State Anti-Dilution Statutes Under the Pre-emption Analyses of Gade v. National Solid Wastes Management Ass'n

George G. Boyd Jr.
STATE ANTI-DILUTION STATUTES UNDER THE PRE-EMPTION ANALYSES OF GADE V. NATIONAL SOLID WASTES MANAGEMENT ASS’N

INTRODUCTION

In 1992, the Supreme Court, in *Gade v. National Solid Wastes Management Ass’n*, held that Illinois law, which provided for the training, testing and licensing of hazardous waste site workers, was pre-empted by the federal Occupational Safety and Health Act (hereinafter OSH Act).1 While the decision to pre-empt commanded a majority of the court, the majority did not agree on the grounds for pre-emption.2 The plurality argued for implied pre-emption.3 The concurrence argued for express pre-emption.4

The competing pre-emption viewpoints expressed by the members of the Court create an extremely interesting tension. Four justices held for implied pre-emption based on an extremely expansive implied intention inquiry.5 One justice held that the language of the federal OSH Act expressly pre-empted the state statute.6 But, five justices, combining the concurrence and dissenters, held that there was no direct conflict between the state legislation and the federal Act.7

---

2 The plurality consisted of J. O’Connor (writing), C.J. Rehnquist, J. White, and J. Scalia. J. Kennedy concurred, basing his finding of pre-emption only on express grounds.
3 *Gade*, 505 U.S. at 108-09 (J. Kennedy, concurring in part and concurring in judgment).
4 *Id.* at 109.
5 *Id.* at 98-99.
6 *Id.* at 109.
7 *Id.* at 110, 115.
Justice Kennedy provided the swing vote. Although he found no conflict between the state and federal laws, he found express pre-emption based on an expansive, holistic reading of the statute. Of especial interest is Kennedy's observation that in the absence of express pre-emption, the states should be allowed to supplement existing federal regulation. This observation raises interesting questions under the Lanham Act, which many commentators currently understand as providing only a floor of federal regulation.

The Court stated that the divination of Congressional intent was of primary importance in implied pre-emption analysis. The plurality looked not only to the language and structure of the OSH Act to find this intent, but also to its legislative history. The broad reach of the implied pre-emption analysis, looking to legislative history, exposes state anti-dilution statutes to a new attack.

The purpose of this Note is to assess state anti-dilution statutes' ability to withstand pre-emption analysis under the framework established in Gade. The discussion will first detail the method of analysis applied by the Supreme Court in Gade. The goal of this initial investigation is to extract the analytical framework from the OSH Act context. The discussion will then proceed to an overview of the development and content of anti-dilution statutes. Finally, the pre-emption framework derived from Gade will be applied to the state antidilution statutes.

**PLURALITY AND CONCURRENCE IN GADE**

The state of Illinois enacted statutes in 1988 governing the licensing of hazardous waste equipment operators. The laws

---

8 Gade, 505 U.S. at 109-14.
9 Id. at 110-11.
11 Gade, 505 U.S. at 96 (quoting Allis-Chalmers Corp. v. Lueck, 471 U.S. 202, 208 (1985)).
12 Id. at 100-02.
established stringent standards such as 4,000 hours minimum experience working with the equipment used for the handling of hazardous waste.\textsuperscript{14} The state justified the measures on the ground that they protected the health and safety of employees and the general public.\textsuperscript{15}

Before the effective date of the licensing requirements, the National Solid Waste Management Association brought suit in federal court seeking a declaratory judgment that the state legislation was pre-empted by the OSH Act.\textsuperscript{16} The Association is a national trade group comprised of businesses that handle many aspects of hazardous waste transport and disposal.\textsuperscript{17} The district court held that pre-emption under the OSH Act would not be a problem if the laws had a "legitimate and substantial purpose apart from promoting job safety."\textsuperscript{18} The court then applied that standard and found that the laws were not pre-empted because their goals included protection of the public at large.\textsuperscript{19}

On appeal, the Seventh Circuit Court of Appeals held that the OSH Act pre-empted all state laws that, without explicit approval by the Secretary of Labor, directly, clearly and substantially regulated worker health and safety.\textsuperscript{20} The court of appeals remanded the case without a finding of pre-emption because the regulations mandated by the state laws had not reached their final form.\textsuperscript{21} The court of appeals made clear, however, that the state could not protect employee health and safety by passing laws under the mask of environmental regulation or protection of the general

