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"Leave Little Guys Alone!": Protecting Small Businesses from Overly Litigious Corporations and Trademark Infringement Suits

Sara Marie Andrzejewski

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"LEAVE LITTLE GUYS ALONE!": PROTECTING SMALL BUSINESSES FROM OVERLY LITIGIOUS CORPORATIONS AND TRADEMARK INFRINGEMENT SUITS

Sara Marie Andrzejewski

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* J.D. Candidate 2012, University of Georgia School of Law. The author would like to thank her editors for their invaluable attention to drafts of this Note. She would also like to thank her family and friends for their encouragement and support.
I. INTRODUCTION

Disputes over intellectual property are often fierce and have earned some corporations the reputation of being trademark bullies, a nickname that carries with it images of a deep-pocketed, faceless corporation stamping out mom-and-pop style shops. The images accompanying this label are not surprising, as the term “trademark bully” strongly implies some impropriety on behalf of the corporation.1 However, not all large corporations act improperly when they attempt to protect their intellectual property. The problem lies with the corporations that incorrectly assert that their property rights extend beyond the limits of the Lanham Act, the legislation that contains the federal statutes of trademark law in the United States.2

In a fight that is reminiscent of a schoolyard showdown between the classic bully and his easy target, Matt Nadeau and his local craft brewery, Rock Art Brewery, were pitted against Monster Energy Drink. The energy drink company, Hansen Natural Corporation, sold and distributed its Monster Energy Drinks through a partnership agreement with Anheuser-Busch.3 Hansen Natural had $603.8 million in net sales for the first six months of 20104 and a market capitalization of $7.4 billion as of September 2011.5 Meanwhile, Rock Art Brewery was housed in Morrisville, Vermont and had modest beginnings.6 Nadeau and his wife started brewing beer in the basement of their home in 1997.7 They now have nine employees working in a plant of 10,000 square feet and produce about 3,500 barrels of beer annually.8 Rock Art sells most of its beverages in Vermont, both in bottles and in kegs.9 Outside of Vermont, Rock

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9 Art Edelstein, The Vermonster Wins in Battle with Monster, VT. BUS. MAG., Feb. 12, 2010,
Art expanded into other markets including Arizona, Connecticut, and New Jersey. In 2007, Nadeau decided to brew a special beer to celebrate the company's tenth anniversary. He described it as "an American style barley wine with a big, hoppy, fully flavored complex that was 10 percent alcohol." After registering the name "Vermonster" as a trademark in the state of Vermont, Nadeau successfully registered "The Vermonster" as a federal trademark in the summer.

The brewery received a cease and desist letter from the international beverage company, Hansen Natural. At the center of the dispute was the name of Rock Art's celebratory beer, "The Vermonster." Because of the similarity in the names "Monster" and "The Vermonster," Nadeau's small company was pitted against an industry giant and was forced to respond in order to protect his company.

In its cease and desist letter, Hansen argued that the use of "VERMONSTER in connection with beer [would] undoubtedly create a likelihood of confusion and/or dilute the distinctive quality of Hansen's MONSTER marks." Rock Art contended that confusion was unlikely because Hansen did not make alcoholic drinks and the products' packaging were dissimilar. In addition to warning about potential confusion and demanding that Nadeau stop using the name "Vermonster," it also asked that Nadeau pay for legal expenses incurred in connection with the trademark infringement matter. Although Nadeau's lawyer felt the name was properly used and the federal government legitimately registered the trademark, he further explained that a large company like Hansen could prolong litigation to http://www.vermontbiz.com/article/february/vermonster-wins-battle-monster.

10 Id.
11 Id.
13 VERMONSTER, Vermont File No. 0008350.
16 Id. at 2.
17 Id.
18 Medenica, supra note 1, at 18.
19 Letter from Diane M. Reed to Christopher J. Day, supra note 15, at 2.
be long enough to bankrupt Nadeau. 20 Nadeau was advised that, in the end, he would likely have to change the beer’s name. 21

Rather than allow Hansen to bully him, Nadeau fought back and contacted his client base to inform them of Hansen’s actions. 22 In response, one of the state’s largest beverage centers, Beverage Warehouse, protested Hansen’s actions by pulling all Hansen products off the shelves. 23 Additionally, at the peak of the controversy, Nadeau gained over 18,000 supporters through social networking sites he used to promote his cause. 24 Largely due to the public support for Rock Art, Hansen settled within twenty-one days and allowed Nadeau to continue using the name “The Vermonster” as long as he did not make energy drinks. 25

Fortunately for Nadeau and Rock Art Brewery, they were able to garner support and draw in enough media scrutiny to counterbalance Hansen’s deep pockets. 26 Stories of small businesses being harassed by larger companies are not rare, but they usually go unnoticed. While certain areas of trademark law make it easy for large companies to bully smaller companies, stories where the little guy wins are few and far between. However, this type of overly aggressive behavior on the behalf of large corporations has been noticed and the small businesses’ often grassroots supporters have caught the attention of Congress.

The Trademark Technical Conforming Amendment Act of 2010 was signed into law on March 17, 2010. 27 The Act made technical changes to the Lanham Act, but it mainly “harmonize[d] filing procedures between trademarks filed in the United States directly and those filed abroad pursuant to the Madrid Protocol.” 28

Another provision included in the TTCA Act, quite different in nature, was added to the legislation. 29 According to this provision, the Secretary of Commerce, along with the Intellectual Property Enforcement Coordinator, must report to the House and Senate Judiciary Committees on “the extent to

20 Edelstein, supra note 8.
21 Nadeau, supra note 12.
22 Edelstein, supra note 8.
23 Id.
25 Edelstein, supra note 8.
28 Medenica, supra note 1, at 18.
29 Id.; TTCA Act, supra note 27, § 4.
which small businesses may be harmed by litigation tactics by corporations attempting to enforce trademark rights beyond a reasonable interpretation,” and “the best use of Federal Government services to protect trademarks and prevent counterfeiting” within one year of the TTCA Act’s enactment. This section has been referred to as the trademark bullies provision.

The TTCA was created by Senator Leahy of Vermont, who was frustrated by the trademark dispute happening in his state between Rock Art Brewery and Hansen. The Vermonster dispute, and the Act created in its wake, illustrates a familiar situation. Often, a party with deeper pockets and more clout challenges the authenticity of another party’s trademark rights, whether or not the basis for such challenge has a sound foundation in law. When both parties involved are in similar financial situations, a lengthy lawsuit can ensue with relatively few consequences for either company. But when one party cannot afford the expense of such a protracted suit, the opportunity for a fair and animated debate diminishes significantly. For this reason, the label of trademark bully emerged. However, the presence of two parties with different financial footings does not necessarily mean one party deserves to be dubbed a trademark bully. While most people enjoy cheering for the underdog, having a financial disadvantage does not always mean the law is on one’s side.

