d 1479 (T.T.A.B. 2010).

<sup>111</sup> *UMG Recordings, Inc. v. Mattel, Inc.*, 100 U.S.P.Q.2d 1868 (T.T.A.B. 2011). For a discussion of other recently decided TTAB cases on dilution, see David S. Welkowitz, *Trademarks in 2010 (and 2011): Dilution Takes Center Stage*, 6 AKRON INTELL. PROP. J. 45, 52–56 (2012).

<sup>112</sup> Lanham Act § 43(c)(1) specifically guarantees an injunction if dilution is proven. Lanham Act § 43(c)(1), 15 U.S.C.A. § 1125 (2012).

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warned that dilution law could “result in an undesirable monopolization of language.”<sup>113</sup> Similarly, McCarthy noted that, compared to injunctions enjoining trademark infringement, injunctions against dilution can have a “much more sweeping impact on both fair commercial actions and free speech.”<sup>114</sup> *Tam* and *Brunetti* recently held that just banning federal registration for disparaging or immoral trademarks was a measure not narrowly tailored to any substantial government interest.<sup>115</sup> Beyond simply precluding federal registration, dilution laws enjoin use in commerce, which is much more extreme because it prevents people from communicating certain ideas about their products and services.<sup>116</sup>

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State dilution laws also typically afford injunctive relief. *See, e.g.*, CAL. BUS. & PROF. CODE § 14247 (West 2008); FLA. STAT. ANN. § 495.151 (West 2007); MASS. GEN. LAWS ANN. ch. 110H, § 13 (West 2006); N.Y. GEN. BUS. LAW § 360-1 (McKinney 2017); TEX. BUS. & COM. CODE ANN. § 16.103 (West 2012). For the definition and practical ramifications of injunctions generally, see *What is Injunction?*, THE LAW DICTIONARY – FEATURING BLACK’S LAW DICTIONARY (2d ed. 1910).

<sup>113</sup> Milton W. Handler, *Are the State Antidilution Laws Compatible with the National Protection of Trademarks?*, 75 TRADEMARK REP. 269, 278 (1985). *Contra* Alexandra E. Olson, *Dilution By Tarnishment: An Unworkable Cause of Action in Cases of Artistic Expression*, 53 B.C. L. REV. 693, 694–95 (2012) (arguing that § 43(c)’s exclusions for fair use, parody, and non-commercial use overvalue free speech protection, undermining trademark owners’ ability to prevail under a theory of dilution by tarnishment).

<sup>114</sup> McCarthy, *supra* note 14, at 733. *See also* LaFrance, *supra* note 8, at 713.

<sup>115</sup> The Supreme Court decided in *Tam* that the disparagement clause was not narrowly drawn because it prohibited registration for any trademark disparaging “any person, group, or institution.” *Tam*, 137 S. Ct. at 1764–65. The Federal Circuit in *Brunetti* held that the immorality clause also was not narrowly drawn due to the “disparate and unpredictable application” of standards assessing what content is “immoral.” *In re Brunetti*, 877 F.3d at 1355.

<sup>116</sup> *See, e.g.*, Lanham Act § 43(c)(1), 15 U.S.C. § 1125 (c)(1).

Further, dilution laws are unreasonably extreme because trademark infringement laws already prohibit others from mimicking a trademark in a way that is likely to cause consumer confusion, which is the primary goal of trademark law.<sup>117</sup> Infringement and dilution, as they are currently interpreted, tend to doctrinally coincide: since 1997, there has been an average of only one reported case per year in which the plaintiff only alleged dilution.<sup>118</sup> In reality, most parties that are found liable for dilution are also found liable for infringement.<sup>119</sup> For this majority of cases where the defendant is found liable for both infringement and dilution, the usual remedy—an injunction—is the same as if the defendant were only found liable for infringement.<sup>120</sup>

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<sup>117</sup> See Tushnet, *supra* note 10, at 517.

<sup>118</sup> “Under this dilution standard, once a mark meets the famousness requirement, whenever infringement is found, it logically leads to the determination that dilution must follow.” Justin J. Gunnell, *Goldilocks and the Three Federal Dilution Statutes: An Empirical Review*, 17 TEX. INTELL. PROP. L.J. 101, 133 n.217 (2008). *But see generally* John Shaeffer, *Trademark Dilution and Infringement are Different—It’s Simple*, 100 TRADEMARK REP. 808 (2010) (arguing that a prima facie case of infringement should doctrinally preclude a case of dilution, and vice versa). For data on dilution and infringement cases from 1997 to 2015, see Port, *supra* note 12, at 692–93.

<sup>119</sup> A sample of trademark cases from 2006 through 2008 showed that in 91% of cases, trademark infringement and dilution claims either succeeded together or failed together. Gunnell, *supra* note 118, at 139–40. *E.g.*, *Anheuser-Busch, Inc. v. Balducci Publ’ns.*, 28 F.3d 769, 777 (8th Cir. 1994); *Louis Vuitton Malletier S.A.*, 2012 WL 1022247. *But see* *Pillsbury Co. v. Milky Way Prods., Inc.*, 1981 WL 1402 (N.D. Ga. 1981) (finding the defendant liable for dilution only, and not trademark infringement).

<sup>120</sup> Courts are inclined to grant injunctive relief when a defendant has been found liable for trademark infringement. Danielle Conway, *Injunctive Relief for Trademark Infringement*, CTR. FOR COMPUT.-ASSISTED LEGAL INSTRUCTION, <https://www.cali.org/lesson/810> (last visited Mar. 21, 2019) [<https://perma.cc/DP7Z-HF3Z>]. Similarly, federal trademark dilution has the remedy of injunctive relief. *See* 15 U.S.C. § 1125(c)(1).

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Therefore, where both infringement and dilution are found, infringement liability alone would have been sufficient to stop the use, thereby carrying out the government's interest of protecting brand integrity. Where there was no infringement, there was no concrete harm to a commercial right, so dilution is an unnecessary additional cause of action that broadly stifles free expression.

**IV. CURRENT STATUTORY FIRST AMENDMENT EXEMPTIONS ARE INADEQUATE**

Unlike the Lanham Act, which contains exclusions for fair use and non-commercial use, designed specifically to prevent First Amendment conflicts,<sup>121</sup> state laws generally do not contain free speech safeguards.<sup>122</sup> Part A explains why state dilution laws as a whole do not adequately defend free speech. Part B argues that even the Lanham Act, which contains First Amendment exemptions, does not sufficiently protect free speech. Part C explains why the Lanham Act's existing patchwork of vaguely defined First Amendment exceptions cannot realistically be salvaged to bring the doctrine into First Amendment compliance.

**A. *State Dilution Statutes, from Their Inception, have not Defended Free Speech***

Before the FTDA, the first federal dilution law, was passed in 1995, courts evaluating trademark dilution cases borrowed First Amendment protections from copyright

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<sup>121</sup> See 15 U.S.C. § 1125(c)(3).