\textsuperscript{14} Id. para. 220(5)(d) (Smith-Hurd 1993) (formerly 7705(d)).
\textsuperscript{15} Gade, 505 U.S. at 93.
\textsuperscript{16} Nat'l Solid Wastes Mgmt. Ass'n v. Killian, No. 88 C 10732, 1989 WL 96438 (N.D. Ill. Aug. 17, 1989), vacated, 918 F.2d 671 (7th Cir. 1990), aff'd, 505 U.S. 88 (1992). The Association's declaratory judgment suit was also predicated on the ground of interference with the Commerce Clause. The Supreme Court does not address this issue in its pre-emption discussion, and from a theoretical standpoint it is inapposite to the current discussion.
\textsuperscript{17} Gade, 505 U.S. at 93.
\textsuperscript{18} Killian, No. 88 C 10732, 1989 WL 96438 at *3.
\textsuperscript{19} Id. at *5. One component of the laws was invalidated. The requirement of training within the state of Illinois was deemed outside of the stated purposes of the statute. Id.
\textsuperscript{20} Nat'l Solid Wastes Mgmt. Ass'n v. Killian, 918 F.2d 671 (7th Cir. 1990), aff'd, 505 U.S. 88 (1992).
\textsuperscript{21} Id. at 684.
The Supreme Court granted certiorari to address what it deemed to be a conflict among the circuits regarding the pre-emptive effect of the OSH Act on certain state regulations.

The Court began its discussion by defining the fundamental question in the pre-emption analysis to be one of Congressional intent. The plurality’s discussion of the structure of pre-emption is important because of the wide range it leaves to implied pre-emption. The plurality bifurcated pre-emption into two basic types: express and implied.

The pre-emption is express if "Congress' command is explicitly stated in the statute’s language." The pre-emption is implied if it is "implicitly contained in [the statute’s] structure and purpose."

With this description of the two branches of pre-emption, the plurality proceeded to further subdivide implied pre-emption. Under that general heading, there are “at least two types of implied pre-emption.” The first, where the federal regulation provides such a comprehensive scheme that there can be no reasonable inference that Congress intended room to be left for the states to regulate, is field pre-emption. The second, where it is either physically impossible to comply with the federal and state regulations simultaneously or where the state law operates as an interference to the fulfillment and satisfaction of the federal “purposes and objectives,” is conflict pre-emption.

The plurality opinion, in applying its analytical framework to the

---

22 Id.
23 Gade, 505 U.S. at 95.
24 Id. at 96.
25 Id. at 109 ("[The plurality view] is based on an undue expansion of our implied pre-emption jurisprudence. . . .") (Kennedy, J., concurring).
26 Id. at 98.
27 Id. (quoting Jones v. Rath Packing Co., 430 U.S. 519, 525 (1977)).
28 Gade, 505 U.S. at 98 (quoting Jones v. Rath Packing Co., 430 U.S. 519, 525 (1977)).
29 Id.
30 Id. (emphasis added). While the plurality does not specify any other subdivisions of implied pre-emption, it seems to imply that field and conflict pre-emption are not the exhaustive list. This is reinforced by Kennedy's observation of the troublesome breadth of the plurality's opinion.
31 Id. (quoting Fidelity Fed. Sav. & Loan Assoc. v. Dela Cuesta, 458 U.S. 141, 152-53 (1982)).
32 Id. at 2383 (citing Florida Lime & Avocado Growers, Inc. v. Paul, 373 U.S. 132, 142-43 (1963)) (quoting Hines v. Davidowitz, 312 U.S. 52, 67 (1941)).
facts of the instant case, further refined the scope of field and conflict pre-emption. 33 Although the plurality applied the term "conflict pre-emption" to the case before it, it said that "field pre-emption" would have been an equally appropriate term. 34 The plurality explained that " [f]ield pre-emption may be understood as a species of conflict pre-emption." n36

As to the specifics of conflict pre-emption, the plurality stated that state law conflicts with federal law when it " 'stands as an obstacle' to the full implementation of a federal law." 36 There are two points for a court to consider when determining if the state law is an obstacle. First, the court must look to the stated purpose of the state law in question. 37 Because the state has an incentive to avoid pre-emption by offering up pretextual reasoning, the court is required to look further. In the deeper, second examination, it must look to the state law's actual impact. 38 The plurality makes clear that even if the federal and state laws are aimed at the same end results, pre-emption will occur if the state law interferes with the means by which the federal statute seeks to achieve those ends. 39