Although a trademark is technically a property right, the main purpose behind trademark law is to protect consumers from brand confusion. The distinction afforded to famous or well-known trademarks is often essential to a trademark owner’s success and can be lost if comparable marks come to be associated with the trademark owner’s goods or services. Although there is no fixed duty to keep watch over other businesses’ use of a mark, if a brand owner does not take legal action against potential infringers and such use becomes

30 TTCA Act, supra note 27, § 4; Medenica, supra note 1, at 18.
31 Medenica, supra note 1, at 18.
33 Compare Mattel, Inc. v. MCA Records, Inc., 296 F.3d 894 (9th Cir. 2002) (holding Mattel’s actions were overly aggressive in bringing an action against MCA Records for trademark infringement associated with a song that satirized the Barbie image and holding there was no infringement, further advising Mattel “to chill”), with People for the Ethical Treatment of Animals v. Doughney, 263 F.3d 359 (4th Cir. 2001) (deciding that defendant’s use of the domain name “peta.org” that led to a webpage entitled “People Eating Tasty Animals” impermissibly infringed on the trademark of the plaintiff, an advocacy group opposed to eating meat, wearing fur, and conducting research on animals).
34 See Mark P. McKenna, The Normative Foundations of Trademark Law, 82 NOTRE DAME L. REV. 1839, 1840–44 (2007) (writing that the fundamental principles of trademark law have essentially been ones of tort: unfair competition and the tort of deception to the consumer).
35 1-1 GILSON ON TRADEMARKS § 1.03 (2011).
sufficiently rampant, the owner's mark will be stripped of its distinctiveness, or, even worse, the mark could be considered abandoned.\textsuperscript{36} Once a mark is widely used by other companies, the public will no longer relate the mark to a single business because of the crowd of analogous marks flooding the marketplace. The TTCA Act has sharply brought into focus the competing needs of protecting legitimate intellectual property rights and encouraging the growth of small businesses.

By using recent cases filed by large corporations against smaller local businesses, this Note will explore the costs and benefits of imposing a higher bar on trademark infringement claims filed by large corporations against smaller companies. In proposing a solution, this Note will examine whether the intellectual property heavyweights traditionally come out ahead in trademark enforcement actions by looking at key cases throughout the development of this problem. This Note will also survey the rationales supporting both sides in the trademark bullying cases: whether over-enforcement of trademark rights has a deleterious effect on free speech and a dynamic public domain, or whether corporations are simply aggressively protecting their interest in their trademark, and, if so, whether this type of enforcement should be allowed.

Because many trademark disputes often settle and do not result in a full jury trial, this Note will primarily consider doctrinal developments in the law that affect free speech. Therefore, this Note will not consider relatively informal practices such as demand letter negotiations. Because these tactics typically occur out of public view, they are difficult to track and it is difficult to determine what effects these letters might have on the market.

Part II of this Note will discuss the foundations of trademark law and the purpose behind allowing a particular manufacturer's or seller's product to be distinguished from another's parallel product. It will also delve into the case law in different states and evaluate the level of protection offered. Part III will analyze the economic and free speech consequences of these cases on the marketplace. Part IV will conclude that in light of the lowered bar for large corporations to pursue unreasonable enforcement claims, the study called for by the TTCA Act will plainly show that legislation is necessary to once again raise that bar.

\textsuperscript{36} Id.
II. BACKGROUND

A. COMMON LAW ROOTS

Unlike copyrights or patents, trademark rights are not rooted in the Constitution. Rather, trademark protection evolved from common law. This type of protection originated in 1584, when an English court found a defendant liable for counterfeiting another's mark and placing it on his own goods. As time passed, courts dubbed this behavior as "passing off," and placed it under the umbrella of the tort law of fraud and deceit. However, by 1850, the common law of trademark protection had grown to have more similarities with unfair competition law than with tort law.

With these common law roots as a foundation, Congress enacted the first federal law of trademark protection in 1870 but the Supreme Court later invalidated this law. Congress attempted to revisit the issue in 1905, but the law it created in its place only provided limited protection. Hence, it was not until the passage of the Lanham Act in 1946 that modern federal protection for trademarks came into existence.

B. LANHAM ACT

The federal trademark law of the United States is the Lanham Act, which is now over sixty years old. The Lanham Act defines a trademark as "any word, name, symbol, or device, or any combination thereof [used in commerce] ... to identify and distinguish [one's] goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if

37 See U.S. Const. art. I, § 8, cl. 8 (authorizing Congress to award exclusive rights for a limited time to authors and inventors for "their respective Writings and Discoveries").
38 See id.; In re Trade-Mark Cases, 100 U.S. 82, 94–95 (1879) (noting that the power of Congress to regulate trademarks cannot derive from the Constitution, as a trademark's function differs from that of a copyright or patent).
40 Id. § 5:2.
41 Id.
42 Id.
43 15 U.S.C. § 81 (repealed July 5, 1946). Congress first enacted a trademark law in 1870, but that law was invalidated by the Supreme Court in In re Trade-Mark Cases. 100 U.S. 82 (1879).
44 McCarthy on Trademarks, supra note 39, § 5:2.
that source is unknown."\textsuperscript{47} A trademark can be anything as long as it signals to consumers the specific product’s origin.\textsuperscript{48} For example, a trademark may be a word,\textsuperscript{49} sound,\textsuperscript{50} symbol,\textsuperscript{51} smell,\textsuperscript{52} or color.\textsuperscript{53} "The primary and proper function of a trademark is to identify the origin or ownership of the article [or service] to which it is affixed."\textsuperscript{54} This recognition by the public is how trademarks derive value.\textsuperscript{55}

Trademark holders should monitor their trademarks, or else risk a court holding that the trademark owners assented to infringing uses by abandoning their mark or that the mark now lacks distinctiveness.\textsuperscript{56} Thus, when truly infringing conduct is identified, the trademark owner must take corrective steps.\textsuperscript{58} The trademark owner need not sue every business suspected of infringing on its trademark or send cease and desist letters in response to every conflicting use.\textsuperscript{59} Rather, the trademark owner should only do what it can

\textsuperscript{47} See, e.g., Qualitex Co. v. Jacobson Prods. Co., 514 U.S. 159, 162 (1995) (noting the underlying principles of trademark law, including the requirements that the mark "identify and distinguish [the seller’s] goods . . . from those manufactured or sold by others and to indicate [their] source").

