EVALUATING TRADE MARK DILUTION FROM THE PERSPECTIVE OF THE CONSUMER

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I INTRODUCTION

The famous brand is something of a paradox. On one hand, a successful brand is regarded as a powerful tool for engaging the public imagination. So it is that a touch of Calvin Klein cologne promises to transform a regular man into an irresistibly able-bodied hunk, while a Smeg oven suggests more about its refined and trendy owners than the cuisine they prepare. On the other hand, many trade mark scholars regard even the most celebrated brands as fragile creatures at best. According to this school of thought, a famous mark’s allure is easily damaged if other traders appropriate the mark for use in respect of even unrelated goods or services. The harm that an unauthorised (or ‘junior’) use may cause to a famous (or ‘primary’) mark, even in the absence of consumer confusion, is known broadly as dilution. Anti-dilution provisions tend to protect famous brands from two main types of harm: the ‘blurring’ of a mark through the weakening of its association with the original product,1 and its ‘tarnishment’ through the creation of negative associations with it.2 Often accompanying these two concerns, either

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1 ‘Blurring’ is statutorily defined in the United States as an ‘association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark’: 15 USC § 1125(c)(2)(B). In a series of classic American cases often invoked in discussions of blurring, Tiffany & Co prevented the blurring of the mark TIFFANY by a motion picture company (Tiffany & Co v Tiffany Productions, Inc, 262 NY 482 (Ct App, 1933)), a bar (Tiffany & Co v Boston Club, Inc, 231 F Supp 836 (DC Mass, 1964)) and a perfume company (Tiffany & Co v L’Argene Products Co, 324 NYS 2d 326 (NY Sup, 1971)). On the meaning of blurring, see also further Michael Spence, ‘The Mark as Expression/The Mark as Property’ (2005) 58 Current Legal Problems 491, 499–500.

as an underlying rationale\(^3\) or a separate ground for relief,\(^4\) is a concern to prevent other traders from taking a ‘free ride’ on the investment that a trade mark owner has made in its famous brand.

In the countries where they have been enacted, anti-dilution provisions have prompted extensive and heated debate.\(^5\) Dilution doctrine is condemned for interfering with the rights of traders to access shared marketing language, and with consumer opportunities to ‘resist, subvert, and recode’ brands and use them in personal and collective expression.\(^6\) Commentators have been so fiercely critical of anti-dilution law for its interference with competition and expression that it has become ‘perhaps the most vilified doctrine within contemporary trade mark law.’\(^7\) Since vocal support of the doctrine has come almost exclusively from corporations that own famous marks and their representatives, on the basis

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\(^3\) In the United States, free riding is not actionable per se. However, some scholars regard all anti-dilution law as being built upon a desire to punish free riding: see, eg, David J Franklyn, ‘Debunking Dilution Doctrine: Toward a Coherent Theory of the Anti-Free-Rider Principle in American Trademark Law’ (2004) 56 Hastings Law Journal 117; cf Wendy J Gordon, ‘On Owning Information: Intellectual Property and the Restitution Impulse’ (1992) 78 Journal of Legal Studies 149, 167–8 (‘A culture could not exist if all free riding were prohibited … Culture is interdependence, and requiring each act of deliberate dependency to render an accounting would destroy the synergy on which cultural life rests’) (emphasis in original).

\(^4\) The European Court of Justice has held that free riding itself is prohibited under European Union trade mark law: *L’Oréal SA v Bellure NV* (C-487/07, European Court of Justice, 18 June 2009). The Court found that the defendant must not ‘ride on the coat-tails of [a] mark with a reputation in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark’: at [50]. See also Dev Gangjee and Robert Burrell, ‘Because You’re Worth It: *L’Oreal* and the Prohibition on Free Riding’ (2010) 73 Modern Law Review 282.


of the need to provide strong protection for brand investment, the debate has manifested as a dichotomy between the interests of major rights owners and those of everybody else. In more recent times, however, some scholars have suggested a more nuanced view of anti-dilution law, considering the ways in which the interests of consumers, and not just trade mark owners, might be served by this type of trade mark protection. Although this re-conceptualisation of anti-dilution law has not yet reached the mainstream, several considered arguments have been made in its favour that are worthy of discussion and evaluation. Part II of this article sets out the background against which the consumer-based justifications of anti-dilution law have emerged. Part III analyses each of the main consumer interest arguments that have been made in favour of the doctrine. The article concludes that, although there is merit in reconsidering the traditionally polarised nature of the dilution debate, the consumer-based justifications of anti-dilution law that have been put forward to date lack internal consistency and practical application.

II BACKGROUND

The idea that some brands might be harmed by the ‘whittling away’ of their unique identity made its first notable appearance in the American trade mark scholarship in 1927, in a seminal paper by Frank Schechter. Schechter argued that a brand’s value rests essentially in its ‘uniqueness’, which he also called its ‘individuality’, ‘identity’ and ‘singularity’. According to Schechter, the unauthorised dilution of this quality of uniqueness should be prohibited. Schechter was especially concerned with the progressive harm that would result from multiple uses of a formerly unique mark. He famously explained to Congress in 1931: ‘if you allow Rolls Royce restaurants, and Rolls Royce

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8 The strong development of anti-dilution law in the United States has been attributed in large part to the lobbying efforts of the International Trademark Association, which has described itself as the ‘largest organization in the world dedicated solely to the interests of trademark owners’: International Trade Mark Association <www.inta.org>. See also Barton Beebe, ‘A Defence of the New Federal Trademark Antidilution Law’ (2005) 16 Fordham Intellectual Property, Media and Entertainment Law Journal 1143, 1155.
9 See also Jason Bosland and Megan Richardson, ‘Competing Discourses of “Rights” and “Harms” in Trade Mark Law’ in Kathy Bowrey, Michael Handler and Dianne Nicol, Emerging Challenges in Intellectual Property (Oxford University Press, 2011) 103; from a cultural studies perspective, Jason Bosland, ‘The Culture of Trade Marks: An Alternative Cultural Theory Perspective’ (2005) 10 Media & Arts Law Review 99, 102 (‘The fact that cultural studies has its roots planted firmly in the Marxist struggle over commodity fetishism and working-class culture means that private property is ab initio treated with not only zealous suspicion but outright contempt – especially private property in the intangibles which facilitate commodity culture’).
11 Ibid 825–6.
12 Ibid 822.
13 Ibid 827.
14 Ibid 831.
cafeterias, and Rolls Royce pants and Rolls Royce candy, in 10 years you will not have the Rolls Royce mark anymore.\textsuperscript{15} Despite an initial lukewarm reception by the legal establishment, dilution was gradually translated into a state and then federal cause of action, providing trade mark proprietors with an alternative to consumer confusion upon which to base infringement proceedings.\textsuperscript{16} The present-day anti-dilution provision in the United States protects marks that are both famous and distinctive from any use that is ‘likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.’\textsuperscript{17} Similar provisions have been enacted in many other jurisdictions.\textsuperscript{18}

Anti-dilution provisions around the world have had a troubled history.\textsuperscript{19} Dilution doctrine is often criticised as a form of corporate censorship and control over meaning, empowering private entities to ‘consecrate their symbols and images, allowing for a particularly robust form of incontestability.’\textsuperscript{20} In particular, detractors contend that allowing companies to sue for dilution undermines our freedoms of competition and speech. In relation to competition, it is said that anti-dilution protections reduce the marketing vocabulary with which traders can identify and promote their products.\textsuperscript{21} They empower the owner of a famous mark to withhold a word or device from markets that are completely unrelated to its business and in which it never intends to participate. Stephen Carter notes that such ‘language exclusivity’ is not problematic if marks are fungible, in the sense that each mark has as much marketing value as the next, and if they are unlimited in number.\textsuperscript{22} Reasonably assuming, however, that some marks are more effective than others in generating goodwill (APPLE, for

\textsuperscript{15} Frank I Schechter, ‘Hearings Before the House Committee on Patents’ (Speech delivered at the United States House of Representatives, 72\textsuperscript{nd} Congress, 1932), quoted in Robert Burrell and Michael Handler, ‘Dilution and Trademark Registration’ (2008) 17 Transnational Law & Contemporary Problems 713, 742.


