The phrase "advertising function" that's been bruited about in Europe is unknown as such to U.S. trademark law practitioners. So I've gone back and started with first principles to try to understand what it might mean to, and whether there are any parallels in, the American legal system.

Trademark Functions. Of course, trademarks commonly function in a traditional way in commercial advertising. First, a distinctive word mark or logo points consumers to the products of a particular company, and symbolizes good will at the same time. Advertising use of a mark can also constitute technical service mark use. Second, the mark represents the ability of a business to communicate information to consumers about goods and services, which after all is the essence of advertising. Both of these functions blend together.

Let's say Company Blue owns and uses in commerce the registered trademark PLUTO for widgets, and advertises them in both print and electronic form. Consumers know that when they see PLUTO on widgets, they are getting products made by Blue, even if they don't know its name.
They'll look for PLUTO brand widgets if they were pleased with them before, and know that those in their shopping carts have the same quality as those they bought three weeks ago. The mark hews to the familiar, designating a particular source, symbolizing good will, and representing a particular standard of quality.

**Trademark Infringement.** Now Company Red arrives and starts using the trademark PLUTO for its own widgets in Blue's market territory, capitalizing on Blue's PLUTO reputation and advertising. Blue promptly sues Red in United States district court for trademark infringement. It has no trouble proving that consumers will incorrectly assume that Red's PLUTO widgets come from, are connected with, or are licensed by Blue. The case should settle at once, but if not, it's clear-cut trademark infringement as a matter of law (possibly counterfeiting), grounds for a temporary restraining order and permanent injunction, and ultimately damages and attorneys' fees as well. Although infringement law does not specifically prohibit harm to the distinctiveness of Blue's trademark, stopping Red's use in its tracks has the effect of preserving it. Soon again there will soon again be only one PLUTO in the marketplace, and its advertising function will thus be improved by an injunction.

**Trademark Dilution.** Now let's assume that Blue's trademark has, over time, become (in the words of the U.S. trademark law, the Lanham Act) "widely recognized by the general consuming public of the United States" as designating the source of widgets. As a result of voluminous sales to satisfied customers and award-winning, clever advertising, the PLUTO trademark has indeed become famous. Now we have a whole new situation, the applicability of the United States dilution law, which protects both the distinctiveness and the reputations of famous trademarks.

Does dilution law have anything to do with the function of advertising? Of course it does, by placing trademark distinctiveness high on a pedestal, in the words of the statute,
regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury. The objective of dilution law was not to protect the public, but to safeguard an elite group of famous trademarks. The value of one such mark, which is inevitably fed by advertising, can run into the tens of millions of dollars. Protecting it is a business imperative. It comes down to this: The more distinctive the trademark, the greater the advertising impact or function, if you will, and the more robust the bottom line.

**Dilution Law False Start.** Once upon a time it looked like the United States would not have a dilution law at all. In 1986-87 I was Reporter on a Blue Ribbon Commission of the then U.S. Trademark Association. We undertook a two-year, comprehensive review of the Lanham Act with a view to proposing a number of changes. One very important question was whether a dilution section should be added. Surprisingly, discussions were tense. Some argued "It’s totally unnecessary! Truly famous marks like KODAK or COCA-COLA can always be protected on infringement grounds, no matter which goods or services the infringer markets. Not a problem." Others advocated for increased protection. "If there is one famous mark case where confusion seems unlikely it could just tip the balance in favor of protection, and that's enough. The more protection the better. Why not? And clients would love it!"

Finally, someone moved to include dilution in the package of changes to be presented for approval to the Board of Directors, and it was seconded. There was a long pause. The President, Dolores Hanna, said "All in favor, raise your hands." A number went up. She counted. Then, "All opposed." She counted, twice. The vote was 10-8, against. The motion failed! I couldn't believe it. But after some behind-the-scenes lobbying a few weeks later, it finally passed.
The Board approved our entire package,\(^1\) including a dilution section, and friendly legislators presented the package to the Congress of the United States. Soon, though, a prominent television network objected. Why? Parody was the life blood of its very popular satirical show "Saturday Night Live," and they argued that prohibiting harm to the reputation of famous trademarks would simply stifle parody. Ultimately, though this was curable, dilution was dropped in return for the withdrawal of a separate provision offensive to the advertising community. In 1988 Congress enacted the Trademark Law Revision Act without dilution, and there was no national dilution law for an additional seven years.