\textsuperscript{48} See, e.g., Interstellar Starship Servs. v. Epix, Inc., 304 F.3d 936, 946 n.6 (9th Cir. 2002) (suggesting that words like “Amazon” for an online bookstore or “Roach Motel” for an insect trap receive protection).

\textsuperscript{49} See, e.g., JANE C. GINSBURG, JESSICA LITMAN & MARY L. KEVLIN, TRADEMARK AND UNFAIR COMPETITION LAW: CASES AND MATERIALS 108 (3d ed. 2001) (“Intel recently registered the five note sequence ‘D flat, D flat, G, D flat, A flat’ as a trademark for computer hardware.”).

\textsuperscript{50} See, e.g., Polo Fashions, Inc. v. Craftex, Inc., 816 F.2d 145, 145 (4th Cir. 1987) (holding trademark owner of “an embroidered representation of polo player mounted on horse [could proceed with a] trademark infringement action under the Lanham Act”).

\textsuperscript{51} See, e.g., In re Clarke, 17 U.S.P.Q.2d (BNA) 1238, 1238-39 (T.T.A.B. 1990) (finding applicant demonstrated that the scent of “high impact, fresh, floral fragrance reminiscent of Plumeria blossoms” functions as a trademark for her thread and embroidery yarn).

\textsuperscript{52} See, e.g., United States Jaycees v. Philadelphia Jaycees, 639 F.2d 134, 139 (3d Cir. 1981) (holding that a trademark owner is not required to act immediately against every possible infringing use to
within reason. On the other hand, if the trademark holder allowed conflicting uses to continue for more than a reasonable time period, the trademark owner may have trouble in later efforts to enforce that trademark. For that reason, policing the trademark is an indispensable part of trademark preservation. 

Frequently though, some businesses take their policing too far and engage in overly aggressive behavior. For example, the New York Times ran a front-page article uncovering illegitimate tactics that Levi Strauss & Co. used while pursuing trademark litigation to secure more market share. Interestingly, the article detailed the predatory practices that Levi Strauss & Co. used without discussing whether it was appropriate to even take those aggressive actions in the first place. In fact, all trademark owners are encouraged to employ this type of behavior to protect what is (sometimes) rightfully theirs. That is, nearly all trademark owners use trademark litigation to gain market share by suing competitors, and in so doing increase the competitor’s cost to enter the market as well as the cost to stay in business.
C. FEDERAL TRADEMARK DILUTION ACT

Although the first anti-dilution laws were passed by individual states, it was not until 1995 that the federal government incorporated the Federal Trademark Dilution Act (FTDA) into the Lanham Act. Under the FTDA, a trademark owner had a remedy "against another person's commercial use in commerce of a mark or trade name, if such use [began] after the mark [had] become famous and [caused] dilution of the distinctive quality of the mark." The FTDA expanded the scope of rights granted to famous and distinctive trademarks under the Lanham Act. Dilution differs slightly from traditional trademark infringement in that there is no need to prove a likelihood of confusion to protect a mark. Instead, all that is required is a showing that the use of a famous mark by a third party caused dilution of the distinctive quality of the mark.

Following the enactment of the FTDA, a number of courts struggled with its interpretation. Some of this uncertainty was centered around whether a mark could be famous when used in niche markets and whether a famous mark must be either inherently distinctive or distinctive with secondary meaning through continuous use. Inherently distinctive marks tend to be more creative, avoiding any actual description of the related goods or services, like the "Google" mark, which bears no relation to the actual services offered by Google. If a mark is not inherently distinctive, it can acquire the necessary distinctiveness through secondary meaning. Secondary meaning shows that the mark has some meaning to the public beyond the obvious meaning of the terms or images of the mark itself. If the primary significance of the mark to

70 See Federal Trademark Dilution Act, supra note 68.
71 McCarthy on Trademarks, supra note 39, § 24:72.
72 Id.
73 See infra notes 74–80.
75 Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 768 (1992) (explaining that some marks are deemed inherently distinctive because "their intrinsic nature serves to identify a particular source of a product").
76 McCarthy on Trademarks, supra note 39, § 15:1.50.
77 Id.
the consuming public has become the source of the goods or services, rather than the product itself, the mark has acquired secondary meaning.\footnote{78}{See Wal-Mart Stores, Inc. v. Samara Bros., Inc., 529 U.S. 205, 211 (2000) (stating that secondary meaning is developed when the primary significance of the trademark is to identify the source of the product rather than the product itself).}

Another issue involved trademark dilution, a concept giving the owner of a famous trademark the ability to forbid others from using that mark in a way that would lessen its uniqueness.\footnote{79}{15 U.S.C. § 1125(c)(1) (2006).} Importantly, appellate courts were split on the issue of whether a plaintiff had to show actual dilution or a likelihood of dilution to prevail on a dilution claim after the enactment of the FTDA.\footnote{80}{Compare Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449 (4th Cir. 1999), superseded by statute, 15 U.S.C. § 1125(c)(1) (2006) (concluding that the FTDA requires proof of actual dilution), with Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208 (2d Cir. 1999), abrogated by Moseley v. V Secret Catalogue, Inc., 537 U.S. 418 (2003) (disagreeing with the Fourth Circuit and holding that an action for dilution may be adjudicated before actual dilution occurred by using a “likelihood of dilution” standard).}

The issue was eventually addressed by the Supreme Court in \textit{Moseley v. V Secret Catalogue Inc.}\footnote{81}{Moseley v. V Secret Catalogue, Inc., 537 U.S. 418 (2003).} In \textit{Moseley}, the plaintiff, the owner of the “Victoria’s Secret” trademark, claimed that the defendant’s use of the trademark “Victor’s Secret” for a store selling predominantly adult novelty items caused the dilution of plaintiff’s well-known mark under the FTDA.\footnote{82}{Id. at 423.} The Supreme Court reversed and remanded the district court’s decision, finding that trademark owners must establish actual dilution rather than merely a likelihood of dilution.\footnote{83}{Id. at 433–34.} In other words, a plaintiff would need either objective proof or reliable circumstantial evidence to prove actual dilution of the plaintiff’s mark to prevail under the FTDA.\footnote{84}{Id.}

\section*{D. TRADEMARK DILUTION REVISION ACT}

Following \textit{Moseley}, Congress held hearings to examine possible revisions to the FTDA.\footnote{85}{Trademark Dilution Revision Act of 2005: Hearing on H.R. 683 Before the Subcomm. on Courts, the Internet, and Intellectual Property of the H. Comm. on the Judiciary, 109th Cong. (2005).} In 2006, President Bush signed into law the Trademark Dilution Revision Act (TDRA), which made considerable changes to the FTDA.\footnote{86}{Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, 120 Stat. 1730.} The TDRA expressly overruled \textit{Moseley} by allowing famous trademark holders to prevail on a dilution claim by showing only a likelihood of confusion.\footnote{87}{Id.}
Specifically, the Act stated that the use of a trademark in connection with the sale of a good will constitute infringement if it is likely to cause consumer confusion as to the source of those goods or as to the sponsorship or approval of such goods.88