\textsuperscript{17} 15 USC § 1125(c)(1).

\textsuperscript{18} See above n 5.

\textsuperscript{19} See, eg, Fhima, above n 7, 44. On the ‘raging inconsistencies’ in the application of dilution law in the United States, see Milton W Handler, ‘Are the State Antidilution Laws Compatible With the Natural Protection of Trademarks?’ (1985) 75 Trademark Reporter 269, 285–7.


\textsuperscript{22} Carter, above n 21.
example, is a more instinctively appealing brand than DURIAN), then if we allow early entrants and even non-competitors to withdraw the more valuable words from a market’s lexicon, this means new entrants must work harder to compete.

In relation to expression, the argument starts from the idea that, in a society increasingly driven by consumption, famous marks have become powerfully expressive devices that merge into our shared language. The connotations of Calvin Klein cologne (‘smooth operator’) and Smeg kitchenware (‘trendy homemaker’) were certainly kick-started by the efforts of these brands’ proprietors to imbue their marks with attractive connotations in order to sell more products. However, famous brands regularly transcend their role in purchasing decisions and become vehicles for the expression of values and identity. Sometimes, the message is the one designed and promoted by the brand owner: what Candace Bushnell uses Manolo Blahniks to say in *Sex and the City*, for example, is fairly close to the designer’s intended message. In other cases, brands take on collateral cultural meanings: without having been prompted by the brand owner, for example, we are expected to infer something about the personality of pop singer Fergie by virtue of the fact that she ‘still [goes] to Taco Bell drive-thru’.

Perhaps most relevantly in the dilution context, famous brands are also used in social commentary and critique that is unappealing, offensive and even harmful to the interests of their proprietors. To go shopping for groceries and people to hack to death, the protagonist in *American Psycho* wears ‘blue jeans by Armani, a white Polo shirt, an Armani sport coat, no tie, hair slicked back with Thompson mousse … a pair of black waterproof lace-ups by Manolo Blahnik; three knives and two guns carried in a black leather Epi attaché case ($3,200) by Louis Vuitton’.

Firms invest substantially in testing and developing brands before first use, to identify in advance those marks that will naturally attract consumers and thereby minimise the costs associated with generating goodwill. This behaviour would be irrational if all marks were equally capable of drawing consumer interest. See also Carter, above n 21. See also John J Ohala, Leanne Hinton and Johanna Nichols (eds), *Sound Symbolism* (Cambridge University Press, 1995).


For brands like Coke, Budweiser, Nike, and Jack Daniel’s, customers value the brand’s stories largely for their identity value. Acting as vessels of self-expression, the brands are imbued with stories that consumers find valuable in constructing their identities. Consumers flock to brands that embody the ideals they admire, brands that help them express who they want to be. The most successful of these brands become iconic brands. Joining the pantheon of cultural icons, they become consensus expressions of particular values held dear by some members of a society.


Similarly, trade marks feature widely in corporate activism. Activist magazine *Adbusters* is particularly famous for the trade mark parodies that it uses to criticise consumer culture.  

The proliferation of online ‘anti-branding’ communities has seen an increase in the use of brands in organised anti-consumerist dissent.  

There is a substantial body of scholarship that documents the social risks involved in allowing trade mark holders to control the connotations of their marks, for example by litigating for dilution, and the impacts this can have on freedom to engage in these various forms of social commentary. One response is that dilution law is concerned with unauthorised use of famous marks in commercial or branding contexts and does not seek to restrain expressive or critical uses of brands. However, as will be discussed in further detail below, the boundaries of the protection have been malleable. In the United States, for example, anti-dilution provisions have been invoked against junior users for singing about Barbie, mocking the well-known pine-tree-shaped air freshener, making fun of Starbucks and using the word Kodak as a comedian’s stage name. Commentators have observed a regulatory spillover from the prevention of dilutive ‘commercial speech’ into more general restrictions on expression. It is important to ensure that such restriction is justified by desirable and achievable policy goals.  

In light of speech and competition concerns, the strong protection of ‘brand value’ offered by anti-dilution laws has caused substantial judicial and academic unease. Since the first dilution statutes were introduced in the United States,  

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32 See, eg, Coombe, ‘Objects of Property’, above n 20, 1873:  

In jurisdictions that enforce dilution laws, it might not be safe to comment upon the sexual objectification of women in a mattress company’s ads by way of a feminist film suggesting a rape on a mattress identified with its trademark. Nor could you be sure of your freedom to comment upon multinational capital if you depicted a Nestle billboard in the midst of Third World squalor and malnutrition.  

33 Some of the aforementioned cases failed on the facts. However, legal action does not need to succeed in court in order to restrain behaviour. An unauthorised user who receives an effectively worded letter of demand from a well-resourced rights holder and who does not have the capital or inclination to engage in a lengthy dispute may well choose the easier option of simply abandoning the conduct in question. Prohibitions against the making of groundless threats exist, but generally have a low threshold.  

34 *Mattel Inc v MCA Records Inc*, 28 F Supp 2d 1120 (CD Cal 1998) (‘*Mattel v MCA Records*’).  


38 The operation of the ‘commercial speech’ doctrine as a limit on anti-dilution law is discussed in greater detail below.
plaintiffs have come up against substantial resistance from the courts,39 which
have been suspicious of a law regarded as clearly ‘not motivated by an interest in
protecting consumers’.40 Academic criticism of the doctrine’s strong defence of
brand investment has ranged from the bewildered (‘[f]ew can successfully
explain it without encountering stares of incomprehension or worse’);41 through
the sceptical (‘[t]he lack of clear normative direction gives particularly wide
latitude to industry groups to influence the legislative process in ways that serve
their private interests at the expense of the public interest’);42 to the scathing (‘the
federal dilution statute, as well as most state dilution statutes, are unconstitutional
restrictions on commercial speech’).43 There has been widespread concern among
commentators that anti-dilution law departs dangerously from traditional
justifications for trade mark protection, with detrimental social consequences.

Against this background, a body of scholarship has emerged which
challenges the idea that anti-dilution law is, on balance, detrimental to consumer
interests. Three main justifications are made for anti-dilution law on consumer
interest grounds. One is that dilution doctrine promotes rather than hinders
speech, because it preserves the meaning and connotations of a famous mark and
thereby enables the mark’s continued use as a building block for expression. The
second is that, by precluding multiple uses of marks, anti-dilution law prevents
consumers from incurring unnecessary and burdensome ‘imagination costs’ when
retrieving marks from memory. The third is that famous brands are valuable
cultural artefacts and that protection against dilution creates important incentives
for their creation. One feature shared by each of these newer justifications for
anti-dilution law is considerable rhetorical appeal. Promoting critical and cultural
expression, preventing unnecessary burdens on our minds and maintaining a
vibrant popular culture are all attractive goals. However, these consumer interest-
based justifications for anti-dilution law do not bear closer scrutiny.

This article engages with each of these consumer-focused approaches to
dilution, to demonstrate their considerable weaknesses. Challenging and testing
these justifications for dilution doctrine is important. Although anti-dilution

39 On judicial interpretation and application of anti-dilution statutes, see also Clarisa Long, ‘Dilution’
41 McCarthy, above n 5, 1163.
Law Bulletin 187, 188.
43 Mary LaFrance, ‘No Reason to Live: Dilution Laws as Unconstitutional Restrictions on Commercial
provisions do not yet feature in Australian law, there have been initial rumbles of interest in importing this type of trademark protection into our legal system. If anti-dilution provisions do not live up to the emerging consumer interest rhetoric and the doctrine does not actually offer any perceivable benefits to consumers, this should be the starting point of any discussion as to whether we should introduce anti-dilution law into the Australian trade mark landscape.

