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Texas' New Trademark Antidilution Statute - Useful or Useless New Protection for Texas Trademarks.

Richard Taylor

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**Texas' New Trademark Antidilution Statute—Useful or Useless
New Protection for Texas Trademarks?**

Richard Taylor

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I. INTRODUCTION

On June 14, 1989, Texas trademark law was substantially altered by the adoption of a trademark antidilution statute.¹ The statute allows a trade-

1. TEX. BUS. & COM. CODE ANN. § 16.29 (Vernon Supp. 1990). The statute provides: A person may bring an action to enjoin an act likely to injure a business reputation or to dilute the distinctive quality of a mark registered under this chapter or Title 15, U.S.C., or a mark or trade name valid at common law, regardless of whether there is competition between the parties or confusion as to the source of goods or services. An injunction sought under this section shall be obtained pursuant to Rule 680 et seq. of the Texas Rules of Civil Procedure.

Id.

mark owner to enjoin acts that dilute a registered or common law trademark's distinctive quality.² It applies whether competition exists between the parties or a likelihood of confusion exists as to the owner of the mark.³ The statute adds a new dimension to trademark protection in Texas because it creates a property interest in the trademark.⁴ If the interest is violated, the violation is analogous to the tort of trespass to property.⁵ Traditional trademark protection differs because it is based upon the tort of deceit.⁶

2. *Id.*

3. *Id.*; accord *Sally Gee, Inc. v. Myra Hogan, Inc.*, 699 F.2d 621, 624 (2d Cir. 1983)(apparent from language of similar New York antidilution statute that competition between parties or confusion of source not necessary for dilution action). The situations in which antidilution law applies differ from those in which trademark infringement is employed because no likelihood of consumer confusion is necessary for dilution injury. See 2 J. MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 24:13, at 217-18 (1984)(trademark infringement law may apply when parties noncompetitive, but does not apply when no likelihood of confusion).

4. Accord *Toho Co. v. Sears, Roebuck & Co.*, 645 F.2d 788, 793 (9th Cir. 1981)(California dilution doctrine intended to protect trademark's property value as symbol, not consumer's impression of trademark's origin). Trademark infringement law, the traditional form of trademark protection, seeks to protect the business reputation of the trademark owner and accords no property rights to the trademark itself. See *American Steel Foundries v. Robertson*, 269 U.S. 372, 380 (1926)(no inherent property value in trademarks outside use in connection with business or trade). Prior to adoption of the new antidilution statute, Texas trademark protection was based on trademark infringement law. See TEX. BUS. & COM. CODE ANN. §§ 16.26-.27 (Vernon 1987); see also 15 U.S.C. §§ 1051-1072, 1091-1096, 1111-1121, 1123-1127 (1988)(federal trademark law regulates trademark infringement in interstate commerce).

5. Cf. *Mushroom Makers, Inc. v. R.G. Barry Corp.*, 580 F.2d 44, 49 (2d Cir. 1978)(injury to trade name itself at heart of dilution wrong), *cert. denied*, 439 U.S. 1116 (1979); *Tiffany & Co. v. Boston Club*, 231 F. Supp. 836, 843-44 (D. Mass. 1964)(mark has value to owner as symbol of quality). The injury caused by trademark infringement, conversely, is public association of a product bearing the stolen trademark with the original trademark owner. *James Burrough Ltd. v. Sign of the Beefeater, Inc.*, 540 F.2d 266, 275 (7th Cir. 1976). A trademark is at best a quasi-property right because it achieves selling power even though it initially has no value. See 2 J. MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 24:13, at 213 (1984)(dilution of trademark invades owner's property rights in mark); Pattishall, *The Dilution Rationale for Trademark-Trade Identity Protection*, 71 NW. U.L. REV. 618, 629-30 (1976); see also Pattishall, *Dawning Acceptance of the Dilution Rationale for Trademark-Trade Identity Protection*, 74 TRADEMARK REP. 289, 309 (1984)(trademark has incorporeal property right and damage to trademark's distinctive quality constitutes trespass to that property right). One commentator has argued that a trademark has no property value at all since it cannot be separated from the business that engendered the mark. See Middleton, *Some Reflections on Dilution*, 42 TRADEMARK REP. 175, 179 (1952)(upon demise of business that created trademark, mark ceases to exist, therefore, has no property value); see also *S.C. Johnson & Son v. Johnson*, 116 F.2d 427, 429 (2d Cir. 1940)(L. Hand, J.)(notion that person can obtain property in name by mere advertising creates danger of monopoly).

6. See *Yale Elec. Corp. v. Robertson*, 26 F.2d 972, 973 (2d Cir. 1928)(L. Hand, J.)(purpose of trademark law is to prevent merchants from diverting trade from others by misrepresenting source of goods); see also Handler, *Are the State Antidilution Laws Compatible with the National Protection of Trademarks?*, 75 TRADEMARK REP. 269, 271 (1985)(trademark

Defining the scope of the new property interest in trademarks as provided in the antidilution statute and reconciling this interest with traditional trademark protection will present a serious challenge for Texas courts. Though antidilution statutes have existed for over forty years,⁷ the application of antidilution principles still remains very controversial⁸ due to various factors. Poor statutory drafting⁹ has produced confusion because the legislatures have not included within the statutes a definition of the terms "dilution"¹⁰ or "distinctive quality."¹¹ Legislative intent also has been un-

law based in tort of misrepresentation which is subset of tort of deceit); Shire, *Dilution Versus Deception—Are State Antidilution Laws an Appropriate Alternative to the Law of Infringement?*, 77 TRADEMARK REP. 273, 273 (1987)(action under traditional infringement doctrine based on confusion, mistake, or deception).

7. See Handler, *Are the State Antidilution Laws Compatible with the National Protection of Trademarks?*, 75 TRADEMARK REP. 269, 275 (1985)(Massachusetts enacted first state antidilution statute in 1947).

8. See Wolf, *Trademark Dilution: The Need for Reform*, 74 TRADEMARK REP. 311, 311 (1984)(judicial application of antidilution statutes inconsistent). For example, there has been judicial inconsistency on whether a likelihood of public confusion is necessary for dilution protection. Compare *HMH Publishing Co. v. Lambert*, 482 F.2d 595, 599 (9th Cir. 1973)(refusal to apply antidilution statute in absence of likelihood of confusion) with *Holiday Inns, Inc. v. Holiday Out in Am.*, 481 F.2d 445, 450 (5th Cir. 1973)(dilution protection most applicable when no likelihood of confusion). Courts have also been inconsistent in defining what requirements a trademark must meet to qualify for protection from dilution. Compare *PPG Indus. v. Clinical Data, Inc.*, 620 F. Supp. 604, 606 (D. Mass. 1985)(trademark acquiring widespread national reputation qualifies for dilution protection) with *Dreyfus Fund v. Royal Bank of Can.*, 525 F. Supp. 1108, 1125 (S.D.N.Y. 1981)(dilution protection should not be extended to just limited areas of trademark use otherwise only best known trademarks would qualify for protection).

9. See Shire, *Dilution Versus Deception—Are State Antidilution Laws an Appropriate Alternative to the Law of Infringement?*, 77 TRADEMARK REP. 273, 288 (1987)(legislative drafting inadequate since fails to define key terms); see also Greiwe, *Antidilution Statutes: A New Attack on Comparative Advertising*, 72 TRADEMARK REP. 178, 180 (1982)(antidilution statutes are ambiguous).

10. See CONN. GEN. STAT. ANN. § 35-11i(c) (West 1987)(action exists for dilution of trademark); GA. CODE ANN. § 10-1-451(b) (1989)(courts may enjoin acts diluting trademark); ILL. ANN. STAT. ch. 140, para. 22 (Smith-Hurd 1986)(owner of diluted mark may seek injunction, but statute does not define diluted mark); see also Greiwe, *Antidilution Statutes: A New Attack on Comparative Advertising*, 72 TRADEMARK REP. 178, 180 (1982)(definition of dilution unclear in Model State Trademark Bill); Shire, *Dilution Versus Deception—Are State Antidilution Laws an Appropriate Alternative to the Law of Infringement?*, 77 TRADEMARK REP. 273, 274 (1987)(conduct necessary for dilution not clear).

11. See ALA. CODE § 8-12-17 (Supp. 1989)(distinctive quality included in statute but not defined); MO. ANN. STAT. § 417.061(1) (Vernon 1979)(distinctive quality of trademark not to be diluted); R.I. GEN. LAWS § 6-2-12 (1985)(distinctive quality may not be diluted, but distinctive quality not defined). Compare *Sally Gee, Inc. v. Myra Hogan, Inc.*, 699 F.2d 621, 625 (2d Cir. 1983)(distinctiveness acquired by secondary meaning fairly difficult to attain since mark must become famous to have secondary meaning) with *Wedgwood Homes v. Lund*, 659

clear¹² because it is uncertain how the antidilution statutes interact with existing trademark law¹³ and whether intent to dilute is necessary for statutory violation.¹⁴ Finally, courts have been reluctant to enforce the plain language of the statutes¹⁵ resulting in inconsistent application.¹⁶

It is important, therefore, for Texas courts to establish the ground rules of antidilution enforcement early. To provide the reader with a better understanding of the new Texas trademark antidilution statute, this comment will examine the historical background of trademark law, generally, and dilution, specifically. Subsequently, potential solutions to the problems of undefined terms and the scope of the statute will be analyzed and the situations where the requirement of intent is necessary to dilute the mark will be discussed.

II. HISTORY OF TRADEMARKS - INFRINGEMENT AND DILUTION

Historically, trademarks were used when medieval guilds governed

P.2d 377, 379 (Or. 1983)(secondary meaning simply acquired by use for distinctiveness purposes).

12. *See* Food Fair Stores v. Food Fair, Inc., 83 F. Supp. 445, 450 (D. Mass. 1948)(legislative history of antidilution statute so sparse that judge had to guess at legislative intent), *aff'd.*, 177 F.2d 177 (1st Cir. 1949); *see also* Shire, *Dilution Versus Deception—Are State Antidilution Laws an Appropriate Alternative to the Law of Infringement?*, 77 TRADEMARK REP. 273, 278-83 (1987)(reviews meager legislative history of two states at forefront of antidilution law).