For all practical purposes, these changes cleared considerable hurdles for well-known trademark holders by not requiring actual dilution. The threshold to reach a famous mark status might have been made higher, but once reached, the evidentiary burden to prevail on a dilution claim became significantly lower.89 That is, instead of requiring a famous mark owner to prove actual dilution, they only have to show a likelihood of dilution to meet their burden.90 This benefited famous trademark holders, but not lesser-known operations like Vermonster.91

Although the label of trademark bully can be attached to any overly aggressive trademark owner, it usually sticks to famous trademark owners.92 Case law is replete with examples of famous trademark owners asserting infringement and dilution claims against small business operations.93 The TDRA gives large companies substantial leverage in keeping small businesses from using marks that may only marginally resemble the famous mark by claiming that it has been diluted.94 The bigger the company, the more famous the trademark, and therefore the easier it will be under the Act for larger

88 See 15 U.S.C. § 1125(c)(1) (revising the FTDA by providing that using a trademark that is “likely to cause dilution” is enough to create liability under the Lanham Act, making clear that evidence of actual harm is not required).
89 Candidus Dougherty & Greg Lastowka, Virtual Trademarks, 24 SANTA CLARA COMPUTER & HIGH TECH. L.J. 749, 793 (2008) (explaining that the Trademark Dilution Revision Act “loosened a plaintiff’s evidentiary burden to a likelihood of dilution standard”).
90 Id.
92 See Mattel, Inc. v. Walking Mountain Prods., 353 F.3d 792, 796 (9th Cir. 2003) (finding that the defendant did not infringe on Mattel’s trademark by producing photographs that “portray[ed] a nude ‘Barbie’ doll in danger of being attacked by vintage household appliances”).
93 See, e.g., Entrepreneur Media, Inc. v. Smith, 279 F.3d 1135, 1144–45 (9th Cir. 2002) (holding a public relations firm’s use of mark “Entrepreneur Illustrated” on publication distributed freely to media members was likely to cause confusion as to publisher’s “Entrepreneur” mark for magazine targeted at small business owners, and thus infringed the “Entrepreneur” mark); Bell v. Starbucks U.S. Brands Corp., 389 F. Supp. 2d 766, 777 (S.D. Tex. 2005) (holding “Plaintiff’s use of the word ‘Starbock,’ as presented in Plaintiff’s trademark application, and his use of ‘Star Bock’ in word form without the word ‘beer’ or any design elements, manifestly infringes Defendants’ mark”).
94 See Virgin Enterprises Ltd. v. Nawab, 335 F.3d 141, 150 (2d Cir. 2003) (finding that the closer the junior company’s goods resemble the other trademark user’s famous brand, “the more likely that the consumer will mistakenly assume a common source”).
companies to use their market share against smaller companies. National companies with highly recognizable marks could have more leverage than any single small business and could easily outspend those businesses if litigation arose.

E. PURPOSES AND GOALS OF TRADEMARK PROTECTION

Despite what some commentators say, there is a general consensus that the primary purpose of trademark protection is to supply consumers with accurate information regarding the source of the good. Thus, trademarks help diminish consumer search costs. Consumers can seek out specific information while searching for goods, and then use easily distinguishable and identifiable trademarks to help decrease the time and resources necessary to find their desired product. Another effect of the public detection aspect of trademarks is the incentive for producers to increase product quality. Thus, if trademark law protects the mark's owner from infringement by a competitor, the owner will invest more money and resources to improve his product's quality, because consumers will seek out the higher quality product. Without trademark protection, a competitor could easily use another's mark to sell an inferior product, and take away some of the actual trademark holder's customers. This scenario demonstrates another purpose served by trademark

100 Id.
101 See Qualitex Co., 514 U.S. at 164 (1995) (noting that trademark law "encourage[s] the production of quality products' and simultaneously discourages those who hope to sell inferior products by capitalizing on a consumer's inability quickly to evaluate the quality of an item offered for sale" (quoting McCARTHY ON TRADEMARKS, supra note 39, § 2.01)).
103 See David W. Barnes, Trademark Externality, 10 YALE J.L. & TECH. 1 (2007) (explaining that without trademark protection, consumers may mistakenly buy an inferior product and shun the
protection, which is the prevention of consumer deception stemming from the use of a confusingly similar mark, and resulting in the purchase of products that the consumer does not desire.104

A secondary goal of trademark law is the protection of a trademark owner’s goodwill through the manufacture and use of that trademark.105 This purpose of trademark law makes it different than other types of intellectual property, such as patents or copyrights.106 For patents and copyrights, the protected intellectual property is the property that actually contains value.107 By contrast, the value of trademarks comes from their ability to signal to the market the quality of the good.108 Therefore, the goal of protecting a trademark holder’s goodwill is not necessarily what trademark protection aims to do, but some commentators nonetheless endorse it.109 Those who argue for upholding a trademark holder’s goodwill often state that not doing so would encourage free riding, but free riding may in some cases be a good thing, as it can be a means of serving public demand.110

The Supreme Court encompassed both of these goals of trademark law in Qualitex Co. v. Jacobson Products Co.111 In Qualitex, the court stated that trademark law “reduce[s] the customer’s costs of shopping and making purchasing decisions” because “it quickly and easily assures a potential customer that the . . . item with [the trademark] . . . is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past.”112 It prevents others from copying a source-identifying mark.113 Meanwhile, the law also helps comfort a producer that it, and not an imitating competitor, will

mark holder’s product).
104 Bone, supra note 97, at 555–56.
105 Id. at 549 (“It is customary to refer to trademark law as protecting a seller’s goodwill in its mark . . . . There is, however, a serious problem with this proposition. Characterizing trademark law in terms of goodwill protection ultimately conflicts with the well recognized consumer-oriented goals of trademark law.”).
106 See McCARTHY ON TRADEMARKS, supra note 39, § 2:01 (comparing the policies behind supra note 39, § 6:3 (comparing the policies behind patents, trademarks, and copyrights).
107 Id.
108 See LANDES & POSNER, supra note 99, at 168–70.
109 Bone, supra note 97, at 549–50.
110 Wendy J. Gordon, On Owning Information: Intellectual Property and the Restitutionary Impulse, 78 VA. L. REV. 149, 167 (1992) (asserting that free riding is important because “[a] culture could not exist if all free riding were prohibited within it”).
112 Id. at 164 (alteration in original) (quoting McCARTHY ON TRADEMARKS, supra note 39, § 2:01).
113 Id. at 163.
collect the financial and reputation-related rewards associated with a sought-after product.114