Having established this framework, the Court announced its holding that "the nonapproved state regulation of occupational safety and health issues for which a federal standard is in effect is impliedly pre-empted as in conflict with the full purposes and objectives of the OSH Act." 40 The plurality then launched into the method of analysis that supports that holding. 41

The plurality's pre-emption analysis can be divided into two parts. The first part is its examination of the statutory language of the OSH Act. 42 Contending that the plurality incorrectly included this examination under the rubric of implied pre-emption,
Justice Kennedy was forced to splinter off into a concurring position. The second part is the plurality's examination of the legislative history of the OSH Act.

The plurality termed as the "ultimate task in any pre-emption case" the determination of whether the state regulation is "consistent with the structure and purpose of the statute as a whole." That said, the plurality turned to an examination of the plain language of the statute. The plurality cited as the "principal indication" of Congress' intent to pre-empt state law a section of the OSH Act, § 18(b), which outlines the procedure that a state "shall" follow if it desires to take over regulation of any occupational safety and health area which is currently under federal regulation. The court read the mandatory language of the statute as a plain negation of the state's power to assume such responsibility without adherence to the procedure outlined for obtaining the Secretary's approval.

The plurality buttressed this argument by looking to § 18(a), which protects any state regulation of occupational safety and health areas for which no federal standard is in effect. In the eyes of the plurality, this "savings clause" supports the negative inference that where state laws regulate areas for which there is federal regulation, there is no pre-emption protection. This reading is necessary, according to the plurality, or § 18(b) becomes superfluous.

The plurality found similar support for its view by looking to two other provisions, § 18(c) and § 18(f). The former provides the requirements a state plan must meet in order to be approved by the Secretary. The latter mandates the approval of the Secretary before a state can begin to regulate in an area where there is

42 Gade, 505 U.S. at 104 n.2; id. at 109.
43 Id. at 101-02.
44 Id. at 98.
45 Id. at 99-01.
46 Id. at 100.
47 Gade, 505 U.S. at 99.
48 Id.
49 Id. at 100.
50 Id.
51 Id.
52 Gade, 505 U.S. at 100-01.
53 29 U.S.C. § 667(c) (1988); 505 U.S. at 100-01.
The importance of the plain language of the statute to the plurality's finding of implied pre-emption is indicative of how very narrow a scope remains for express pre-emption. The plurality would presumably find express pre-emption only in cases where the statute explicitly says, "the state may not legislate" or "all state legislation/regulation coincident with this federal legislation shall be pre-empted." While such language is not uncommon in federal statutes that intend to pre-empt state laws, Justice Kennedy found serious problems with giving such phrases talismanic significance.

Kennedy did not join the plurality solely because he found the line, as delineated by the plurality, between express and implied pre-emption to be far too formalistic. He would instead allow non-explicit statutory language to create express pre-emption when such a reading is a legitimate interpretation of the "clear and manifest purpose of Congress." According to Kennedy, the plurality's expansive implied pre-emption definition violates basic principles of pre-emption jurisprudence. Kennedy argued that the "historic police powers" of the state should not be overridden absent explicit Congressional intent and, further, that Congressional purpose should be the ultimate guide in all pre-emption cases. By broadening the scope of implied pre-emption, the plurality encouraged an analytical path that will allow unbridled judicial investigation into tensions between state and federal objectives. According to Kennedy, pre-emption is the sole prerogative of the legislature. The plurality's method, by encouraging a broad investigation to discern possible grounds for pre-emption, undermines the exclusive right of the federal legisla-

---

55 See Gade, 505 U.S. at 98 (advocating need for explicit pre-emptive language).
56 Id. at 112.
57 Id. at 109.
58 Id. at 111 (quoting Rice v. Santa Fe Elevator Corp., 331 U.S. 218, 230 (1947)).
59 Id. at 109-11.
61 Id.
62 Id.
J. INTELL. PROP. L.