13. *Compare* Time, Inc. v. T.I.M.E., Inc., 123 F. Supp. 446, 451-52 (S.D. Cal. 1954)(federal trademark law preempts state antidilution laws because of need for uniformity in trademark law) *with* Golden Door, Inc. v. Odisho, 646 F.2d 347, 352 (9th Cir. 1980)(state law allowed to supplement federal trademark law).

14. *See* Sally Gee, Inc. v. Myra Hogan, Inc., 699 F.2d 621, 626 (2d Cir. 1983)(predatory intent necessary factor for dilution). *But see* Mennen Co. v. Gillette Co., 565 F. Supp. 648, 656 (S.D.N.Y. 1983)(proof of intent not necessary in dilution action), *aff'd.*, 742 F.2d 1437 (2d Cir. 1984). *See generally* Shire, *Dilution Versus Deception—Are State Antidilution Laws an Appropriate Alternative to the Law of Infringement?*, 77 TRADEMARK REP. 273, 295-96 (1987)(reviews court decisions on intent requirement).

15. *See* Coffee Dan's, Inc. v. Coffee Don's Charcoal Broiler, 305 F. Supp. 1210, 1217 n.13 (N.D. Cal. 1969)(court refused broad application of antidilution statute for fear competition would be eliminated in name of trade protection); *Allied Maintenance Corp. v. Allied Mechanical Trades*, 369 N.E.2d 1162, 1165 (N.Y. 1977)(notes courts' refusal to apply literal language of antidilution statutes). *See generally* Shire, *Dilution Versus Deception—Are State Antidilution Laws an Appropriate Alternative to the Law of Infringement?*, 77 TRADEMARK REP. 273, 283-85 (1987)(analysis of judicial interpretation of antidilution statutes).

16. *See* Haviland & Co. v. Johann Haviland China Corp., 269 F. Supp. 928, 957 (S.D.N.Y. 1967)(likelihood of confusion of products necessary for enforcement of antidilution statute). *But see* Polaroid Corp. v. Polaroid, Inc., 319 F.2d 830, 837 (7th Cir. 1963)(antidilution statutes add nothing to trademark law if applicable only when likelihood of confusion). *See generally* Shire, *Dilution Versus Deception—Are State Antidilution Laws an Appropriate Alternative to the Law of Infringement?*, 77 TRADEMARK REP. 273, 283-96 (1987)(reviews varied judicial interpretations of antidilution statutes).

trade.¹⁷ The marks served two purposes: to show ownership of the goods upon which the mark was stamped in case the goods were lost; and to identify the source of the goods in case the goods were defective.¹⁸ As industry developed, trademarks came to represent the manufacturer of the goods and the quality of goods the consuming public could expect from that manufacturer.¹⁹ To protect the manufacturer's trademark from unscrupulous competitors with similar goods seeking to profit from a manufacturer's reputation for quality goods, common law developed the concept of trademark infringement.²⁰

Infringement was a viable cause of action when a likelihood of confusion existed between competitors' goods or services due to a competitor copying the other's trademark in order to sell a product.²¹ The critical issue in a traditional infringement action is the likelihood of confusion.²² Confusion is

17. See F. SCHECHTER, *THE HISTORICAL FOUNDATIONS OF THE LAW RELATING TO TRADEMARKS* 16-37 (1925)(guilds regulated early use of trademarks). No actions for violation of trademark rights are found in early English law because one of the main functions of the guild was to prevent guild members from resorting to litigation. *Id.* at 16-17; see also Handler, *Are the State Antidilution Laws Compatible with the National Protection of Trademarks?*, 75 TRADEMARK REP. 269, 271 (1985)(brief synopsis of trademark history).

18. See generally F. SCHECHTER, *THE HISTORICAL FOUNDATIONS OF THE LAW RELATING TO TRADEMARKS* 26-63 (1925)(purpose of early English trademarks was of dual nature, to define origin and ownership). The proprietary function of early trademarks was to allow social recognition of the merchant as well as provide a method for identifying and retrieving lost goods. *Id.* at 20-37. The original function of the trademark also served two purposes, to identify the source of defective goods and to police illegal use of a guild trademark. *Id.*; see also Handler, *Are the State Antidilution Laws Compatible with the National Protection of Trademarks?*, 75 TRADEMARK REP. 269, 271 (1985)(overview of trademark history).

19. See Handler, *Are the State Antidilution Laws Compatible with the National Protection of Trademarks?*, 75 TRADEMARK REP. 269, 271 (1985)(trademark use by nonowner implied that goods came from source of goods bearing genuine mark).

20. See *Yale Elec. Corp. v. Robertson*, 26 F.2d 972, 973 (2d Cir. 1928)(L. Hand, J.)(merchants shall not divert sales from another by misrepresentation through use of similar trademark on similar goods); cf. *L.E. Waterman Co. v. Gordon*, 72 F.2d 272, 273 (2d Cir. 1934)(infringement does not protect trademark owner from nonowner use on products very different from owner's goods); see also Handler, *Are the State Antidilution Laws Compatible with the National Protection of Trademarks?*, 75 TRADEMARK REP. 269, 271 (1985)(purpose of trademark infringement law was to protect owner from nonowner deceit).

21. See *Girl Scouts of Am. v. Personality Posters Mfg.*, 304 F. Supp. 1228, 1230-31 (S.D.N.Y. 1969)(likelihood of consumer confusion over trademark enough to show misrepresentation and infringement); *Field Enter. Educ. Corp. v. Grosset & Dunlap, Inc.*, 256 F. Supp. 382, 387 (S.D.N.Y. 1966)(test for trademark infringement is whether consumer confusion exists). The requirement for likelihood of consumer confusion has been codified in the Lanham Act. 15 U.S.C. § 1114(1) (1988).

22. See *Lever Bros. Co. v. American Bakeries Co.*, 693 F.2d 251, 253 (2d Cir. 1982)(ultimate consideration to determine whether trademark has been infringed is whether large proportion of consumers misled or confused by nonowner's use of trademark); *McGregor-Doniger, Inc. v. Drizzle, Inc.*, 599 F.2d 1126, 1130 (2d Cir. 1979)(potential customer confu-

proven by showing that a substantial number of potential consumers are likely to be misled by the use of the infringing trademark.²³

Trademark protection was later broadened to prevent a noncompetitor from diluting or reducing the value of an individual's trademark even when a likelihood of confusion did not exist.²⁴ The concept of trademark dilution was introduced in 1927 by Frank Schechter in his landmark paper, "The Rational Basis of Trademark Protection."²⁵ In 1947, Massachusetts passed the first antidilution statute,²⁶ and since then, twenty-three other states have passed similar statutes.²⁷ The courts initially were reluctant to enforce

sion by infringing mark determines whether actual trademark infringement occurred). The courts have enunciated several factors that contribute to a likelihood of confusion which have subsequently been collected in the Restatement (Second) of Torts. RESTATEMENT (SECOND) OF TORTS § 717 (1977). The factors to be considered when determining whether a likelihood of confusion exists include: the strength of the owner's mark; the degree of similarity between the two marks; the proximity of the products; the likelihood that the prior owner will bridge the gap; actual confusion; the defendant's good faith in adopting its own mark; the quality of the defendant's product; and the sophistication of the buyers. *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir.), *cert. denied*, 368 U.S. 820 (1961).

23. See *Mushroom Makers, Inc. v. R.G. Barry Corp.*, 580 F.2d 44, 47 (2d Cir. 1978)(well settled that most important element necessary for trademark infringement is confusion of purchasers), *cert denied*, 439 U.S. 1116 (1979); *Lord Jeff Knitting Co. v. Warnaco, Inc.*, 594 F. Supp. 579, 580 (S.D.N.Y. 1984)(although many factors lead to finding of likelihood of confusion, most important is consumer confusion as to source of goods).

24. See, e.g., FLA. STAT. ANN. § 495.151 (West 1988)(confusion and competition not necessary to have dilution cause of action); IDAHO CODE § 48-512 (1977)(confusion and competition not part of dilution injury); TENN. CODE ANN. § 47-25-512 (1988)(absence of competition or confusion no bar to enforcement of dilution cause of action); see also *Hyatt Corp. v. Hyatt Legal Servs.*, 736 F.2d 1153, 1157 (7th Cir.)(competition nor confusion necessary to apply Illinois' antidilution statute), *cert. denied*, 469 U.S. 1019 (1984).

25. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 813-33 (1927); see also Shire, *Dilution Versus Deception—Are State Antidilution Laws an Appropriate Alternative to the Law of Infringement?*, 77 TRADEMARK REP. 273, 275 (1987)(Schechter's article seminal writing on dilution). Schechter received the inspiration for the dilution of trademark theory from a German case in which the court held that use of a well known mark by a noncompetitor would dilute (verwässert) the mark and lessen the mark's selling power. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 831-32 (1927).

26. See Handler, *Are the State Antidilution Laws Compatible with the National Protection of Trademarks?*, 75 TRADEMARK REP. 269, 275 (1985); see also Shire, *Dilution Versus Deception—Are State Antidilution Laws an Appropriate Alternative to the Law of Infringement?*, 77 TRADEMARK REP. 273, 278 (1987)(Massachusetts first state to pass antidilution statute).

