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State of Dilution: How U.S. Trademark and Anti-Dilution Law Violates the Agreement on Trade-Related Aspects of Intellectual Property Rights

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STATE OF DILUTION: HOW U.S. TRADEMARK ANTI-DILUTION LAW VIOLATES THE AGREEMENT ON TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS

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I. INTRODUCTION

Following the 1986-1994 Uruguay Round negotiations at the Marrakesh ministerial meeting on April 15, 1994, the United States signed the Marrakesh Agreement Establishing the World Trade Organization (Marrakesh Agreement).[1] There, the United States doubled down on its commitment to accelerate economic growth through the promotion of free trade.[2] Annex 1C of the Marrakesh Treaty, the Agreement on Trade-Related Aspects of Intellectual Property Rights (T.R.I.P.S.), further provided a baseline, from which member countries could protect owners of intellectual property (I.P.).[3] Before T.R.I.P.S., enforcement of I.P. rights was relegated to general obligations to provide for legal remedies, mostly left to national legislation.[4]

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1. Marrakesh Agreement Establishing the World Trade Organization, Apr. 15, 1994, 1867 U.N.T.S. 154, 155.

2. *See* Marrakesh Declaration of 15 April 1994 ¶ 16, Marrakesh Agreement Establishing the World Trade Organization, Apr. 15, 1994, 1867 U.N.T.S. 148 ("[C]onclusion of the round [would] strengthen the world economy and lead to more trade, investment, employment, and income growth throughout the world.").

3. *See* General Agreement on Trade-Related Aspects of Intellectual Property art. 1, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 U.N.T.S. 321 [hereinafter TRIPS] ("Members may, but shall not be obliged to, implement in their law more extensive protection than is required by this Agreement.").

4. *See* DANIEL GERVAIS, THE TRIPS AGREEMENT: DRAFTING HISTORY AND ANALYSIS 440 (3d ed. 2008) (touting the enforcement section of TRIPS as "clearly one of the major achievements of the negotiation").

The Trademark Dilution Revision Act (T.D.R.A.) of 2006[5] broadly expanded the rights conferred on owners of well-known marks.[6] The amorphous law gives U.S. courts unfettered discretion to provide senior mark owners with unlimited rights, essentially foreclosing the movement and access of goods and services in violation of T.R.I.P.S. Article 41.1.[7]

In Part II, this paper will discuss how the United States became a member of the World Trade Organization (W.T.O.).[8] This includes the rights and obligations conferred by the main treaty and its annexes through the U.S. signing of the Marrakesh Agreement.[9] Part II will give a history of the drafting of T.R.I.P.S. as well as a legal history of Art. 41.1 of T.R.I.P.S.[10] Part II also introduces the single complaint to go to the W.T.O. Dispute Settlement Body (D.S.B.), invoking Art. 41.1 and its significance.[11] It will then explore the history and subsequent rise of the federal anti-dilution law in the United States and examine two U.S. cases as examples of the inconsistent application of the anti-dilution law.[12]

Part III will analyze U.S. obligations as a member of the W.T.O.[13] The analysis will discuss T.R.I.P.S. Art. 41.1 and interpret the key terms in T.R.I.P.S. pursuant to the Vienna Convention Law of Treaties (V.C.L.T.), defining and applying them to the enforcement of anti-dilution law in the United States.[14] The analysis concludes with a discussion of cases in the United States and how the inconsistent application of anti-dilution law violates T.R.I.P.S. Art. 41.1 by creating a non-tariff trade barrier to legitimate trade through the unnecessary expansion of protection for well-known marks.[15]

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5. 15 U.S.C. § 1125(c) (West 2017).

6. *See* Christine Haight Farley, *Why We Are Confused about the Trademark Dilution Law*, 16 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 1179 (2006) (noting that the relevant factors required to determine dilution by blurring neither require "heightened creativity nor identity in the defendant's use").

7. *See* TRIPS, *supra* note 3, art. 41 (requiring procedures to "be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse").

8. *Infra* Part II(a).

9. *Infra* Part II(a).

10. *Infra* Part II(b).

11. *Infra* Part II(b).

12. *Infra* Part II(c).

13. *Infra* Part III(a).

14. *Infra* Part III(b).

15. *Infra* Part III(c).

Part IV provides recommendations for squaring anti-dilution law with international obligations.[16] First, the United States Congress can repeal the federal anti-dilution statute or otherwise take steps to ensure uniform application of the law across the nation.[17] Second, the United States can take measures to protect well-known marks in accord with international provisions under the likelihood of confusion test, obviating the need for an anti-dilution law.[18] Third, parties may bring action against the United States for violation of Art. 41.1 of T.R.I.P.S. by utilizing the D.S.B.[19]

Finally, Part V concludes that unless the United States reforms or repeals its anti-dilution law, it is in direct violation of T.R.I.P.S. Art. 41.1.[20]

II. BACKGROUND

This section provides information on the creation of the W.T.O., T.R.I.P.S., and the advent of anti-dilution law in the United States. It discusses the agreements that together established the W.T.O. and created the international law for trade in goods, services, and I.P. It introduces a complaint that came before the W.T.O. invoking Art. 41.1 of T.R.I.P.S. and discusses how the D.S.B. has treated that provision in other complaints that cited Art. 41. It further discusses the intention of the drafters of T.R.I.P.S., as well as how the D.S.B. has defined terms such as "legitimate" and "trade." The discussion of the anti-dilution law includes its original intention and evolution, and it includes how anti-dilution law interacts with the traditional test for trademark infringement: the likelihood of confusion test. This section will also introduce two cases in the United States that demonstrate the reach of anti-dilution law.

A. ONE TREATY TO RULE THEM ALL: THE ROAD TO THE WORLD TRADE ORGANIZATION

In 1944, forty-four Allied nations convened in Bretton Woods, New Hampshire to draft the Bretton Woods Agreement.[21] Recognizing the

16. *Infra* Part IV.
17. *Infra* Part IV(a).
18. *Infra* Part IV(b).
19. *Infra* Part IV(c).
20. *Infra* Part V.
21. EDWARD M. BERNSTEIN ET AL., THE BRETTON WOODS-GATT SYSTEM: RETROSPECT AND PROSPECT AFTER FIFTY YEARS 13-14 (Orin Kirshner ed. 1996)

need to rebuild the international economic system in the wake of World War II, they agreed upon the creation of a trilateral system consisting of the International Monetary Fund, the World Bank, and the International Trade Organization (I.T.O.).[22] The U.S. Congress refused to ratify the I.T.O., citing that it gave too much power to an international entity over domestic governance.[23] The conference members intended for the General Agreement on Tariffs and Trade (G.A.T.T.), the original agreement dealing with trade in goods and brainchild of Julio LaCarte-Muro,[24] to be a chapter under the I.T.O.[25] Since the members did not create the I.T.O., they only provisionally implemented the now-defunct 1947 version of the G.A.T.T.[26]

The Uruguay Round of negotiations, spanning nine years between 1986-1994 – and met with the fall of the Berlin Wall, Marxism, and Communism - heralded a new era of regulated trade.[27] With the United States in the lead, negotiations concluded with the Marrakesh Agreement, which included the creation of the W.T.O., adoption of a new version of the G.A.T.T., and inclusion of agreements on trade in services[28] and I.P.[29] for the first time.[30] The two main goals of the system

("Some 730 persons attended the conference . . . represent[ing] forty-four countries, most of the Allies of World War II.").

22. *Id.* at 83.

23. *Id.* at 85-86.

24. *See Julio Lacarte-Muro, 'Dean' of GATT, Dies at 97*, WORLD-GRAIN (March 8, 2016), https://www.world-grain.com/articles/6249-julio-lacarte-muro-dean-of-gatt-dies-at-97 (outlining his influence over and various positions he held within the GATT since its inception).

25. *WTO Legal Texts: GATT 1947 and GATT 1994: What's the Difference?*, WORLD TRADE ORGANIZATION, https://www.wto.org/english/docs_e/legal_e/legalexplgatt1947_e.htm (last visited June 10, 2019).

26. *Id.*

27. *See* BERNSTEIN ET AL., *supra* note 21, at vii ("We convened the *Bretton Woods Revisited* conference to educate ourselves and others about . . . a new generation of global problems[.]") (emphasis original).

28. *See generally* General Agreement on Trade in Services, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1B, 1869 U.N.T.S. 283 [hereinafter GATS].

29. *See generally* TRIPS, *supra* note 3, at 319.