III THE CONSUMER INTEREST ARGUMENTS

A Anti-dilution Law Facilitates Expression

1 Introduction

In response to widespread concerns that protecting valuable brands from dilution comes at too high a cost to freedom of expression, some trademark scholars have sought to determine whether anti-dilution provisions can be reconceptualised as benefiting both investment and speech. Michael Spence tackles this issue from the perspective of the trademark owner, arguing that an essential corollary to freedom of expression is the right to refrain from speech and that dilution doctrine preserves that right by preventing the forced...

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46 On the differences between the Australian and American trade mark contexts that would preclude an easy migration of anti-dilution principles across the jurisdictions, see Robert Burrell and Michael Handler, Australian Trade Mark Law (Oxford University Press, 2011) ch 1.
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participation of a trade mark owner in speech with which it disagrees.47 Jason Bosland makes a related argument from the perspective of the consumer.48 He suggests that we can only harness a mark’s meaning and connotations for use in our expression if they are at least to some extent fixed.49 To refer to an earlier example, the argument is that if the marks ARMANI and LOUIS VUITTON no longer denote luxury fashion houses or connote exclusivity and chic, the author of American Psycho would no longer be able to utilise these marks as shorthand for the dangers of rampant consumerism.50 Viewed in this way, protecting famous marks against dilution might be regarded as protecting, rather than hurting, the speech interests of the consumer. This approach is interesting in that it makes room for both rights and economics, avoiding the conceptual myopia that often accompanies scholarly consideration of dilution.

2 Brand Substitutability

One problem with the idea that dilution doctrine facilitates expression in this way, however, is that in their capacity as vehicles for expression, brands are substitutable. If the cultural meaning of a mark is diluted by society’s interactions with it, there will inevitably be another brand ready and able to take its place. This was illustrated, for example, in the context of the temporary reputational decline of British luxury fashion house Burberry. At the start of the millennium, Burberry lost its place as ‘the darling of the fashion world’ when it became the chosen brand of ‘[l]abel-conscious football hooligans’.51 By 2005, the BBC had reported that ‘people thought that Burberry would be worn by the person who mugged them’ and that for fear of violence and general bad behaviour, pubs and clubs around Britain had adopted policies of refusing entry to customers wearing Burberry items.52 Needless to say, this significantly diminished (and in some parts of the United Kingdom, completely eradicated) the ability of the mark BURBERRY to convey its intended messages of exclusivity, elegance and style.

47 Spence, above n 1, 506. Spence illustrates his theory using the facts of Girl Scouts of the United States of America v Personality Posters Manufacturing Co, 304 F Supp 1228 (DC NY, 1969). This case concerned a poster picturing a Girl Scout wearing the organisation’s uniform, which includes its trade mark, and holding her pregnant belly. Next to her in the picture was the Girl Scout’s motto, ‘Be Prepared’. According to Spence, the use of the Girl Scouts mark and motto in effect conscripted the organisation to participate in the poster manufacturer’s speech by expressing a message about sexual activity with which it disagreed. Faced with this problem, the Girl Scouts had limited options: to abandon the motto, amounting to what Spence refers to as ‘silencing’, to lose control over the message that its own motto conveys, or to pursue legal action against the poster manufacturer.

48 Bosland, above n 9, 108–16.

49 Ibid 112.

50 This approach is reminiscent of the prescriptivist view of language formation. See, eg, Laura A Heymann, ‘The Grammar of Trade Marks’ (2010) 14 Lewis & Clark Law Review 1313, 1322: The prescriptivist school takes an objective view of language, asserting that there are correct meanings, pronunciations, and grammars in a language, with rules that proper speakers of the language are taught to follow. Language’s formalist nature under this theory, yields a set of “building blocks”: word parts that form words, which in turn form sentences, which in turn form discourse.


52 Ibid.
However, the temporary disgrace of Burberry did not interfere meaningfully with the ability of individuals to express their wealth through fashion. Customers who were no longer inclined to use Burberry handbags as statement pieces could still rely on the Versace, Prada and Fendi equivalents to say the same thing. Very rarely, if ever, will a brand have such unique and distinctive connotations that there is no available brand synonym with which to make the same point.53

To leave the analysis here would be unfair, since like Schechter’s thesis, the argument that dilution doctrine benefits expression is based on the concept of progressive harm. If the meaning of the mark BURBERRY is diminished, and VERSACE’s after that, and PRADA’s and FENDI’s in turn, and if this destabilisation of meaning is mirrored in infinite other product categories, then our public sphere might indeed be ‘in danger of descending into a morass of indistinct signifiers.’54 However, progressive harm reasoning can be convenient and artificial. Robert Burrell and Michael Handler provide an elegant analogy to highlight this point, noting that although chaos and injury would eventuate if everyone in a given city attempted to board one train at the same time, this does not provide a moral or reasonable legal basis against preventing any individual person from boarding the train.55 Floodgate-type arguments have considerable rhetorical appeal because they paint a dystopic future that we want instinctively to avoid. However, rhetoric alone is not an acceptable basis for legal intervention. If the substitutability of brands means it is unlikely that one or even many dilutive uses would genuinely interfere with expression, then a speculative progressive harm argument surely cannot suffice to justify anti-dilution protection.

3 ‘Commercial’ vs ‘Expressive’ Speech?

Assuming that anti-dilution law does benefit speech, there is still a need to consider how the negative speech impacts of the doctrine, discussed in Part II above, can be limited so that the net outcome of the protection is a benefit to expression. Proponents of anti-dilution law often argue that dilution doctrine is properly limited if it is applied to prevent only ‘commercial’ and not ‘expressive’

53 Consumers’ adoption of new marks for expressive purposes, as old favourites lose relevance, is consistent with descriptivist views of the formation of language. See, eg, Heymann, above n 50, 1323:

The descriptivist school, by contrast [to the prescriptivist view described in above n 50], takes a subjective view of language, rejecting the idea of a correct meaning, usage or pronunciation of a word. Descriptivists define language in terms of actual use, such that meaning is derived from how people communicate rather than from an external set of rules… Indeed, descriptivists assume that both speakers and listeners are, to use the legal terminology, ‘reasonable persons’: that they proceed according to the conventions of the language in which they are conversing and that they share an interest in effective and efficient communication.


55 Burrell and Handler, ‘Dilution and Trademark Registration’, above n 15, 743. In the train hypothetical, one solution would be to impose a maximum number of passengers who can be aboard the train at any one time. However, this type of remedy would introduce considerable and perhaps crippling enforcement difficulties even in the context of the example, and would do the same if extrapolated to the vexed context of trade mark dilution.
junior uses of trade marks. However, courts have struggled to find a clear line between these types of communication. Was the seller of ‘Enjoy Cocaine’ posters, for example, promoting its product (the poster), parodying Coca-Cola’s advertising or using a reference to the product’s history to comment on its present-day addictive and unhealthy nature? Did the t-shirt that parodied South African Black Label beer with a mockup of the beer label that read ‘Black Labour, White Guilt’ intend to sell t-shirts or comment on apartheid? It is often superficial to divorce the commercial content of a use from its underlying parody, criticism or commentary. Courts have vacillated between the view that the slightest amount of commercial intent, content or effect should cause the entirety of the speech in question to be regarded as commercial and the notion that even the most trivial expressive content or purpose must render speech non-commercial lest freedom of expression become illusory. Both approaches have their problems: the former ostensibly overprotects brands and is liable to chill speech, while the latter would render any anti-dilution law completely meaningless. The uncertainty caused by this divergence of opinion has led to unpredictable and often unsatisfactory application of the distinction between commercial and expressive speech in United States anti-dilution litigation.