<sup>122</sup> See Mary LaFrance, *Steam Shovels and Lipstick: Trademarks, Greed, and the Public Domain*, 6 NEV. L.J. 447, 472 (2006) ("Unlike the FTDA, state dilution statutes typically do not include any specific exceptions for noncommercial speech, forcing defendants to rely on general First Amendment arguments.").

law.<sup>123</sup> In cases such as *Deere v. MTD Products* and *Pillsbury v. Milky Way Products*, courts found that overt trademark spoofs did not classify as parody and were thus liable for dilution.<sup>124</sup> However, in cases such as *L.L. Bean v. Drake Publishers* and *Jordache Enterprises v. Hogg Wyld*, courts protected obvious trademark spoofs as parodies under the First Amendment.<sup>125</sup> Although it seemed implicit that trademark dilution and infringement are subject to the First Amendment, there was no statutory standard for what that meant, leading to inconsistent and seemingly arbitrary results.

Anheuser-Busch's state-law dilution claim against a humor magazine prior to the FTDA's passage exemplifies "dilution law run amok," i.e. how state dilution statutes grossly fail to provide adequate First Amendment protections.<sup>126</sup> In 1994, the beer company sued Snicker, a satire magazine that ran a mock advertisement for "Michelob Oily," a clear spoof on Anheuser's Michelob Dry beer brand.<sup>127</sup> Images depicted the mock "oily" brand being poured onto fish and drowning an eagle in oil, with the eagle exclaiming "Yuck!"<sup>128</sup> Despite the overt parody, which included a written disclaimer, Anheuser ultimately prevailed on its dilution claim under Missouri law.<sup>129</sup> The Missouri dilution statute, like most state statutes, did not contain any

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<sup>123</sup> The seminal case is *Campbell v. Acuff-Rose, Inc.*, 510 U.S. 569 (1994). See William McGeeveran, *The Imaginary Trademark Parody Crisis (And the Real One)*, 90 WASH. L. REV. 713, 726–27 (2015).

<sup>124</sup> Kelly L. Baxter, *Trademark Parody: How to Balance the Lanham Act with the First Amendment*, 44 SANTA CLARA L. REV. 1179, 1203–05 (2004).

<sup>125</sup> *Id.* at 1189, 1192.

<sup>126</sup> LaFrance, *supra* note 122, at 472–73.

<sup>127</sup> *Id.* at 472.

<sup>128</sup> *Id.*

<sup>129</sup> The district court dismissed Anheuser's infringement and dilution claims, but on appeal, the Eighth Circuit reversed. *Anheuser-Busch, Inc.*, 28 F.3d at 771, 778.

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First Amendment protections.<sup>130</sup> The Eighth Circuit—applying Missouri law—chose to interpret the pre-FTDA First Amendment case law as dictating that the magazine’s First Amendment free speech rights did not outweigh the “harm” targeted by the Missouri statute.<sup>131</sup> Notably, the court partly based its finding of dilution on a survey where over half of respondents “construed the parody as suggesting that Michelob beer is or was in some way contaminated with oil.”<sup>132</sup> Of course the parody was “suggesting” that Michelob beer was oily—that was the purpose of the parody, and exactly the type of social commentary that the First Amendment encourages. Just because most consumers understood the joke does not mean that they took the joke seriously or that the joke diluted consumers’ perceptions about the beer brand. In fact, the brand reference could have even strengthened consumers’ affinity to Anheuser products, as mentioned *supra* with respect to reinforcement theory.<sup>133</sup> The court’s impulse to deny a First Amendment defense in this context, where the parody was particularly obvious due to its inclusion in a satire magazine, reveals the shortcomings of state dilution law in terms of protecting free speech.

***B. The Lanham Act exemptions fall short of their purpose***

Even the existing First Amendment safeguards under the Lanham Act are being eroded away.<sup>134</sup> The specific First

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<sup>130</sup> See MO. ANN. STAT. § 417.061 (West 2018); see also LaFrance, *supra* note 122, at 472.

<sup>131</sup> *Anheuser-Busch, Inc.*, 28 F.3d at 777.

<sup>132</sup> *Id.* at 773.

<sup>133</sup> See Macias & Cerviño, *supra* note 62, at 357; Tushnet, *supra* note 10, at 536–57.

<sup>134</sup> See Roberto Ledesma, *The Parody Defense is Dead. Long Live the Parody Defense!*, EVERYTHINGTRADEMARKS.COM (July 19, 2015), <https://everythingtrademarks.com/2015/07/19/the-parody-defense-is-dead-long-live-the-parody-defense/> [<https://perma.cc/4CVA-N5VX>].

Amendment defenses included in the FTDA and TDRA, namely parody (included under fair use) and non-commercial use, do not have much bite in guarding free speech. These terms, intended to define the First Amendment limits of trademark dilution, do not appear to have created clarity – courts still vary considerably in their application of these two dilution “defenses.”<sup>135</sup>

### 1. Parody

Parody, which is classified as fair use in the FTDA and TDRA, is a defense that continues to cause confusion across the trademark infringement and dilution doctrines.<sup>136</sup> The judicial trend as to the courts’ willingness to protect trademark parodies against infringement claims is unclear. Some scholars are observing recent increases in parody protection and other scholars are expressing concern about the general weakness of the parody defense.<sup>137</sup> However, the weakness of the parody defense in the dilution context is more obvious. An alarming example involves Hyundai’s 2010 Super Bowl ad alluding to Louis Vuitton.<sup>138</sup> To convey the theme that the Hyundai Sonata brings luxury to the masses, the ad juxtaposed symbols of luxury with the quintessence of modest living—such as a yacht next to a suburban ranch house, police in a cop car snacking on caviar, and a basketball embroidered to resemble the trademarked

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<sup>135</sup> Baxter, *supra* note 124, at 1202–05.

<sup>136</sup> See Lanham Act § 43(c)(3)(A), 15 U.S.C.A. § 1125(c)(3)(A) (2012).

<sup>137</sup> See McGeveran, *supra* note 123, at 732 (arguing that parody protection in infringement cases is becoming stronger); Stacey L. Dogan & Mark A. Lemley, *Parody as Brand*, 47 U.C. DAVIS L. REV. 473, 487 n.62 (2013) (arguing that parody protection in trademark law is insufficient to uphold First Amendment rights).

<sup>138</sup> See Eric Goldman, *Brief Brand Reference in TV Ad Constitutes Trademark Dilution – Louis Vuitton v. Hyundai*, TECH. & MKTG. LAW BLOG (Apr. 2, 2012), [http://blog.ericgoldman.org/archives/2012/04/brief\\_brand\\_par.htm](http://blog.ericgoldman.org/archives/2012/04/brief_brand_par.htm) [<https://perma.cc/HAQ3-7T5S>].