27. See Shire, *Dilution Versus Deception—Are State Antidilution Laws an Appropriate Alternative to the Law of Infringement?*, 77 TRADEMARK REP. 273, 274 (1987)(quoting the Model State Trademark Bill)(typical antidilution statute). In addition to Massachusetts, twenty-three other states have adopted antidilution statutes which are much the same as Model State Trademark Bill section 12 with some minor variations. ALA. CODE § 8-12-17 (1984); ARK. STAT. ANN. § 4-71-113 (1987); CAL. BUS. & PROF. CODE ANN. § 14330 (Deering Supp. 1989); CONN. GEN. STAT. ANN. § 35-11i(c) (West 1987); DEL. CODE ANN. tit. 6, § 3313 (Supp. 1988); FLA. STAT. ANN. § 495.151 (West 1988); GA. CODE ANN. § 10-1-451(b)

trademark dilution as a separate cause of action unless traditional infringement was present.²⁸ Recently, however, the courts have recognized the antidilution law's validity as a separate action and now enforce claims that fall strictly in the domain of dilution law.²⁹

III. TRADEMARK DILUTION DEFINED

Since court acceptance of dilution as a cause of action is growing and since the term is not defined in the Texas antidilution statute or any other states' statutes, the need exists for a clear definition of "dilution."³⁰ Dilution is difficult to define because it is a gradual and cumulative process and, therefore, it is difficult to determine at what point a trademark has been diluted.³¹

(1989); IDAHO CODE § 48-512 (1977); ILL. ANN. STAT. ch. 140, para. 22 (Smith-Hurd 1986); IOWA CODE ANN. § 548.11(2) (West 1987); LA. REV. STAT. ANN. § 223.1 (West 1984); ME. REV. STAT. ANN. tit. 10, § 1530 (1980); MO. ANN. STAT. § 417.061 (Vernon 1979); MONT. CODE ANN. § 30-13-334 (1989); NEB. REV. STAT. § 87-122 (1987); N.H. REV. STAT. ANN. § 350-A:12 (1984); N.M. STAT. ANN. § 57-3-10 (1987); N.Y. GEN. BUS. LAW § 368-d (McKinney 1984); OR. REV. STAT. § 647.107 (1987); 54 PA. CONS. STAT. ANN. § 1124 (Purdon Supp. 1984); R.I. GEN. LAWS § 6-2-12 (1985); TENN. CODE ANN. § 47-25-512 (1988); TEX. BUS. & COM. CODE ANN. § 16.29 (Vernon Supp. 1990). The Model State Trademark Bill section 12 provides:

Likelihood of injury to business reputation or of dilution of the distinctive quality of a mark registered under this Act, or a mark valid at common law, or a trade name valid at common law, shall be ground for injunctive relief notwithstanding the absence of competition between the parties or the absence of confusion as to the source of the goods or services.

Shire, *Dilution Versus Deception—Are State Antidilution Laws an Appropriate Alternative to the Law of Infringement?*, 77 TRADEMARK REP. 273, 274 (1987)(quoting Model State Trademark Bill).

28. See *King Research v. Shulton, Inc.*, 324 F. Supp. 631, 638-39 (S.D.N.Y. 1971)(likelihood of confusion necessary for plaintiff to bar defendant's use of "ship shape" on product under antidilution statute), *aff'd*, 454 F.2d 66 (2d Cir. 1972); *Ringling Bros.-Barnum & Bailey Combined Shows v. Chandris Am. Lines*, 321 F. Supp. 707, 712 (S.D.N.Y. 1971)(no likelihood of confusion between plaintiff's slogan and defendant's slogan, therefore, dilution statute did not apply); *Haviland & Co. v. Johann Haviland China Corp.*, 269 F. Supp. 928, 957 (S.D.N.Y. 1967)(china manufacturer prevented from use of antidilution statute against another china manufacturer since no likelihood of confusion).

29. See *Hyatt Corp. v. Hyatt Legal Servs.*, 736 F.2d 1153, 1157 (7th Cir.)(competition and confusion not necessary to apply Illinois' antidilution statute), *cert. denied*, 469 U.S. 1019 (1984); *Community Fed. Sav. & Loan Ass'n v. Orondorff*, 678 F.2d 1034, 1036-37 (11th Cir. 1982)(district court misapplied antidilution law by requiring likelihood of confusion); *Allied Maintenance Corp. v. Allied Mechanical Trades*, 369 N.E.2d 1162, 1166 (N.Y. 1977)(dilution protection not dependent on likelihood of confusion).

30. See, e.g., TEX. BUS. & COM. CODE ANN. § 16.29 (Vernon Supp. 1990)(no clear definition of dilution); IDAHO CODE § 48-512 (1977)(no clear meaning of dilution); IOWA CODE ANN. § 548.11(2) (West 1987)(legislature did not specify what constitutes dilution in statute).

31. See *Hyatt Corp. v. Hyatt Legal Servs.*, 736 F.2d 1153, 1158 (7th Cir.)(dilution injury caused by gnawing away at value of mark and damages almost impossible to assess), *cert.*

Poorly defined standards injure both the good faith defendant, who does not realize that he is violating the law and bears the risk of forfeiting expensive advertising,³² and the plaintiff, whose mark is being diluted.³³

A. *Schechter's Definition*

Schechter initially defined the process of dilution as "whittling away" or "dispersing" the distinctiveness of the mark.³⁴ The amount of dispersion necessary to cause dilution was not clear from this definition and, thus, provided little help in defining just when dilution had occurred.³⁵

B. *Blurring and Tarnishing*

Another definition has been advanced which divides dilution into two types of injury—blurring and tarnishing.³⁶ Blurring occurs when a non-

denied, 469 U.S. 1019 (1984); see also Handler, *Are the State Antidilution Laws Compatible with the National Protection of Trademarks?*, 75 TRADEMARK REP. 269, 281 (1985)(questions how dilution can be applied if injury cannot be precisely defined); Pattishall, *Dawning Acceptance of the Dilution Rationale for Trademark-Trade Identity Protection*, 74 TRADEMARK REP. 289, 305 (1984)(even Pattishall, a vociferous proponent of antidilution, admits measurement of dilution injury almost impossible).

32. See Handler, *Are the State Antidilution Laws Compatible with the National Protection of Trademarks?*, 75 TRADEMARK REP. 269, 282 (1985)(dilution defendant could spend millions of dollars advertising without intending to dilute, yet be enjoined from further use of mark). See generally Greiwe, *Antidilution Statutes: A New Attack on Comparative Advertising*, 72 TRADEMARK REP. 178, 186-203 (1982)(in-depth study of antidilution statute's potential impact on comparative advertising).

33. The courts have been inconsistent in applying antidilution statutes. A trademark owner, therefore, is less likely to know whether the trademark has suffered dilution. Compare *Hyatt*, 736 F.2d at 1157 (plaintiff injured by defendant's use of common, nondistinctive surname) with *Pignons S.A. de Mecanique de Precision v. Polaroid Corp.*, 657 F.2d 482, 495 (1st Cir. 1981)(even though plaintiff's mark is distinctive, mark not protected from dilution unless mark is unique).

34. See Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 825 (1927)(real injury is whittling away or dispersion of mark's image in public mind).

35. See *Sally Gee, Inc. v. Myra Hogan, Inc.*, 699 F.2d 621, 625 (2d Cir. 1983)(notes nebulous nature of "whittling away" concept of dilution); see also Shire, *Dilution Versus Deception—Are State Antidilution Laws an Appropriate Alternative to the Law of Infringement?*, 77 TRADEMARK REP. 273, 293 (1987)(commenting on lack of judicial and legislative definition of dilution); Handler, *Are the State Antidilution Laws Compatible with the National Protection of Trademarks?*, 75 TRADEMARK REP. 269, 278 (1985)(no one knows amount of "whittling away" necessary for injury).

36. See 4 R. CALLMANN, UNFAIR COMPETITION, TRADEMARKS AND MONOPOLIES § 21.11, at 34 (4th ed. 1983)(dilution causes two types of injury, blurring of product definition and tarnishing affirmative associations of mark); see also *Sally Gee*, 699 F.2d at 625 (court adopts blurring and tarnishing as definition of dilution). See generally Note, *Dilution: Trademark Infringement or Will-O'-The-Wisp?*, 77 HARV. L. REV. 520, 531 (1964)(explanation of tarnishment and blurring concepts).

owner's use of an original mark distorts the consumer's mental image of the product.³⁷ This definition, however, lacks meaning when a pure dilution action exists, that is, the parties are noncompetitors and no likelihood of confusion exists between the products.³⁸ If dilution involves no confusion but blurring requires distortion which indicates a certain amount of confusion, blurring seems to be an inappropriate means of defining dilution.³⁹

Tarnishment, conversely, occurs when the nonowner's use of the mark causes the original mark to be diminished in the eyes of the consumer.⁴⁰ For example, Anheuser-Busch's Budweiser label would be tarnished by the use of the Budweiser label on roach poison because the consumer would likely be less willing to purchase Budweiser beer.⁴¹ Since tarnishment can occur when the products are noncompetitive and no likelihood of confusion exists, tarnishment of the mark is a definitional subset of dilution.⁴²

C. *Source-Quality Representation of a Trademark*

Perhaps the best definition of dilution is separated into two components:

37. See *Mennen Co. v. Gillette Co.*, 565 F. Supp. 648, 656 (S.D.N.Y. 1983)(dilution of mark comes by blurring product identity or tarnishing public's positive perception of mark), *aff'd*, 742 F.2d 1437 (2d Cir. 1984); see also Note, *Dilution: Trademark Infringement or Will-O'-The-Wisp?*, 77 HARV. L. REV. 520, 531 (1964)(blurring occurs when secondary use reduces product identification in public mind).

38. See *L.E. Waterman Co. v. Gordon*, 72 F.2d 272, 273 (2d Cir. 1934)(owner of trademark not likely to be injured by remote use of mark); see also *Yale Elec. Corp. v. Robertson*, 26 F.2d 972, 974 (2d Cir. 1928)(L. Hand, J.)(enough disparity between goods of producers results in no confusion and, therefore, no injury); cf. *Hallmark Cards v. Hallmark Dodge*, 634 F. Supp. 990, 999-1001 (W.D. Mo. 1986)(blurring and injury to greeting card manufacturer by car dealer likely since confusion of source existed even though noncompetitors); Shire, *Dilution Versus Deception—Are State Antidilution Laws an Appropriate Alternative to the Law of Infringement?*, 77 TRADEMARK REP. 273, 293 (1987)(blurring cannot occur without confusion)).

39. See Shire, *Dilution Versus Deception—Are State Antidilution Laws an Appropriate Alternative to the Law of Infringement?*, 77 TRADEMARK REP. 273, 293 (1987). Few courts have analyzed the concepts of blurring and tarnishing in detail. *Id.*; cf. *James Burrough Ltd. v. Sign of the Beefeater, Inc.*, 540 F.2d 266, 275 (7th Cir. 1976)(consumer misinterpretation of non-owner trademark as owner's trademark is result of confusion of product or service).

40. See *Toho Co. v. Sears, Roebuck & Co.*, 645 F.2d 788, 793 (9th Cir. 1981)(tarnishing damages trademark's inherent value); see also Note, *Dilution: Trademark Infringement or Will-O'-The Wisp?*, 77 HARV. L. REV. 520, 531 (1964)(tarnishing of mark occurs when mark placed on inferior product or on product that gives wrong connotation to mark).