But then the International Trademark Association revived our Commission draft and ran with it, persuading Congress in 1995 to enact it. And in 2006 Congress went so far as to make likelihood of dilution actionable, to add tarnishment as a dilution ground, and to eliminate "niche" fame markets as actionable.

The dilution statute today provides two independent grounds for protecting such marks. Prohibiting blurring protects their distinctiveness, and prohibiting tarnishment protects their reputations.

*Dilution by Blurring.* Blurring is defined as "association arising from the similarity between a junior user mark ... and a famous mark that impairs the distinctiveness of the famous mark." Blue's mark PLUTO has become a trademark superstar, known nationwide. Company Green comes along and starts up a PLUTO Internet search engine. Consumers may not believe that the famous widget manufacturer has branched out into a search engine, and there may not be a likelihood of consumer confusion. Under traditional trademark infringement law, then, Blue might not be able to stop this use of

\(^1\) "The United States Trademark Association Trademark Review Commission Report and Recommendations to USTA President and Board of Directors," 77 TMR 375 (1987). On September 13, 1987 the Board adopted the Report in its entirety, including the Commission Recommendation in VII (L), a proposed dilution section.
its famous mark. However, if Green is permitted to use it for its search engine, theoretically others could use it for dry cleaning services, mustard or tattoo ink. The rationale is that, if these other uses are permitted, eventually the PLUTO mark will cease to function as a strong source indicator, and Company Blue will be less able to use the PLUTO mark as an effective marketing and advertising tool. As Frank Schechter, author of the seminal law review article of seventy-five years ago, put it, "It is the gradual whittling away or dispersion of the identity and hold upon the public mind of the mark or name."2

**Dilution by Tarnishment.** Tarnishment is the only instance where U.S. law protects trademarks beyond their function as an indication of origin. Tarnishment occurs when a famous mark is linked to products of poor quality, or is portrayed in an unsavory context. Under the Act, dilution by tarnishment is "association arising from the similarity between a junior user mark ... and a famous mark that harms the reputation of the famous mark." Say Company Purple starts selling a pornographic magazine called PLUTO. The Sixth Circuit Court of Appeals in the U.S. has held that there is a "very strong inference" that a mark used to sell sex-related products is likely to tarnish a famous mark if there is a clear semantic association between the two. If that is allowed, it is likely to impair the reputation of the famous PLUTO mark for widgets because consumers will associate the two. This is not about confusion or any impairment of the mark's ability to indicate source. It is all about reputation, which, in the end, may be the ultimate in advertising function.

**Fame Factors.** In deciding whether a mark is famous, courts consider a list of factors, such as advertising and publicity, extent of sales and public recognition, and whether the mark is federally registered. The exclusions from liability for dilution echo the free speech protections of the First Amendment to the Constitution: comparative advertising, parody,

---

criticism, news reporting, fair uses and any noncommercial uses.

Complaint Strategy. Probably most of the dilution complainants in the federal courts hedge their bets by adding, or beginning with, a garden variety trademark infringement count. After all, there is no law against finding liability on both counts, and one would think that a trademark that similar to a truly famous trademark would also be likely to cause confusion and infringe. Indeed, many courts finding for the plaintiff in such cases come down precisely that way.

The Famous Mark Trend. The number of marks the courts have found to be famous and eligible for dilution protection has skyrocketed, past PROZAC and PORSCHE and JAMES BOND to the not-so-well-known WILCOM and FOXWOODS, and the trade dress of a food sanitation package. Our Blue Ribbon Commission, guessing that only 25-50 trademarks total would qualify as famous, would be appalled. Congress considered only word trademark examples in pondering dilution law, and such marks came to dominate. Around 90% of the cases finding a dilution violation, with or without a companion infringement finding, involve word or logo marks. After all, words effectively communicate meaning to literate consumers, they are easy to remember, and they are far and away the centerpieces of most advertising.