30. *See History of the Multilateral Trading System*, WORLD TRADE ORGANIZATION, https://www.wto.org/english/thewto_e/history_e/history_e.htm (last visited June 10, 2019) (describing the WTO's creation as "the biggest reform of international trade since the end of the Second World War").

at its inception were market access through progressive liberalization[31] and non-discrimination against imports.[32] In each of the annexes to the Marrakesh Agreement,[33] as well as in the Marrakesh Declaration,[34] members reaffirmed their commitment to the liberalization of trade to eliminate barriers, while respecting sustainable development, optimal use of resources, the environment, people, and creating a mechanism of redress.[35]

The Marrakesh Agreement and its annexes recognized that eliminating tariffs was an essential feature of liberalizing trade but also included provisions for non-tariff barriers, or NTBs.[36] The Organization for

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31. *See* General Agreement on Tariffs and Trade, Oct. 30, 1947, 61 Stat. A-11, 55 U.N.T.S. 194 [hereinafter GATT] (removing tariffs and quotas under Article 2 and non-tariff barriers under Article 11).

32. *See id.* art. 1 (reiterating the Most Favored Nation requirement: "[A]ny advantage . . . granted by any contracting party to any product originating in or destined for any other country shall be accorded immediately and unconditionally to the like product originating in or destined for the territories of all other contracting parties"); *id.* art. 3 (reiterating the National Treatment requirement: "The products of the territory of any contracting party imported into the territory of any other contracting party shall be accorded treatment no less favourable [sic] than that accorded to like products of national origin in respect of all laws, regulations and requirements affecting their internal sale, offering for sale, purchase, transportation, distribution or use").

33. *See, e.g.*, GATT, *supra* note 31, pmbl (recognizing economic growth through "reciprocal and mutually advantageous arrangements"); GATS, *supra* note 28, pmbl ("Recognizing growing importance of trade in services for the growth and development of the world economy[.]"); TRIPS, *supra* note 3, at 320 ("Desiring to reduce distortions and impediments to international trade . . . [while ensuring] that measures and procedures to enforce intellectual property rights do not themselves become barriers to legitimate trade.").

34. *See, e.g.*, Declaration on the Contribution of the World Trade Organization to Achieving Greater Coherence in Global Economic Policymaking ¶ 1, Marrakesh Agreement Establishing the World Trade Organization, Apr. 15, 1994, 1867 U.N.T.S. 45 [hereinafter Marrakesh Contribution Declaration] (recognizing that liberal trading policies contribute to the healthy growth and development of member countries' economies as well the world economy as a whole).

35. *See What is the World Trade Organization?*, WORLD TRADE ORGANIZATION, https://www.wto.org/english/thewto_e/whatis_e/tif_e/fact1_e.htm (last visited June 10, 2019) (asserting that the WTO is "an organization for liberalizing trade" and "a place where member governments go to try to sort out the trade problems they face with each other").

36. *See Non-tariff Barriers: Red Tape, etc.*, WORLD TRADE ORGANIZATION, https://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm9_e.htm (last visited June 10, 2019) [hereinafter *Non-Tariff Barriers*] (providing a list of agreements that deal with various bureaucratic or legal issues that could involve hindrances to trade).

Economic Co-operation and Development (O.E.C.D.) describes how these "behind-the-border issues," whether policy measures other than tariffs or tariff-rate quotas, directly impact international trade, which can affect prices, quantities, or both.[37]

B. THE AGREEMENT ON TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS: TRIPPING THROUGH INTERNATIONAL I.P. LAW

With the Uruguay Round of negotiations pushing toward more liberalized trading policies and recognition of economic importance of trade as it related to areas other than goods came the inclusion of agreements on trade in services and I.P.[38] The structure of the current T.R.I.P.S. agreement took nearly six years to draft with T.R.I.P.S. becoming binding on each member of the W.T.O. as Annex 1C of the Marrakesh Agreement Establishing the World Trade Organization on April 15, 1994.[39]

As a multilateral agreement on I.P. under the W.T.O., T.R.I.P.S. operates under the umbrella of the Marrakesh Agreement.[40] Furthermore, T.R.I.P.S. is categorized by the main areas of I.P. rights, establishing baseline standards of protection for each, as well as rules for administration and enforcement and application of the D.S.B. to resolve disputes between W.T.O. members.[41]

Under T.R.I.P.S., trademarks occupy seven articles which outline protections that members must make available for trademarks.[42] Article 16 governs rights conferred, with Art. 16.1 calling only for a likelihood

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37. *Non-tariff Measures*, ORGANIZATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT, https://www.oecd.org/trade/topics/non-tariff-measures/ (last visited June 22, 2019).

38. *See* INTELL. PROP. DIV., WORLD TRADE ORGANIZATION, A HANDBOOK ON THE WTO TRIPS AGREEMENT 4-5 (Anthony Taubman et al. eds., 2012) [hereinafter WORLD TRADE ORGANIZATION] (explaining that the main purpose of this push for the inclusion of IP was to even the playing field by protecting the main IP-exporting countries).

39. *Cf. id.* at 7-8.

40. *See id.* at 8-10 (" . . . the very comprehensive nature of TRIPS as the only multilateral treaty which covers essentially all relevant IP rights . . .").

41. *Id.*

42. *See* TRIPS, *supra* note 3, arts. 15–22.

of confusion test.[43] Arts. 16.2 and 16.3 incorporate Art. 6*bis* of the Paris Convention.[44] Specifically, the articles outline a provision for well-known marks, and a provision applying protection to goods and services, which are dissimilar for those of the senior mark.[45]

Article 41 of T.R.I.P.S. governs the general obligations of members when enforcing I.P. rights.[46] Notably, Art. 41.1 seeks to find a balance between effective action against infringement of I.P. rights while avoiding barriers to legitimate trade.[47] While the D.S.B. has heard forty-one cases citing T.R.I.P.S. in the request for consultations, only once has a member invoked Art. 41.1 to seek redress against barriers to legitimate trade.[48] The complaint, lodged by India and Brazil against the European Union and joined by Canada, China, Ecuador, Japan, and Turkey, was settled without going to a panel on July 2011.[49]

C. DILUTION, WELL-KNOWN MARKS, AND THE STRANGE UNDOING OF CONFUSION-BASED TRADEMARK INFRINGEMENT

Courts usually ask one question when determining whether there is

43. *See id.* art. 16(1) ("The owner of a registered trademark shall have the exclusive right to prevent . . . [the use of] . . . identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion.").

44. Paris Convention for the Protection of Industrial Property, art. 6*bis*, as revised at the Stockholm Revision Conference, Mar. 20, 1883, 21 U.S.T. 1583, 828 U.N.T.S. 305 [hereinafter Paris Convention] ("[C]ountries of the Union undertake . . . to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods.").

45. *See* TRIPS, *supra* note 3, arts. 16(2)–(3).

46. *See id.* art. 41; *see also*, GERVAIS, *supra* note 4, at 441 (noting the enforcement section as of particular importance to the entirety of the agreement).

47. *See* WORLD TRADE ORGANIZATION, *supra* note 38, at 139 (requiring procedures to be fair and equitable, decisions to be made on the merits of the case, and for there to be opportunity for review).

48. *See* Request for Consultations by India, *European Union and a Member State – Seizure of Generic Drugs in Transit*, WTO Doc. WT/DS408/1 (May 19, 2010) [hereinafter Request for Consultations by India] (alleging that "the measures at issue, inter alia, create barriers to legitimate trade").

49. Press Release, Ministry of Commerce & Indus., India E.U. Reach an Understanding on Issue of Seizure of Indian Generic Drugs in Transit (July 28, 2011), http://pib.nic.in/newsite/erelease.aspx?relid=73554.

infringement under the federal trademark statute; was the consumer confused or likely to be confused?[50] Specifically, the likelihood of confusion test examines whether the defendant's use is likely to cause confusion, mistake, or to deceive as to the affiliation, connection, or association of the user with the senior user.[51]

Frank Schechter introduced the concept of dilution in his oft-cited 1927 Harvard Law Review article.[52] Schechter noted the traditional function of trademark law in accord with the U.S. Supreme Court decision in *Hanover Star Milling Co. v. Metcalf*,[53] the leading case for trademark law at the time.[54] Schechter argued that trademark law jurisprudence, which seemed to focus on source or origin, did not usually protect marks on non-competing goods unless (1) there was a likelihood of confusion for the consumer or (2) the infringing mark tarnished the reputation and value of the senior mark.[55] Therefore, Schechter

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50. *See* 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 23:1 (5th ed. 2019) [hereinafter MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION I]; *see also* BARTON BEEBE, TRADEMARK LAW: AN OPEN-SOURCE CASEBOOK 366 (5th ed. 2018); Farley, *supra* note 6, at 1175-76 (highlighting the relevant factors in determining dilution, neither being creativity or identity related). *Compare Virgin Enters. Ltd. v. Nawab*, 335 F.3d 141, 142, 149 (2d Cir. 2003) (finding that defendant's use of "Virgin Wireless" infringed on plaintiff's rights in the registered trademark "Virgin" because the use would inevitably have a high likelihood of causing consumer confusion), *with Hero Nutritionals LLC v. Nutraceutical Corp.*, No. SACV 11-1195, 2013 WL 4480674, at *1, *6-7 (C.D. Cal. Aug. 16, 2013) (finding that two product lines of children's vitamins were not confusingly similar because the marks were not similar enough to cause confusion, did not cause actual confusion, and a purchaser exercising care would not be confused by the two products).