41. See *Chemical Corp. of Am. v. Anheuser-Busch*, 306 F.2d 433, 438 (5th Cir. 1962)(floor wax-insecticide producer enjoined from using slogan "where there's life there's bugs" which was similar to beer manufacturer's slogan "where there's life there's Bud"), *cert. denied*, 372 U.S. 965 (1963).

42. See *Toho*, 645 F.2d at 793 (dilution by tarnishing occurs even in absence of confusion); cf. *Community Fed. Sav. & Loan Ass'n v. Orondorff*, 678 F.2d 1034, 1037 (11th Cir. 1982)(trademark of savings and loan company diluted by use of trademark on adult entertainment establishment since use tarnished trademark).

diminishment of the "quality-representation" function of the trademark and diminishment of the "source-representation" function of the trademark.⁴³ Diminishment of the "quality-representation" function of the trademark involves a lessened consumer opinion of the goods bearing the mark due to nonowner use of the trademark on inferior goods.⁴⁴ Tarnishment would fall under this category because the quality of the product is impugned by non-owner use of the trademark.⁴⁵

Diminishment of the "source-representation" function of the trademark occurs when the consumer no longer associates the trademark with its source due to the weakening of the mark by nonowner use.⁴⁶ Weakening of the trademark occurs in three ways: generic use of the trademark; unrelated use of the trademark by nonowners; and comparative advertising.⁴⁷ Generic use occurs when the trademark becomes so strong that it becomes commonly used as a term for the product, whether or not the product is produced by the trademark owner.⁴⁸ Some examples of trademarks that have become generic are aspirin,⁴⁹ shredded wheat,⁵⁰ Singer sewing machines⁵¹

43. See Wolf, *Trademark Dilution: The Need for Reform*, 74 TRADEMARK REP. 311, 318-19 (1984)(defines dilution using quality and source representation functions of trademark).

44. See *id.* at 318 (quality representation injury results from adverse public association of mark with dissimilar products or services).

45. See *Coca-Cola Co. v. Gemini Rising, Inc.*, 346 F. Supp. 1183, 1189 (E.D.N.Y. 1972)(use of "cocaine" on poster based on plaintiff's Coca-Cola trademark would harm Coca-Cola's trademark); accord *Dallas Cowboy Cheerleaders, Inc. v. Pussycat Cinema*, 604 F.2d 200, 205-06 (2d Cir. 1979)(use of well known cheerleader uniforms in X-rated movie injured integrity of trademarked uniforms).

46. See Wolf, *Trademark Dilution: The Need for Reform*, 74 TRADEMARK REP. 311, 318-19 (1984)(source-representation trademark injury occurs when public association of trademark to owner is weakened); *Holiday Inns, Inc. v. Holiday Out in Am.*, 481 F.2d 445, 450 (5th Cir. 1973)(dilution occurs where subsequent use of mark lessens uniqueness of mark and, thus, weakens mark).

47. See *American Chicle Co. v. Topps Chewing Gum, Inc.*, 208 F.2d 560, 562 (2d Cir. 1953)(mark may become so strong that owner loses rights to it because generally used); *Amstar Corp. v. Domino's Pizza, Inc.*, 615 F.2d 252, 265 (5th Cir.) (quoting *Holiday Inns, Inc. v. Holiday Out in Am.*, 481 F.2d 445, 450 (5th Cir. 1973))(dilution protection applies when strong mark will be made weak by unrelated use), *cert. denied*, 449 U.S. 899 (1980); *Jimmy's Saddlery, Inc. v. Libertyville Riding & Saddle Shop*, 201 U.S.P.Q. (BNA) 224, 228-29 (N.D. Ill. 1978)(use of trade name to advertise nonowner's similar product caused likelihood of confusion).

48. See *American Chicle Co. v. Topps Chewing Gum, Inc.*, 208 F.2d 560, 562 (2d Cir. 1953)(very success of mark may prove its undoing by becoming too strong); see also Wolf, *Trademark Dilution: The Need for Reform*, 74 TRADEMARK REP. 311, 319-23 (1984)(discussion of generic use of trademarks).

49. See *Bayer Co. v. United Drug Co.*, 272 F. 505, 509 (S.D.N.Y. 1921)(buyers only understood that aspirin was type of product and did not relate term to producer of product, so no protection afforded producer's trade name).

50. See *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 116-17 (1938)("shredded wheat" so generic that originator of trade name had no protected interest in name).

and cellophane.⁵² Unrelated use, conversely, is nonowner use of a trademark on noncompetitive products which results in the loss of automatic consumer identification with a particular trademark.⁵³ For example, the use of the name Drano on baseball bats would reduce the consumer's immediate association of Drano to plumbing supplies.⁵⁴ The third way to weaken a mark is by comparative advertising which is nonowner use of a trademark to promote the nonowner's own product, such as Coca-Cola using the Pepsi-Cola trademark in its advertisements to promote the sale of Coca-Cola.⁵⁵

Further refinement of the source-quality representation definition is possible if intent to appropriate the trademark is made a requirement for dilution injuries that result in little, if any, harm to the trademark.⁵⁶ If considerable damage occurs to the trademark due to a nonowner's use, intent should not be a prerequisite because of the importance in protecting the plaintiff's goodwill in the trademark.⁵⁷

51. See *Singer Mfg. v. June Mfg.*, 163 U.S. 169, 189 (1896)(quoting *Singer Mfg. Co. v. Larsen*, 22 F. Cas. 219 (N.D. Ill. 1898)(No. 12,902))(Singer sewing machine became synonymous to sewing machines so other manufacturers not prevented from constructing "Singers").

52. See *DuPont Cellophane Co. v. Waxed Prods. Co.*, 85 F.2d 75, 80-81 (2d Cir. 1936)(trade name of "cellophane" no longer protected because name became descriptive of product).

53. See *Augusta Nat'l, Inc. v. Northwestern Mut. Life Ins. Co.*, 193 U.S.P.Q. (BNA) 210, 222 (S.D. Ga. 1976)(nonowner use of term "Masters" would erode public association of term to golf tournament); see also Greiwe, *Antidilution Statutes: A New Attack on Comparative Advertising*, 72 TRADEMARK REP. 178, 185-86 (1982)(description of unrelated uses).

54. See Greiwe, *Antidilution Statutes: A New Attack on Comparative Advertising*, 72 TRADEMARK REP. 178, 185-86 (1982)(explains concept of unrelated use). Another example of an unrelated use is placing the Volkswagen trademark on cat food. *Id.* at 186. Regardless of the quality of the cat food, the Volkswagen trademark would be weakened because consumers would no longer solely associate the mark with automobiles. *Id.*

55. See *id.* (one form of injurious nonowner trademark use is comparative advertising). Application of antidilution law in competitive advertising is complicated by the defendant's right to free speech because of possible conflict between first amendment protections and antidilution regulations. *Id.* at 189.

56. See *Toys "R" Us, Inc. v. Canarsie Kiddie Shop*, 559 F. Supp. 1189, 1208-09 (E.D.N.Y. 1983)(predatory intent is factor to be weighed in determining whether dilution has taken place); see also *Beneficial Corp. v. Beneficial Capital Corp.*, 529 F. Supp. 445, 451-52 (S.D.N.Y. 1982)(although statutes do not require intent, cases show that bad intent required for dilution relief). But see *Mennen Co. v. Gillette Co.*, 565 F. Supp. 648, 656 (S.D.N.Y. 1983)(predatory intent not requirement for dilution protection), *aff'd*, 742 F.2d 1437 (2d Cir. 1984).

57. See *Sally Gee, Inc. v. Myra Hogan, Inc.*, 699 F.2d 621, 626 (2d Cir. 1983)(relief under antidilution statute equitable in nature and since plaintiff not seriously injured, absence of predatory intent by defendant is factor to be considered); cf. *Cue Publishing Co. v. Colgate-Palmolive Co.*, 259 N.Y.S.2d 377, 378 (N.Y. App. Div. 1965)(injunctive relief under antidilution statute equitable, therefore, injury to plaintiff must be weighed against injury to defendant). A trademark owner acquires goodwill in the trademark when the public associates the trademark with the trademark owner's product. See *Mishawaka Rubber & Woolen Mfg. v.*

D. Proposed Texas Definition of Dilution

Texas courts must balance two competing interests when defining dilution, protection of the plaintiff's goodwill against monopolization of commonly used marks and the defendant's interest in the use of such marks.⁵⁸ Since quality representation dilution greatly injures a plaintiff's goodwill, the defendant should be enjoined from further use of the mark regardless of intent unless the defendant can show that the mark is common and not distinctive.⁵⁹ Conversely, source representation injuries that involve weakening tend to injure the plaintiff's goodwill far less; therefore, intent to appropriate the trademark should be required.⁶⁰ While not a complete definition, the source-quality representation definition of dilution at least gives the courts a workable format for identifying dilution injury that may be detailed in future decisions.

IV. DISTINCTIVE QUALITY IN A TRADEMARK

In addition to clarifying the definition of dilution, Texas courts need to establish a definition of the term "distinctive quality" because the legislature failed to define it.⁶¹ A workable definition is necessary in order to consist-

S.S. Kresge Co., 316 U.S. 203, 205 (1942)(trademark owner acquires something of value when public associates trademark with trademark owner's goods). A trademark that has much goodwill has selling power. *See id.* (trademark is merchandising short cut which induces public to buy goods on which it is placed because consumer relies on quality representation of trademark).

58. *Cf.* American Waltham Watch Co. v. United States Watch Co., 53 N.E. 141, 142 (Mass. 1899)(trademark protection requires balancing owner's interest in goodwill of mark against defendant's right to choose mark). Dilution theory tends to enhance the rights of the plaintiff trademark owner at the expense of the defendant's right to use a trademark. *See Handler, Are the State Antidilution Laws Compatible with the National Protection of Trademarks?*, 75 TRADEMARK REP. 269, 281-82 (1985)(application of antidilution statutes must balance plaintiff's interests against defendant's interests or else dilution is trademark law run amok in favor of trademark owners); Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 828 (1927)(inherently unique marks to be protected because they add to vocabulary not monopolize it).

59. *See* Stork Restaurant v. Sahati, 166 F.2d 348, 364 (9th Cir. 1948)(use of famous nightclub name on local pub likely to injure famous nightclub's image); Pillsbury Co. v. Milky Way Prods., 215 U.S.P.Q. (BNA) 124, 133 (N.D. Ga. 1981)(defendant's use of plaintiff's trademarked characters "Poppin Fresh" and "Poppie Fresh" in magazine in sexually depraved manner likely to injure plaintiff's reputation); General Elec. Co. v. Alumpa Coal Co., 205 U.S.P.Q. (BNA) 1036, 1036-37 (D. Mass. 1979)(use of plaintiff's "G.E." mark on T-shirts that read "Genital Electric" likely to damage plaintiff's reputation).