Trade Dress. But what about the other 10%? This is roughly the percentage of dilution decisions that involve trade dress, that sweeping category of commercial miscellany that over time became the equal of trademarks. It started out with product packaging such as the fluted Coca Cola bottle, but now covers the overall appearance and impression of a product and its packaging, including size, design, texture, shape, and color, as well as restaurant decor, styles of service, costumes, menus and even some marketing techniques. The term trade dress appears twice in the Lanham Act, and the Supreme Court has said it cannot be distinguished from trademarks. The same law applies.
Trade dress differs from trademarks in that trade dress plaintiffs have a very heavy 3-part burden of proof. They need to prove distinctiveness, then nonfunctionality, and finally, likelihood of confusion. Courts balance the need to preserve competition in useful designs with protecting trade dress rights, and question whether claimed distinctive elements are essential to the product's purpose or use or if they affect its cost or quality.

Trade Dress Dilution. Trade dress can also become famous and qualify for dilution protection. The decisions range from the predictable, such as the yellow and green trade dress of CRAYOLA crayons, to the sensational. Bell Helicopter Textron sued the Islamic Republic of Iran for diluting the famous trade dress of its Bell Jet Ranger 206 helicopter and its derivatives, both civilian and military variants, and for design patent infringement. A month ago the court found the trade dress famous, that Iran had appropriated it after it became famous, that Iran promoted its counterfeit helicopters at an international air show at Kish Island, Iran, and that Iran's Shahed 278 and 285 diluted the distinctiveness of Bell's famous trade dress through both blurring and tarnishment. It awarded Bell an injunction, treble damages and attorneys' fees of about $22,000,000. Bell's problems have not ended, however. Enforcing the injunction and collecting the award would appear daunting, as the Islamic Republic of Iran failed to appear in court.

Distinctiveness of Product Shape. The issue of distinctiveness of a product design or shape came before the Supreme Court in the landmark Wal-Mart decision. Wal-Mart had knocked off a line of childrens’ apparel, and the issue was whether a product shape could be inherently distinctive. The Court held that it could not, that protection always required secondary meaning. So far so good, but then it went out on a very long limb: "Consumers are aware of the reality that, almost invariably, even the most unusual of product designs, such as a cocktail shaker shaped like a penguin-is intended not to identify source, but to

---

render the product itself more useful or more appealing." Just one problem. The court simply made the whole thing up. The cocktail shaker was not in evidence, there was no proof of any consumer awareness, and nowhere was the penguin mentioned in the briefs or at oral argument before the Supreme Court. Lawyers kept asking, "So what's with the penguin?"

I have a fantasy I'm going to share with you. One Saturday morning in Reston, Virginia, Supreme Court Justice Scalia was drafting the Wal-Mart opinion on his home computer, and he needed an example to prove his point. He got up, explored his workshop, checked out his library, and then, suddenly, he stopped in front of his well-stocked wet bar. He couldn't believe his eyes. There it was. Perfect!!

Actually, the shaker shape is an Art Deco classic. It had its heyday in the golden age of cocktail shakers in the United States, the 1930s, and today its origin and history are well known. One vintage specimen brought over $6,000 at auction, and it defies credibility to presume that at least collectors do not recognize the shape as source-indicating. In his definitive work on cocktail shakers, Simon Khachadourian, founder of the Pullman Gallery, effused: "By a common verdict, the most generally

---

beloved of novelty shakers is the Penguin." So we conclude that the Court chose an amusing example, but its facts were based on utter speculation.

**Sensory Trademarks.** But wait, there is yet another category of trademarks, one that came out with zero percent of decided dilution cases. In 1995 the United States Supreme Court delivered a trademark bombshell. It held not only that color alone was registrable as a trademark, but it opened the floodgates to some of the most bizarre, funny, and mischievous trademarks you can imagine. It stated that a trademark could be "almost anything at all that is capable of carrying meaning."\(^6\) The decision was, without a doubt, the Dawning of the Age of the Nontraditional Trademark. Now we have sound, flavor, texture, color, and scent trademarks.