Some scholars argue that there is a third, separate goal of trademark protection to promote "fair competition."115 This third goal favors the public market and freedom of expression over the individual trademark holder.116 "This third policy justification, however, may not do much additional work beyond that already done by the primary purpose," which is to "prevent customer confusion."117

III. ANALYSIS

A. A LOOK AT TRADEMARK DILUTION

Trademark dilution is a relatively modern legal doctrine.118 As one commentator, Laura R. Bradford, explained, trademark law conventionally aims to improve the quality of market information by prohibiting misleading uses of trademarks.119 Prohibiting misleading uses of trademarks improves the efficiency of the market because it prevents the consumer from buying the wrong product.120 Thus, protection for the "informational integrity" of trademarks allows consumers to spend less time and fewer resources in search of the desired product, which in turn decreases search costs.121

114 See, e.g., Smith v. Chanel, Inc., 402 F.2d 562, 567 (9th Cir. 1968) ("The primary value of the modern trademark lies in the 'conditioned reflex developed in the buyer. . . .' To the extent that advertising of this type succeeds, it is suggested, the trademark is endowed with sales appeal independent of the quality or price of the product to which it is attached; economically irrational elements are introduced into consumer choices." (citation omitted)); see also Triangle Publ'ns, Inc. v. Rohrich, 167 F.2d 969, 980 n.13 (2d Cir. 1948) (Frank, J., dissenting) ("The trade-name doctrine enables one to acquire a vested interest in a demand 'spuriously' stimulated through 'the art of advertising.' "), overruled by Mansanto Chem. Co. v. Perfect Fit Prods. Mfg. Co., 349 F.2d 389 (2d Cir. 1965).


116 Id.


118 Laura R. Bradford, Emotion, Dilution, and the Trademark Consumer, 23 BERKELEY TECH. L.J. 1227, 1231 n.10 (2008) ("The first federal dilution law was passed in 1995. Before this trademark dilution protection was available on a patchwork basis from state law. The first state anti-dilution law was passed in 1947 in Massachusetts." (citation omitted)).

119 Id. at 1231 (citing Stacey L. Dogan, What is Dilution Anyway?, 105 Mich. L. REV. FIRST IMPRESSIONS 103, 106 (2006), http://www.michiganlawreview.org/assets/fit/105/dogan.pdf ("Trademark law has never aimed to provide exclusive rights in marks, but has focused on preserving informational clarity in the marketplace.").

120 Id.

121 Id. (citing Qualitex Co. v. Jacobson Prods. Co., 514 U.S. 159, 163–64 (1995)).
In an effort to limit consumer confusion and economic consequences, trademark dilution law prohibits "interferences with the uniqueness of a trademark." \(^{122}\) As Bradford explains the concept: "consumers may or may not think that 'Chevrolet shoes' were made by the car company, but their presence in the marketplace would diminish or 'dilute' the singularity of the original Chevrolet mark." \(^{123}\) Bradford continues by noting that the goal of these prohibitions is to prevent "the gradual whittling away or dispersion of the identity and hold upon the public mind of the mark or name by its use upon non-competing goods." \(^{124}\) Finally, Bradford gives examples of contemporary dilutive uses of famous marks, including the use of the mark "Perfume-bay" for E-bay, "Nikepal" for Nike, and the name "Hot Rigz" for "Hot Wheels" toy cars. \(^{125}\)

It is clear that most trademark holders find dilution damaging and believe that dilution harms the value created in their trademark. \(^{126}\) According to Bradford, supporters of "dilution regulation have linked the dilution cause of action to the goal of lowering search costs." \(^{127}\) They argue that the loose use of well-known symbols will cause a trademark's meaning and significance to decline, thus also decreasing a mark's utility as a means for quickly locating goods. \(^{128}\) Based on this view, "free-riding on the familiarity of well-known marks increases 'internal search costs', or the amount of mental time and effort consumers must expend to connect the mark to its original owner and larger goodwill." \(^{129}\)

Bradford points out that "critics are skeptical that a few extra seconds of cogitation, assuming they are required, justifies a race to the federal courthouse.

\(^{122}\) Id.

\(^{123}\) Id.

\(^{124}\) Id. (quoting Frank I. Schecter, The Rational Basis of Trademark Protection, 40 HARV. L. REV. 813, 825 (1927)).

\(^{125}\) Id. See, e.g., Perfumebay.com Inc. v. eBay, Inc., 506 F.3d 1165 (9th Cir. 2007); Jada Toys, Inc. v. Mattel, Inc., 518 F.3d 628 (9th Cir. 2008); Nike, Inc. v. Nikepal Int'l, Inc., 84 U.S.P.Q.2d (BNA) 1820 (E.D. Cal. 2007).

\(^{126}\) Bradford, supra note 118, at 1231.

\(^{127}\) Id. (citing Richard A. Posner, When Is Parody Fair Use?, 21 J. LEGAL STUD. 67, 75 (1992) ("A trademark seeks to economize on information costs by providing a compact, memorable, and unambiguous identifier of a product or service. The economy is less when, because the trademark has other associations, a person seeing it must think for a moment before recognizing it as the mark of the product or service.").

\(^{128}\) Id. at 1232; see also Amstar Corp. v. Domino’s Pizza, Inc., 615 F.2d 252, 265 (5th Cir. 1980) ("Dilution . . . occurs 'where the use of the trademark by the subsequent user will lessen the uniqueness of the prior user's mark with the possible future result that a strong mark may become a weak mark.'").

\(^{129}\) Bradford, supra note 118, at 1232.
if consumers are not actually confused about who makes a particular good.”

"Famous marks have always existed" in the same market with “lesser-known” trademarks. Bradford considers two market leaders in separate industries as examples: Ford Motor Company and the Ford Modeling Agency. While it does not appear that either company is negatively impacted by the other, the consumer presumably “must spend a certain amount of time or effort to distinguish them.” Protecting these and similar trademarks, however, appears to be in direct conflict with First Amendment values that encourage “criticism of, discussion about, and comparison with well-known brands.” Bradford finds it unsurprising that “courts have found the harm threatened by dilution ‘dauntingly elusive’ to comprehend; accordingly [the courts] have been reluctant to enforce the law as written.”