60. *Cf.* Sally Gee, 699 F.2d at 626 (relief under antidilution statute is equitable remedy and intent is factor to be weighed).

61. *See* TEX. BUS. & COM. CODE ANN. § 16.29 (Vernon Supp. 1990)(although distinctive quality required for dilution, no definition of distinctive quality included in statute); *see also* Handler, *Are the State Antidilution Laws Compatible with the National Protection of Trade-*

ently apply the new Texas statute.⁶² Establishing a definition of “distinctive quality,” however, is difficult because other jurisdictions that have had antidilution statutes for several years have struggled to define distinctiveness and, generally, the meaning still remains poorly defined.⁶³

A. *Inherent Uniqueness of the Mark as Its Distinctive Quality*

Schechter’s original theory envisioned only the protection of marks that were inherently unique.⁶⁴ Inherently unique marks were those that were “coined,” “fanciful,” or “arbitrary.”⁶⁵ This narrow theory of distinctiveness was not applied by the courts.⁶⁶

marks?, 75 TRADEMARK REP. 269, 275 (1985)(state statutes unclear what constitutes distinctive); *cf.* Pattishall, *Dawning Acceptance of the Dilution Rationale for Trademark-Trade Identity Protection*, 74 TRADEMARK REP. 289, 309 (1984)(notes disparity of opinion about constitution of “distinct quality” of trademark).

62. *See* Shire, *Dilution Versus Deception—Are State Antidilution Laws an Appropriate Alternative to the Law of Infringement?*, 77 TRADEMARK REP. 273, 288-89 (1987)(other courts have been inconsistent in determining what constitutes distinctive quality of trademark resulting in poor application of antidilution statutes). One court has even provided dilution protection for a trademark the court expressly found lacking in distinctive qualities. *See* Golden Door, Inc. v. Odisho, 437 F. Supp. 956, 964-66 (N.D. Cal. 1977)(decided mark lacked distinctive quality then afforded the mark protection to prevent dilution of trademark’s distinctive qualities), *aff’d*, 646 F.2d 347 (9th Cir. 1980).

63. *See* Allied Maintenance Corp. v. Allied Mechanical Trades, 369 N.E.2d 1162, 1166 (N.Y. 1977)(strongly distinctive mark needed for protection from dilution and “Allied” not strong). *But see id.* at 1167 (Cooke, J., dissenting)(antidilution statute should protect more than just strong marks that are widely known). *Compare* Eastern Air Lines v. New York Air Lines, 559 F. Supp. 1270, 1281 (S.D.N.Y. 1983)(antidilution statute only protected strong marks and “air shuttle” was weak mark) *with* Dreyfus Fund v. Royal Bank of Can., 525 F. Supp. 1108, 1125 (S.D.N.Y. 1981)(marks that are strong in product field should be protected regardless of overall weakness, otherwise only most notorious marks protected).

64. *See* Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 828 (1927)(dilution protection to extend only to arbitrary, coined, or fanciful marks not symbols, words, or phrases commonly used); *see also* Shire, *Dilution Versus Deception—Are State Antidilution Laws an Appropriate Alternative to the Law of Infringement?*, 77 TRADEMARK REP. 273, 275 (1987)(explanation of Schechter’s theory).

65. *See* Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 828 (1927)(distinctiveness based upon uniqueness of mark, commonly used marks, or words not distinct for dilution purposes because granting monopoly on commonly used words undesirable). Schechter believed that unique marks added to the common vocabulary instead of subtracting from it. *Id.* at 829. For example, words such as Kodak, Rolls-Royce and Nujol create new words and are unique, while words like Gold Medal or Premier are not unique and do not deserve protection from dilution. *Id.*

66. *See* Food Fair Stores v. Food Fair, Inc., 83 F. Supp. 445, 450 (D. Mass. 1948)(state antidilution statute was designed to bring state trademark protection in line with broad federal trademark protection, therefore broad interpretation applied), *aff’d*, 177 F.2d 177 (1st Cir. 1949). Courts, however, have been inconsistent defining how broadly distinctiveness should be defined. *See* Hyatt Corp. v. Hyatt Legal Servs., 736 F.2d 1153, 1158 (7th Cir. 1984)(even though name “Hyatt” reasonably common name, Hyatt found distinctive because of reputa-

B. *Combination Approach*

Schechter's theory of inherently distinctive marks was broadened to include trademarks that have acquired a secondary meaning.⁶⁷ Secondary meaning exists when a trademark owner has established the mark in the minds of the consuming public as emanating from a particular source through such means as advertising or mass exposure to the mark.⁶⁸ The mark with secondary meaning does not have to have initial distinctiveness but may acquire distinctiveness as a result of public exposure.⁶⁹ Most courts tend to apply some form of secondary meaning analysis to determine whether a mark has a distinctive quality, but stop short of protecting common marks that may have acquired some secondary meaning.⁷⁰

tion of plaintiff), *cert. denied*, 469 U.S. 1019 (1984); *Toys "R" Us, Inc. v. Canarsie Kiddie Shop*, 559 F. Supp. 1189, 1207 (E.D.N.Y. 1983)(trademarks that have acquired secondary meaning are distinctive in addition to unique trademarks).

67. *See Toys "R" Us*, 559 F. Supp. at 1207 (trademarks with secondary meaning have distinctive quality regardless of inherent uniqueness of mark); *Food Fair Stores v. Food Fair, Inc.*, 83 F. Supp. 445, 450 (D. Mass. 1948)(distinctive means any characteristic quality inherent in trademark after acquiring secondary meaning in addition to inherent uniqueness of mark), *aff'd*, 177 F.2d 177 (1st Cir. 1949); *see also* 4 R. CALLMANN, *UNFAIR COMPETITION, TRADEMARKS AND MONOPOLIES* § 21.12, at 53 (4th ed. 1983)(danger of dilution exists whenever trademark becomes popular and acquires secondary meaning).

68. *See FS Servs. v. Custom Farm Serv.*, 471 F.2d 671, 674 (7th Cir. 1972)(secondary meaning exists when mark established in minds of public as indicating origin of product); *Mushroom Makers, Inc. v. R.G. Barry Corp.*, 441 F. Supp. 1220, 1226 n.25 (S.D.N.Y. 1977)(secondary meaning doctrine protects geographic or descriptive terms publicly associated with producer or producer's goods), *cert. denied*, 439 U.S. 1116 (1979); *J. Josephson, Inc. v. General Tire & Rubber Co.*, 357 F. Supp. 1047, 1048 (S.D.N.Y. 1972)(secondary meaning applies when consumer mental image links producer to producer's goods because of trademark).

69. *See PPG Indus. v. Clinical Data, Inc.*, 620 F. Supp. 604, 606 (D. Mass. 1985)(mark need not be inherently distinctive but can acquire distinctiveness where mark enjoys widespread national reputation, much goodwill and public association of owner with mark); *see also Food Fair Stores*, 83 F. Supp. at 450 (distinctive means not only coined words but characteristics of trade name acquiring distinct secondary meaning).

70. *See Toys "R" Us, Inc. v. Canarsie Kiddie Shop*, 559 F. Supp. 1189, 1196 (E.D.N.Y. 1983)(requiring that mark distinguish owner's goods before secondary meaning attaches - inverted "R" in *Toys "R" Us* sufficiently distinctive to be protected); *see also Bowmar Instrument Corp. v. Continental Microsys.*, 497 F. Supp. 947, 958 (S.D.N.Y. 1980)(requiring that mark become so well known to public that it identifies goods sold by that manufacturer or else no secondary meaning). *But see Dreyfus Fund v. Royal Bank of Can.*, 525 F. Supp. 1108, 1125 (S.D.N.Y. 1981)(dilution protection should be afforded even in areas of limited use otherwise only most notorious marks would be protected); *Shop-Rite Durable Supermarket v. Mott's Shop-Rite of Norwich*, 377 A.2d 312, 315 (Conn. 1977)("Shop-Rite" acquired secondary meaning even though only locally used and common term).

C. *Commercial Magnetism*

The broadest theory of dilution protection defines “distinctive quality” of a trademark as the mark’s commercial magnetism.⁷¹ Commercial magnetism is not based upon the inherent distinctiveness of a mark, but exclusively upon the selling power that the mark has attained through mass exposure.⁷² In essence, the commercial magnetism theory is an application of a pure secondary meaning approach because no inherently unique distinctiveness is necessary in the mark.⁷³

D. *Proposed Texas Standard for Distinctive Quality*

The courts have been inconsistent in determining what constitutes distinctiveness.⁷⁴ To clarify when a dilution action is applicable, therefore, Texas courts must establish the required inherent uniqueness and secondary meaning a mark must have to be protected.⁷⁵

71. See *Mishawaka Rubber & Woolen Mfg. v. S.S. Kresge Co.*, 316 U.S. 203, 205 (1942)(trademark that has acquired secondary meaning has commercial magnetism that induces public to buy goods upon which trademark is placed); see also Pattishall, *The Dilution Rationale for Trademark-Trade Identity Protection, Its Progress and Prospects*, 71 NW. U.L. REV. 618, 629-31 (1976)(urging that dilution protection extend to commercially magnetic marks not just unique, fanciful, arbitrary, or invented marks).

72. See Pattishall, *The Dilution Rationale for Trademark-Trade Identity Protection, Its Progress and Prospects*, 71 NW. U.L. REV. 618, 630-31 (1976)(mark’s inherent distinctiveness means nothing, what must be protected is commercial significance of trademarks).

73. Compare Pattishall, *The Dilution Rationale for Trademark-Trade Identity Protection, Its Progress and Prospects*, 71 NW. U.L. REV. 618, 630-31 (1976)(marks with secondary meaning acquired as result of commercial magnetism are marks to be protected by antidilution statutes) with Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 828 (1927)(inherently distinctive marks should be given much broader protection than symbols, words, or phrases acquiring secondary meaning).