The Patent and Trademark Office is boldly registering such marks, carving out a remarkable category of so-called sensory trademarks and extending the concept of source well beyond that of the traditional word mark and logo. And many courts are just as boldly striking many of them down. Does the public really recognize as trademarks the color purple for brownies, the scent of strawberries for toothbrushes, the Tarzan yell for toy action figures or a velvet texture covering wine bottle, for wine? Then there was the case of the registered design of a circle as a trademark for a circular beach towel. So why a circular beach towel? I'm not making this up. The registrant cogently explained "The round shape eliminates the need to constantly get up and move your towel as the sun moves across the sky. Instead, merely reposition yourself." The Seventh Circuit struck down the registration.\(^7\)

**Trade Dress and Nontraditional Advertising Function.** So where does the advertising function fit in the world of trade dress and the nontraditionals? It actually occupies two roles, one of them involving trademark life or death, and the other the typical role of attracting business and generating good will. For a great many such marks, such as colors, fragrance, taste and product shapes, there can be no inherent distinctiveness at all. Unless they bear secondary meaning, they do not even have a pulse. The primary means of becoming a protectable, registrable mark is through advertising, and a lot of it, enough to create a consumer belief that

---

\(^7\) Jay Franco & Sons, Inc. v. Franek, 615 F.3d 855 (7th Cir. 2010).
yes, that unusual fragrance or product shape is now seen as a trademark. Once the bare minimum is achieved, if ever, continued advertising is gravy, building trade, good will and, one hopes, prosperity.

Advertising functions at the very heart of many a trademark case, establishing secondary meaning, fame, or likelihood of confusion. It plays an especially key role with trade dress and nontraditional trademarks, but proof of mere advertising dollars is not enough if they do not translate into public association. You can't buy your way into legal protection, but you can come close to it.

_The Advertising Functions Compared._ What about the second meaning of "advertising function" I mentioned earlier? Let's go back to Company Blue. Blue has been investing money for years placing ads in buses, newspapers and magazines urging consumers to buy PLUTO widgets, but the trademark is not yet famous. Company Red went to each of these outlets and offered to pay twice the price if they would carry ads for Red's PLATO widgets instead. Blue's CEO is furious. Assuming no viable infringement claim against Red, a big assumption, now Blue will have to pay more to place its own advertisements.

In the Court of Justice decision of a year ago today in _Google France_, the Court, under "Adverse Effect on the Advertising Function," formulated a ringing statement: "[T]he proprietor of a trade mark is entitled to prohibit a third party from using, without the proprietor's consent, a sign identical with its trade mark in relation to goods or services which are identical with those for which that trade mark is registered, in the case where that use adversely affects the proprietor's use of its mark as a factor in sales promotion or as an instrument of commercial strategy." The Court recognized a claim that it was more difficult for the plaintiff to advertise its products (using its trademark) because it would have to purchase its own mark as a keyword.

The opinion sets out two different causes of action: one for harming the trademark
function of indicating origin and another for harming the advertising function of a trademark. The trademark owner had to pay more to get its advertising message placed more prominently, similar to Company Blue in our hypothetical. However, the Court said that this additional payment would not have an adverse effect on the mark's advertising function because consumers could find the mark owner in natural (as opposed to sponsored) search results. In other words, there was no harm, but only because the mark owner didn't actually have to pay more to get the word out about its product.

**The American Perspective.** This "advertising function" cause of action is more about defendant's harming the plaintiff's ability to advertise and raising barriers to presenting advertising to consumers rather than any function performed by a trademark. So is there a U.S. counterpart to the Court of Justice "Advertising Function," as expressed in Google France? The short answer is, there is not. As an independent ground for legal protection in trademark law, this "advertising function" neither exists presently nor does it have a future in the United States. It isn't whether ad text causes confusion as to source, or whether consumers will be confused by the mere appearance of sponsored links above the natural search results, so there is no parallel to the fundamental claim in the U.S. keyword cases.

In fact, the court in Google France recognized consumer confusion over the source of sponsored links as a separate cause of action involving the "origin function" of trademarks. It concluded that the "origin function" would be "adversely affected" if "normally informed and reasonably attentive Internet users" cannot ascertain from the ad whether the goods and services it refers to come from the trademark owner or from a third party. In other words, consumer confusion.

Adding a claim in a United States district court for adversely affecting the advertising function would be overreaching, and it would probably be dismissed on motion. In theory it could unduly extend trademark protection far beyond existing bounds. Of course, adding an
additional ground for attacking an infringing trademark, even with a vague standard like "adversely affects," might seem to benefit the public. But does it make sense to base such a radical new ground on such a very narrow private interest: the impact on a trademark owner's sales promotion and marketing strategy?

What about the future of the advertising function, American version? It will go on in the same path as before, unless there is some highly unexpected change in the law. We will be watching to see if the European version evolves into a form that is consistent with the American but, in race track terms, these are very, very long odds.