“Dilution regulation aims to preserve the signaling value of brand familiarity for consumers,” but it may overstep boundaries and interfere with other businesses’ ability to create marks. Proponents of dilution regulation argue that because consumer markets suffer from information asymmetries in which sellers possess better information than buyers, buyers depend on signals from sellers and other third parties in making purchasing decisions. Essentially, the basic argument made by those in favor of dilution regulation is that consumers rely on the familiarity of trademarks as an indicator of a certain quality that has come to be associated with that particular brand, which helps to reduce risk and evaluation costs.

130 Id.; see also Jacob Jacoby, The Psychological Foundations of Trademark Law: Secondary Meaning, Genericism, Fame, Confusion and Dilution, 91 TRADEMARK REP. 1013, 1047 (2001) (explaining how consumers will require additional information when confronted with a second comer trademark).
131 Bradford, supra note 118, at 1232–33.
132 Id.
133 Id. at 1233 n.19 (citing Transcript of Oral Argument, Moseley v. Victoria’s Secret Catalogue, 537 U.S. 418 (2003) 2002 WL 31643067 at *10–11) ("[P]osing the questions whether the two uses of Ford, and also Delta Airlines, Delta Plumbing and Delta Dental caused the same kind of harm as dilution.").
134 Id. at 1233; see also Rebecca Tushnet, Gone in Sixty Milliseconds: Trademark Law and Cognitive Science, 86 Tex. L. Rev. 507, 550–51 (2008) (discussing the use of the suffix “Mc” from McDonald’s to “indicate convenience, cheapness, uniformity, and other qualities associated with McDonald’s . . . [with such] pervasive communicative uses . . . as shorthand for a set of qualities keeps the mark’s meanings from being locked down”).
135 Bradford, supra note 118, at 1233 (citing Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449, 451 (4th Cir. 1999)).
136 Id. at 1234–36.
137 Id.
138 Id. at 1235.
B. WHY MOST CASES ARE NOT LITIGATED

As former Chief Justice Warren E. Burger once said, “for many claims, trials by the adversarial contest must in time go the way of the ancient trial by battle and blood. Our system is too costly, too painful, too destructive, [and] too inefficient for a truly civilized people.”\(^\text{139}\) As such, the small business owner may feel defeated before even stepping foot into the courthouse when “faced with uncertainties such as the length of a trial, the amount of discovery required, the success of winning on the merits and the likelihood of appeal.”\(^\text{140}\) Regardless of the relative merits of a small business owner’s case, the seemingly endless resources of his opponent will undoubtedly intimidate him.\(^\text{141}\) For the average small business owner, “adequate representation of his claim lies in a quicker and more cost-effective alternative to litigation.”\(^\text{142}\)

In addition to smaller companies, larger corporations may also elect not to engage in the typical litigation route for many reasons.\(^\text{143}\) First, the number of potential infringers is possibly infinite and the list could include both small and large businesses. Second, larger companies put their reputation on the line and are often under strict public scrutiny when they file suit against other companies for trademark infringement in the typical litigation setting.\(^\text{144}\) As mainstream media follows high-profile litigation with microscopic precision, a company that pursues that route risks being called a trademark bully.\(^\text{145}\) Moreover, even though only a handful of cases actually make it to the trial stage,\(^\text{146}\) the endless cycle of the “filing of complaints is costly and would still invite the attention of the media and the public alike.”\(^\text{147}\)

\(^\text{140}\) Boris Shapiro, Trademark Arbitration: A First Rate Change for a Second Life Future, 8 CHI.-KENT J. INTELL. PROP. 273, 287 n.53 (2009) (citing in support federal documents stating that federal court cases take an average of 23.3 months from filing to disposition).
\(^\text{141}\) Id.
\(^\text{142}\) Id.
\(^\text{143}\) Id.
\(^\text{144}\) Id. at 287–88; see, e.g., My Dough Girl vs. Pillsbury Corporation, FACEBOOK, http://www.facebook.com/my.dough.girl.vs.pillsburycorporation (last visited Oct. 2, 2011) (exemplifying the potential harm to a corporation’s reputation through a fan-based shame campaign on Facebook against General Mills’ Pillsbury subsidiary for demanding a locally owned cookie shop called “My Dough Girl” change the business’s name).
\(^\text{146}\) 55 AM. JUR. Trials § 483 (2008) (reporting that only 3% to 4% of the eighteen million civil cases filed in state courts each year go to trial).
\(^\text{147}\) Shapiro, supra note 140, at 288.
“LEAVE LITTLE GUYS ALONE!”

Perhaps the most troubling aspect of the litigation route for any company “is that the outcome of the litigation is essentially out of their hands.”148 First, all of the normal variables that exist in any jury trial are also present in trademark infringement suits, including the judge assigned to the case, which lay people are selected to be members of the jury, and what evidence is admitted or excluded.149 Stakes are exponentially higher in cases involving intellectual property disputes where the subject matter could potentially be very technical.150 “This realization is driven home when [the company is] waiting for the jury to return a verdict or a judge to announce a decision. At that moment, it is crystal clear the outcome can go either way and [the company] might lose.”151

A small business has limited resources to avoid litigation when faced with possible lawsuits from overly aggressive trademark holders due to unpredictable litigation outcomes and large legal bills. Large businesses, and even entire industries, should also respond to these risks conservatively. They should adopt “trademark rights clearance practices” to avoid the danger of liability, thereby “institutionalizing an incentive structure contrary to free speech values.”152 For example, insurers often insist on rights clearance for every single expressive use of a trademark in documentaries.153 Also, “reality television producers obscure unlicensed trademark logos captured incidentally in the footage they air.”154 Google also allows trademark holders to “ban the use of their trademarks in others’ advertisements.”155 Finally, the virtual game world Second Life generally forbids graphical items created by individuals if they incorporate trademarks.156 These policies, which go beyond what the law requires, are designed to remove even the smallest risk of trademark disputes, and are a cost of the current

148 Id.
149 Id.
150 Id.
151 Id.
The extreme caution may be to high of a cost when it censors "artists or critics who rely on institutional support to disseminate their speech." To protect their intellectual property rights, companies may feel they must use aggressive tactics because of the uncertainties inherent in pursuing traditional litigation. A recent study determined that "a continued increase in the number of trademark cases filed, combined with decreases in the percentage of cases that reach trial, suggested that [trademark owners] were filing strike suits aimed at forcing quick or favorable settlements." More evasive (and harder to measure) than strike suits are cease and desist letters. Trademark owners often send cease and desist letters even when the use of the mark is almost certainly legal under current law. Such threatening letters, which usually are printed on formal law firm stationery and contain intimidating legal jargon, "have been colorfully characterized as 'gorilla chest thumping' and 'trademark extortion.'" Most trademark holders send this type of letter as a standard procedure because there is little disadvantage to sending one. In fact, some facets of trademark law force businesses to police their marks in order to maintain them so that it cannot be said that the marks were