74. See *Safeway Stores v. Safeway Discount Drugs*, 675 F.2d 1160, 1164-65 (11th Cir. 1982)(term “Safeway” found to be protected from dilution though not coined and did not have secondary meaning); *Golden Door, Inc. v. Odisho*, 437 F. Supp. 956, 964-65 (N.D. Cal. 1977)(court found “Golden Door” non-distinctive, yet ruled defendant liable under antidilution statute because defendant’s use caused injury to plaintiff’s business reputation or diluted distinctive quality of plaintiff’s mark), *aff’d*, 646 F.2d 347 (9th Cir. 1980); *Dawn v. Sterling Drug, Inc.*, 319 F. Supp. 358, 363 (C.D. Cal. 1970)(court declared that “Tower of Babble” commonly used and antidilution statute only applied to coined terms, yet gave antidilution protection to “Tower of Babble” educational game).

75. See Pattishall, *Dawning Acceptance of the Dilution Rationale for Trademark-Trade Identity Protection*, 74 TRADEMARK REP. 289, 300-04 (1984)(proclaims need for uniform measure of distinctiveness). The courts have noted the lack of uniformity in court definitions of a trademark’s distinctive quality. See *Continental Corrugated Container Corp. v. Continental Group*, 462 F. Supp. 200, 206-07 (S.D.N.Y. 1978)(notes disparity of opinion as to meaning of distinctive quality of trademark); see also *Dawn v. Sterling Drug, Inc.*, 319 F. Supp. 358, 363 (C.D. Cal. 1970)(court found plaintiff’s trademark non-distinctive yet protected trademark’s distinctive qualities under antidilution statute).

For a trademark to be inherently unique, it must possess some extraordinary quality, in and of itself, regardless of acquired secondary meaning.⁷⁶ Secondary meaning, while more difficult to quantify, can be measured by public identification of a product with a trademark.⁷⁷

The courts must then weigh both the inherent uniqueness and secondary meaning a mark has to determine if the mark has distinctive quality.⁷⁸ If the court protected only inherently unique marks, it would fail to protect owners of strong trademarks that have much goodwill but lack truly unique characteristics.⁷⁹ Protecting only marks with commercial magnetism, however, would fail to protect truly innovative marks from being stolen by noncompetitors.⁸⁰ Measuring both uniqueness and secondary meaning adequately protects trademark owners while preventing monopolization of common terms by weak marks.⁸¹

76. See Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 831 (1927)(selling power of trademark depends upon its singularity and singularity of mark is interest to be protected); see also *France Milling Co. v. Washburn Crosby Co.*, 7 F.2d 304, 306 (2d Cir. 1925)(truly arbitrary, strange or fanciful marks more suggestive of owner's product, therefore, such marks have more value); *Pease v. Scott County Milling Co.*, 5 F.2d 524, 526 (E.D. Mo. 1925)(more unique trademarks are to be broadly protected because of unusual qualities while less unique marks receive less broad protection).

77. See *FS Servs. v. Custom Farm Serv.*, 471 F.2d 671, 674 (7th Cir. 1972).

78. See *Wedgwood Homes v. Lund*, 659 P.2d 377, 381 (Or. 1983)(mark should be protected regardless of how it became distinctive); see also USTA Trademark Review Comm'n, *Report and Recommendations on the U.S. Trademark System and the Lanham Act*, 77 TRADEMARK REP. 375, 458-59 (1987)(suggests that federal antidilution statute be passed with distinctive quality defined as inherent and acquired distinctiveness).

79. See *Skil Corp. v. Barnet*, 150 N.E.2d 551, 554 (Mass. 1958)(antidilution statute must protect trademarks with distinct secondary meaning as well as marks that are unique); *accord Food Fair Stores v. Food Fair, Inc.*, 83 F. Supp. 445, 451 (D. Mass. 1948)(secondary meaning acquired by mark must be protected from dilution as well as mark's inherent uniqueness), *aff'd*, 177 F.2d 177 (1st Cir. 1949); see also *PPG Indus. v. Clinical Data, Inc.*, 620 F. Supp. 604, 606 (D. Mass. 1985)(where mark acquires widespread reputation, goodwill associated with mark must be protected from dilution). See generally Pattishall, *Dawning Acceptance of the Dilution Rationale for Trademark-Trade Identity Protection*, 74 TRADEMARK REP. 289, 300-04 (1984)(proclaims need to protect trademark's selling power under antidilution statutes).

80. See *France Milling Co. v. Washburn-Crosby Co.*, 7 F.2d 304, 306 (2d Cir. 1925)(more fanciful the mark more suggestive of mark owner's goods while non-unique marks not deserving of trademark protection); see also Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 828-29 (1927)(mark's uniqueness is what must be protected from dilution).

81. See *Allied Maintenance Corp. v. Allied Mechanical Trades*, 369 N.E.2d 1162, 1166 (N.Y. 1977)(distinctive quality requires uniqueness or strong secondary meaning); see also *Coffee Dan's, Inc. v. Coffee Don's Charcoal Broiler*, 305 F. Supp. 1210, 1215-17, 1217 n.13 (N.D. Cal. 1969)(court did not apply antidilution statute because mark was not odd, fanciful, strange, or truly arbitrary and court was concerned that competition would be swallowed up in trade protection).

V. INTERACTION OF ANTIDILUTION STATUTES WITH TRADEMARK INFRINGEMENT LAW

In addition to defining the necessary terms in order to protect the trademark owner, the courts must determine how the Texas antidilution statute interacts with trademark infringement law.⁸² Initially, the courts construed the statutes as protecting trademarks only when traditional infringement protection was available because they were wary of broadening trademark protection.⁸³ More recently, some courts have given protection under the antidilution statutes only when trademark infringement law is not applicable since the antidilution statutes are largely superfluous when there is infringement.⁸⁴ Texas courts, therefore, must decide whether or not to enforce the new law only when trademark infringement law applies or regardless of the extent of infringement law.⁸⁵

A. Principles of Infringement and Antidilution Law

In order to determine when antidilution and infringement apply, clarification of the principles upon which each is founded is helpful.⁸⁶ Infringement

82. *Compare* Information Clearing House v. Find Magazine, 492 F. Supp. 147, 163-64 (S.D.N.Y. 1980)(dilution protection not available to protect trademark owner from nonowner use in markets far removed from those of trademark owner) *with* Santucci Constr. Co. v. Carlos V. Santucci, Inc., 200 U.S.P.Q. (BNA) 783, 787 (N.D. Ill. 1978)(antidilution statute does not apply where likelihood of confusion exists since dilution does not apply in realm of traditional trademark infringement).

83. *See* Epitome Restaurant v. Heublein, Inc., 174 U.S.P.Q. (BNA) 287, 287 (S.D.N.Y. 1972)(likelihood of confusion necessary to apply New York antidilution statute); King Research v. Shulton, Inc., 324 F. Supp. 631, 638-39 (S.D.N.Y. 1971)(application of antidilution statute requires some confusion, fraud, or deception), *aff'd*, 454 F.2d 66 (2d Cir. 1972); Haviland & Co. v. Johann Haviland China Corp., 269 F. Supp. 928, 957 (S.D.N.Y. 1967)(failure to show likelihood of confusion bars plaintiff from injunctive relief under antidilution statute).

84. *See* Community Fed. Sav. & Loan Ass'n v. Orondorff, 678 F.2d 1034, 1036 (11th Cir. 1982)(requiring likelihood of confusion for dilution protection is contrary to plain reading of statute); *see also* 2 J. MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 24:13, at 213 (1984)(where likelihood of confusion ends is where dilution starts). Dilution protection is superfluous when there is a likelihood of consumer confusion between the trademarks because the trademark owner has a trademark infringement action. *See id.* at 212-13 (1984)(dilution doctrine's purpose is to grant trademarks protection beyond that provided under likelihood of confusion test used in infringement actions).

85. *See* Edgewater Beach Apartments v. Edgewater Beach Mgt. Co., 299 N.E.2d 548, 554 (Ill. App. Ct. 1973)(antidilution remedy not available when traditional trademark law applies). *But see* Car-Freshner Corp. v. Auto Aid Mfg., 461 F. Supp. 1055, 1061-62 (N.D.N.Y. 1978)(likelihood of confusion needed to gain injunctive relief under antidilution statute). *See generally* Handler, *Are the State Antidilution Laws Compatible with the National Protection of Trademarks?*, 75 TRADEMARK REP. 269, 279 (1985)(dilution used when traditional trademark infringement law applies, when infringement law does not apply, and regardless of extent of infringement law).

86. *See generally* Middleton, *Some Reflections on Dilution*, 42 TRADEMARK REP. 175,

law is based upon the action of deceit and its goal is protection of the business reputation of a trademark owner.⁸⁷ Antidilution law, however, applies when a nonowner uses a trademark in a manner that dissipates the value of the mark.⁸⁸ Under dilution theory, the owner of the trademark has a quasi-property right in the trademark;⁸⁹ therefore, the interest to be protected is the trademark's property value and not the business reputation of the trademark owner.

B. *Interaction of Federal Infringement Law and State Antidilution Laws*

The existence of state and federal trademark statutes has raised the question whether the federal statute preempts or displaces state created antidilution statutes.⁹⁰ Federal law displaces state law when Congress has shown an intent to regulate an entire area of law.⁹¹ State law may supplement federal law to the extent that state law does not conflict with federal law, unless

176-78 (1952)(discussion of difference between trademark infringement law and trademark dilution law).

87. See *Yale Elec. Corp. v. Robertson*, 26 F.2d 972, 973 (2d Cir. 1928)(L. Hand, J.)(trademark law prevents misrepresentation of mark in order to divert consumers from mark's owner); see also *Handler, Are the State Antidilution Laws Compatible with the National Protection of Trademarks?*, 75 TRADEMARK REP. 269, 271 (1985)(law of trademark protection is one branch of law of deceit).

88. See *Sally Gee, Inc. v. Myra Hogan, Inc.*, 699 F.2d 621, 625 (2d Cir. 1983)(dilution expressed as whittling down trademark identity); see also *Greiwe, Antidilution Statutes: A New Attack on Comparative Advertising*, 72 TRADEMARK REP. 178, 180 (1982)(dilution is diminution of selling power of mark).

89. See *Polaroid Corp. v. Polaroid, Inc.*, 319 F.2d 830, 837 (7th Cir. 1963)(plaintiff has right to protect trademark that has been exclusively appropriated); see also *Pattishall, The Dilution Rationale for Trademark-Trade Identity Protection, Its Progress and Prospects*, 71 NW. U.L. REV. 618, 629 (1976)(trademark under dilution law is at least quasi-property right).