ature to pre-empt state law.63

Kennedy concurred, however, because he believed that the state legislation was expressly pre-empted by the federal OSH Act.64 He argued that precedent supported a broad statutory inquiry in express pre-emption cases.65 It is then entirely appropriate to look for Congressional intent not just in specific statutory pre-emption phrases but in the "language, structure, and purposes of the statute as a whole."66 In applying such a holistic examination to the statute, the concurrence falls into total agreement with the plurality's statutory analysis.67

Significantly, however, the plurality added another component to its pre-emption analysis. It goes from the statutory language into the legislative history to further validate its statutory reading.68 This seemingly unnecessary extension raises concerns consistent with Justice Kennedy's fear of an overly broad definition of implied pre-emption. If the scope of express pre-emption is limited to explicit, magic word pre-emption phrases, those statutes whose structure manifests a Congressional intent to pre-empt state involvement will be vulnerable to a more far-reaching judicial inspection under the auspices of implied pre-emption. Accepting the plurality's analytical framework, a court should not only look to the structure of the statute, it should also search into external sources including the legislative history. In those cases, as Justice Kennedy feared, the traditionally exclusive prerogative of the federal Congress to pre-empt state legislation may well be undercut.

An examination of the scope of the plurality's historical inquiry in Gade illustrates the liberality of its analysis. The plurality used the legislative history of another section of the OSH Act to support

63 Id.
64 Id. at 109.
66 Id. at 112 (citing Ingersoll-Rand Co. v. McClendon, 498 U.S. 133, 138 (1990)).
67 Id. at 114.
68 Id. at 101-02.
an inference of pre-emption. Section 18(h) contains the transi-
tional provisions for the OSH Act. Under the Act's authority,
the Secretary could enter into agreements with the state that
would allow the state to continue to enforce its occupational health
and safety standards for two years or until the Secretary took some
final action.

The plurality found it significant that section 18(h) did not limit
its application to those areas in which the state wished to totally
replace coincident federal standards. The plurality read the
section as requiring agreements in all areas. The facial implica-
tion of the missing limitation was that the state could not continue
unapproved regulation even in areas where its regulation could be
deemed supplemental to the federal regulation.

To support this reading, the plurality pointed to the original
Senate version of the provision. In that version, the state could
enter into agreements with the Secretary only if the standards it
wished to enforce were not in conflict with the federal standards.
The early Senate version found a conflict between the state
regulation and the federal regulation even if the state standards
were more stringent than the federal standards.

The plurality concluded that, even though the Senate version of
the provision was not included in the final act, it demonstrated the
Congressional understanding that stricter state standards did not
relieve the state of the necessity of entering into a transitional
agreement. Perhaps cognizant of the analytical problem of
showing Congressional intent via a provision that was eliminated
from the final version of the Act, the plurality further stated that

---

69 Gade, 505 U.S. at 101-02; see Jane M. Lyons, Note, Gade v. National Solid Wastes
Management Association: Reality Check on the Preemption Doctrine, 10 J. CONTEMP. HEALTH
L. & POL'Y 563, 573 (1993) ("[T]he plurality switched from trying to give effect to every word
of the statute to placing significant reliance on the legislative history . . . ").
71 Gade, 505 U.S. at 101.
72 Id.
73 Id.
74 Id. at 101-02.
75 Gade, 505 U.S. at 101-02.
76 S. 2193, 91st Cong., 2d Sess. § 17(h), 116 CONG. REC. 37637 (1970); Gade, 505 U.S. at
101-02.
77 Gade, 505 U.S. at 101-02.
78 Id. at 102.
the Secretary's contemporaneous reading of the enacted § 18(h) expressed the same understanding.\textsuperscript{79}

It is essential to note that while the plurality inferred from the legislative history a Congressional intent to pre-empt even those state standards which exceeded the federal standards, Kennedy's concurrence does not reach a similar conclusion. Restricting his analysis to the text of the statute, Kennedy made clear that lacking the "express provisions," he "would not say that state supplementary regulation conflicts with the purposes of the" federal Act.\textsuperscript{80} The state, in Kennedy's view, has the right to "ratchet" up.\textsuperscript{81}

The plurality proceeded from its finding of implied pre-emption to dismiss the state's remaining arguments.\textsuperscript{82} The plurality expressly refused to provide any exception to pre-emption for state statutes that address public safety in addition to occupational health and safety concerns.\textsuperscript{83} They then reasoned that under the implied pre-emption framework, state law can present an obstacle deserving conflict pre-emption not merely on the basis of its stated purpose, but also on the basis of its actual effect.\textsuperscript{84} Finally, they concluded that the Court's own precedent demanded OSH Act pre-emption of dual-impact regulation.\textsuperscript{85}