4 An Alternative Approach

Bosland proposes an alternative model for ensuring that anti-dilution law results in a net benefit for speech. He first suggests that the problems with the commercial/expressive speech distinction can be mitigated by differentiating instead between junior uses made ‘in the context of trade’ (that is, for branding purposes) and uses that are actually part of the new product, such as lyrics in a song or a picture printed on a poster or t-shirt. This distinction is a broader version of the existing idea in trade mark law that a junior use must be ‘use as a

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56 In the United States there is a statutory exemption for non-commercial use: see 15 USC § 1125(c)(3)(C), as well as other exemptions for comparative advertising and news reporting and commentary.


63 Bosland, above n 9, 113–14.
trade mark’ before a court will intervene on the basis of infringement, and is open to many of the same criticisms. However, Bosland adds to it a dual causation-based model by which to further limit the extent to which dilution doctrine impinges on speech interests.

The first branch of the proposed causation-based model provides that there should be no protection against dilution where a junior use creates only positive associations with the primary brand. Bosland provides the example of an advertisement for James Boag beer in which a half-naked woman climbs provocatively onto the hood of a black Mercedes and opens a bottle of boutique beer using the Mercedes badge. The argument is that since Mercedes-Benz would presumably be pleased with the association between its luxury vehicles and this fashionable beverage, this use should be allowed. I will call this the ‘positive connotations’ argument. Secondly, Bosland’s model would allow junior uses that rely on associations that already exist in the public mind, prohibiting only those uses that generate new negative connotations that would freshly tarnish the primary brand. For example, a junior use of the mark NIKE that draws on recognised associations between Nike and sweatshops should be permitted, but an advertisement for adult entertainment featuring a woman wearing only Nike sneakers should be prohibited, provided there did not yet exist in the public mind an association between Nike and promiscuity. I will call this the ‘no new tarnishment’ argument. Both elements of this causation-based model for limiting the speech impacts of anti-dilution law are problematic.

5 The Positive Connotations Argument

Considering first the positive connotations argument, the neat differentiation between ‘positive’ and ‘negative’ associations is an uncomfortable one. To suggest that any sign or use of a sign conveys indisputably ‘good’ connotations ignores the raft of interpretations that meet even the most superficially uncontroversial signs. Take, for example, the traditional yellow and black smiley face, which graces coffee mugs, bumper stickers and infinite other happy knick-knacks around the globe. The evil twin of this wholesome symbol was spawned in the popular 1980s Watchmen comics, which turned the smiley into ‘a visual metaphor for a narrative that examines guilt, failure, megalomania and compromise with a corrupt power structure.’ Or perhaps they are smiley

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64 Consider the earlier Mercedes/beer example. The Mercedes mark was not used as James Boag’s own brand (‘use as a trade mark’), but it was used to promote the beer through its prominence in the beer advertisement (‘use in the context of trade’). Both approaches essentially distinguish between the branding and non-branding use of a mark.


66 Bosland, above n 9, 115.

triplets, since for many consumers our rounded optimist represents late-80s acid house culture and modern-day ‘acid retro fashion’.68 If there can be such contradictory interpretations of a sign as ostensibly one-dimensional as the smiley face, what then of the Mercedes/beer example? Although this depiction may well fit the desired image of the Mercedes-Benz owner as affluent, suave and immeasurably successful with women, reasonable interpretations of the advertisement could hurt the manufacturer’s interests. One could be forgiven for construing the advertisement as sexist. Or, in light of graphic government campaigns against drink-driving, prominently associating Mercedes-Benz with alcohol might not politically desirable for the brand. The overarching problem with the positive connotations approach is that meaning is far more subjective than it makes room for. Reasonable persons will too often disagree as to the meaning and connotations of marks and of their authorised and unauthorised uses.

Megan Richardson suggests an approach similar to Bosland’s positive connotations model that contains a further step. She posits that in addition to evaluating the impact of an unauthorised use on the primary mark, the court or registry should evaluate the social utility of the junior use. Only if the expressive value of the use outweighs the damage it causes to the famous mark should the appropriation be allowed.69 To illustrate the need for this cost-benefit analysis, Richardson considers Mattel’s unsuccessful dilution action against MCA Records over the use of the mark BARBIE in Aqua’s pop song ‘Barbie Girl’.70 Mattel’s claim failed on the basis that Aqua’s use was ‘expressive’ rather than ‘commercial’.71 Richardson suggests, however, that ‘the results are perverse if all expressive uses no matter how meagre their contribution to social discourse, how destructive they may be to a trade mark’s integrity or imagery, and how commercial their flavour now find exemption.’72 Rather, Richardson considers that the court should have taken the second step of weighing the value of the expression against the harm caused to Mattel, to determine whether the use should or should not be allowed. Richardson notes that the song ‘Barbie Girl’ might have survived this test, as it is not terribly damaging to Mattel and there is some social utility in encouraging young girls to question Barbie’s image. However, she points to ‘Barbie Enjoys Cocaine’ t-shirts and an adult Barbiesplaypen.com website as examples of uses that might be prohibited under her proposed model.73

Richardson’s proposal adds nuance to the positive connotations approach. However, measuring the social value of a junior use in this way involves the same kind of problematic value judgements that are implicated by Bosland’s model. Without wishing to comment on the value of Aqua’s own contribution,

68 Ibid.
69 Richardson, above n 45, 216–20.
71 Ibid, 1140.
72 Richardson, above n 45, 219.
73 Ibid 219-20.
history provides us with no shortage of philosophical, political, artistic, scientific and other contributions that are recognised for their value only years after their time. Johannes Sebastian Bach’s thousand fugues, cantatas and motets attracted only condescending notice during his lifetime. So too of Paul Gauguin, who died ‘down and out, defeated by poverty’ while his rebellion against ‘pretended rules’ went on to revolutionise Impressionist painting. We have good historical reasons to be sceptical of our ability to pick up on the value of every new expression at its first utterance. Even Mattel seems to agree: 12 years after suing MCA Records over the ‘Barbie Girl’ song, it adopted an amended version of the song for a mass advertising campaign which included a dance called ‘The Barbie’ choreographed to Aqua’s music. According to Senior Vice-President for marketing of Barbie at Mattel: ‘Barbie has always been a part of pop culture … the beauty of Barbie [is that she gets] to kiss and make up.’

6 The No New Tarnishment Approach

The second element – the no new tarnishment element – of the causation-based model is also flawed. This branch of the causation-based model stipulates that a junior use should be permitted if it draws on associations that already exist in the public consciousness, because the use in this case cannot reasonably be said to have caused any new harm. Again, this type of analysis invites highly subjective questions. At what point do we consider any given idea or association to exist in the public mind? How many consumers need to have drawn the connection? How much media exposure must it have had? What if the public once knew of the association, but has since forgotten about it? What geographical reach will suffice? One might ask whether ‘the public’ is aware, for example, of the connection between Nestle and the Ethiopian treasury; Woolworths and tree logging; Lynx deodorant and untimely death; Wizz Air and the mocking of Ukrainian passengers. The no new tarnishment approach uses the psyche of a monolithic public as the yardstick for determining whether a tarnishing use is new. However, geographical, cultural and other differences will mean that various issues have different levels of exposure in different ‘publics’. This is not to say it is necessarily inappropriate to choose a subsection of the public to serve

as the relevant tool of measurement. However, where a proposed system necessitates the selection and preferencing of a section of the public to represent the so-called ‘public mind’, the onus should be on its advocates to identify and justify their chosen representative.\(^{80}\)