51. *See* 15 U.S.C. § 1114(1)(a) (West 2017) (registered marks); 15 U.S.C. § 1125(a)(1)(A) (West 2017) (unregistered marks); *see also*, *Virgin Enter. Ltd.*, 335 F.3d at 149 (finding that use of the well-known senior "Virgin" mark by the junior "Virgin Wireless" user in connection with stores selling reasonably related merchandise would inevitably lead to consumer confusion regarding the source of the merchandise in the junior user's store).

52. *See* Robert N. Klieger, *Trademark Dilution: The Whittling Away of the Rational Basis for Trademark Protection*, 58 U. PITT. L. REV. 789, 801 (1997) (citing Frank Schechter, *The Rational Basis of Trademark Protection*, 40 HARVARD L. REV. 813 (1927)).

53. 240 U.S. 403, 416 (1916) (holding that a party is permitted to use a mark in a specific geographic area, even if another party used the mark in a different geographic area) (superseded by *Park 'N Fly, Inc. v. Dollar Park And Fly, Inc.*, 469 U.S. 189 (1985)).

54. Frank I. Schechter, THE RATIONAL BASIS OF TRADEMARK PROTECTION, 40 HARV. L. REV. 813, 813-14 (1927) (quoting the definition provided by the Court as "to identify the origin or ownership of the goods to which it is affixed").

55. *See id.* at 821 (stating that "the process has been one of making exceptions rather

concluded, trademark law required a mechanism to protect creation and retention of custom over the designation of the source.[56] Using a 1924 German case[57] to drive his point home, Schechter identified four emerging principles necessitating protection for dissimilar goods or services beyond a likelihood of confusion test.[58]

In the United States, the Lanham Act of 1946, codified in Chapter 22 of Title 15, Commerce and Trade, of the U.S. Code, governs dilution of well-known trademarks.[59] Through its many permutations, Congress has arguably broadened the scope of anti-infringement protection in the Lanham Act but none so significantly as the Federal Trademark Dilution Act (F.T.D.A.) of 1996, which established a federal cause of action for anti-dilution protection, and the F.T.D.A.'s replacement, the T.D.R.A.[60] The T.D.R.A. rewrote §1125(c) to include what constituted a well-known mark,[61] the definition of dilution by blurring and relevant factors to consider in determining whether such dilution occurred,[62] and the

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than of frank recognition of the true basis of trademark protection").

56. *Id.* at 822 (introducing "preservation of the uniqueness or individuality of the trademark" as one of the most important aspects to its owner).

57. Odol Case, 1924, 25 JURISTICHE WOCHENSCHRIFT 502.

58. *See* Schechter, *supra* note 54, at 830-31 (noting that (1) the modern value of trademark is its selling power, (2) this selling power depends for its psychological hold upon the public its uniqueness and singularity, (3) such uniqueness or singularity is impaired equally regardless of whether the goods are related or dissimilar, and (4) the degree of protection depends upon the extent to which the mark is actually unique).

59. 15 U.S.C. § 1125(c) (West 2017).

60. *See* BEEBE, *supra* note 50, at 21 (outlining the timeline of amendments to the Lanham Act).

61. 15 U.S.C. § 1125(c)(2)(A) (West 2017) ("(i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties. (ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark. (iii) The extent of actual recognition of the mark.").

62. 15 U.S.C. § 1125(c)(2)(B) (West 2017) ("[A]ssociation arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark . . . (i) The degree of similarity between the mark or trade name and the famous mark. (ii) The degree of inherent or acquired distinctiveness of the famous mark. (iii) The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark. (iv) The degree of recognition of the famous mark. (v) Whether the user of the mark or trade name intended to create an association with the famous mark. (vi) Any actual association between the mark or trade name and the famous mark.").

definition of dilution by tarnishment.[63]

D. FAR AND WIDE: ANTI-DILUTION LAW IN PRACTICE

Two cases illustrate the application of anti-dilution law following the implementation of the T.D.R.A. In *Visa International Ass'n v. JSL Corp.*,[64] Visa International, the credit card company, sued the defendant, who ran an online business providing language education, on the claim that the junior mark was likely to dilute the senior mark.[65] The Ninth Circuit Court held that the defendant's use of "eVisa" and "eVisa.com" was likely to cause dilution by blurring.[66] The fame and distinctiveness of the credit card company's mark were uncontested.[67] The court reasoned that the introduction of eVisa into the marketplace meant that two products, not just one, would be competing for association with the word "visa."[68]

In *Cottonwood Financial Ltd. v. Cash Store Financial Services, Inc.*,[69] the plaintiff, a Texas lending center, sued the defendant, a Canadian lending center, for dilution under Texas law because of the defendant's use of the term "cash store."[70] Although not invoking anti-dilution under federal law, the court defined the Texas anti-dilution statute[71] and construed the law in accord with the T.D.R.A., as well as New York State's anti-dilution law's six "Sweet" factors,[72] and the likelihood of confusion factors in its likelihood of dilution analysis.[73] On balance, the

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63. 15 U.S.C. § 1125(c)(2)(C) (West 2017) ("association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark").

64. 610 F.3d 1088 (9th Cir. 2010).

65. *Id.* at 1089.

66. *Id.* at 1092 ("[M]ultiplication of meanings is the essence of dilution by blurring.").

67. *Id.* at 1090.

68. *See id.* at 1091-92 (noting that the defendant's use created "a novel meaning for the word" beyond referral to travel visa).

69. 778 F. Supp. 2d 726 (N.D. Tex. 2011).

70. *Id.* at 730.

71. *See id.* at 742 (noting that the Texas statue broadens the federal provisions since a party invoking Texas law need not show fame).

72. *Id.* at 745-46 ("1) similarity of the marks, 2) similarity of the products covered by the marks, 3) sophistication of consumers, 4) predatory intent, 5) renown of the senior mark, and 6) renown of the junior mark.").

73. *Id.* at 749 (settling on eight factors to evaluate: "(1) the degree of similarity between the allegedly diluting mark or trade name and the distinctive mark; (2) the degree of inherent or acquired distinctiveness of the distinctive mark; (3) the extent to

court found that the plaintiff would suffer irreparable injury because the use of "cash store" by the defendant would dilute the plaintiff's mark in the United States.[74] The court enjoined the defendant from referring to itself as "cash store" or "the cash store" and required that the defendant include "a conspicuous disclaimer of its lack of affiliation" with the plaintiff.[75]

III. ANALYSIS

The first section explains the U.S. legal responsibility as a member of the W.T.O. This includes a brief discussion on the binding legality of treaty provisions under the V.C.L.T. and the U.S. intention following the Uruguay Rounds as signified in U.S. reports and actions after the signing of the Marrakesh Agreement. This section further argues that the United States is not fulfilling those obligations. The second section explains Art. 41.1 of T.R.I.P.S. and analyzes meaning of the provision pursuant to the V.C.L.T. The final section examines two cases in the United States and describes how the application of anti-dilution law violates international law.

A. MUCH OBLIGED: THE U.S. LEGAL RESPONSIBILITY AS A MEMBER OF THE W.T.O.

When the United States signed the Marrakesh Agreement, it did not establish consent to be bound because the signature is subject to ratification.[76] However, the signature is a means of authentication and expresses the willingness of the signatory state to proceed with acceptance or approval and refrain from acts that would defeat the

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which the owner of the distinctive mark engages in substantially exclusive use of the mark; (4) the degree of recognition of the distinctive mark; (5) whether the user of the allegedly diluting mark or trade name intended to create an association with the distinctive mark; (6) any actual or potential association between the allegedly diluting mark or trade name and the distinctive mark; (7) the similarity of the products or services between users; and (8) the sophistication of consumers.").

74. *See id.* at 759 (finding that the "cash store" marks are distinctive and therefore the defendant's use not only lessens the plaintiff's "mark's capacity to identify the true owner's goods", but also places two products in the marketplace "competing for association with that term").

75. *Id.* at 761.