\textbf{DISSENT IN \textsc{gade}}

Justices Souter, Blackmun, Stevens and Thomas dissented.\textsuperscript{86} The ground for their dissent was their belief that the majority of the Court had ignored the requisite presumption against pre-emption.\textsuperscript{87} The dissent argued that because the starting point of any pre-emption analysis is the "presumption that 'Congress did not

\textsuperscript{79} Id.; see 29 CFR § 1901.2 (1972) (allowing Secretary to provide temporary alternative to Federal pre-emption under § 18(h)).
\textsuperscript{80} \textit{Gade}, 505 U.S. at 111.
\textsuperscript{81} Id. at 110.
\textsuperscript{82} Id. at 108-09. The state's other arguments are too ancillary to develop the implied pre-emption framework. They are, therefore, inapposite to this discussion.
\textsuperscript{83} \textit{Gade}, 505 U.S. at 106-07.
\textsuperscript{84} Id.
\textsuperscript{85} Id. The Court's discussion of dual impact legislation is beyond the scope of this discussion.
\textsuperscript{86} Id. at 114.
\textsuperscript{87} Id.
intend to displace state law,' the majority erred in reading what the dissent considered to be ambiguous statutory phrasing to be indicative of a Congressional intent to pre-empt. The dissent then proceeded through its own, section-by-section, statutory analysis to support its opinion against pre-emption.

The dissent gave special treatment to § 18(h), the section the plurality backed with legislative history. In the dissent's reading, the transitional provision was only a means of allowing states to shift from pre-Act state plans to post-Act state plans. The majority, however, read the provision to force pre-Act state plans into federal regulation and then, if approved, to post-Act state plans. The dissent argued that its reading of the statute was superior because it requires only one such conversion as opposed to two.

THE PRE-EMPTIVE FRAMEWORK

A majority of the Court found pre-emption by looking at the statute in a holistic fashion. The plurality, under the implied pre-emption rubric, took its investigation beyond the statute into the legislative history. Even though Justice Kennedy's concurrence did not leave the text of the statute, his express pre-emption reading is also very broad. The most significant aspect of the plurality and the concurring opinions is the weak restraint afforded by the traditional presumption against pre-emption. The troubling conclusion to be drawn from the de-emphasis of this presumption is that the Court is increasingly willing to apply broad pre-emption theories to pre-empt state law.

---

58 *Gade*, 505 U.S. at 116 (quoting Maryland v. Louisiana, 541 U.S. 725, 746 (1981)).
59 Id. at 120.
60 Id. at 121.
61 Id. (according to dissent).
62 Lyons, supra note 69, at 580.
APPLICATION TO STATE ANTI-DILUTION LAWS

The creation of trademark anti-dilution theory is generally credited to Frank Schechter.93 Schechter's "radical thesis" changed the essence of a trademark's character.94 Under traditional trademark doctrine, the trademark holder has no ownership right in the trademark itself.95 Instead, the trademark holder has the limited right to enjoin third parties from using his trademark.96 The limitations on the trademark holder's right are such that the third party must be competing with the trademark holder and the use of the mark must be creating a likelihood of confusion, mistake or deception.97

Schechter, however, argued that confusion should not be a necessary element in the devaluation of a trademark.98 Even if a third party consumer was not likely to be confused, Schecter suggested that the force and worth of the mark itself could be diluted.99 As a logical consequence, Schecter argued for doing away with the confusion requirement.100

The theoretical impact of discarding the confusion requirement is substantial.101 The trademark holder's right begins to shift from a right to exclude others from using the mark toward owning an actual property interest in the mark.102 The monopolistic consequences of such a shift are obvious.