Because a use does not have to be new to be damaging, the no new tarnishment approach is unlikely to succeed in its goal of preventing harm to the mark owner. Even if it could, the proposed distinction between ‘old’ and ‘new’ tarnishment is artificial. A junior use that contributes to, validates or strengthens an existing negative association is surely no less tarnishing for its lack of originality. An association will gain new exposure and credibility if it comes from a particularly well-regarded source: consider, for example, the high-profile swipe taken at Twentieth Century Fox by popular street artist Bansky and the writers of *The Simpsons* in relation to Fox’s outsourcing of animation to South Korea.\(^{81}\) Or, the use may bring an association to the attention of a new audience who had not previously made the connection, as occurred through the publication of Edwin Black’s *New York Times* best-seller, *IBM and the Holocaust*.\(^{82}\) The distinction would also lead to unfair application of anti-dilution law. The starting point of the causation-based model is that the protection should be available. If so, surely Facebook should not be any less entitled to go after Shagbook just because some people already associate the social network with the online pursuit of intimate encounters.\(^{83}\) Further, what if, despite a negative association being popularly accepted, it has no basis in fact? Tommy Hilfiger was widely but falsely rumoured to have made racist remarks on the Oprah Winfrey show. The fact that many people still believe this is true does not make associations of the mark TOMMY HILFIGER with xenophobia and bigotry any less harmful to either the man or the brand.\(^{84}\)

The distinction would also have problematic practical impacts. Consider the earlier hypothetical example of an adult entertainment advertisement featuring the mark NIKE. If Nike chose not to pursue this use, thereby allowing the association to gain public exposure, this could prevent the company from restraining any subsequent junior use that tarnished the mark along similar lines. For example, if a range of adult toys were subsequently released under the mark NIKE and Nike sued in dilution, the case could turn on whether the earlier and unrelated advertisement had received sufficient market exposure to have brought the association between Nike and promiscuity to the public mind. In effect, Nike

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would be punished for its initial decision not to litigate. In light of increasing focus of the profession and the bench on reducing unnecessary litigation, the introduction of a systemic incentive for overzealous legal action seems unwise.  

7 Summary

Those who defend dilution doctrine on the basis of its benefits for expression are concerned not with protecting brand investment per se, but with preserving "the expressive capacity of trade marks and [protecting] their status as effective instruments of cultural dialogue". However, they also recognise that, in the absence of proper limits, the negative impacts of anti-dilution law on freedom of expression will often outweigh its benefits. The models that have been proposed by which to limit anti-dilution law to ensure a net benefit for expression are flawed and are unlikely to achieve their intended purpose. Absent a workable restriction, the speech argument fails as a justification for anti-dilution law.

B Anti-dilution Law Prevents Unnecessary Imagination Costs

1 Introduction

A second justification made for anti-dilution law on consumer interest grounds is that such provisions protect consumers from incurring unnecessary "imagination costs". The idea is that if a single mark is used by different traders in different fields, then consumers who see or hear the mark will be forced to think harder to work out what product is being referred to. It is important to note that this argument is not concerned with consumer confusion. The presumption is that the consumer understands that the junior user is not related to or authorised by the owner of the famous brand. Rather, the alleged harm lies in the destabilisation of the meaning of the mark, which is thought to cause "burdensome associations between unconnected products" that increase the internal search costs incurred by a consumer when the brand is retrieved from memory. It is suggested that these increased costs hurt consumers in a number of ways. First, the Chicago school posits that the inefficiency is harmful to

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85 A pithy lamentation about overzealous litigation is found in the closing sentence of the judgment of Judge Kozinski in Mattel Inc v MCA Records Inc, 296 F 3d 896, 908 (9th Cir, 2002): "The parties are advised to chill.

86 Bosland, above n 9, 110.

87 See, eg, Bosland, above n 9, 113 ('The underlying difficulty with shaping a dilution right is balancing the competing interests in allowing the public to use a mark as an expressive resource through criticism or commentary, while at the same time, preventing harm which is adverse to a trade mark’s continued cultural use').


89 Ty v Perryman, 306 F 3d 509, 510 (7th Cir, 2002).

90 Gangjee and Burrell, ‘Because You’re Worth It’, above n 4, 1.
consumers in and of itself.\footnote{See, eg, \textit{Ty v Perryman}, 306 F 3d 509, 511 (7th Cir, 2002) (Posner J) (discussing on the example of a junior use of the famous mark TIFFANY by a restaurant): ‘when consumers next see the name “Tiffany” they may think about both the restaurant and the jewelry store, and if so the efficacy of the name as an identifier of the store will be diminished. Consumers will have to think harder – incur as it were a higher imagination cost – to recognize the name as the name of the store.’} Secondly, the cognitive model of dilution proposes that the extra internal search costs involved in sorting between conflicting meanings of a mark may cause consumers to lose interest altogether in purchasing any products sold under that mark.\footnote{Rebecca Tushnet, ‘Gone in 60 Milliseconds: Trade mark Law and Cognitive Science’ (2008) 86 Texas Law Review 507, 560.} If this occurs, vendors selling goods under the mark will lose sales and be less inclined or able to innovate, and consumers will lose opportunities to acquire quality products they would otherwise have desired. Like Schechter’s and Bosland’s arguments, the main thrust of this approach depends on the idea of progressive harm. The principal concern is with an upsurge in internal search costs due to a preponderance of unrelated uses of multiple brands, which are feared to cause ‘a tragedy of the mental commons, in which a consumer’s mind is overpopulated with meaning and her understanding of a brand descends into incoherence.’\footnote{Ibid 516.}

2 \textit{Are We Hurt by Imagination Costs?}

Partly in response to intense academic suspicion of this argument,\footnote{See, eg, Graeme Austin, ‘Tolerating Confusion About Confusion: Trademark Policies and Fair Use’ in Graeme B Dinwoodie and Mark D Janis (eds), \textit{Trademark Law and Theory: A Handbook of Contemporary Research} (Edward Elgar Publishing, 2008) 368; Graeme W Austin, ‘Trademarks and the Burdened Imagination’ (2004) 69 \textit{Brooklyn Law Review} 827, 895; Tushnet, above n 92.} recent cognitive studies into dilution have provided some scientific backing for concerns regarding imagination costs.\footnote{See, eg, Maureen Morrin and Jacob Jacoby, ‘Trademark Dilution: Empirical Measures for an Elusive Concept’ (2000) 19 \textit{Journal of Public Policy & Marketing} 265; Alexander F Simonson, ‘How and When Do Trademarks Dilute: A Behavioural Framework to Judge “Likelihood” of Dilution’ (1993) 83 \textit{Trademark Reporter} 149; Jerre B Swann Sr, ‘Dilution Redefined for the Year 2002’ (2002) 92 \textit{Trademark Mark Reporter} 585. For a detailed interrogation of the cognitive approach, Tushnet, above n 92.} These studies have found that subjects take several milliseconds longer to recall a brand after having been exposed to dilutive uses. The conclusion generally drawn is that consumers will not want to expend this extra energy and that, rather than buying a product sold under a diluted mark, they will prefer to purchase products sold under ‘a more unique trade mark that will give an unequivocal message of source.’\footnote{Fhima, above n 7, 80.} Problems with the circumstances in which these cognitive tests are conducted have been argued compellingly by Rebecca Tushnet.\footnote{Tushnet, above n 92.} However, even if these studies do prove that dilution causes consumers to expend extra milliseconds over each purchase decision, this does not automatically invite the conclusion that the extra thought process detriments consumers. Inherent in the logic of the imagination costs argument is the assumption that consumers care about and are hurt by the
requirement to expend the extra energy. Ordinary human behaviour outside the context of trade mark dilution suggests the contrary.

We fill our daily lives with imagination costs. We enrol in university degrees, do crosswords, read Dostoyevsky, use double entendre, all for the sake of engaging in a little mental exercise. Outside the legal sphere we do not appear terribly interested in minimising meaning overlap. We do not frown upon new parents who call their child Tom, Dick or Harry, despite the increase in imagination costs when we need to recall others who share these common names. Nor do we eschew Banana Boat sunscreen for befuddling us with associations to fruit, sea vessels and calypso folk songs that have nothing to do with protecting our skin from ultraviolet rays. We deal with the word ‘orange’ denoting at once a fruit and a colour, ‘sanction’ contradictorily indicating authorisation and punishment and ‘table’ being a piece of furniture and a graphical representation of data. If the mark TIFFANY at once means ‘jeweller’ and ‘restaurant’, to use a commonly cited example in the dilution debate, one imagines we are equipped to cope with this in a similar way.