76. Vienna Convention on the Law of Treaties art. 10, May 23, 1969, 1155 U.N.T.S. 331 [herein after VCLT].

objective of the treaty.[77] The signature expressed a willingness "to submit . . . the W.T.O. Agreement for the consideration of [its] respective competent authorities with a view to seeking approval of the Agreement . . . and adopt the Ministerial Declarations and Decisions."[78]

While the United States did not ratify the Marrakesh Agreement and its annexes as treaties,[79] it did implement them through legislation and administrative action.[80] The subsequent expansion of the scope and task of the Office of the United States Trade Representative confirms what was, at the time, the United States' desire to reap not only the benefits of the Marrakesh Agreement and its annexes but also fulfill its obligations under them.[81]

The United States is required, by its law, to answer Requests for Consultations (i.e., complaints) concerning whether one of its laws is inconsistent with its W.T.O. obligations.[82] As such, it may be liable for redress under the D.S.B. if it fails to comply with its obligations.[83] Indeed, the United States has already been the respondent in four disputes brought to the W.T.O. under T.R.I.P.S.[84] Although not necessarily the

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77. *Id.* art. 18.

78. *See* Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations ¶ 2, Marrakesh Agreement Establishing the World Trade Organization, Apr. 15, 1994, 1867 U.N.T.S. 14.

79. *See* VCLT, *supra* note 76, arts. 2(1)(b), 14(1), 16 (defining ratification as the international act whereby a state indicates its consent to be bound to a treaty).

80. *See* Uruguay Round Agreements Act, Pub.L. 103–465, 108 Stat. 4809 (1994); *see also*, JOHN H. JACKSON & ALAN O. SYKES, IMPLEMENTING THE URUGUAY ROUND 238-40 (1997) (clarifying that should the U.S. fail in implementation, there are no particular consequences).

81. *History of the United States Trade Representative*, OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE, https://ustr.gov/about-us/history (last visited July 24, 2019) (noting that passage of the law galvanized the USTR's efforts to implement and enforce U.S. trade agreements more than ever before).

82. 19 U.S.C. §§ 3533(d)(1)-(3) (West 2017).

83. *See* Understanding on Rules and Procedures Governing the Settlement of Disputes art. 1, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 2, 1869 U.N.T.S. 401 [hereinafter DSU].

84. *See, e.g.*, Panel Report, *United States — Section 110(5) of US Copyright Act*, WTO Doc. WT/DS160/R (adopted June 15, 2000); Panel Report, *United States — Section 211 Omnibus Appropriations Act of 1998*, WTO Doc. WT/DS176/R (adopted Aug. 6, 2001); Request for Consultation by the European Communities, *United States — Section 337 of the Tariff Act of 1930 and Amendments Thereto*, WTO Doc. WT/DS186/1 (received Jan. 18, 2000); Request for Consultation by Brazil, *United States — US Patents Code*, WTO Doc. WT/DS224/1 (received July 23, 2001).

herald of free trade, the W.T.O. drives trade regulation through negotiations, providing legal ground rules to ensure fluidity, and most importantly, eliminating barriers.[85] If a member state impedes another member state's ability to trade, the states answer to one another at the D.S.B.[86]

The United States itself recognized that, initially, eliminating barriers meant reducing tariffs.[87] However, NTBs, barriers that restrict imports or exports of goods or services, although less transparent than traditional tariffs, can be equally, if not more, effective in hindering free trade.[88] Recognizing this, members ensured that the W.T.O. agreements cover the legal issues that could involve NTB hindrances to trade.[89] The O.E.C.D. refers to NTBs as non-tariff measures (NTMs) and broadly divides them into two categories.[90] However, over-protection of trademarks does not fit neatly into any of the categories noted above, but when viewed in the context of international trade, anti-dilution law operates as a domestic regulation cum non-technical barrier to trade.[91]

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85. *See What is the World Trade Organization?*, *supra* note 35.

86. *See* DSU, *supra* note 83, arts. 3(1), 3(3).

87. *See* U.S. GOV'T ACCOUNTABILITY OFF., GAO-94-83B, THE GENERAL AGREEMENT ON TARIFFS AND TRADE - URUGUAY ROUND FINAL ACT SHOULD PRODUCE OVERALL U.S. ECONOMIC GAINS 14 (1994) [hereinafter U.S. GOV'T ACCOUNTABILITY OFF., GAO-94-83B] (reviewing, at the conclusion of the Uruguay Round, the GATT objectives in order to report to Congress that the results of the negotiation "could produce overall economic gains for the United States").

88. *See Welcome to the NTM Hub*, UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT, https://unctad.org/en/Pages/DITC/Trade-Analysis/Non-Tariff-Measures.aspx (last visited Oct. 7, 2019).

89. *See Non-Tariff Barriers*, *supra* note 36 (listing import licensing, rules for valuation of goods at customs, pre-shipment inspections, rules of origin, and trade prepared investment measures).

90. *See Non-Tariff Measures*, *supra* note 37 (defining "technical measures, [which] include[] regulations, standards, testing and certification, primarily sanitary and phytosanitary (SPS) and Technical Barriers to Trade (TBT) measures, and non-technical measures[,] . . . [or] quantitative restrictions to include quantitative restrictions (quotas, non-automatic import licensing), price measures, forced logistics or distribution channels.").

91. *See id.* (emphasizing that different standards raise costs for businesses seeking access to more than one market).

B. T.R.I.P.S. ARTICLE 41.1: ENFORCEMENT, BARRIERS, LEGITIMATE TRADE

Article 41.1 of T.R.I.P.S. states:

> Members shall ensure that enforcement procedures as specified in this Part are available under their law to permit effective action against any act of infringement of intellectual property rights covered by this Agreement, including expeditious remedies to prevent infringements and remedies which constitute a deterrent to further infringements. These procedures shall be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.[92]

The question that this Comment contemplates is whether Art. 41.1 has any application to substantive legal standards that invite inconsistent interpretation by enforcement authorities. This section argues that it can. Article 41.1 should be read to prohibit new I.P. rights protections that are so amorphous that they do not effectively restrain enforcement decision-making.

Discussion is often limited to the first sentence of the provision.[93] This limited attention is not surprising considering that of the forty-one dispute settlements brought to the W.T.O. over alleged T.R.I.P.S. violations, only four cited Art. 41.1.[94] The majority of those used Art.

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92. TRIPS, *supra* note 3, art. 41.

93. *See, e.g.*, Amy Kapczynski, *Harmonization and Its Discontents: A Case Study of TRIPS Implementation in India 's Pharmaceutical Sector*, 97 CAL. L. REV. 1571, 1609 (2009) (focusing on the TRIPS requirement of effectiveness and fairness of enforcement); Rochelle Dreyfuss & Susy Frankel, *From Incentive to Commodity to Asset: How International Law is Reconceptualizing Intellectual Property*, 36 MICH. J. INT'L L. 557, 573 (2015) (highlighting "'effective enforcement' and 'fair and equitable procedures'"); Jayashree Watal, *U.S.-China Intellectual Property Dispute - A Comment on the Interpretation of the TRIPS Enforcement Provisions*, 13 J. WORLD INTELL. PROP. 605,
606-07 (2010) (quoting only the first sentence of the provision).

94. *See* Request for Consultations by the United States, *European Communities — Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs*, WTO Doc. WT/DS174/1 (June 1, 1999); Request for Consultations by the United States, *China — Measures Affecting the Protection and Enforcement of Intellectual Property Rights*, WTO Doc. WT/DS362/1 (Apr. 10, 2007) [hereinafter Request for Consultations by the United States, *Measures Affecting Intellectual Property Rights*]; Request for Consultations by Brazil, *European Union and a Member State – Seizure of Generic Drugs in Transit*, WTO Doc. WT/DS409/1 (May 12, 2010) [hereinafter Request for Consultations by Brazil, *Seizure of Generic Drugs in Transit*]; Request for Consultations by Qatar, *Saudi Arabia — Measures concerning the Protection of Intellectual Property Rights*, WTO Doc. WT/DS567/1

41.1 as an afterthought: a catch-all to claim ineffective enforcement procedures in the offending country that in turn deprived the claimant of proper protection under T.R.I.P.S.[95]

Only once in the history of T.R.I.P.S. has a country directly invoked Art. 41.1's second sentence.[96] In December 2008, Dutch authorities seized a shipment of the generic drug Losartan Potassium produced in India and destined to Brazil while it was in transit at Schiphol Airport in the Netherlands.[97] Acting pursuant to European Communities (E.C.) Regulation Number 1383/2003, which provides for customs actions against goods suspected of infringing I.P. rights, the authorities sent the shipment back to the country of origin.[98] This dispute, which was joined by Canada, China, Ecuador, Japan, and Turkey, was settled without going to a panel in July 2011.[99] So, Art. 41.1's provision on the creation of barriers never got its day in court.[100]

Observers have noted that T.R.I.P.S. set out minimum standards later met by the ratcheting up of I.P. protection by independent nations.[101] However, the T.R.I.P.S. Preamble itself emphasizes a need to ensure that measures and procedures to enforce I.P. rights do not themselves become barriers to legitimate trade.[102]

(Oct. 1, 2018) [hereinafter Request for Consultations by Qatar].