Although trademark dilution theory was arguably born in

95 See Port, supra note 94, at 438 (discussing origins of trademark dilution). See also Kenneth L. Port, The Illegitimacy of Trademark Incontestability, 26 IND. L. REV. 519, 553 (1993) (distinguishing between rights of patent and copyright holders from rights of trademark holders).
98 Schechter, supra note 93, at 825.
99 Id.
100 Id.
101 Port, supra note 94, at 440.
102 Id.
1927, it was not until 1947 that a state actually adopted an anti-dilution statute. Subsequently, the International Trademark Association (hereinafter ITA) has become a firm supporter of anti-dilution legislation. To that end, the ITA has developed a model anti-dilution statute. Since 1947, twenty-eight states have, either statutorily or through the common law, added trademark anti-dilution protection to their corpus of law.

Generally, state anti-dilution legislation provides for some sort of injunctive relief, regardless of a likelihood of consumer confusion. In many states the mark need not even be registered to get anti-dilution protection. The result of the mixture of state actions is a “checkerboard of differing rights,” above and behind

---


106 Id.


108 See Kimbley L. Muller, *Dilution Law: At a Crossroad? A Position of Advocacy in Support of Adoption of a Preemptive Federal Antidilution Statute*, 83 TRADEMARK REP. 175, 178-79 (1993) (discussing both state statutes and USTA’s model anti-dilution statute). See generally Paul Heald, *Federal Intellectual Property Law and the Economics of Preemption*, 76 IOWA L. REV. 959, 1006 (1991) (discussing contents of ‘typical’ state anti-dilution statute). While this point will be drawn out in greater detail below, it is important to note here that the removal of the confusion requirement makes it very clear that the statute is not protecting the public from being misled. Instead, it is protecting some sort of a property right the holder has in the mark.
which lies the backdrop of the Lanham Act.°

The Lanham Act, adopted in 1946, provides for the federal registration and protection of trademarks. The Act is silent as to trademark dilution. Under a superficial reading of Gade, it is tempting to conclude that because there is no federal regulation of trademark dilution there is no pre-emption problem. Such a conclusion, however, ignores both the peculiar relation of federal and state trademark regulation and the nuances and flexibility of the implied pre-emption doctrine.

The pre-emption doctrine, as outlined by the plurality and concurrence in Gade, bases pre-emption on Congressional intent. This intent is derived from specific passages of the federal act, its structure as a whole, and, in the case of the plurality, its legislative history. To evaluate the federal pre-emption of state anti-dilution laws under the Lanham Act, then, it is necessary to undergo an examination of these aspects of the Act.

**SPECIFIC PROVISIONS OF THE LANHAM ACT**

The Lanham Act does not, by virtue of any single provision explicitly pre-empt state dilution statutes.°° There is no magic word pre-emption provision. Therefore, barring the opinion of Justice Kennedy, no argument for express pre-emption under the Act exists. As the plurality in Gade extolled, however, the implied pre-emption analysis cannot "be guided by a single sentence or member of a sentence, [instead it is necessary to] look to the provisions of the whole law."°°°

---


°°° James M. Wetzel, Federal Preemption Under the Lanham Act, 76 TRADEMARK REP. 243, 245 (1986); Welkowitz, supra note 10, at 8.

There is very little disagreement that the Lanham Act is not structured in such a way as to preclude all state regulation of trademarks. To the contrary, the Act, by its own terms, expects that certain state trademark protections will remain in place. The structure of the Act, then, does not prohibit all state regulation. One district court has described the Lanham Act as "a nationwide floor, assuring the public and trademark owners at least a minimum level of protection."

This is an important difference with the situation presented to the Court in Gade. In that case, the plurality was persuaded that the statutory scheme of the OSH Act reflected a Congressional intent to place only one layer of regulation on employers and employees. The Lanham Act presents a situation of complementary regulation. But the statutory scheme of the Lanham Act, while accepting some complementary regulation, does not clearly accept it in a plenary fashion. In other words, the statutory scheme does not preclude exclusive federal regulation in some areas, or conversely no state regulation in other areas.

A finding that state regulation is permissible under the Lanham Act does not provide a carte blanche to state legislatures. As the plurality warned, there are "at least two types of implied preemption." A statutory scheme that allows for limited or expansive coincident regulation can only shut down the subcategory of


113 See 15 U.S.C. § 1065 (1994) (given certain conditions, the right to use a mark is not contestable "except to the extent, if any, to which the use of a mark registered on the principal register infringes a valid right acquired under the law of any State") (emphasis added); Plasticolor Molded Products, 713 F. Supp. at 1346; Handler, supra note 111, at 283.