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Louis Vuitton "toile monogram" pattern.<sup>139</sup> Louis Vuitton brought suit in the U.S. District Court for the Southern District of New York, alleging trademark infringement and dilution by blurring.<sup>140</sup> Surprisingly, the court found dilution and denied Hyundai's fair use defense on the basis that the Lanham Act's fair use exclusion only extends to commentary *about* the famous brand.<sup>141</sup> In contrast, Hyundai (in a probable attempt to avoid liability) had stated that it was not directly commenting on Louis Vuitton, but on luxury generally.<sup>142</sup>

One commentator calls this a "myopic" reading of the fair use exclusion, which literally excludes "*any* fair use . . . *other than as a designation of source* for the person's own goods or services."<sup>143</sup> Hyundai's ad should have qualified as fair use, for the embroidered basketball in the ad was being used as a designation of status rather than as a designation of source (the basketball did not suggest that Louis Vuitton owned or endorsed Hyundai cars). Moreover, dilution by blurring is supposed to be the creation of an association that impairs the distinctiveness of the famous mark.<sup>144</sup> By mechanically applying the Lanham Act's six-factor test for blurring, the judge in this case ignored the most important fact: that the Hyundai ad did not impair the

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<sup>139</sup> Andy Sellars, *How Louis Vuitton's Hyundai Lawsuit Threatens Free Speech*, CITIZEN MEDIA LAW PROJECT (Apr. 16, 2012, 10:30 AM), <https://jalopnik.com/5901695/how-louis-vuittons-hyundai-lawsuit-threatens-free-speech> [<https://perma.cc/3A3U-HZ3C>].

<sup>140</sup> *Louis Vuitton Malletier, S.A.*, 2012 WL 1022247 at \*4.

<sup>141</sup> *Id.* at \*19.

<sup>142</sup> The court also separately found dilution under New York state law. *See id.* at \*15, \*20. *See also* Goldman, *supra* note 138; Sellars, *supra* note 139.

<sup>143</sup> Sellars, *supra* note 139 (emphasis added). *See also* Matthew D. Bunker, *Diluting Free Expression: Statutory First Amendment Proxies in Trademark Dilution Law*, 22 COMM. L. & POL'Y 375, 391–93 (2017).

<sup>144</sup> *See supra* Part II.A.

Louis Vuitton trademark's distinctiveness.<sup>145</sup> Louis Vuitton desires for its trademarks to connote luxury and prestige; far from eroding this mental association, Hyundai was instead *relying* on this association to benefit its advertisement's theme of luxury in the average life. The New York district court quashed Hyundai's First Amendment rights by ruling that the company could not allude to a famous brand as part of a discussion of luxury and societal values. The problem was not with the attorneys representing Louis Vuitton or Hyundai. The problem was not even with the judge, who decided on summary judgment that there was dilution as a matter of law.<sup>146</sup> The problem was with the law itself. By following Lanham Act § 43(c), the judge reached a conclusion that may have been legally correct (at least under his interpretation of the fair use exception) but was intuitively wrong.

In 2016, Louis Vuitton lost a dilution case against a handbag manufacturer that purposefully depicted Louis Vuitton, Chanel, and other designer brands on its cheap bags as part of its "My Other Bag" theme, meant to jokingly suggest that the wearer's "other bag" is a designer bag.<sup>147</sup> The U.S. District Court for the Southern District of New York classified the use of Louis Vuitton's trademarks as fair use, and the Second Circuit affirmed.<sup>148</sup> Although the Second Circuit did not in its ruling suggest that dilution law is wholly unconstitutional, the court did affirm that My Other Bag's use was protected under the fair use exemption

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<sup>145</sup> *Louis Vuitton Malletier, S.A.*, 2012 WL 1022247, at \*6–\*13. Thomas McCarthy agrees that the six-factor test does not bear on the likelihood that a trademark impairs the distinctive quality of a famous mark, which is the definition of dilution by blurring. Rierson, *supra* note 44, at 254–55.

<sup>146</sup> See Sellars, *supra* note 139.

<sup>147</sup> *Louis Vuitton Malletier, S.A. v. My Other Bag, Inc.*, 156 F. Supp. 3d 425, 435 (S.D.N.Y. 2016).

<sup>148</sup> *Louis Vuitton Malletier, S.A. v. My Other Bag, Inc.*, 674 Fed. App'x 16, 19 (2d Cir. 2016).

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from dilution liability.<sup>149</sup> Learning a lesson from Hyundai, which had lost to Louis Vuitton just years earlier due to failing to concede that the Super Bowl commercial was directly referencing the famous handbag designer, My Other Bag admitted that its bags were meant to reference Louis Vuitton and that the Louis Vuitton reference was central to its parody.<sup>150</sup> On that basis, the New York district court distinguished from the Hyundai case and found that fair use applied to My Other Bag's parody.<sup>151</sup> These two cases, viewed side-by-side, reveal dilution law's present untenability: if one overt parody is protected under the First Amendment and another is not, dilution law does not reliably uphold the First Amendment.<sup>152</sup>

This problem exists not only in trademark litigation but also in the trademark registration context. Between 2006 and 2015, the Trademark Trial and Appeal Board (TTAB) issued five precedential decisions reviewing trademark applications rejected by examiners due to anticipated dilution problems: these included Crackberry (parodying the BlackBerry phone brand), Sex Rod (a supposed inversion of the Red Sox baseball team name), and Lessbucks Coffee (spoofing Starbucks).<sup>153</sup> The TTAB upheld every rejection, basing its decisions on cases such as *Deere* that denied

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<sup>149</sup> *Id.* at 18. The U.S. Supreme Court denied certiorari, thereby forfeiting the opportunity to rule on dilution law's First Amendment validity.

<sup>150</sup> *My Other Bag*, 156 F. Supp. 3d at 435–36; see also *Louis Vuitton Malletier, S.A.*, 2012 WL 1022247 at \*19 (earlier Hyundai case).

<sup>151</sup> *My Other Bag*, 156 F. Supp. 3d at 438.

<sup>152</sup> See Bunker, *supra* note 143, at 387 (“Given the lack of specificity in the statute, it is exceedingly difficult for a defendant hoping to rely on nominative fair use to make a reasonable prediction of the likely success of the defense, which in turn can lead to chilling effects on speech.”). For an in-depth discussion about improving the parody defense, see Eugene C. Lim, *Of Chew Toys and Designer Handbags: A Critical Analysis of the “Parody” Exception under the U.S. Trademark Dilution Revised Act*, 35 CAMPBELL L. REV. 83 (2012).

<sup>153</sup> Ledesma, *supra* note 133.

parody defenses in the litigation context.<sup>154</sup> Cases like these have inferred parody-related principles not contained in the TDRA, such as that (1) trademark law does not protect parodies when the parodist sells a product that directly competes with the product being parodied; and (2) certain parodies are ineligible for protection if they have the appearance of “free riding” off another brand’s success.<sup>155</sup> These rationales do not make sense when applied to trademark dilution. First, the TDRA does not deny a dilution defense on the basis of the similarity of the plaintiff’s and defendant’s goods—this is a factor commonly used in a trademark infringement analysis, not dilution.<sup>156</sup> Although the similarity of the goods may bolster a *prima facie* case for infringement—and perhaps dilution by extension—that should not diminish the efficacy of a First Amendment defense. This defense is specifically designed to permit conduct that would, concededly, otherwise constitute actionable infringement or dilution. For the same reason, a “free-rider” argument should not be sufficient to preclude a First Amendment defense such as parody. Unarguably, the purpose of dilution doctrine is to prohibit others from free-riding off famous brands via blurring or tarnishment.<sup>157</sup> The TDRA expressly prohibits blurring and tarnishment, subject to the First Amendment exemptions.<sup>158</sup> If there were no claimed dilution, no First Amendment defense would even be necessary. Parodies are meant to have protection *despite*

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<sup>154</sup> *Id.*

<sup>155</sup> *Id.*

<sup>156</sup> See Bruno Tarabichi, *Likelihood of Confusion Tests by Circuit*, TRADEMARK WELL (Feb. 6, 2017), <https://trademarkwell.com/likelihood-of-confusion-tests-by-circuit> [<https://perma.cc/498R-PE38>].