95. *See, e.g.*, Panel Report, *European Communities – Protection of Trademarks and Geographical Indications for Agricultural Products and Foodstuffs*, WTO Doc. WT/DS174/R (adopted March 15, 2005) (claiming a regulation is inconsistent with Art. 41.1 because it does not provide requisite enforcement procedures and remedies); Request for Consultations by the United States, *Measures Affecting Intellectual Property Rights*, *supra* note 94 (citing failure to make enforcement procedures available); Request for Consultations by Qatar, *supra* note 94 (citing failure to ensure that enforcement procedures are available).

96. *See* Request for Consultations by India, *supra* note 48.

97. *See* Request for Consultations by Brazil, *Seizure of Generic Drugs in Transit*, *supra* note 94.

98. *Id.*

99. Press Release, Ministry of Commerce & Indus., *supra* note 49.

100. *Id.* (noting the EU's "willingness to resolve the dispute without resorting to the WTO dispute panel").

101. Henning Grosse Ruse-Khan, *Time for a Paradigm Shift: Exploring Maximum Standards in International Intellectual Property Protection*, 1 TRADE L. & DEV. 56, 58 (2009) [hereinafter Ruse-Khan, *Time for a Paradigm Shift*] (". . . [TRIPS] create a 'floor' consisting of a minimum level of protection . . . with presumably the sky being the only limit as to further extension of IP protection.").

102. TRIPS, *supra* note 3, pmbl.

This one-way ratcheting up of I.P. protection is problematic for two reasons. First, as noted in the complaints by Brazil and India, it is not only inconsistent with obligations under the Marrakesh Agreement, but, in the case of the seizure of generic medicines, it severely impacted the ability of developing and least-developed countries to protect public health and provide access to medicine.[103] This matter is emblematic of the secondary and tertiary effects of over-protecting I.P.[104] Enter the second clause of Art. 41.1; where the first clause protects rights holders with the cloak of minimum T.R.I.P.S. standards, the second, a safeguard for free-trade, should protect users against T.R.I.P.S.-plus laws that distort or create barriers to legitimate trade.[105]

Second, T.R.I.P.S. itself contemplates the need for balance between effective and adequate protection of I.P. rights and ensuring that those measures do not impede trade.[106] Article 41.1 reiterates the emphasis on balance-this time between enforcement measures and their impediments to trade.[107]

The V.C.L.T. provides general rules of interpretation that aid in understanding Art. 41.1. Article 41.1 must be interpreted according to the basic principle that "[a] treaty shall be interpreted in good faith in accordance with the ordinary meaning to be given to the terms of the treaty in their context and in the light of its object and purpose."[108] The context in which the treaty terms are read include, among other things,

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103. *See* Request for Consultations by Brazil, *Seizure of Generic Drugs in Transit*, *supra* note 94; *see also* Request for Consultations by India, *supra* note 48.

104. Henning Grosse Ruse-Khan, *A Trade Agreement Creating Barriers to International Trade: ACTA Border Measures and Goods in Transit*, 26 AM. U. INT'L L. REV. 645, 697 (2011) [hereinafter Ruse-Khan, *A Trade Agreement Creating Barriers to International Trade*] (noting that "no Panel or Appellate Body has addressed the interpretation of the relevant parts of TRIPS Article 41.(1)").

105. TRIPS, *supra* note 3, art. 41; *cf.* Ruse-Khan, *A Trade Agreement Creating Barriers to International Trade*, *supra* note 104, at 655-58 (noting "the incorporation of TRIPS into the WTO multilateral trading system" and that minimal, as well as excessive, reliance on IP protection can distort or create barriers to trade).

106. *See* TRIPS, *supra* note 3, pmbl (beginning the preamble with "[d]esiring to reduce distortions and impediments to international trade"); *cf.* Ruse-Khan, *Time for a Paradigm Shift*, *supra* note 101, at 92 (advocating for "ceilings" or maximum standards within the International IP system).

107. TRIPS, *supra* note 3, art. 41.

108. *See* VCLT, *supra* note 76, art. 31(1).

the preamble to the treaty.[109] Articles 7 and 8 in T.R.I.P.S. outline the objectives and purposes of the treaty: a balanced approach to I.P. protection, considering the interests of both producers and users and the adoption of measures to prevent the abuse of I.P. rights, in accordance with the other provisions in T.R.I.P.S.[110] Three basic terms, "enforcement procedures," "barriers," and "legitimate trade" are examined further to understand how Art. 41.1 should be interpreted.

1. Words Mean Things: Enforcement Procedures

Article 41.1 applies only to "enforcement procedures as specified in this Part."[111] The drafters are referring to Part III, "Enforcement of Intellectual Property Rights," which outlines enforcement procedures that members must make available over five sections and twenty-one articles.[112] The general obligations found under Art. 41 apply to all judicial and administrative enforcement procedures specified in Part III.[113]

The ordinary meaning of enforcement is the act of compelling observance of or compliance with a law, rule, or obligation.[114] Procedure is the established or official way of doing something.[115] "Enforcement procedures," as they are proposed in T.R.I.P.S., are required to enable rights holders to take effective action against infringement of their I.P. rights.[116] The objective is to permit effective action against infringement of I.P. rights while ensuring principles of due process are met.[117] A judge in a United States court is usually a public official appointed or elected to hear and decide legal matters in court.[118] *Cottonwood* and *Visa*

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109. *Id.* art. 31(2).

110. TRIPS, *supra* note 3, art. 7; *see also* WORLD TRADE ORGANIZATION, *supra* note 38, at 13.

111. TRIPS, *supra* note 3, art. 41.

112. WORLD TRADE ORGANIZATION, *supra* note 38, at 135.

113. *Id.* at 138; *see also* TRIPS, *supra* note 3, arts. 42-46 (defining fair and equitable procedures, rules on evidence, resulting remedies, and damages).

114. *Enforcement*, LEXICO https://www.lexico.com/en/definition/enforcement (last visited Sept. 13, 2019).

115. *Procedure*, LEXICO https://www.lexico.com/en/definition/procedure (last visited Sept. 13, 2019).

116. WORLD TRADE ORGANIZATION, *supra* note 38, at 139.

117. *See id.* at 138-40 (noting that Articles 41.2, fair and equitable procedures; 41.3, decisions on the merits of the case; and 41.3, opportunity for review are the basic principles of due process according to TRIPS).

118. *Judge*, BLACK'S LAW DICTIONARY (10th ed. 2014).

International are examples of the established way of litigating disputes in the United States.[119] Therefore, anti-dilution litigation as it occurs in U.S. courts is an enforcement procedure in the context of T.R.I.P.S.

2. Words Mean Things: Barriers

The drafters included crucial language in the second sentence of Art. 41.1: "these procedures shall be applied in such a manner as to avoid creation of barriers to legitimate trade," a sentiment and standard echoed throughout W.T.O.'s agreements.[120]

The W.T.O. traditionally defined barriers as tariffs.[121] However, the W.T.O. and other international organizations quickly recognized that NTB's could create as much, if not a worse, impediment to trade.[122] Barriers, then, in the context of T.R.I.P.S. are any obstacles, economic or otherwise, that prevent movement or access.[123] This definition should be read to include the application of amorphous substantive laws when they foreclose the movement and access of goods and services.

3. Words Mean Things: Legitimate Trade

A W.T.O. panel report, supported by the International Centre for Trade and Sustainable Development (I.C.T.S.D.) and United Nations Conference on Trade and Development (U.N.C.T.A.D.), defined "legitimate," as part of the phrase "legitimate interest," as "a normative

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119. *See generally Cottonwood Fin. Ltd. v. Cash Store Fin. Serv., Inc.*, 778 F. Supp. 2d 726 (N.D. Tex. 2011) (identifying case as a civil litigation dispute); *Visa Int'l Ass'n v. JSL Corp.*, 610 F.3d 1088 (9th Cir. 2010) (identifying case as a civil litigation dispute); Tai-Heng Cheng & Christopher Cook, *Litigation & Enforcement in the United States: Overview*, WESTLAW PRACTICAL LAW DISPUTE RESOLUTION GLOBAL GUIDE (2019), https://content.next.westlaw.com/Document/I020653f01cb611e38578f7ccc38dcbee/View/FullText.html?contextData=(sc.Default)&transitionType=Default&firstPage=true&bhcp=1 ("The basic framework for litigation is consistent throughout the US and typically commences when an aggrieved party (the plaintiff) files an action against another party allegedly responsible for the injury (the defendant).").