157 Id. 158 Id. 159 Id. at 63–64 (citing Kenneth L. Port, Trademark Extortion: The End of Trademark Law, 65 WASH. & LEE L. REV. 585, 589–90 (2008) (discussing how some trademark holders send cease and desist letters even if the cases "are almost never prosecuted to a conclusion on their merits"). 160 Id. at 64. 161 Id. at 64 n.72 (citing Marjorie Heins & Tricia Beckles, Brennan Ctr. for Justice, N.Y. Univ. Sch. of Law, Will Fair Use Survive?: Free Expression in the Age of Copyright Control 35–36 (2005), http://www.fepproject.org/policyreports/WillFairUseSurvive.pdf (last visited Oct. 2, 2011) (discussing an "unscientific study of cease-and-desist letters involving both copyright and trademark claims [that] found significant degrees of compliance even where the intellectual property claims were weak or potential defenses were strong"). McGeveran also gives two examples of clearinghouses that catalogue threats regarding intellectual property rights. Id. (citing Chilling Effects Clearinghouse, http://www.chillingeffects.org/search.cgi (last visited Oct. 2, 2011); Citizen Media Law Project, Legal Threats Database, http://www.citmedialaw.org/database (last visited Oct. 2, 2011) (showing the difficulty of conducting a more rigorous study of a phenomenon that typically goes unreported and unlitigated, but this online database documents legal threats involving trademarks and other intellectual property matters)). 162 Id. at 64 (citing Chilling Effects Clearinghouse Frequently Asked Questions (and Answers) About Trademark, http://www.chillingeffects.org/trademark/faz.cgi (last visited Oct. 2, 2011); Port, supra note 162, at 633). 163 McGeveran, supra note 152, at 64 n.75 (citing David V. Radack, NAT'L FED. INDEP. BUS., Your Trademark Is Your Business, You Better Protect It (Sept. 24, 2003), http://www.nfib.com/busines s-resources/business-resources-item?cmsgid=16336 (last visited Oct. 2, 2011) ("In the case of an 'innocent' or timid infringer, a letter demanding that the infringement cease and desist may be enough. This is a relatively cheap alternative to going to court.").
abandoned. This can lead to overly aggressive behavior, including sending off frivolous cease and desist letters.

According to another commentator, William McGeveran, one suggestion to help alleviate this type of bullying is the use of licensing agreements in situations where the smaller business is likely to win but the larger business has infinitely more resources. McGeveran notes that there are at least three reasons why heavily relying on voluntary licensing in these situations would not help the problem. First, obtaining licenses is often difficult and expensive. McGeveran contends that there is little or no incentive for large businesses to even respond to various small business, and thus lower-stakes, licensing requests. He believes that even if for some reason they did engage in licensing agreements with smaller businesses, “the pricing of the transaction would reflect both these costs and the [trademark owner’s] monopoly position.” The sum of all those costs would further discourage the little guy and greatly diminish the helpfulness of licensing devices, especially for smaller businesses.

Second, “legally unnecessary trademark licensing produces a feedback effect that further shrinks the public domain.” As previously discussed, “trademark law defines infringement based upon consumer understanding,” or lack thereof, in which case it would be consumer confusion. McGeveran continues his analysis by stating that “widespread overcautious licensing fortifies consumers’ expectations that such licensing is legally required.” In turn, this distorted view of the law “increases the likelihood that consumers will be confused in the future by an unauthorized expressive use of a mark,

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164 3 McCarthy on Trademarks and Unfair Competition § 17:6 (2011) (explaining failure to police can lead to abandonment).
165 McGeveran, supra note 152, at 64 (citing Deven R. Desai & Sandra L. Rierson, Confronting the Genericism Conundrum, 28 Cardozo L. Rev. 1789, 1839–40 (2007) (describing the policing incentive created by fear of a trademark becoming generic)).
166 Id.
167 Id.
168 Id.
169 Id. at 65.
170 Id.
171 Id. at 65 n.78 (citing Port, supra note 159, at 590 (listing various means that the current trademark owner uses to broaden the trademark’s scope and shrink the public domain)).
172 Id. at 65.
173 See AMF Inc. v. Sleekcraft Boats, 599 F.2d 341, 348 (9th Cir. 1979) (stating that when goods produced by the alleged infringer compete for sales with those of the trademark owner, infringement usually will be found if the marks are sufficiently similar that confusion can be expected).
174 McGeveran, supra note 152, at 65.
rendering even more uses infringing.” McGeveran concludes this second point by finding that “the chilling effect of unstable fair use protection causes more problems for trademark law than does the parallel problem in copyright law, where the definition of rights does not depend on subjective public understanding.”

The third and most substantial objection raised by McGeveran to relying on licensing arises when the potential use negatively reflects the trademark. McGeveran cautions that “license requirements give trademark owners vetoes over criticism and parody of themselves or their products” and therefore only encourages arrangements that depict trademarks in a positive light. “Truly consensual agreements to make favorable expressive uses (involving, say, a large consumer-products [trademark owner] and a Hollywood movie studio) may be mutually beneficial and perhaps relatively inoffensive to public interests.” McGeveran once more warns that the “pressure to license all uses would deprive the public of unfettered discourse about products and their makers.”

Therefore, McGeveran explains that the existing trademark fair use laws deter unlicensed uses of trademarks or, alternatively, encourage submission on behalf of the smaller businesses when threatened with legal action. This “intermittent chilling effect has grown into a more widespread expectation of licensing that influences both individuals and institutions in their approach to trademarks.” Ultimately, McGeveran asserts that licensing is not a viable solution to the problem because of the three factors he lays out above.

C. PROPOSED SOLUTION

A new structure should exist where small businesses are free to create their own marks and not be afraid of overly litigious companies. This is not to say the power imbalance between large and small companies would or even should be changed, but there are some improvements that should be implemented. According to McGeverean, “with clearer law and simpler, shorter litigation,
both individuals and institutions should be more likely to engage in expressive uses and more likely to persist in those uses when faced with the prospect of legal action. At the same time, trademark owners should be less likely to engage in unreasonably aggressive behavior or pursue litigation that is clearly frivolous.

There are several options to curtail overly litigious and aggressive companies. Cease and desist letters are typically the means through which a company initially threatens small business owners. Currently, trademark owners face little disincentive to sending these letters and the misuse and overuse of cease and desist letters has effectively expanded trademark law’s doctrine. Therefore, a starting place would be to create ways to thwart unmeritorious cease and desist letters. A few suggestions could include punishing coercion, requiring that copies of cease and desist letters be sent to the Patent and Trademark Office, or assessing penalties once a certain threshold of letters is met. Additionally, returning to showing actual economic harm may force larger companies to have legitimate claims before they begin firing off baseless cease and desist letters.