90. Compare *Sargeant & Co. v. Welco Feed Mfg.*, 195 F.2d 929, 935 (8th Cir. 1952)(Congress has entered and preempted field of trademark law so state antidilution regulation of interstate commerce preempted) and *Time, Inc. v. T.I.M.E., Inc.*, 123 F. Supp. 446, 451-52 (S.D. Cal. 1954)(federal trademark law under Lanham Act preempts state law because application of state law would seriously hinder federal law effectiveness) with *Keebler Co. v. Rovira Biscuit Corp.*, 624 F.2d 366, 372 n.3 (1st Cir. 1980)(Lanham Act does not preempt trademark protection devices such as state antidilution laws) and *Golden Door, Inc. v. Odisho*, 437 F. Supp. 956, 964-65 (N.D. Cal. 1977)(intent of Congress not to preempt field of trademark law so state antidilution law applicable), *aff'd*, 646 F.2d 347 (9th Cir. 1980).

91. See *Metropolitan Life Ins. Co. v. Massachusetts*, 471 U.S. 724, 738 (1985)(congressional intent in enacting federal statute guides court in determining if federal law preempts state law); *Brown v. Hotel & Restaurant Employees & Bartenders Int'l Union Local 54*, 468 U.S. 291, 500-01 (1984)(when preemption claimed under Supremacy Clause court must examine congressional intent); *Michigan Cannery & Freezers Ass'n v. Agricultural Mktg. & Bargaining Bd.*, 467 U.S. 461, 469 (1984)(federal law preempts state law when Congress explicitly preempts, when Congress shows intent to occupy field of law, or when state law conflicts with federal law).

Congress shows an intent to displace state law in a particular field.⁹² Conflict of laws exists when enforcement of state law would be completely inconsistent with the enforcement of federal law, or when state law would obstruct implementation of federal law.⁹³

In 1946, Congress passed the Lanham Act which governs federal enforcement of trademark rights.⁹⁴ Congressional intent must be ascertained to determine the effect of the Lanham Act on the enforcement of state antidilution statutes since the Act may preempt all state trademark law or merely provide a foundation for uniform trademark protection.⁹⁵

Legislative history of the Lanham Act indicates that one of the primary goals of federal trademark regulation was to provide national uniformity of trademark law.⁹⁶ Since the Act was passed before any state antidilution laws existed, the Act provides uniformity only in the area of trademark in-

92. See *Michigan Cannery*, 467 U.S. at 469 (state law preempted to extent it conflicts with federal law regardless of congressional intent).

93. See *Fidelity Fed. Sav. & Loan Ass'n v. De La Cuesta*, 458 U.S. 141, 153 (1982)(when conflict of state and federal law renders performance of federal law impossible, state law preempted); see also *Hines v. Davidowitz*, 312 U.S. 52, 67 (1941)(when state law obstacle to execution of federal law, then state law preempted).

94. 15 U.S.C. §§ 1051-1072, 1091-1096, 1111-1121, 1123-1127 (1988).

95. See *Metropolitan Life Ins. Co. v. Massachusetts*, 471 U.S. 724, 738 (1985)(congressional intent to occupy field of law determines whether state law preempted). Compare *La Terraza de Marti, Inc. v. Key West Fragrance & Cosmetic Factory*, 617 F. Supp. 544, 547-48 (S.D. Fla. 1985)(federal statute does not preempt state antidilution statute) with *Time, Inc. v. T.I.M.E., Inc.*, 123 F. Supp. 446, 451-52 (S.D. Cal. 1954)(state dilution law preempted by federal law). Federal preemption of state law varies in degree based upon congressional intent. See *Michigan Cannery & Freezers Ass'n v. Agricultural Mktg. & Bargaining Bd.*, 467 U.S. 461, 469 (1984)(if Congress did not displace state law then state law preempted to extent that it conflicts with federal law). Congress may so completely preempt an area of law that it displaces any state law in that area and recharacterizes state law claims into federal claims. See *Metropolitan Life Ins. Co. v. Taylor*, 481 U.S. 58, 63-64 (1987)(complainant's state law claim recharacterized into federal question since Congress manifested intent to totally preempt state law in ERISA statute). The distinction between the terms "displacement" and "preemption" of state law is a matter of degree. See *Michigan Cannery*, 467 U.S. at 469 (complete occupation of area of law by federal law displaces state law, while partial occupation of area of law by federal law preempts state law).

96. See S. REP. NO. 1333, 79th Cong., 2d Sess., reprinted in 1946 U.S. CODE CONG. SERVS. 1274, 1276-77 (national legislation for trademarks necessary since trade no longer local, but national). The report states:

The theory once prevailed that protection of trade-marks was entirely a State matter and that the right to a mark was a common law right. . . . It is obvious that the States can change the common law with respect to trade-marks and many of them have, with the possible result that there may be as many different varieties of common law as there are States. A man's rights in his trade-mark in one State may differ widely from the rights which he enjoys in another.

However, trade is no longer local, but is national. Marks used in interstate commerce are properly the subject of Federal regulation. It would seem as if national legislation

fringement law; therefore, the protection provided by the state antidilution laws outside of this area may not fall within the purview of the Lanham Act.⁹⁷ Because the general intent of Congress was to provide uniformity in trademark law, state antidilution laws have defeated this purpose by providing various standards of trademark protection throughout the states.⁹⁸

State antidilution laws, however, provide a class of trademark protection not contemplated by Congress, so it is unclear whether the Lanham Act preempts antidilution law.⁹⁹ If state antidilution laws are not preempted by the federal law, the antidilution statutes would supplement the Act and nationwide uniformity would continue to exist in trademark infringement law.¹⁰⁰

One commentator, however, has suggested that the Lanham Act totally preempts state antidilution protection and, as a result, state laws are unenforceable.¹⁰¹ This view is predicated on the presumption that Congress in-

along national lines securing to the owners of trade-marks in interstate commerce definite rights should be enacted and should be enacted now.

Id.; Handler, *Are the State Antidilution Laws Compatible with the National Protection of Trademarks?*, 75 TRADEMARK REP. 269, 285 (1985). The report also says "[t]here are many statutes dealing with trade-marks which are widely scattered and difficult of access. There are provisions dealing with trade-marks in tariff acts and other unlikely places It seems desirable to collect these various statutes and have them in a single enactment." S. REP. NO. 1333, 79th Cong., 2d Sess., reprinted in 1946 U.S. CODE CONG. SERV. 1274, 1276; see also Park 'N Fly v. Dollar Park 'N Fly, Inc., 469 U.S. 189, 193 (1985)(one reason Lanham Act passed was to promote uniformity of trademark law nationwide); Thompson Medical Co. v. Pfizer, Inc., 753 F.2d 208, 215 n.11 (2d Cir. 1985)(citing House Report on Lanham Act stating that national legislation on trademarks needed because of many varieties of state trademark law); Handler, *Are the State Antidilution Laws Compatible with the National Protection of Trademarks?*, 75 TRADEMARK REP. 269, 285-86 (1985)(federal law preempts state antidilution laws because Congress intended uniform trademark law).

97. Trademark Act of 1946, ch. 540, 60 Stat. 427 (codified as amended at 15 U.S.C. §§ 1051-1072, 1091-1096, 1111-1121, 1123-1127 (1988)).

98. See Handler, *Are the State Antidilution Laws Compatible with the National Protection of Trademarks?*, 75 TRADEMARK REP. 269, 275 (1985). The first state antidilution act was MASS. GEN. L. ch. 110, § 7A (1947), repealed by 1973 Mass. Acts ch. 897, § 2 (replaced by MASS. GEN. L. ch. 110B, § 12 (1985)).

99. See *United States Jaycees v. Commodities Magazine, Inc.*, 661 F. Supp. 1360, 1368 (N.D. Iowa 1987); see also Handler, *Are the State Antidilution Laws Compatible with the National Protection of Trademarks?*, 75 TRADEMARK REP. 269, 285-86 (1984)(state antidilution law has produced checkerboard trademark enforcement nationally).

100. See *Sally Gee, Inc. v. Myra Hogan, Inc.*, 699 F.2d 621, 625 (2d Cir. 1983); cf. *Ringling Bros.-Barnum & Bailey v. Celozzi-Ettelson Chevrolet*, 855 F.2d 480, 483 (7th Cir. 1988). But see *United States Jaycees v. Commodities Magazine, Inc.*, 661 F. Supp. 1360, 1366-68 (N.D. Iowa 1987)(Iowa antidilution statute found invalid since it frustrated purposes and execution of Lanham Act by producing national checkerboard of differing trademark rights).

101. See *Marinello v. Shell Oil Co.*, 511 F.2d 853, 858 (3d Cir. 1975)(Lanham Act passed so consumer can buy with confidence and trademark owner will not be pirated; state trademark laws not preempted to extent they cause no conflict with such goals); *WSM, Inc. v.*

tended to create a uniform trademark law that would benefit trademark owners who engaged in interstate commerce.¹⁰² State trademark law impinging on interstate commerce would interfere with the operation of federal law and, therefore, be displaced.¹⁰³ Due to the United States Supreme Court's broad interpretation of interstate commerce, however, the state antidilution statutes will always conflict with federal law and, therefore, be preempted.¹⁰⁴

Courts have rendered conflicting opinions on the preemption issue.¹⁰⁵ Some courts have held that state antidilution law is preempted by federal law because state law conflicts with federal law.¹⁰⁶ Whereas, other courts have found that the antidilution laws supplement federal trademark law even when a cause of action for trademark infringement exists.¹⁰⁷

Such lack of clear cut authority does little to aid Texas courts in determin-

Hilton, 724 F.2d 1320, 1331-32 (8th Cir. 1984)(applied Missouri antidilution statute because no likelihood of confusion).

102. See Handler, *Are the State Antidilution Laws Compatible with the National Protection of Trademarks?*, 75 TRADEMARK REP. 269, 283-87 (1985)(state antidilution laws preempted because they create lack of uniformity which frustrates congressional purpose in enacting Lanham Act).