120. *See* GERVAIS, *supra* note 4, at 441 (citing GATT art. XXIV, "[T]he purpose of a customs union or of a free-trade area should be to facilitate trade . . . not raise barriers"; GATT art. XX, "[S]uch measures are not applied in a manner which would constitute . . . a disguised restriction on international trade[.]").

121. *See* U.S. GOV'T ACCOUNTABILITY OFF., GAO-94-83B, *supra* note 87, at 14.

122. *See Non-Tariff Barriers*, *supra* note 36; *see also Non-Tariff Measures*, *supra* note 37.

123. *Barrier*, LEXICO *https://www.lexico.com/en/definition/barrier* (last visited on Sept. 13, 2019).

claim calling for protection of interests that are justifiable in the sense that they are supported by relevant public policies or other social norms."[124] Ruse-Khan suggests that this normative approach is supported in the literature that views Art. 41.1 as an expression of the need for the balance of the tension between rights holders and infringers:[125] any trade driven by public policy or interest or supported by social norms generally under Art. 41.1.

The ordinary meaning of legitimate is conforming to the law or to rules.[126] Trade is the action of buying and selling goods and services.[127] Read together with Ruse-Khan's reasoning, in light of the T.R.I.P.S. Preamble and Arts. 7 and 8 of T.R.I.P.S., legitimate trade should be understood as the exchange of goods or services that follows the rules and promotes the public good. The defendants in *Cottonwood* operated a business engaged in short-term payday consumer lending.[128] The defendant in *Visa International* operated a multilingual education and information business on the internet.[129] Both businesses were involved in legitimate trade as it is defined within the context of T.R.I.P.S.

Taken together, the best interpretation of Art. 41.1 is that the inconsistent application of substantive law is an enforcement measure that creates a barrier to legitimate trade. The amorphous nature of anti-dilution law gives U.S. courts unbounded discretion to find ever-increasing trademark rights therefore creating a barrier which forecloses the trade of goods and services. The *Visa International* and *Cottonwood* decisions are enforcement procedures that, when applied, create barriers to legitimate trade that Art. 41.1 expressly forbids.

124. *See* Ruse-Khan, *A Trade Agreement Creating Barriers to International Trade*, *supra* note 104, at 697 (detailing the WTO Panel's definition of "legitimate" in Canada Pharmaceutical Products).

125. *Id.*

126. *Legitimate*, LEXICO https://www.lexico.com/en/definition/legitimate (last visited on Sept 13, 2019).

127. *Trade*, LEXICO https://www.lexico.com/en/definition/trade (last visited on Sept. 13, 2019).

128. *Cottonwood Fin. Ltd. v. Cash Store Fin. Serv., Inc.*, 778 F. Supp. 2d 726, 730 (N.D. Tex. 2011).

129. Visa Int'l Ass'n v. JSL Corp., 610 F.3d 1088, 1089 (9th Cir. 2010).

C. STRAY VOLTAGE: THE INCONSISTENT APPLICATION OF ANTI-DILUTION LAW IN THE UNITED STATES

U.S. courts have struggled with the concept of dilution since its inception.[130] To analyze whether dilution by blurring occurs, courts essentially weigh the imagination cost on the minds of consumers.[131] When this results in enjoining a foreign business from operating in the United States, courts essentially ignore international obligations.[132]

Schechter's original intent for anti-dilution was to give plaintiffs an opportunity to (1) protect highly unusual marks, (2) where the goods of services were dissimilar, and (3) the defendant duplicated the mark exactly.[133] The expansion of anti-dilution through F.T.D.A. and subsequently the T.D.R.A. dismissed the evolution of trademark law, plaintiffs' general success in litigation, and globalization in general.[134] What was meant to be a consumer protection provision evolved into an in gross property right for owners, threatening the liberalized trade

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130. *See* Farley, *supra* note 6, at 1176-77 (citing the court in *Ringling Bros.-Barnum & Bailey Circus Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 170 F.3d. 449, 451 (4th Cir. 1999), which calls dilution "dauntingly elusive" and references the Supreme Court's overriding effort to understand dilution during oral arguments in a dilution case).

131. *See* BEEBE, *supra* note 50, at 473 (quoting Judge Posner in *Ty Inc. v. Perryman*, 306 F.3d 509 (7th Cir. 2002), "[C]onsumers will have to think harder—incur as it were a higher imagination cost—to recognize the name as the name of the store. So "blurring" is one form of dilution."); *see also* Farley, *supra* note 6, at 1183 ("It sounds like what is being sought by the trademark bar is statutorily enforced mind control.").

132. *Compare* Paris Convention, *supra* note 44, art. 10*bis*(2) (noting, generally, the prohibition on "[a]ny act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition") *and* TRIPS, *supra* note 3, art. 41 (directing members "to avoid the creation of barriers to legitimate trade"), *with Cottonwood*, 778 F. Supp. 2d at 761 (enjoining Canadian defendant from referring to itself in a way that dilutes the American plaintiff's trademark and further requiring the Canadian defendant to include disclaimers disassociating itself from the American plaintiff).

133. *See* Farley, *supra* note 6, at 1179 (stating that such restrictions were necessary "because trademark owners could not win a trademark infringement case where a defendant used their mark on drastically different goods or services"); *see also* MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION I, *supra* note 50, § 24:68 (detailing further Schechter's law review proposals).

134. *See* Farley, *supra* note 6, at 1180 (highlighting that rights owners were largely successful in enjoining uses of their marks before the enactment of federal dilution statutes as a result of maximum exploitation of brands and the closing of the gap in protection for dissimilar goods or services).

obligations the United States signed on to as a member of the W.T.O.[135]

The court in *Cottonwood*, which notably relied on Texas anti-dilution law,[136] itself admits the trouble with dilution law in general.[137] In coming to its conclusion, the court reasoned that the American plaintiff owned a distinctive descriptive mark in the phrase "cash store" because it obtained an incontestable status for various iterations of the mark, therefore obtaining a coveted secondary meaning for trademark protection purposes.[138] The court ordered the Canadian defendant, which operated lending stores offering similar services to those of the American defendant in Canada, Australia and the United Kingdom for ten years under the trade name "the cash store," to cease calling itself "cash store" or "the cash store" in its regulatory filings, communications, and investment solicitation activities directed at investors, analysts, or consumers in the United States.[139] The court further required the Canadian defendant to include disclaimers when engaged in the activities mentioned above.[140]

The court's reasoning and holding in *Cottonwood* are emblematic of the anti-trade and anti-competitive nature of dilution law in general. Remarkably, this case did not even use the T.D.R.A. to reach its conclusion, but rather a state statute that further expands the protection

135. *See* Klieger, *supra* note 52, at 811 (emphasizing that if confusion is no longer a necessary element for infringement, rights owners control every commercial and possibly noncommercial use of the mark).

136. *See Cottonwood*, 778 F. Supp. 2d at 745 (capturing that the Texas statute expands the Federal provision by doing away with the fame requirement but that TDRA caused FTDA to more closely resemble Texas law nonetheless).

137. *See id.* at 745-47 (noting how little guidance exists from other courts on what factors to weigh due to the "nebulous conceptual nature" of dilution before reluctantly accepting its responsibility to provide interpretive guidance and cobbling together a Frankenstein list of factors using New York State's six "Sweet" factors, TDRA, and the likelihood of confusion test).

138. *See id.* at 743-44 (providing exhaustive definitions and explanations on how a mark demonstrates distinctiveness either inherently or through acquired secondary meaning, admitting that "Cash Store" is a descriptive term, and concluding that Cottonwood's mark has obtained incontestable status without explaining why).

139. *See id.* at 730, 740.