<sup>157</sup> See Sheff, *supra* note 70, at 355 (“the purpose of dilution doctrine is to deter the same sort of free-riding that is at issue in infringement cases”); see generally *supra* Part II.A.

<sup>158</sup> See 15 U.S.C. § 1125(c).

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*the fact* that there may be a free-riding, diluting effect.<sup>159</sup> Therefore, the TTAB's reliance on that reasoning to reject trademark applications belies the need to constrain trademark law to prevent impingement on free speech.

Another registration-related problem, stemming from the Lanham Act itself, is the TTAB's belief that the fair use/parody defense does not apply when applicants want to register a trademark containing a parody.<sup>160</sup> The TDRA fair use provision states that a "fair use" is a use "other than as a designation of source for the person's own goods or services."<sup>161</sup> In 2015, the TTAB interpreted that provision to mean that it is "virtually impossible" to register a trademark that contains an element that could dilute a famous brand.<sup>162</sup> The rationale is that any registrable trademark must be, by definition, *wholly* designed to identify source and, thus, must fall outside the fair use exemption.<sup>163</sup> That premise contradicts the reason why trademark law implicates the First Amendment in the first place. Trademarks, both registrable and non-registrable, can include both source-identifying and expressive elements;<sup>164</sup> these expressive elements are the heart of what the First Amendment seeks to protect from extinguishment by dilution claims. "Lessbucks Coffee," for example, is meant to identify the Lessbucks coffee company as well as to imply a comparison to Starbucks by making fun of Starbucks for being expensive

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<sup>159</sup> "[T]rademark law is not—and has never been—about preventing all forms of free riding." Dogan & Lemley, *supra* note 137, at 485.

<sup>160</sup> Ledesma, *supra* note 134.

<sup>161</sup> Lanham Act § 43(c)(3)(A), 15 U.S.C. § 1125(c)(3)(A).

<sup>162</sup> Ledesma, *supra* note 134.

<sup>163</sup> *Id.*

<sup>164</sup> See Giulio Ernesto Yaquinto, *The Social Significance of Modern Trademarks: Authorizing the Appropriation of Marks as Source Identifiers for Expressive Works*, 95 TEX. L. REV. 739, 740 (2017).

and elitist.<sup>165</sup> Lessbucks does not attempt to deceptively suggest that Lessbucks coffee comes from Starbucks; instead it is an accurate source designator that happens to draw a comparison to another, more famous brand to create a parody. Although parody is typically an exemplar of free speech, dilution law is not designed to afford First Amendment protection to commercial brands that choose to parody other brands.<sup>166</sup> As Dogan and Lemley wrote,

While some might worry about brands that draw strength from association with a famous mark, in the context of parody we should expect that the defendant both targets famous marks and does so by creating an association between the mark and the parody. . . . because neither [infringement nor dilution] law is structured with parodies in mind, rote application of infringement and dilution standards can result in a condemnation of even obvious parodies.<sup>167</sup>

A trademark's parodic reference to a famous brand need not be misinterpreted as a source designator. Moreover, these types of parodies within a trademark provide valuable social commentary, for "the subversive use of a parody as brand invites critical reflection on the role of brands in society and the extent to which we define ourselves by them."<sup>168</sup> Because source identification and expression

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<sup>165</sup> John L. Welch, *TTAB Citable No. 9: "Lessbucks Coffee" Confusingly Similar to Famous Starbucks Brand*, TTABLOG (Feb. 16, 2006), <http://thettablog.blogspot.com/2006/02/ttab-citable-no-9-lessbucks-coffee.html> [https://perma.cc/88ZF-ALZ3].

<sup>166</sup> "Commercial use is not a death sentence to fair use in copyright—it is merely one factor to be considered. This is in sharp contrast to dilution law, where use as a mark renders fair use completely unavailable. It would seem that statutory provisions that stand in for First Amendment interests should provide more flexibility in weighing free expression concerns against proprietary interests in intellectual property." Bunker, *supra* note 143, at 383.

<sup>167</sup> Dogan & Lemley, *supra* note 137, at 488–90.

<sup>168</sup> *Id.* at 486.

can be conceptually separated, a blanket rule that registrable trademarks cannot qualify as fair use ignores the First Amendment rights that apply to all trademark references, including within other trademarks.

## 2. Non-commercial Use

Like parody, non-commercial use is another FTDA/TDRA exemption that, while designed to defend the First Amendment, is often applied inconsistently and in ways that hinder freedom of expression. In theory, the non-commercial use exemption is intended to separate trademark references within artistic and creative works from references banking on another business' goodwill just to sell goods or services. The problem lies at the intersection of these two categories, in cases where for-profit uses also embody creative elements.<sup>169</sup> As one scholar notes, "[d]rawing a line between commercial and non-commercial parodies becomes especially difficult when a mark is parodied for the dual purposes of making a parodic comment and selling a somewhat competing product."<sup>170</sup>

Different circuits take different approaches as to whether expressive uses with commercial aspects may still qualify under the non-commercial use exemption from dilution liability.<sup>171</sup> Whereas some courts are reluctant to grant the non-commercial use defense when the work has any commercial component, others have held that an expressive aspect redeems the entire work.<sup>172</sup> In cases such

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<sup>169</sup> Pratheepan Gulasekaram, *Policing the Border Between Trademarks and Free Speech: Protecting Unauthorized Trademark Use in Expressive Works*, 80 WASH. L. REV. 887, 908 (2005).

<sup>170</sup> Baxter, *supra* note 124, at 1206.

<sup>171</sup> Patrick D. Curran, *Diluting the Commercial Speech Doctrine: "Noncommercial Use" and the Federal Trademark Dilution Act*, 71 U. CHI. L. REV. 1077, 1082 (2004) ("[W]hen faced with concrete factual disputes requiring the application of the 'noncommercial use' exception, courts are far less uniform in their interpretation of the FTDA.").