103. See S. REP. NO. 1333, 79th Cong., 2d Sess., reprinted in 1946 U.S. CODE CONG. SERV. 1274, 1277 (trademarks used in interstate commerce are proper subject of federal regulation); see also Handler, *Are the State Antidilution Laws Compatible with the National Protection of Trademarks?*, 75 TRADEMARK REP. 269, 285-87 (1985)(Lanham Act governs interstate commerce and preempts state antidilution laws to extent that state laws regulate interstate commerce).

104. See Handler, *Are the State Antidilution Laws Compatible with the National Protection of Trademarks?*, 75 TRADEMARK REP. 269, 287 (1985)(state law preempted where non-owner of trademark engaged in interstate commerce).

105. See *Wickard v. Filburn*, 317 U.S. 111, 124-25 (1942)(commerce clause reaches even local activity if activity has some effect on interstate commerce); see also *Coca-Cola Co. v. Stewart*, 621 F.2d 287, 290-91 (8th Cir. 1980)(test for nonowner trademark interference with interstate commerce is whether nonowner trademark has adverse effect on trademark owner's goodwill, not whether trademark used solely intrastate); *Schroeder v. Lotito*, 577 F. Supp. 708, 715 (D.R.I. 1983)(use in interstate commerce shown merely by infringing trademark user placing mark in stream of commerce); Handler, *Are the State Antidilution Laws Compatible with the National Protection of Trademarks?*, 75 TRADEMARK REP. 269, 287 (1985)(if antidilution statutes preempted then utility of statutes minimal because of broad scope of interstate commerce and commerce clause).

106. Compare *United States Jaycees v. Commodities Magazine, Inc.*, 661 F. Supp. 1360, 1368 (N.D. Iowa 1987)(Iowa statute preempted) and *Time, Inc. v. T.I.M.E., Inc.*, 123 F. Supp. 446, 451-52 (S.D. Cal. 1954)(California antidilution statute preempted) with *Ringling Bros.-Barnum & Bailey v. Celozzi-Ettelson Chevrolet*, 855 F.2d 480, 483 (7th Cir. 1988)(Illinois antidilution statute not preempted) and *La Terraza DeMarti, Inc. v. Key West Fragrance & Cosmetic Factory*, 617 F. Supp. 544, 547-48 (S.D. Fla. 1985)(Florida antidilution statute not preempted).

107. See, e.g., *Sargeant & Co. v. Welco Feed Mfg. Co.*, 195 F.2d 929, 935 (8th Cir. 1952); *United States Jaycees*, 661 F. Supp. at 1366-68.

ing the scope of dilution protection.¹⁰⁸ Argument for a broad scope of dilution protection may be made by emphasizing the lack of congressional intent to preempt state law in the Lanham Act.¹⁰⁹ This argument is weak, however, once it is noted that no antidilution statutes existed at the time the Act was passed; therefore, Congress may have presumed the Act was preempting all future state law.¹¹⁰ The best course of action is to limit the scope of dilution protection to actions not governed by the Lanham Act and infringement law since dilution is largely superfluous when trademark infringement law applies.¹¹¹

VI. THE REQUIREMENT OF INTENT

Another issue that has plagued enforcement of antidilution statutes is whether wrongful intent is necessary to dilute a trademark.¹¹² Several courts have held that wrongful intent is necessary to support a claim for dilution protection,¹¹³ while other courts have found otherwise.¹¹⁴ What is

108. See *Golden Door, Inc. v. Odisho*, 437 F. Supp. 956, 964-65 (N.D. Cal. 1977)(Congress had no intent to preempt trademark law, therefore, state law may supplement federal law), *aff'd*, 646 F.2d 347 (9th Cir. 1980); *Allied Maintenance Corp. v. Allied Mechanical Trades*, 369 N.E.2d 1162, 1165 (N.Y. 1977)(New York antidilution statute extends trademark protection beyond that provided by actions for infringement because statute provides protection from nonowner use and dissimilar product).

109. See 15 U.S.C. §§ 1051-1072, 1091-1096, 1111-1121, 1123-1127 (1988)(no express intention to preempt state trademark law in Lanham Act); see also Handler, *Are the State Antidilution Laws Compatible with the National Protection of Trademarks?*, 75 TRADEMARK REP. 269, 283 (1985)(Lanham Act does not show intent to preempt state law and recognizes state regulation in specific instances).

110. See 15 U.S.C. §§ 1051-1072, 1091-1096, 1111-1121, 1123-1127 (Lanham Act passed in 1946, first state antidilution act passed in 1947); see also Middleton, *Some Reflections on Dilution*, 42 TRADEMARK REP. 175, 180 (1952)(although Schechter's dilution theory in existence for 19 years before Lanham Act passed, Congress did not include dilution in national trademark law).

111. See *Aris-Isotoner Gloves, Inc. v. Fownes Bros. & Co.*, 594 F. Supp. 15, 24 (S.D.N.Y. 1983)(state antidilution statute has no application where trademarks are similar and competitive); *Olay Co. v. Cococare Prods.*, 218 U.S.P.Q. (BNA) 1028, 1044-45 (S.D.N.Y. 1983)(dilution does not apply when products are competitive and similar); *Ye Olde Tavern Cheese Prods. v. Planters Peanuts Div.*, 261 F. Supp. 200, 207-08 (N.D. Ill. 1966)(statute adds to plaintiff's rights only if noncompetitive products), *aff'd*, 394 F.2d 833 (7th Cir. 1967).

112. Compare *Beneficial Corp. v. Beneficial Capital Corp.*, 529 F. Supp. 445, 451 (S.D.N.Y. 1982)(bad faith required to apply antidilution statute against defendant) with *Golden Door, Inc. v. Odisho*, 437 F. Supp. 956, 964-65 (N.D. Cal. 1977)(good faith no defense to antidilution claim), *aff'd*, 646 F.2d 347 (9th Cir. 1980). See generally Shire, *Dilution Versus Deception—Are State Antidilution Laws an Appropriate Alternative to the Law of Infringement?*, 77 TRADEMARK REP. 273, 295-96 (1987)(discusses requirement of intent).

113. *Sally Gee, Inc. v. Myra Hogan, Inc.*, 699 F.2d 621, 626 (2d Cir. 1983); *PPG Indus. v. Clinical Data, Inc.*, 620 F. Supp. 604, 609 (D. Mass. 1985); *Toys "R" Us, Inc. v. Canarsie Kiddie Shop*, 559 F. Supp. 1189, 1208-09 (E.D.N.Y. 1983).

114. See *Mennen Co. v. Gillette Co.*, 565 F. Supp. 648, 656 (S.D.N.Y. 1983)(intent not

clear is that the requisite intent, if any is necessary, is poorly defined.¹¹⁵ Texas courts could tie the requisite intent to the definition of a dilution injury, in particular, the source-representation definition suggested earlier.¹¹⁶ In this manner, the plaintiff's interest in preservation of the mark is balanced against the defendant's interest in establishing a new trademark.¹¹⁷

VII. CONCLUSION

Texas has just joined a growing number of states offering trademark owners protection from dilution of their trademarks. The new antidilution statute, however, may prove ineffective due to a lack of clarity. The courts immediately must delineate the boundaries of the statutory protection, otherwise no trademark owner will know what rights exist in the mark and no potential trademark user will know when a mark is being diluted.

First, Texas courts must determine the accepted meaning of dilution. The most useful definition advanced has been that of quality representation and source representation coupled with the tarnishing concept. Under the source-quality representation definition, dilution occurs when the consumer's opinion of the product or of the producer is diminished by unauthorized trademark use. This definition, coupled with an intent to dilute requirement when the plaintiff has suffered little injury to his trademark or business reputation, should provide trademark owners and users some guidance.

Second, the courts need to adopt a definition of distinctive quality so it is clear when the antidilution statutes have been violated. In order to protect

necessary in dilution claim), *aff'd*, 742 F.2d 1437 (2d Cir. 1984); *Golden Door*, 437 F. Supp. at 964-65 (good faith no defense to dilution claim).

115. See *Sally Gee*, 699 F.2d at 626 (effect of absence of predatory intent factor in assessing dilution claim unclear); see also Pattishall, *Dawning Acceptance of the Dilution Rationale for Trademark-Trade Identity Protection*, 74 TRADEMARK REP. 289, 307-08 (1984)(remarking on lack of clarity about intent to dilute).

116. See Greiwe, *Antidilution Statutes: A New Attack on Comparative Advertising*, 72 TRADEMARK REP. 178, 186 (1982)(comparative advertising is one form of injurious nonowner use of trademark). Application of antidilution law in competitive advertising is complicated by the defendant's right to free speech because of possible conflict between first amendment protections and antidilution regulations. *Id.* at 189.

117. See *Sally Gee, Inc. v. Myra Hogan, Inc.*, 699 F.2d 621, 626 (2d Cir. 1983)(antidilution relief equitable, and since plaintiff not seriously injured, absence of predatory intent by defendant is factor to be considered); cf. *Cue Publishing Co. v. Colgate-Palmolive Co.*, 259 N.Y.S.2d 377, 378 (App. Div. 1965)(injunctive relief under antidilution statute equitable; therefore, injury to plaintiff must be weighed against injury to defendant). A trademark owner acquires goodwill in the trademark when the public associates the trademark with the trademark owner's product. See *Mishawaka Rubber & Woolen Mfg. v. S.S. Kresge Co.*, 316 U.S. 203, 205 (1942). A trademark that has much goodwill has selling power because a trademark is a merchandising short cut which induces the public to buy goods on which it is placed. See *id.*

marks that have acquired much selling power and goodwill and those that are innovative and ingenious, the courts need to weigh the inherent uniqueness and the secondary meaning a mark may have. Both factors need to be weighed to guard against monopolization of common terms and yet provide protection for unique and well-recognized marks.

Finally, Texas courts need to determine the scope of the antidilution statute. Traditional trademark infringement law is based upon the law of deceit, while dilution law rests upon the tort of trespass of property. This distinction has particular significance because it adds a new dimension to trademark law that was not contemplated when the Lanham Act was enacted. Since congressional intent was not explicitly stated in the Lanham Act, the new law may apply to both traditional trademark infringement situations as well as pure dilution circumstances. The best course of action, therefore, would be to limit the Texas statute to circumstances outside the scope of infringement action, thereby, preventing possible preemption by federal law.

It is important that Texas courts realize that the consequence of unclear standards is inconsistent judicial application resulting in confusion. The courts, therefore, must set forth clear and concise guidelines for trademark antidilution enforcement.