140. *See id.* at 740 ("(1) CSFS is a Canadian corporation; (2) CSFS is not affiliated with Cottonwood or its "CASH STORE" trade name; and (3) CSFS does not do business in the United States under the trade name "Cash Store," and neither owns nor provides any consumer lending services in the United States.").

provided by the T.D.R.A.[141] Considering that there are at least twenty-five states, in addition to the federal government, that have enacted anti-dilution statutes, the opportunities to disregard the Nation's international obligations wholesale increase exponentially.[142]

By invoking anti-dilution law to block the defendants from using certain words or phrases both in *Visa International*[143] and *Cottonwood*,[144] courts are creating barriers as envisaged by the W.T.O., although not perfectly defined into one of the categories created for NTBs.[145] Although the defendant in *Visa International* operated out of Brooklyn at the time of the suit, he had initially run his business exclusively online from Japan, making that case relevant for purposes of this discussion.[146] The services offered by both defendants in those cases are legitimate trade as defined after careful analysis of W.T.O panel decisions and discussion of Art. 41.1 by I.C.T.S.D. and U.N.C.T.A.D.[147]

Trademark law is quintessentially the balance between free and fair competition.[148] Anti-dilution law, in its current bloated state, stretches trademark provisions out of proportion and threatens competition and trade domestically and abroad.[149]

Observers have long recognized that trademark law enables

141. *See id.* at 736.

142. *See id.* at 741.

143. *See Visa Int'l Ass'n v. JSL Corp.*, 610 F.3d 1088, 1091-92 (9th Cir. 2010).

144. *See Cottonwood*, 778 F. Supp. 2d at 761.

145. *See Classification of NTMs*, UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT, https://unctad.org/en/Pages/DITC/Trade-Analysis/Non-Tariff-Measures/NTMs-Classification.aspx (last visited Sept. 6, 2019) (listing, for example, Sanitary and phytosanitary measures, technical barriers to trade, pre-shipment inspection and other formalities, non-automatic licensing, quotas, prohibitions and quantity control, and price control measures).

146. *See Visa Int'l Ass'n*, 610 F.3d at 1089.

147. *See* Ruse-Khan, *A Trade Agreement Creating Barriers to International Trade*, *supra* note 104, at 697 (reiterating that a normative approach under TRIPS Art. 41 requires "balancing the interest of title-holders, alleged infringers, and the public interest").

148. *See* MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION I, *supra* note 50, at § 24:67 (noting that most judges feared that dilution would swallow competition in the name of trademark protection).

149. *See id.* at § 24:68 ("[B]ecause every trademark owner wanted . . . 'the super weapon' of an antidilution law, trademark owners induced Congress and the courts to allow [it]. . . . The statute as interpreted by some courts now bears little resemblance to its original purpose."); *see also* Klieger, *supra* note 52, at 853 (product differentiation, enabled by anti-dilution law, erects powerful barriers to entry into a market).

competition.[150] Conversely, trademarks are also capable of creating barriers to entry.[151] These barriers may be economically justified if the senior mark owner differentiates the product based on tangible attributes of the product, but when he does not, consumers and new entrants suffer.[152] Enter anti-dilution law, which perpetuates this problem by affording protection for famous marks because of the junior marks' effect on the state of mind of the consumer, not confusion or likely confusion.[153]

IV. RECOMMENDATIONS

The first section suggests that interested parties petition the U.S. Congress to repeal the T.D.R.A. or else implement additional provisions to make anti-dilution law more uniform across the nation. The second section recommends that well-known marks in the United States be given protection in accord with international provisions under the likelihood of confusion test. The final section suggests that parties bring requests for consultation against the United States utilizing the D.S.B.

A. WE HAVE A PROBLEM: REPEALING THE T.D.R.A.

First, the U.S. Congress can repeal the federal anti-dilution statute or otherwise take steps to ensure uniform application of the law across the nation. It may be too late to ask for a Congressional repeal of the

150. *See* Klieger, *supra* note 52, at 854 ("[T]rademarks drive the competitive market economy as anonymous source and quality indicators."); *see also* 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 2:1 (5th ed. 2019) (citing *Zippo Mfg. Co. v. Rogers Imports, Inc.*, 216 F. Supp. 670, 694 (S.D.N.Y. 1963)).

151. *See, e.g.*, Klieger, *supra* note 52, at 856-58 (discussing persuasive advertising as a driver for creating product personality, which in turn creates a set of intangible qualities that consumers associate with the product, leading to product differentiation that enables brands to charge a premium for their goods).

152. *See* Klieger, *supra* note 52, at 860 (emphasizing that product differentiation based on brand personas restricts consumer's choices and leaves them with fewer purchasing options).

153. *See* MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION I, *supra* note 50, at § 24:69 ("Dilution by blurring is a state of mind of the ordinary consumer separate and distinct from the perception which occurs when the consumer is likely to be confused as to source or affiliation . . . Dilution is a name for a kind of erosion of the strength of a mark that could occur in the absence of consumer confusion.").

T.D.R.A.[154] However, stranger things have happened.[155] A repeal would require a representative to introduce a new bill in either house of Congress, go to committee, survive debates, and win majority votes in both houses, before going to the president for signature or veto.[156] However, proponents for anti-dilution would likely block such a repeal.[157]

At the very least, uniformity in the application of anti-dilution law is necessary to avoid its application to marks that are not famous.[158] The Supreme Court, although it has never defined dilution, has held that the plaintiff at least has to prove dilution occurred, a requirement not outlined in the current law as it is written.[159]

To avoid the hypothetical and speculative tendency of anti-dilution law, courts must demand concrete evidence or else risk the unnecessary overprotection of a brand's image, which in turn creates a problematic barrier to legitimate trade.[160]

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154. *See* Farley, *supra* note 6, at 1187 (stating "the train has already left the station").

155. *See, e.g.*, Don't Ask, Don't Tell Repeal Act of 2010, H.R. 2965, 111th Cong. (2010) (passing a landmark federal statute in December 2010 ending a seventeen-year policy forcing service members in the United States Armed Forces to keep their sexual orientation secret or else be banned from service).

156. *See How Federal Laws are Made*, USA.GOV (July 14, 2009), https://www.usa.gov/how-laws-are-made (outlining the process through which United States laws are made); *see also Schoolhouse Rock!: I'm Just a Bill* (ABC television broadcast Mar. 27, 1976) (illustrating the method for enacting a law in a manner intended to be understood by all ages).

157. *See, e.g.*, *What is Dilution?* INTERNATIONAL TRADEMARK ASSOCIATION https://www.inta.org/Advocacy/Pages/Dilution.aspx (last visited July 14, 2019) (stating that INTA, a global association of more than 7,200 organizations comprised of brand owners and professionals dedicated to supporting trademarks and related intellectual property (IP), supports efforts to protect famous marks from diluting uses that either blur the mark's distinctiveness or tarnish its reputation); *see also* Farley, *supra* note 6, at 1177 (quoting a judge speaking to a trademark owner's attorney, "boy, you must have some lobby to get a law like that passed.").

158. *See, e.g.*, *Cottonwood Fin. Ltd. v. Cash Store Fin. Servs., Inc.*, 778 F. Supp. 2d 726, 742 (N.D. Tex. 2011) (applying Texas law to find a dilution claim on a mark that is not famous).

159. *See Moseley v. V Secret Catalogue*, 537 U.S. 418, 434 (2003) ("Whatever difficulties of proof may be entailed, they are not an acceptable reason for dispensing with proof[.]"); *see also* MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION I, *supra* note 50, § 24:67 ("[T]he gist of the U.S. federal anti-dilution law is all about looking to probable dilutive damage or injury to the plaintiff's famous mark.").

160. *See* J. Thomas McCarthy, *Proving a Trademark has been Diluted: Theories or Facts?* 41

B. INTERNATIONALLY WELL-KNOWN: PROPERLY PROTECTED WELL-KNOWN MARKS ONLY REQUIRE A LIKELIHOOD OF CONFUSION TEST

Second, the United States can take measures to protect well-known marks in accord with international provisions under the likelihood of confusion test, obviating the need for an anti-dilution law. Not only is the likelihood of confusion test tried and true, but it is also minimally invasive.[161] The test usually consists of some variation of the factors used by the Ninth Circuit Court of Appeals in *AMF Inc. v. Sleekcraft Boats*[162] to include (1) strength of the mark; (2) proximity of the goods; (3) similarity of the marks; (4) evidence of actual confusion; (5) marketing channels used; (6) type of goods and the degree of care likely to be exercised by the purchaser; (7) defendant's intent in selecting the mark; and (8) likelihood of expansion of the product lines.[163]

When a brand has invested the time and money into its trademark, all it needs to protect itself against infringement is the likelihood of confusion test regardless of whether or not the goods are related.[164] Indeed, the United States need only bolster protection for famous marks in accord with international treaties to obviate the need for anti-dilution

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HOUSTON L. REV. 713, 742 (2006) (advocating for the use of expert testimony and survey evidence versus the fact that consumers mentally associate the junior user's mark with the famous mark); *see also* Klieger, *supra* note 52, at 862-63 (suggesting that new entrants would face "tremendous obstacles" due to product differentiation and consumer allegiance fostered by the "overinvestment in the cultivation of brand imagery").