<sup>172</sup> *Id.*

as *Planned Parenthood Federation of America v. Bucci* and *Jews for Jesus v. Brodsky*, courts held that trademark uses that interfered with the trademark owner's commercial activities were not "non-commercial" uses, even though the defendants themselves did not use the trademarks to expressly further commercial ends.<sup>173</sup> By contrast, the "Barbie Girl" case, where the famous Aqua song was found to qualify as non-commercial use, exemplifies the Ninth Circuit's more liberal approach of granting full First Amendment protection to any work that is not purely commercial.<sup>174</sup> As one scholar notes, the non-commercial use defense cannot serve the First Amendment unless it is a "predictable, efficient defense that excuses a broad range of expressive uses," like under the Ninth Circuit approach.<sup>175</sup> However, due to the divergent judicial approaches, the non-commercial use defense is a reliable First Amendment protector only in the rare instances where a "non-commercial" label is unquestionable.<sup>176</sup> As the First

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<sup>173</sup> *Id.* at 1083–85.

<sup>174</sup> Notwithstanding record profits, the song's Barbie theme was deemed a non-commercial use "lampoon[ing] the Barbie image and comment[ing] humorously on the cultural values Aqua claims she represents." *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 906-07 (9th Cir. 2002).

The Ninth Circuit derives its approach from a right-of-publicity case involving a parody exception, and the court extended this principle to non-commercial use in the trademark dilution context. *See Baxter, supra* note 124, at 1207.

<sup>175</sup> Lockridge, *supra* note 52, at 337. For a recent case finding no dilution under a liberal non-commercial use approach, see *Sporting Times, L.L.C. v. Orion Pictures, Corp.*, 291 F. Supp. 3d 817, 826–27 (W.D. Ky. 2017).

<sup>176</sup> Professor Lee Ann W. Lockridge argues that the non-commercial use exemption must encompass as many uses as possible, especially "mixed" uses containing both commercial and non-commercial aspects, so that dilution laws may pass the narrow-tailoring element of the *Central Hudson* test. *See* Lockridge, *supra* note 52, at 376. *See also supra* Part II.B.

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Amendment protects both commercial and non-commercial speech (albeit with varying degrees of protection),<sup>177</sup> the non-commercial use exception—when applied narrowly—does not adequately import general free-speech principles into dilution law.

**C. *It is Not Realistically Possible to Salvage the Existing Patchwork of Free Speech Protections to Adequately Defend Free Speech***

Scholars suggest a host of ways to improve the existent First Amendment protections built into the TDRA. Lisa Ramsey believes that dilution statutes should guide courts to, at the very least, draft dilution injunctions narrowly to avoid conflict with the First Amendment, or perhaps require a disclaimer instead of barring the “diluting” use entirely.<sup>178</sup> Kelly Baxter believes that Congress should amend the Lanham Act to include a distinct parody defense for trademark dilution, instead of classifying parody under fair use, in order to alleviate the concerns discussed above with the parody defense’s limited applicability.<sup>179</sup> Michael Cantwell proposes that the non-commercial use defense should apply to any parody or satire regardless of the medium of expression.<sup>180</sup> However, even constructive changes to the TDRA may be insufficient, because most plaintiffs could still prevail under the stricter state dilution

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<sup>177</sup> See *supra* Part II.

<sup>178</sup> See Lisa P. Ramsey, *Increasing First Amendment Scrutiny of Trademark Law*, 61 SMU L. REV. 381, 446–47 (2008).

<sup>179</sup> See Baxter, *supra* note 124, at 1210.

<sup>180</sup> See Michael K. Cantwell, *Confusion, Dilution and Speech: First Amendment Limitations on the Trademark Estate: An Update*, 94 TRADEMARK REP. 547, 582 (2004).

laws where First Amendment protections are, essentially, discretionary.<sup>181</sup>

Although the scope of a state-issued injunction is limited to that state—unlike a nationwide injunction that the TDRA authorizes—<sup>182</sup> statewide bans on speech are nonetheless problematic for the First Amendment. It is true that when the defendant's mark is registered on the Principal Register, the TDRA becomes the exclusive remedy for those trademarks.<sup>183</sup> However, it is near impossible to rely on federal registration as a safe haven from state law dilution claims, for, as discussed *supra*, the Patent and Trademark Office tends to deny registration to any proposed trademark, even those with parodic or satiric elements, that might dilute a famous mark.<sup>184</sup>

The most efficient way to enact uniform nationwide change ensuring compliance with the First Amendment would be to radically change the structure of trademark law so that federal trademark law automatically pre-empts state law.<sup>185</sup> Although there is a Model State Trademark Bill that, since 2007, has included First Amendment exemptions modelled after the TDRA, the Model Bill is not binding on individual states.<sup>186</sup> Some states such as California, Florida,

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<sup>181</sup> *Cf.* LaFrance, *supra* note 122, at 493. *See supra* Part III.A. for a discussion of the inadequacy of state dilution statutes.

<sup>182</sup> *Compare Model State Trademark Bill § 13(c)*, INTERNATIONAL TRADEMARK ASSOCIATION [INTA], <https://www.inta.org/Advocacy/Documents/Forms/AllItems.aspx> [<https://perma.cc/28GJ-VKVM>] (specifying that injunctions issued pursuant to state dilution laws are only enforceable within that state), *with* 15 U.S.C. § 1125(c), which provides for a nationwide injunction.

<sup>183</sup> Lanham Act § 43(c)(6), 15 U.S.C. § 1125(c)(6).

<sup>184</sup> Ledesma, *supra* note 134.

<sup>185</sup> *See, e.g.*, LaFrance, *supra* note 122, at 448.

<sup>186</sup> *Model State Trademark Bill § 13(d)*, INTERNATIONAL TRADEMARK ASSOCIATION [INTA], <https://www.inta.org/Advocacy/Documents/Forms/AllItems.aspx> [<https://perma.cc/28GJ-VKVM>] (outlining examples for fair use, non-commercial use, and news reporting and commentary).

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and Montana have enacted or amended their own statutes to include the Model Bill's exemptions.<sup>187</sup> Unfortunately, many other states—such as Connecticut, Delaware, Maine, Massachusetts, New Hampshire, and New York—have not adopted these changes, which are the only way to provide at least rudimentary free-speech protections.<sup>188</sup> Despite the problematic shortcomings of state dilution laws, federal pre-emption would upset the long-standing dual state-federal trademark system where applicants can register state and/or federal trademarks.<sup>189</sup> Although a binding federal law with bolstered free-speech protections seems necessary to make dilution law universally compliant with the First Amendment, that does not seem possible given the current dual structure of trademark law. As a result, some scholars support eliminating dilution laws altogether.<sup>190</sup>

Trademark infringement law already prevents people from using confusingly similar trademarks, which typically are marks for other goods or services within the *same* market.<sup>191</sup> This prohibition, which is reasonably designed to prevent newcomers from exploiting an established

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<sup>187</sup> See CAL. BUS. & PROF. CODE § 14247 (West 2008); FLA. STAT. ANN. § 495.151 (West 2007); MONT. CODE ANN. § 30-13-334 (West 1979) (amended 2003) (adding First Amendment exemptions).