3 Co-existence of Marks on the Register

In fact, much of trade mark law is premised on the idea that we can cope. Trade mark registries are expressly designed to allow similar and even identical marks to co-exist on the register, so long as they are being used in different fields. All countries that have adopted the Nice classification system require trade mark applicants to categorise the goods and services in respect of which trade mark registration is sought, according to a predetermined list of classes. Protection is only extended to a mark in certain product categories, on the basis that it is not a problem for the same or similar marks to co-exist in different fields. Burrell and Handler point to examples of ‘soft’ regulation that further reflect the acceptance of this co-existence in the Australian system, such as the

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98 See also Austin, above n 94, 895.
99 In fact, the overwhelming majority of parents choose to recycle common names for children rather than coming up with unique alternatives: see also Matthew W Hahn and R Alexander Bentley, ‘Drift as a Mechanism for Cultural Change: An Example from Baby Names’ (2003) 270 Proceedings: Biological Sciences S120.
100 See also Ariel Katz, ‘Beyond Search Costs: The Linguistic and Trust Functions of Trademarks’ [2010] Brigham Young University Law Review 1555, 1581 (emphasis in original):

Our language is replete with homophones (words which sound the same, such as bank for money and bank of a river), homographs (words having different meaning, like lead as in leader and lead the metal, which are spelled the same but may not necessarily sound the same); and heterographic homophones (words like soul and sole, which are spelled differently but sound the same).

101 Burrell and Handler, ‘Dilution and Trade Mark Registration’, above n 15, 716. See also Heymann, above n 50, 1339; Alan Durant, ““How Can I Tell the Trade Mark on a Piece of Gingerbread From All the Other Marks On It?” Naming and Meaning in Verbal Trade Mark Signs’ in Lionel Bently, Jennifer Davis, and Jane C Ginsburg (eds), Trade Marks and Brands: An Interdisciplinary Critique (Cambridge University Press, 2008) 107, 109.
search facility provided by the Australian Trade Marks Office which is organised into product categories and the training of Australian trade mark attorneys to consider the potential conflict of marks in overlapping markets. Trade mark registration systems in Australia and elsewhere are built around the idea that it is acceptable for the same marks to be duplicated across different fields, either by competing traders (for example, Dove chocolate and Dove soap), or the same trader (for example, Dunlop tyres and Dunlop shoes).

4 Modern Linguistic Theory

Modern mainstream linguistic theory is similarly premised on the idea that we can cope with conflicting meanings or connotations of words. The majority of English words have several meanings, which may be related (in the case of polysemes) or unrelated (in the case of homonyms). We distinguish between these words in light of the context in which they used. For example, if one were to hear the sentence ‘he looked at the table’ in abstract, it would be unclear whether the person has viewed a piece of furniture or a graphic representation of information. However, the context in which the homonym ‘table’ is used will quickly tip us off as to which meaning is being referred to. Context, according to Tushnet, plays the same role in preventing trade mark ambiguity from becoming a problem for consumers. She notes the importance of product categories in the ordinary shopping experience:

When context is king, dilution loses much of its theoretical appeal. Consider: Have you ever put your suitcases into a cab in a major U.S. city, asked for ‘American’ or ‘United,’ and received the response ‘Which one?’ No rational cab driver would take a person who said ‘American’ to the local American Apparel or a person who said ‘United’ to the local United Van Lines. This is so even though American and United are conceptually weak, diluted marks. The cab driver experiences no significant search costs because of his knowledge of the places that people ask cab drivers to go.


104 Burrell and Handler, ‘Dilution and Trade Mark Registration’, above 15, 720: during the process of training to be a trademark attorney in Australia, far more attention is given to the ability of candidates to prepare specifications using registry-approved terminology and to identify potentially conflicting marks in overlapping areas of trade than to the ability to identify possible conflicts in unrelated areas of trade… [S]uch an approach is taken despite the fact that the Australian Trade Marks Act gives owners of marks with a prior reputation the right to bring opposition and cancellation proceedings against traders who subsequently apply for or have registered a similar mark in relation to dissimilar goods or services.

105 See also Heymann, above n 50, 1323.

106 Ibid 1338.

107 See also Katz, above n 100, 1582–3; Heymann, above n 50, 1338–9.

108 Tushnet, above n 92, 529–42.

109 Ibid 529–30 (citations omitted). The role of context in preventing the harm envisaged by the imagination costs justification for anti-dilution protection envisages is especially pronounced in Australia: see above n 45. Katz discusses some examples of purchasing situations where context would not prevent consumers from incurring unnecessary imagination costs, but notes that these would rarely occur: see Katz, above n 100, 1585–6. As discussed above, we should be wary of justifying legal intervention on the basis of a real but far-fetched possibility of harm.
If famous brands maintain their presence and product quality in their own fields, consumers should continue to recognise references to those brands easily when made in context. History supports this assumption: brand name ‘sharing’ has been occurring for centuries and we are yet to see convincing evidence to suggest that this has interfered meaningfully with our ability to recognise brands or with our loyalty to them.

5 Business Diversification

The idea that imagination costs will not cause consumers to abandon diluted brands is also reflected in the business decisions of brand owners themselves, who intentionally diversify their marks into different fields. The mark DUNLOP, traditionally associated only with tyres, has since been applied to an ever-expanding list of product categories including footwear, tile adhesives, conveyor belts, and sports equipment. GENERAL ELECTRIC and GE no longer just mean cars but also financial services, biopharmaceutical technologies, kitchen appliances and news services. In today’s market, some of the most successful brands are ‘ubiquitous’ rather than unique. Not only are they far removed from the singular marks that Schechter intended to protect, but they also indicate a business view that imbuing brands with several different associations will not cause consumers to abandon those brands. Of course, authorised diversification differs from unauthorised junior use in that a brand owner relies legitimately on the goodwill associated with the original product in deciding to expand and use the mark in unrelated fields. To analogue to linguistics, diversification might be thought to create polysemes, while junior uses are more akin to homonyms. However, both types of uses increase the number of meanings with which consumers must contend and lengthen the process involved in retrieving the word from memory. Diversification represents a rejection by brand owners of the

110 See also David Welkowitz, ‘Reexamining Trademark Dilution’ (1991) 44 Vanderbilt Law Review 531; Tushnet, above n 92.
112 Where to find such evidence is a difficult question. Australian courts have demonstrated distaste for survey results and expert testimony when it comes to determining matters of consumer confusion. This mirrors a tendency in the United States to assign little weight to empirical data in trade mark matters: despite its preoccupation with the purchaser’s mind, ‘trademark law does not get to know consumers from empirically ascertained “fact”: Austin, above n 94, 834. See also Tushnet, above n 92; Cadbury Schweppes Pty Ltd v Darrell Lea Chocolate Shops Pty Ltd (No 8) [2008] FCA 470 (11 April 2008) [46]–[51] (Heerey J).
113 See also Nelson, above n 16, 734.
114 See also Katz, above n 100, 1580–1.
idea that consumers’ increased imagination costs will cause them to abandon the diversified brands.  

6 Internal Inconsistencies

The imagination costs argument is also internally inconsistent, taking issue with dilutive junior uses of famous marks but not with the many other parts of the trade mark system that force consumers to incur imagination costs. One example is the diversification of successful brands by trade mark owners, discussed above. Another is the initial registration of non-concocted marks. Trade marks that draw on existing words, such as APPLE, DODO, MOUNTAIN DEW and KETTLE introduce new meanings for words that already have well-known existing denotations. Consumers who hear the words ‘apple’ or ‘kettle’ in abstract will presumably need to sort through the branding and non-branding meanings of the word to determine which is being referred to. Since traders borrow from the English language much more often than they borrow from other traders, it seems reasonable to expect that lobbying for a requirement that new word marks must be unique words like as EXXON and IKEA would be a higher reform priority for those concerned by imagination costs than the much less common occurrence of dilution. One reason given as to why this is not the case is that the existing meanings of words like ‘apple’ and ‘kettle’ are used in a non-commercial sense and that this different context prevents those who hear the words from incurring unnecessary internal search costs. But if so, this only strengthens Tushnet’s argument that context will prevent dilutive uses in different fields from harming consumers. Much like a person having a conversation about fruit will not pause to think, ‘which “apple”?’, so too a person having a conversation about jewellery is unlikely to stop to consider ‘which TIFFANY?’