One option may simply be greater public scrutiny of behavior by trademark owners. As discussed earlier, fans of smaller companies or individuals will rally for their cause by going to the Internet either through a forum or even by creating a Facebook page. Publicity was used to great effect in the dispute between North Face, a popular outdoor apparel company, and a college student. The overwhelmingly negative media attention garnered the smaller company enough support to counteract the considerable resources North Face had at its disposal. Replicating this outcome in countless other cases where trademark owners go too far may help deter overly aggressive behavior.

Alternatively, creating a public database of trademark owner cease and desist letters may bring these often hidden scare tactics to the surface of media attention. For example, trademark owners could be required to send a copy of every cease and desist letter to a public repository, which would create a database of letters that could be monitored and scrutinized. A website called “Chilling Effects Clearinghouse” serves an analogous function, but it relies...
on recipients voluntarily contributing cease and desist letters rather than forcing senders to submit them. If this approach is taken, then Congress must eliminate the argument that a cease and desist letter can be protected under copyright law, which allows cease and desist senders to threaten an unmerited copyright infringement (or other) claim if the recipient publicly shares the letter.\footnote{189 See, e.g., In re Subpoena Issued Pursuant to the Digital Millennium Copyright Act To: 43SB.Com, LLC, No. MS07-6236-EJL, 2007 WL 4335441 (D. Idaho Dec. 7, 2007).}

A second option could involve hiring a central monitor who would call attention to unreasonable trademark enforcement efforts through some form of public shaming. Chilling Effects Clearinghouse is a step in this direction, as it publishes demand letters in a neutral format on a website. While this solution would generate additional costs, the social benefits of this scrutiny could be enormous. This sort of availability to the public may incite discussions about particular trademark holders who continuously act as trademark bullies. Those discussions could, in turn, bring about changes in the way companies protect their trademarks.

Another route may be found in the progress made on a proposed federal anti-SLAPP law, which stands for “Strategic Lawsuit Against Public Participation.”\footnote{190 Citizen Participation Act of 2009, H.R. 4364, 111th Cong. (2009).} The term was coined about three decades ago by two Denver University professors, George Pring and Penelope Canan.\footnote{191 GEORGE W. PRING & PENEOLOPE CANAN, SLAPPs: GETTING SUED FOR SPEAKING OUT 8-9 (1996).} Pring and Canan recognized that lawsuits were discouraging people from participating in vital government processes.\footnote{192 Id. at 188–207.} Thus, they advocated for a statute that would curb these anti-democratic lawsuits.\footnote{193 Id.} While this is a step in the right direction, it is incomplete because anti-SLAPP protection only applies once a plaintiff has actually dragged a defendant into court—a subset of the problematic situations involving cease and desist letters. However, the anti-SLAPP law may apply to trademark lawsuits,\footnote{194 See Mindys Cosmetics, Inc. v. Dakar, 611 F.3d 590 (9th Cir. 2010) (holding that the act of filing a trademark application with the United States Patent and Trademark Office was protected by anti-SLAPP statute).} so it could offer a useful expedient in some cases.

A final solution could be to look to international law involving threat actions in the United Kingdom and other commonwealth countries. In these countries, threat actions allow a cease and desist letter recipient to sue the sender and obtain damages including attorney’s fees for the suit.\footnote{195 See, e.g., Trade Marks Act of 1994, c. 26, § 21 (Eng.).} For example, Section 21 of the Trade Marks Act of 1994 states that where a trademark owner
makes groundless threats of infringement proceedings, any person aggrieved may ask the court for a declaration that the threats are unjustifiable, an injunction to restrain the continuance of the threats, and damages for any loss sustained by the threats.\textsuperscript{196} The essential components of a threats action are that a relevant threat has been made, that the person threatened is “a person aggrieved” and finally, that the threat is unjustified.\textsuperscript{197}

Borrowing from the threats action legislation in the United Kingdom would not be entirely seamless. The threats provisions appear to run counter to the Federal Rules of Civil Procedure (FRCP) which encourage parties to pursue alternative dispute resolution before commencing litigation.\textsuperscript{198} The FRCP encourage parties to put their respective cases to each other before litigation starts, and there is clear tension between the talk-first policy of the FRCP and the sue-first policy potentially encouraged by the threats legislation. These solutions would help avoid the current trend of large companies acting as trademark bullies against smaller companies with fewer resources and forcing them into submission. While some of the small businesses discussed in this Note have been successful, an immeasurable majority of businesses yield to the threats of larger corporations.

IV. CONCLUSION

The Trademark Technical Conforming Act of 2010 comes at an interesting time. The most important provision of this Act is a call to action for a study to be conducted concerning the long-term effects of unreasonably aggressive trademark owners. This study, while a seemingly small step, may put into motion meaningful reform in the way that large companies communicate with small companies when they believe their trademark is being infringed. Certainly, small companies are not always on the right side of the law and, oftentimes, the large company has a duty to police their trademark by alerting small and large companies alike that they may be engaged in illegal behavior. Engaging in some sort of trademark monitoring is necessary for all trademark owners. Admittedly, it is the larger companies who engage in overly aggressive litigious behavior that inspired the TTCA’s creation.

While the goals of trademark law are to prevent consumer confusion, some larger companies overstep their bounds and become “bullies” when they harass smaller, lesser-known companies. This legislation, while a step in the right direction, merely acknowledges that a problem with these business tactics may

\textsuperscript{196} Id.
\textsuperscript{197} Id.
\textsuperscript{198} FED. R. CIV. P. 26(f)(2).
be forming. Further action is necessary to protect both consumers and the owners of smaller businesses. The proposed solutions aim to suggest possible methods to improve the position of small business owners in the face of overly aggressive competitors. While there are definite costs associated with implementing each of these solutions, their benefits may prove to outweigh these costs significantly.

The study required by the 2010 Trademark Technical Conforming Amendment Act comes after revisions to existing trademark law have been seemingly ineffective in helping small business owners, given past jurisprudence governing famous trademarks and dilution claims. While it is still unclear what results this study will generate, if any, it certainly has reopened a legislative dialogue that began with the Trademark Dilution Act of 1995. At a minimum, small business owners should feel some comfort in knowing that Congress is acknowledging the impact that trademark bullies have in the marketplace. Even if the study does not come out in favor of small businesses, perhaps they should hone their lobbying skills while the topic is still up for debate in Congress.