<sup>188</sup> CONN. GEN. STAT. ANN. § 35-11i(c) (West 2017); DEL. CODE ANN. tit. 6, § 3313 (West 2017); MASS. GEN. LAWS ANN. ch. 110H, § 13 (West 2006); ME. REV. STAT. ANN. tit. 10, § 1530 (2017); N.H. REV. STAT. ANN. § 350-A:12 (2017); N.Y. GEN. BUS. LAW § 360-l (McKinney 2017).

<sup>189</sup> See generally Patricia Kimball Fletcher, *Joint Registration of Trademarks and the Economic Value of a Trademark System*, 36 U. MIAMI L. REV. 297 (1982).

<sup>190</sup> See Shaeffer, *supra* note 118, at 812.

<sup>191</sup> Although each U.S. circuit uses its own factor test to assess the likelihood of confusion in trademark cases, all 13 circuits consider the relatedness of the goods/services of the plaintiff and defendant (referred to as "relatedness," "similarity," "proximity," or "degree of competition" between their respective goods). See Tarabichi, *supra* note 156.

company's goodwill, significantly restricts which kinds of language and symbols a newcomer can use. Because trademark elements that already exist within one's industry are off-limits, there is no other place to borrow ideas from besides outside of the industry. As a result, "[o]verprotection of trademark rights against non-competitive expressive uses can be just as harmful as underprotection because it represses the purpose of trademark law: to foster incentives to create."<sup>192</sup> Entirely original ideas are scarce because the English language is finite and a trademark can be guilty of dilution even if it is non-identical to a famous mark—not even substantial similarity is required. Therefore, enjoining all non-competing, non-confusing trademark uses that *might* resemble a famous mark unconstitutionally restricts the already-limited means by which newcomers can express ideas about their goods and services.<sup>193</sup>

## V. HISTORY AND FUTURE OF JUDICIAL CHALLENGES TO DILUTION LAW

Thus far, judicial challenges to the constitutionality of trademark dilution laws have failed. In *I.P. Lund Trading ApS v. Kohler Co.*, decided a few years after the FTDA's passage, the defendant claimed not only that its trade dress (a type of trademark) did not dilute the plaintiff's mark, but that the dilution doctrine itself is unconstitutional under the Intellectual Property Clause of the Constitution.<sup>194</sup> The

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<sup>192</sup> Gulasekaram, *supra* note 169, at 908.

<sup>193</sup> Trademark scholar Sandra Rierson worries that "[p]rohibiting others from tapping into these expressive meanings, even in commercial settings" is unconstitutional. Rierson, *supra* note 44, at 297.

<sup>194</sup> *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 32 (1st Cir. 1998). See also *Syndicate Sales Inc. v. Hampshire Paper Corp.*, 2000 WL 1428665 (S.D. Ind. Aug. 30, 2000). The Intellectual Property Clause grants Congress the power "To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the

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argument was that dilution law creates a perpetual right to product design—therefore overlapping with the domain of patent law, which is supposed to grant rights only for “limited times.”<sup>195</sup> The First Circuit disposed of the case by deciding that the defendant’s trade dress did not cause actual dilution under the FTDA.<sup>196</sup> The court, however, declined to assess the constitutionality of dilution law generally, stating, “[w]hile we acknowledge serious constitutional concerns about application of the FTDA to a dilution claim against a competing product which does not confuse consumers, the resolution of the case obviates the as applied constitutional issue, and we decline to address any residual facial challenge.”<sup>197</sup> Still, the court acknowledged that “a broad reading of dilution would bring us close to the constitutional edge.”<sup>198</sup> Although the defendant in this case did not specifically implicate the First Amendment, the First Circuit’s ruling signified the court’s awareness of the importance of respecting constitutional law while interpreting federal dilution law.

There have also been recent First Amendment challenges. In 2014, a California-based film production company tried to rebut a rival’s allegation of dilution by tarnishment by arguing dilution by tarnishment violates the First Amendment.<sup>199</sup> The U.S. District Court for the Central District of California dismissed the claim in a sentence, noting that no court has ever before declared dilution law

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exclusive Right to their respective Writings and Discoveries.” U.S. CONST. art. I, § 8, cl. 8.

<sup>195</sup> *I.P. Lund Trading ApS*, 163 F.3d at 35.

<sup>196</sup> *Id.* at 33.

<sup>197</sup> *Id.*

<sup>198</sup> *Id.* at 50.

<sup>199</sup> *Between the Lines Prods., L.L.C. v. Lions Gate Entm’t Corp.*, 2014 WL 12569354 at \*2 (C.D. Cal. June 10, 2014).

unconstitutional.<sup>200</sup> However, as recently as 2016, two law professors submitted an amicus brief in favor of the defendant in *Louis Vuitton v. My Other Bag*, suggesting that despite the various First Amendment exceptions built into some dilution statutes, the doctrine offends the First Amendment.<sup>201</sup> They wrote:

Trademark law’s anti-dilution provision creates a content-based right that applies to non-misleading commercial speech . . . a right unknown to the Framers of the Constitution. . . . Congress provided no compelling interest to sustain its new restriction on non-misleading commercial speech when it enacted the federal dilution law, nor did it attempt to use the least restrictive means to achieve any such interest.<sup>202</sup>

Although the court ruled in favor of the defendant, applying the fair use exception, the court did not remark on the overall constitutionality of dilution law.<sup>203</sup>

But more recent judicial decisions indicate that the tide may be turning from constitutional avoidance to constitutional invalidation. Even before *Tam* and *Brunetti*, a Pennsylvania district court in 2010 struck down a provision

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<sup>200</sup> To avoid the constitutional question, the court instead disposed of the case on fair use grounds. *Id.*

<sup>201</sup> See Marie-Andrée Weiss, *My Other Trademark Dilution Defense is the First Amendment*, TTLF NEWSLETTER ON TRANSATLANTIC ANTITRUST AND IPR DEVS. (Oct. 14, 2016), <https://ttlfnnews.wordpress.com/2016/10/14/my-other-trademark-dilution-defense-is-the-first-amendment/> [https://perma.cc/EG4F-E667].

<sup>202</sup> Brief of Law Professors as Amicus Curiae Supporting Defendant-Appellee at 23, *Louis Vuitton Malletier, S.A.*, 674 Fed. App’x at 16.

<sup>203</sup> *Louis Vuitton Malletier, S.A.*, 674 Fed. App’x at 18. In 2017, the U.S. District Court for the Eastern District of California similarly failed to address the defendant’s argument that certain Lanham Act provisions, including § 43(c), violated the First Amendment, as the Court found that fair use excused the defendant’s conduct. *Applied Underwriters Inc. v. Lichtenegger*, No. 2:15-cv-02445-TLN-CKD, 2017 WL 2881517 (E.D. Cal. July 5, 2017).