114 Plasticolor Molded Products, 713 F. Supp. at 1345. Contra United States Jaycees, 661 F. Supp. at 1368 (holding that state law was invalid because it frustrated uniformity, major goal of Lanham Act) (vigorously criticized by court in Plasticolor Molded Products).

115 Gade, 505 U.S. at 99.

116 See supra notes 105-107.

117 Congress could intend no state regulation in an area, despite federal inactivity in that area solely for the sake of national uniformity.

118 Gade, 505 U.S. at 98.
Conflict pre-emption, the type found in *Gade*, remains a threat. It is possible to argue that there is implied conflict pre-emption under §§ 33(a) and 45. The latter section provides that the intent of the Act is to regulate commerce. Commerce is earlier defined in the Act as being “all commerce which may lawfully be regulated by Congress.” The former section provides for conditional exclusive nationwide use of a mark once it is registered.

These provisions are imbued pre-emptive force in at least two situations. In the first instance, the Act would pre-empt a second comer’s attempt to use state anti-dilution statutes against the use of a federally registered mark. In the second instance, the anti-dilution law would be subject to pre-emption if it sought to prevent the use of a registered trademark beyond the area of natural expansion of the first comer plaintiff. In both cases, the state anti-dilution statute would necessarily be pre-empted because that is the only way to preserve the Lanham Act’s grant of an “exclusive right to use.” Federal rights will “always trump an inconsistent state law.”

If these situations did arise, it seems likely that a broadly worded anti-dilution statute would fall under the *Gade* analysis. The plurality would almost certainly find a direct conflict. Justice Kennedy, on the other hand, could find these provisions, the resultant conflict aside, to be indicative of non-talismanic express pre-emption.

This approach does not, however, solve the more general problem

---

119 See De Sevo, supra note 112, at 302 (arguing there is no “serious issue” of field preemption under Lanham Act).
120 Id. at 305.
122 Id.
124 De Sevo, supra note 112, at 306.
125 Id.
127 De Sevo, supra note 112, at 305.
128 Id.
of whether the Congressional purpose behind the Act supports or opposes state anti-dilution statutes. The pre-emption that would occur in the above situations would merely counsel state legislatures to be more careful in the drafting of their anti-dilution legislation. If the legislatures did take a narrower approach, finding conflict pre-emption would become more difficult.

Where neither the provisions of the statute nor its general structure are indicative of a clear Congressional intent, by the plurality's analysis and example, it is appropriate and necessary to go into the legislative history of the federal act. 129

LEGISLATIVE HISTORY OF THE LANHAM ACT

Opening up the legislative history of the Lanham Act is no simple task. Enacted in 1946, the substance of the Act was the subject of discussion and debate for years previous. 130 Some of this background legislative noise can be filtered out by concentrating on the history directly surrounding the passage of the Act. But the problem even then is far from over. Forty two years after its enactment the Act was substantially revised. 131 One can hardly expect, then, for a single Congressional intent to be easily discernible.

1946 THE LANHAM ACT: MONOPOLIES AND UNIFORMITY

When the Lanham Act was passed there were no state dilution laws. 132 But the theory of trademark dilution had been around in academic circles for at least nineteen years. 133 The legislative history, though, does not address directly the topic of anti-dilution statutes. Commentators have urged, however, that the legislative history gives adequate insight into how such state legislation would

129 Gade, 505 U.S. at 102.
132 Welkowitz, supra note 10, at 16.
133 See Schecter, supra note 93 (seminal article was published in 1927; Lanham Act was passed in 1946).
have been treated. To support their arguments, they point to the economic fear that had delayed the very enactment of the Lanham Act itself: the fear of monopolies.

The Senate Committee on Patents, in recommending for passage the bill that would become the Lanham Act, assured the Senate that it would not "foster[] hateful monopolies." While it is likely that the fear of monopolies had grown from the economic theory of the so-called "Harvard school," the final scope of the fear is uncertain. The fear may have been limited to the apprehension that a trademark would allow one producer to essentially corner a product. After the holder's mark became synonymous with the product, he could then raise considerable barriers to additional competition for that product. On the other hand, the fear may have been more ephemeral, rising even to the level of a fear of monopolization of language itself. Regardless, before the Act would reach an acceptable format, it was clear that there would have to be some factor to counterbalance the monopoly fear.