115 See also Elizabeth C Bannon, ‘The Growing Risk of Self-Dilution’ (1992) 82 Trademark Reporter 570, 585. Bannon describes a second type of ‘self-dilution’, which occurs where a trade mark proprietor licenses its mark to third parties and does not maintain adequate quality control. This causes consumers to cease interpreting the mark as an indicator of quality.

116 Such a focus would also be more consistent with Schechter’s original intentions for the protection of ‘unique’ marks: see also Nelson, above n 16, 734. The Australian trade mark system does encourage distinctive branding by offering greater protection to non-descriptive marks: see, eg, Trade Marks Act 1995 (Cth) s 41. However, many marks that meet the requirement of distinctiveness still draw on meanings of existing words. While the mark NORTH POLE, for example, is non-descriptive when applied to bananas, this branding meaning of the word nevertheless competes for mind-space with the existing connotations of ‘North Pole’ (cold, isolation, polar bears, Santa).

117 See, eg, Visa International Service Association v JSL Corp 610 F 3d 1088, 1091 (9th Cir, 2010) (Kozinski J) (some citations omitted): It’s true that the word visa is used countless times every day for its common English definition, but the prevalence of such non-trademark use does not undermine the uniqueness of Visa as a trademark. ‘The significant factor is not whether the word itself is common, but whether the way the word is used in a particular context is unique enough to warrant trademark protection.’ Wynn Oil Co v Thomas, 839 F 2d 1183, 1190 n 4 (6th Cir, 1988). In the context of anti-dilution law, the ’particular context’ that matters is use of the word in commerce to identify a good or service. There are, for instance, many camels, but just one Camel; many tides, but just one Tide.
7 Summary

The dangers of imagination costs for consumers have not been argued convincingly. Thus far, cognitive studies have demonstrated that dilution does cause increased internal search costs for subjects observed in laboratory tests, but have yet to extrapolate these to the real-world point of sale. As these tests become more advanced, they may ultimately show that dilution does cause consumers in real shopping situations to engage extra mental processes, adding milliseconds to their purchasing decisions. However, even if so, there is a further need to demonstrate that this extra processing time harms consumers meaningfully or that, if given the choice, consumers would care to prevent this impact. Absent convincing evidence to suggest that consumers should be concerned about imagination costs, this argument does not provide a compelling justification for anti-dilution protection.118

C Anti-dilution Law Provides Incentives for Traders to Invest in Their Brands

1 Introduction

A third consumer-based argument in favour of anti-dilution protection is that such provisions indirectly benefit consumers by incentivising traders to create, promote and maintain better brands. This approach draws on the traditional incentives-based rationale of intellectual property law, which provides that we need to motivate creators to continue to produce intellectual products that are socially useful but easily copied.119 Substantial financial investment is required to build and maintain a famous brand. Strong trade mark laws, including the protection of famous marks against dilution, are thought by some scholars to provide the necessary motivation for trade mark owners to make this investment. Since copyright law is built on the idea that ‘no man but a blockhead ever wrote except for money’120 and patent protection has long been justified by the need to incentivise the creation of useful inventions, the migration of incentives

118 The position regarding evidence is explained well by Burrell and Gangjee, Australian Trade Mark Law, above n 59, 12:

there is insufficient evidence to demonstrate that antidilution protection is required. In making this point we are not suggesting that legislative intervention must wait on the presentation of overwhelming or incontrovertible economic evidence that intervention is required. Legal intervention in the field of intellectual property is often a matter of informed guesswork – our contention is that the economic justifications for antidilution protection fail even this standard.


principles into trade mark law is understandable, at least at face value. However, the idea that it is necessary and appropriate to provide incentives for brand investment requires some scrutiny. Copyright and patent laws are not concerned with incentivising creativity in abstract, but with encouraging the creation of specific public goods, being cultural products in the case of copyright and useful inventions in the case of patents. When considering whether incentives for production are an appropriate basis for anti-dilution law, the first question must be whether the brand investment that the doctrine protects also results in the creation of socially useful products.

2 Trade Marks’ Persuasive Function

Trade marks have traditionally been regarded as serving two main functions: they facilitate the quick identification by consumers of the source and predictable characteristics of products, and they persuade consumers to select certain goods over others. The first, informational role of trade marks has long been acknowledged as a benefit to consumers and is protected by traditional infringement laws. However, the second, persuasive function of brands is generally regarded as assisting traders rather than their customers, and its social utility remains contentious. In their persuasive capacity, trade marks communicate ‘nonrational associations’ that are, more often than not, completely unrelated to product functionality. The values and connotations that are wrapped up in a famous brand become a saleable part of the product in their own right, additional to any attractive physical or functional characteristics. A consumer may buy Chanel perfume, for example, in order to feel elegant and expensive, even if she actually prefers the smell of a lesser-known scent. It has also been suggested that brands create a ‘perceptual frame’ through which consumers physically experience products: research suggests that a Tiffany necklace may seem more beautiful to a consumer because it came in the little blue box, and that a Corona will taste fresher because of the connotations of freedom and holiday fun that it represents.

121 See also Carter, above n 21, 767.
124 See also Dominic Scott, Alex Oliver and Miguel Ley-Pineda, ‘Trade Marks as Property: A Philosophical Perspective’ in Lionel Bently, Jennifer Davis, and Jane C Ginsburg (eds), Trade Marks and Brands: An Interdisciplinary Critique (Cambridge University Press, 2008) 285, 294; Holt, above n 27, 3–4: ‘Customers flock to brands that embody the ideals they admire, brands that help them express who they want to be’.
125 Douglas Holt, ‘Brands and Branding’ (Industry and Background Note No 503-045, Harvard Business Review, 2002). See also Holt, above n 27, 10:
When a brand delivers a powerful myth that customers find useful in cementing their identities, this identity value casts a halo on other aspects of the brand. Great myths enhance the brand’s quality reputation, distinctive benefits, and status value. For example, when Budweiser’s ‘Lizards’ ad campaign embedded in Budweiser a captivating new myth, Bud drinkers reported that the beer tasted much better.
Whether we should provide statutory incentives for the generation of the ‘identity myth’ offered by famous brands remains an open question; scholarly perspectives range from strongly enthusiastic to fiercely disparaging. Some commentators regard brands as important cultural artefacts. As discussed earlier, famous trade marks are often used in the expression of lifestyle choices, social status, political views and identity aspirations. Iconic brands can therefore operate as compass points that express and address societal fears and desires.

So, trade mark language has been described as ‘a rich form of cultural expression – a language that cuts across social and political divides to provide a wealth of material with which to identify, negotiate and augment cultural meanings and subjectivities.’ Others are sceptical as to the benefits to consumers of the use of famous brands to construct identity and regard the persuasive quality of brands as servicing the trade mark owner’s bottom line rather than the interests of consumers. Jessica Litman, for example, doubts whether it will ‘increase the total utils in our society if every time a guy drinks a Budweiser or smokes a Camel, he believes he’s a stud’. Still further along the spectrum of debate are those who regard the dominance of brands in our culture as being positively harmful. The ‘culture jamming’ movement, which has included the iconic works of Kalle Lasn, Eric Schlosser and Naomi Klein, is built on the idea that the use of brands in the construction of societal and personal identity is artificial and deeply destructive.