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of the state business code that prohibited business registration for a corporate name that “constitutes blasphemy, profane cursing or swearing, or what profanes the Lord’s name.”<sup>204</sup> The court, assuming that the law was a commercial speech regulation, held that the regulation violated the free speech clause of the First Amendment (as well as the Establishment Clause).<sup>205</sup> Although not technically a trademark case, corporate names function similarly to trademarks in that they are both government registrations that identify commercial source.<sup>206</sup> Similarly, in 2014 the U.S. District Court for the Northern District of New York refused to dismiss the First Amendment claim raised by food truck vendor “Wandering Dago” (“dago” is a slur against Italians) against the city of New York, which had tried to exclude the food truck from city-owned property.<sup>207</sup> In a new lawsuit against New York, decided in 2018, Wandering Dago found more success.<sup>208</sup> Citing *Tam*, the Second Circuit definitively ruled that the city of New York violated the food vendor’s First Amendment rights by excluding it from city-sponsored programs.<sup>209</sup>

The *Tam* and *Brunetti* decisions in 2017 signal that courts are now willing to address trademark law’s First Amendment issues head-on.<sup>210</sup> Prior to these cases, the Lanham Act § 2(a) disparagement clause prohibited federal

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<sup>204</sup> Kalman v. Cortes, 723 F. Supp. 2d 766, 797, 806 (E.D. Pa. 2010).

<sup>205</sup> *Id.* at 795, 806.

<sup>206</sup> See Nellie Akalp, *A Business Name vs. a Trademark: Do You Know the Difference?*, ENTREPRENEUR (June 8, 2015), <https://www.entrepreneur.com/article/246669> [<https://perma.cc/32D7-TNGW>].

<sup>207</sup> Wandering Dago Inc. v. N.Y. State Office of Gen. Servs., 992 F. Supp. 2d 102, 119–23 (N.D.N.Y. 2014).

<sup>208</sup> Wandering Dago, Inc. v. Destito, 879 F.3d 20, 31 (2d Cir. 2018).

<sup>209</sup> *Id.*

<sup>210</sup> *Cf.* Bunker, *supra* note 141, at 376–77 (noting courts’ reluctance to apply First Amendment scrutiny doctrines in the intellectual property context).

registration for any trademark that disparages people, institutions, beliefs, or national symbols, while the § 2(a) immorality clause prohibited registration for any trademark that the PTO deemed “immoral” or “scandalous.”<sup>211</sup> In *Tam*, the U.S. Supreme Court decisively held that the Lanham Act’s disparagement clause is unconstitutional viewpoint-based discrimination.<sup>212</sup> That decision propelled the Federal Circuit to invalidate the immorality clause on the same grounds.<sup>213</sup> This signals a departure from courts’ past approach, which has been to assume the Lanham Act’s base validity and find other ways to justify a ruling—whether by invoking an established First Amendment defense (e.g., “Barbie Girl” case), rejecting a First Amendment defense (e.g., Hyundai Super Bowl case), finding no prima facie case of dilution (e.g., the Kohler case), or by ignoring the First Amendment altogether (e.g., the California film company case).<sup>214</sup> Although the Lanham § 2(a) registration bars are different from dilution law, *Tam* and *Brunetti* were the first time that, in the balancing test between government interests and free expression, free expression prevailed.

Although the only Supreme Court case evaluating trademark dilution from a doctrinal standpoint did not address the First Amendment, the Court’s unanimous 2003 holding could shed some light on how today’s Court might rule on dilution’s First Amendment constitutionality, were

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<sup>211</sup> See Lanham Act § 2(a). See also Davis & Kilb, *supra* note 2; *In re Brunetti*, 877 F.3d at 1336 .

<sup>212</sup> *Tam*, 137 S. Ct. at 1765.

<sup>213</sup> *In re Brunetti*, 877 F.3d at 1348–49. The U.S. Supreme Court accepted certiorari and heard arguments on the case in April 2019.

<sup>214</sup> See *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 906–07 (9th Cir. 2002); *I.P. Lund Trading Aps v. Kohler Co.*, 163 F.3d 27, 32 (1st Cir. 1998); *Between the Lines Prods., L.L.C. v. Lions Gate Entm’t Corp.*, No. CV 14-00104-R, 2014 WL 12569354, at \*2 (C.D. Cal. 2014); *Louis Vuitton Malletier S.A.*, 2012 WL 1022247, at \*19 (S.D.N.Y. 2012).

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that issue to come before the Court.<sup>215</sup> In *Moseley v. V Secret Catalogue*, the Supreme Court interpreted the FTDA to mean that a plaintiff must prove “actual dilution” in order to obtain relief.<sup>216</sup> Although that court did not contemplate eviscerating dilution entirely under the First Amendment, the court recognized the danger of dilution becoming overbroad, holding that “the mere fact that consumers mentally associate the junior user’s mark with a famous mark is not sufficient to establish actionable dilution. . . . ‘Blurring’ is not a necessary consequence of mental association.”<sup>217</sup> This holding was implicitly designed to limit the remedy of dilution law to parties who could concretely prove that they had suffered harm.—The Court did not believe that evidentiary difficulties should detract from that standard.<sup>218</sup> Incidences of federal dilution claims decreased dramatically during the three years after *Moseley* but before the TDRA’s passage—reflecting the impracticability of proving, or even alleging, that dilution actually harms famous brands.<sup>219</sup>

After Congress passed the TDRA to statutorily prescribe the “likelihood of dilution” standard, essentially overriding *Moseley*, the Court declined certiorari in 2011 when the *Moseley* case was redecided at the lower court level.<sup>220</sup> However, just because the Court was unable or unwilling to defend its stance on dilution law at the time does not mean that it never will—especially considering its new willingness to overturn a long-standing federal trademark

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<sup>215</sup> The Supreme Court declined to review a dilution case appealed to the Court in 2017. *Louis Vuitton Malletier, S.A.*, 138 S. Ct. 221 (Mem).

<sup>216</sup> *Moseley*, 537 U.S. at 433.

<sup>217</sup> *Id.* at 433–34; see also *supra* Part I.

<sup>218</sup> *Moseley*, 537 U.S. at 434 (“Whatever difficulties of proof may be entailed, they are not an acceptable reason for dispensing with proof of an essential element of a statutory violation.”).

<sup>219</sup> Port, *supra* note 12, at 689–93.

<sup>220</sup> *Moseley v. V Secret Catalogue, Inc.*, 562 U.S. 1179 (2011).

statute in *Tam* in 2017.<sup>221</sup> Considering that Justices Clarence Thomas, Ruth Bader Ginsburg, and Stephen Breyer, all of whom ruled in favor of actual dilution in the *Moseley* decision, still serve on the Court, there is the potential for the Court to reexamine dilution law just as it did with the Lanham Act's disparagement clause.<sup>222</sup> Further, Justice Anthony Kennedy's concurring opinion in *Moseley* indicates his belief that, at the very least, an actionable instance of dilution must "erode or lessen the power of the famous mark to give customers the assurance of quality and the full satisfaction they have in knowing they have purchased goods bearing the famous mark."<sup>223</sup> The *Moseley* opinion thus shows the Supreme Court's reluctance to restrain speech in the absence of a cognizable detriment. Due to the recent research indicating that the theory of dilution as a psychological phenomenon is at best hypothetical,<sup>224</sup> the Court could find that dilution fails even intermediate scrutiny because it sacrifices free speech to protect famous brands against apocryphal harm.