161. *See* MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION I, *supra* note 50, § 23:1 (calling the test "fundamental" and the "keystone of . . . trademark infringement"); *see also* Klieger, *supra* note 52, at 861 ("[The] test's direct restraint of free competition is exceedingly minor.").

162. 599 F.2d 341 (9th Cir. 2003).

163. *See id.* at 348-49 (noting, interestingly, that the factors are necessary to evaluate "[w]hen the goods are related, but not competitive," because on the contrary, "[i]f the goods are totally unrelated, there can be no infringement because confusion is unlikely").

164. *See* Klieger, *supra* note 52, at 861-62 (emphasizing that protecting the persuasive function of trademark as an incident of prevention of consumer confusion is a far cry from expanding protection for famous marks); *see also* Farley, *supra* note 6, at 1181 ("Query whether Microsoft would win a trademark infringement case against a defendant selling "Microsoft Cola"? Microsoft would most probably be successful and it would not need dilution law to succeed.").

law.[165]

C. THIS IS NOT A TEST: REQUESTS FOR CONSULTATION FOR T.R.I.P.S. ARTICLE 41

Finally, parties may bring action against the United States for violation of Art. 41.1 of T.R.I.P.S. utilizing the D.S.B. The Marrakesh Agreement carried with it many firsts for members of the newly created W.T.O. In addition to developing a regulatory framework for world trade, the D.S.B. created a structured in-house legal dispute mechanism for members.[166] Indeed, since its inception in 1995, members have brought over 500 disputes, and panels have issued 350 rulings.[167] Forty-one of those disputes involved some provision of T.R.I.P.S.[168]

When a member violates trade promises it made through the signing of the W.T.O.'s agreements, another member may submit a request for consultation to the W.T.O., with third parties joining if they have an interest in the case.[169] If the parties cannot reach agreement after sixty days of consultations, a panel is established and has ninety days to examine the case and issue its report.[170]

This streamlined dispute settlement mechanism is an improvement

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165. *See* Farley, *supra* note 6, at 1181 (citing the Paris Convention and TRIPS call for protection of famous or well-known marks where the use would result in a likelihood of confusion).

166. *See, e.g.*, *Is the WTO Losing Its Relevance?* INTERNATIONAL POLICY DIGEST https://intpolicydigest.org/2019/06/30/is-the-wto-losing-its-relevance/ (last visited July 15, 2019) (explaining the various systems and bodies established concurrently with the WTO).

167. *Dispute Settlement*, WORLD TRADE ORGANIZATION, https://www.wto.org/english/tratop_e/dispu_e/dispu_e.htm (last visited July 17, 2019).

168. *Disputes by Agreement*, WORLD TRADE ORGANIZATION, https://www.wto.org/english/tratop_e/dispu_e/dispu_agreements_index_e.htm (last visited July 15, 2019).

169. *See Principles: Equitable, Fast, Effective, Mutually Acceptable*, WORLD TRADE ORGANIZATION, https://www.wto.org/english/thewto_e/whatis_e/tif_e/disp1_e.htm (last visited July 15, 2019) (noting the reasons behind the dispute system and the methods for WTO members to bring a suit).

170. *See The Panel Process*, WORLD TRADE ORGANIZATION, https://www.wto.org/english/thewto_e/whatis_e/tif_e/disp2_e.htm (last visited July 15, 2019) (illustrating the process of a WTO dispute from initial consultations through to retaliation).

from its pre-Marrakesh vintage in that it introduced structure to the dispute settlement process.[171] Notably, the Uruguay Round also introduced an Appellate Body which can uphold, modify, or reverse legal findings of a panel.[172] However, observers hotly debate the efficiency of the Appellate Body, and its future is currently in flux.[173]

Article 41.1 of T.R.I.P.S. nearly had its coming of age moment in 2010.[174] Unlike most cases to invoke Art. 41, which generally focus on the lack of protection and enforcement of T.R.I.P.S.' minimum standards, this case would have allowed the W.T.O. to rule on T.R.I.P.S.-plus provisions pervasive in the I.P. laws of independent nations.[175] Although the parties settled the dispute outside of the D.S.B., had the case gone to the panel, it may well have found the questioned provisions in violation of T.R.I.P.S.[176]

Anti-dilution law, through its heavy emphasis on the persuasive value of a mark without necessarily protecting the source and quality of a mark, broadens trademark protections to the point of creating a barrier on legitimate trade.[177] The issue is ripe to challenge as anathema to more significant U.S. obligations to the liberalization of trade as a member of

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171. *See Principles: Equitable, Fast, Effective*, *Mutually Acceptable*, *supra* note 169 (noting fixed timelines, requirements for compliance with rulings, and greater discipline for the length of time a panel should settle a case).

172. *See Appellate Body*, WORLD TRADE ORGANIZATION, https://www.wto.org/english/tratop_e/dispu_e/appellate_body_e.htm (last visited July 15, 2019) (outlining the responsibilities of the Appellate Body).

173. *See WTO Appeals Body Heading Toward Temporary Collapse: EU Trade Chief*, REUTERS (July 16, 2019), https://www.reuters.com/article/us-g7-economy-malmstrom/wto-appeals-body-heading-toward-temporary-collapse-eu-trade-chief-idUSKCN1UB1CM?il=0.

174. *See* Request for Consultations by India, *supra* note 48 (requesting consultations regarding generic medicine seizure as an overprotection measure creating barriers to legitimate trade pursuant to TRIPS Article 41.1); *see also* Request for Consultations by Brazil, *Seizure of Generic Drugs in Transit*, *supra* note 94 (requesting the WTO review generic medicine seizure as an overprotection measure creating barriers to legitimate trade pursuant to Article 41.1).

175. *See* Ruse-Khan, *A Trade Agreement Creating Barriers to International Trade*, *supra* note 104, at 655 (noting that this is a novel issue for a WTO dispute).

176. *See id.* at 660 (noting that the VCLT guide to interpreting treaties calls for including the preamble, annexes, and reiterating member countries' agreements in the Doha Declaration).

177. *See* Klieger, *supra* note 52, at 863 (commenting on the anti-competitive effects of dilution protection where dilution laws only target the persuasive value of a mark).

the W.T.O.

V. CONCLUSION

As a member of the W.T.O., the United States is responsible for meeting the obligations it agreed to under the Marrakesh Agreement and all of its annexes.[178] These obligations include eliminating barriers to legitimate trade in the form of expansive trademark protection.[179]

By repealing the T.D.R.A. and incorporating proper protection for well-known marks, the United States can avoid further consternation in the D.S.B. should another member state bring a request for consultation under T.R.I.P.S. Art. 41.[180]

Because the United States signed the Marrakesh Agreement and doubled down on its commitment to accelerate economic growth through the promotion of free trade, it is bound by T.R.I.P.S. to both provide protection for owners of I.P. and ensure that this protection does not create legitimate barriers to trade.[181]

Therefore, the introduction of the T.D.R.A., which broadly expanded the rights conferred on owners of well-known marks, and the subsequent application of the anti-dilution law, is antithetical to the nation's broader trade liberalization objectives in violation of T.R.I.P.S. Art. 41.1.[182]

The two cases discussed exemplify the rise of the federal anti-dilution law in the United States and its departure from its original intent through demonstrable inconsistency in the application of the anti-dilution provision.[183] Anti-dilution law creates barriers to entry without justifiably protecting trademarks.[184]

The United States has many obligations as a member of the W.T.O.,[185] not the least of which is T.R.I.P.S. Art. 41.1, a legally binding provision in a signed treaty that echoes the mission of the W.T.O. as a whole:

178. *See supra* at Part III(A).
179. *See supra* at Part III(A).
180. *See supra* at Part IV.
181. *See supra* at Part III(A).
182. *See supra* at Part II.
183. *See supra* at Part II(D).
184. *See supra* at Part III(C).
185. *See supra* at Part II(A).

elimination of barriers to trade.[186] The U.S. anti-dilution law violates T.R.I.P.S. Art. 41.1 by creating an NTB through the unnecessary expansion of protection for well-known marks.[187]

If the United States does not square anti-dilution law with international obligations either by (1) repealing the federal anti-dilution statute or otherwise taking steps to ensure uniform application of the law across the nation, (2) taking measures to protect well-known marks in accord with international provisions under the likelihood of confusion test, obviating the need for an anti-dilution law, then (3) parties may and should bring action against the United States for violation of Art. 41.1 of T.R.I.P.S. utilizing the D.S.B.[188]

186. *See supra* at Part II(B).
187. *See supra* at Part III(C).
188. *See supra* at Part IV.