3 If There Is Value, Who Creates It?

The above demonstrates that the idea that we benefit from the persuasive content of brands is by no means settled. However, assuming that we do, the second question is who creates this value? The owner of a famous mark invests the financial capital needed to market the brand extensively and effectively enough to propel it (‘with the pressure of a fire-hose’) into public consciousness. However, this investment is neither necessary nor sufficient to transform a brand from a well-known product identifier to a culturally significant icon. One illustration of this is found in the contrasting historical experiences of the marks REEBOK and ZIPPO. Since the ‘Reeboks let U B U’ campaign of


126 Holt, How Brands Become Icons, above n 27, 2.

127 See, eg, Richardson, ‘Traversing the Cultures of Trade Marks’, above n 125.


129 Bosland, above n 9, 99.

130 Litman, above n 25, 1730.

131 See, eg, Kalle Lasn, Culture Jam: The Uncooling of America (William Morrow & Company, 1999).


133 See, eg, Klein, above n 26.

1988, Reebok International has spent decades and millions trying to turn the mark REEBOK into a cultural symbol for individuality. In February 2005, Reebok launched a multi-million campaign built around the catch-phrase ‘I Am What I Am’, featuring enthusiastic testimonials of individuality from music icons Jay-Z, Daddy Yankee and 50 Cent, top athletes Allen Iverson, Donovan McNabb, Iker Casillas and Yao Ming, film stars Lucy Liu, John Leguizamo and Christina Ricci and skateboarder Stevie Williams. Despite this staggering investment, Reebok’s attempt to imbue its mark with cultural meaning has failed spectacularly. Rather than free-spirited self-expression, ‘[t]here are three major constructs that come to mind when looking at Reebok: change, confusion, and third tier.’ The Zippo Manufacturing Company, on the other hand, has had the opposite experience. The mark ZIPPO became a cultural icon during World War II when the lighter was chosen by American troops as the ultimate symbol of home. The Zippo was ‘the GI’s Friend’ and ‘the most coveted thing in the Army’ long before the company manufactured special edition lighters dedicated to the United States Army, Navy, Air Force, Marine Corps and Coast Guard in order to further develop these connotations of patriotism.

What was it that transformed the mark ZIPPO into a cultural artefact, if not just financial investment by its owner, and what was it that REEBOK lacked? Douglas Holt observes that brands are called on to ‘perform the particular myth society especially needs at a given historical moment, and they perform it charismatically’. Holt’s explanation is consistent with the above examples. Americans needed an emblem of patriotism during World War II and grasped onto the Zippo lighter to fulfil this need. Reebok, on the other hand, tried unilaterally to imbue its mark with meaning and failed. Holt’s analysis also goes a fair way towards explaining the expressive substitutability of brands, discussed in Part III(A)(2) above: when the mark BURBERRY became unavailable to consumers as a vehicle for expressions of prosperity, consumer communities simply looked for viable alternatives to meet their needs. The making of a mark into a valuable cultural artefact is not a one-sided investment decision made by a brand owner, but a cooperative process between a range of stakeholders.

As Bosland notes, ‘trade mark language is constructed and transformed through the

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137 Of course, it helped that during the war, Zippo ceased production of lighters for consumer markets and dedicated all manufacturing to the US military. However, this decision can hardly be regarded as being motivated by a desire to imbue the mark ZIPPO with cultural meaning. See also, Then and Now, 2011, Zippo. <http://www.zippo.com/about/article.aspx?id=1574>.
138 Holt, How Brands Become Icons, above n 27, 9. Holt provides an example: *Easy Rider* became an iconic film when it was released in 1969 because this ‘hippie-fied’ Western provided young American men with a seductive new recipe for manhood at a time when the masculine models of the postwar era were in shambles. Five years earlier, the film would have been incomprehensible; five years later, it would have been redundant.
139 See also Holt, How Brands Become Icons, above n 27, 3.
production and consumption of marks in everyday life.\textsuperscript{140} Certainly, brand owners must make clever marketing choices, and must ensure some degree of public exposure for the mark.\textsuperscript{141} However, other forces need to align for a mark to achieve cultural success. The culture industries must pick up the mark and run with it.\textsuperscript{142} Critics and retailers must embrace the mark and recirculate its connotations when they mediate between the owner and the consumer.\textsuperscript{143} And, as explained by Holt above, consumers must want or need the kind of cultural emblem on offer and be prepared to adopt and interact with it.

4 Are Incentives Necessary?

For their part, brand owners should not need external incentives to participate in this process. In the context of copyright and patents, the argument is made that in the absence of economic incentives, a potential creator would ‘undertake a rational calculus, recognize they will get nothing without property rights in the fruits of their intellectual endeavors, and go off to become a tax attorney.’\textsuperscript{144} Trade mark owners, however, can only benefit from investing in the attractiveness and persuasiveness of their brands. As Rob Walker notes, ‘[c]orporate branding is a function of the profit motive.’\textsuperscript{145} Reebok did not undertake the considerable expense of hiring 50 Cent because the company wanted to bequeath to the world a new way to express individuality. It did so because it believed that associating its shoes with individuality (and with 50 Cent, for that matter) would help it sell more shoes. The more evocative a trade mark, the more likely the owner is to be able to convince consumers to choose its brand over those of its competitors. The opportunity to capture greater market share should be the only incentive that a brand owner needs to invest in its own mark.

5 Summary

Since evocative brands tend to be more effective at selling goods, trade mark owners should not need further incentives to invest in their own marks. Even if

\begin{itemize}
\item Bosland, above n 9, 108.
\item George G Blaisdell, Zippo’s founder, was famous for the motto on which he built his company: ‘Build your product with integrity, stand behind it 100 percent, and success will follow.’ This lifetime guarantee is widely thought to have contributed to the lighter’s widespread popularity, a condition for its cultural success. See also Linda Meabon, Zippo Manufacturing Company (Arcadia Publishing, 2003).
\item See, eg, Zippo, above n 137: The Zippo lighter has been featured in more than 1,500 movies, stage plays and television shows over the years. Zippo lighters have ‘starred’ in such diverse productions as ‘I Love Lucy’ ‘The X-Men’ and ‘Hairspray – the Musical’. Often the lighter is a key prop, used as a device to move the plot forward or to reflect the personality of a character or time period being depicted. On the music scene, Zippo lighters have been raised high since the 1960s as a salute to favorite performers, a gesture later dubbed the ‘Zippo Moment’. The famous Zippo “click” sound has been sampled on songs, and the lighters themselves have been featured on album covers, tattooed on rockers’ skin, and wielded in Rolling Stone photo shoots.
\item Holt, How Brands Become Icons, above n 27, 3.
\item Dan Hunter, ‘Culture War’ (2005) 83 Texas Law Review 1105, 1129
\end{itemize}
external incentives were provided, brand owners would be unlikely to invest in developing cultural marks in a manner not linked to that existing profit motive. In any case, the most useful icons for critical and cultural expression are surely not those that mark owners unilaterally choose to promote, but those that grow through the push and pull of the many stakeholders that contribute to brand meaning. The provision of incentives for trade mark owners to invest in the persuasive value of their marks is not a convincing consumer interest justification for anti-dilution law.

IV CONCLUSION

Judicial and academic discomfort with the impacts of dilution doctrine on our freedoms of competition and expression have called for close evaluation of the overall impacts of anti-dilution law on consumers. Considered attempts have been made to overturn some of the assumptions that have polarised the dilution debate and to reconsider whether anti-dilution law may have benefits for consumers which are separate from and additional to those that it offers to traders. However, the justifications for anti-dilution law that have been proposed on consumer interest grounds are unconvincing. Dilution doctrine protects speech only in a prescriptive sense and effective limits to ensure it results in a net benefit to expression have not been constructed successfully. Imagination costs, if they are a consequence of dilution, do not appear to be terribly harmful. And there is little reason to create incentives for trade mark proprietors to invest in their own brands. The only justification for anti-dilution law that is incontrovertible is that the doctrine provides strong protection for the financial investments made by brand owners in their famous marks. It is this basis, and not the rhetoric of consumer interest, that should guide us when we decide whether we want this doctrine in our own trade mark system.