Once the pro-dilution bias is abandoned, a court may decide that the current assemblage of First Amendment safeguards cannot redeem a doctrine that inherently threatens free speech by placing famous brands on a pedestal that is neither necessary nor appropriate. The basis of dilution law is that an extreme remedy inherently suppressing speech is a legitimate response to a harm that is abstract, ill-defined, and not tangibly harmful to famous

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<sup>221</sup> See *Tam*, 137 S. Ct. at 1765.

<sup>222</sup> *Moseley*, 537 U.S. at 419–20.

<sup>223</sup> *Id.* at 435 (Kennedy, J., concurring). See also *Prestonettes, Inc. v. Coty*, 264 U.S. 359, 368 (1924) (an earlier Supreme Court case holding that a trademark "does not confer a right to prohibit the use of the word or words. It is not a copyright. The argument drawn from the language of the Trade-Mark Act does not seem to us to need discussion. A trademark only gives the right to prohibit the use of it so far as to protect the owner's good will against the sale of another's product as his.").

<sup>224</sup> See *supra* Part II.A.1.

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brands. The problem is that, despite statutory protections like the TDRA exemptions, dilution empowers famous brands to control trademark uses that go beyond causing consumer confusion or deception.<sup>225</sup> Dilution laws unduly favor famous brands because they are quick to attribute the weakening of famous marks to foul play, instead of to the famous brands' own shortcomings.<sup>226</sup> Although famous marks are already, by definition, widely recognizable, marks that are insufficiently advertised risk being overshadowed by a non-confusing mark for a more visible good or service in a different market.<sup>227</sup> Dilution laws also fail to consider the commercial benefits to famous brands that out-of-market references can have by keeping these brands within the public conscience.<sup>228</sup> Dilution should not be plaintiffs' "receptacle for all imaginable harms to their marks."<sup>229</sup> Ultimately, these laws stifle free speech, all to relieve famous brands of any responsibility or imperative to maintain their status, like non-famous brands.

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<sup>225</sup> One scholar warns that in the future, trademark dilution could potentially be misused to prohibit augmented-reality advertisements designed to appear alongside real-life merchandise. See Ariane Takano, *Diluted Reality: The Intersection of Augmented Reality and Trademark Dilution*, 17 CHI.-KENT J. INTELL. PROP. 189, 213 (2018).

<sup>226</sup> See Welkowitz, *supra* note 12, at 586 ("There is no inherent right to perpetual fame; trademark recognition requires at least periodic advertising to remind the consuming audience of the trademark's presence.").

<sup>227</sup> *Id.*

<sup>228</sup> See Macías & Cerviño, *supra* note 62, at 357 ("when consumers perceive [junior brands] as very similar to famous brands, a reinforcement effect appears . . . [Other studies] evidenced that brand personality is reinforced for more familiar brands, due to exposure to [junior brands], regardless of similarity."); Tushnet, *supra* note 10, at 536–57.

<sup>229</sup> Barton Beebe, *A Defense of the New Federal Trademark AntiDilution Law*, 16 FORDHAM INTELL. PROP., MEDIA & ENT. L.J. 1143, 1174 (2006).

## VI. CONCLUSION

The *Moseley* court implicitly recognized that a lawful speech restraint must be targeted toward a real and particularized harm, a requirement that has been “diluted” by the TDRA and the majority of state statutes that require a mere “likelihood” of harm to establish dilution. Even under the lenient *Central Hudson* test for commercial speech, dilution laws fail constitutional scrutiny. By comparison, the § 2(a) registration bars prohibited only trademark registration while allowing unrestricted use in commerce, and these have already been struck down under the First Amendment. Those statutes were less offensive to free speech than dilution laws, which have even farther-reaching speech-suppressing effects—they bar a large amount of speech across a wide variety of commercial contexts, even when there is no risk of consumer deception or confusion. This is especially significant considering the mere risk of a dilution lawsuit can be enough to deter individuals from engaging in lawful speech. Well-meaning individuals faced with a cease-and-desist may discontinue harmless conduct just to avoid a lawsuit, because the ambiguity of the dilution cause of action and its defenses (if there are any, depending on the specific statute) makes the outcome unpredictable and not worth the time or expense.<sup>230</sup>

Because trademarks are not creative or intellectual products in the same sense that patents and copyrights are,<sup>231</sup>

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<sup>230</sup> See Bunker, *supra* note 143, at 394.

<sup>231</sup> Some scholars attempt to argue that dilution laws violate the Commerce Clause of the Constitution, which is the exclusive source of Congress’ authority to regulate trademarks. See *In re Trade-mark Cases*, 100 U.S. at 94–95 (holding that the Intellectual Property Clauses governs patents and copyrights, whereas the Commerce Clause governs trademarks). The Commerce Clause grants congressional authority “To regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes.” Compare U.S. CONST. art. I, § 8, cl. 3, with U.S. CONST. art. I, § 8, cl. 8 (the “Intellectual Property Clause” granting

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a trademark only grants the owner the right to the trademark's ability to reference its source—not its ability to reference anything imaginable. Claiming the ability of a word, phrase, or symbol to reference all things constitutes a property right in language and art itself, the antithesis of the First Amendment.<sup>232</sup> Most importantly, *Tam* and *Brunetti* show that courts—including the Supreme Court—are no longer taking trademark law's constitutionality for granted. Courts are now starting to evaluate whether certain trademark statutes are too loosely related to preventing unfair competition to pass even intermediate scrutiny. Therefore, the dilution cause of action, at both the state and federal levels, must be narrowed or eliminated, as it

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Congress the power "To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."). Critics assert that because Congress can only regulate trademarks pursuant to its Commerce Clause power, the extent of trademark protection should be limited to preserving this source-identifying purpose—and that dilution unjustifiably broadens that scope of protection. *See, e.g.*, *I.P. Lund Trading Aps v. Kohler Co.*, 163 F.3d 27, 49 (1st Cir. 1998) (a case where the defendant, unsuccessfully, argued that the FTDA violated the Commerce Clause); *see also* Goldman, *supra* note 57. ("Critics claim that dilution law improperly creates property rights 'in gross,' rights that even may conflict with the patent and copyright clauses of the Constitution."); Jacobs, *supra* note 12, at 171–72 ("Congress must rely on the Commerce Clause to enact trademark laws . . . . If the Patent-Copyright Clause is understood to regulate all exclusive intellectual property rights, then Congress cannot provide such rights under the Commerce Clause."). This perspective, however, is difficult to defend, considering the wide variety of laws that courts have upheld under the Commerce Clause.

<sup>232</sup> "[I]t is not desirable for any one entity to own the ability of all people to use their wits in a certain way." Laura R. Bradford, *Emotion, Dilution, and the Trademark Consumer*, 23 BERKELEY TECH. L.J. 1227, 1283 (2008).

sacrifices free speech to create negligible, if any, benefits to a small group of powerful enterprises.<sup>233</sup>

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<sup>233</sup> See, e.g., Rierson, *supra* note 44, at 290; Tushnet, *supra* note 10, at 510 (urging courts to interpret dilution laws narrowly).