From the outset, the purpose behind the Act had been the protection of the public from deceit and swindling. Along with that purpose it sought to foster fair competition. These goals were consistent with the developmental roots of trademark law in

134 Handler, supra note 109, at 273 ("The strong antimonopoly sentiment of that era would have sensed in the dilution theory an attempt to fasten on the American people a new species of monopoly."); Heald, supra note 108, at 1007.
135 See Heald, supra note 108, at 1004 (discussing efforts of supporters of early version of Lanham Act to convince others that trademark would not be governmental grant of exclusive right).
136 See McClure, supra note 138, at 330.
137 Handler, supra note 109, at 272 (common perception was monopoly of product was preceded by monopoly of language).
139 See McClure, supra note 138, at 330.
fraud and deceit. These goals also suggested a means for ameliorating the fear of monopolies. Trademark law was not about creation of an ownership interest in the mark, so the solution lay in making the real relationship between the trademark and the trademark holder more apparent.

The counterbalance came in the requirement of a likelihood of confusion. The confusion requirement placed a limitation on the trademark holder and his exclusive right to use the mark. Before he could exercise the exclusivity of his mark, he would have to demonstrate that through a likelihood of confusion, the public was being harmed. The monopoly right, the right of exclusive use, could therefore only be exercised when it was in the interest of the public to prevent fraud and deceit. Such a limitation, therefore, furthered the current and historic goals of trademark regulation and counterbalanced fears about the self-interested conduct of monopolies.

As has been previously discussed, however, the typical dilution statute has no confusion requirement. The harm that the dilution statute seeks to prevent is not a harm to the public caused by their confusion, but a harm to the trademark holder because the distinctive quality of his mark is being lessened. Clearly, then, dilution statutes would have been unacceptable to the Congress that enacted the Lanham Act and would be antithetical to the Congressional purposes behind the Act. There is another Congressional purpose that some academics and at least one district court have found persuasive. It is the argument that Congress intended, via the Lanham Act, to achieve national uniformity in trademark laws. As the Senate Commit-

143 Handler, supra note 109, at 273-274 (Any attempt to replace fraud and deceit with trespass as underlying theory of trademark protection "is antithetical to the very origins and course of development of the common and federal statutory law of trademarks and unfair competition.").
144 Heald, supra note 108, at 1005.
145 J. McCarthy, 1 Trademarks and Unfair Competition, § 5.04, at 140 (2d ed. 1984).
146 See notes 98-108 and accompanying text (discussing lack of confusion requirement and resulting effect on scope of protection).
147 Handler, supra note 109, at 274.
149 United States Jaycees, 661 F. Supp. at 1368.
tee on Patents reported, one of the reasons for needing a new federal trademark statute was that if the states could change the law with respect to trademarks, there would be "as many different varieties of common law as there are States." The committee emphasized that trade was no longer local; it was national. Consequently, it was unwise for trademark rights to vary from state to state. Instead, the committee urged that national legislation was needed to "securn[e] to the owners of trade-marks in interstate commerce definite rights."

Another aspect of the legislative history that supports the uniformity argument is found in § 45 of the Act. Over the nearly eight years that the Act was debated, a constant source of discussion was the inclusion of the following statement of the Act's intent: "... to protect registered trademarks used in such (interstate) commerce from interference by State, or territorial legislation." The disagreement was resolved in favor of inclusion. Explaining the need for inclusion of the statement of intent is an interesting comment from a House hearing:

[S]ince the concurrent jurisdiction of the State governments over interstate commerce exists only to the extent that such jurisdiction is not exclusively appropriated and exercised by the Federal Government, it is proper that the intention of Congress to exclude the State governments from any interference with the use of registered marks in such commerce should be unequivocally stated in the act.

The consequent inclusion of the statement of intent, when read in light of this legislative history, does seem to give weight to pre-emption.

Proponents of the uniformity theory acknowledge that there are
limited instances of coincident federal and state regulation.\textsuperscript{156} The Act itself indicates such overlap.\textsuperscript{157} But, they insist that the Congressional intention for national uniformity cannot be swallowed by the Act's limited exceptions.\textsuperscript{158}

From the 1946 legislative history, it is fairly easy to pull out a legislative history that would support finding a conflict between the Congressional intention behind the Lanham Act and state dilution statutes. However, the legislative history of the Act does not end in 1946.\textsuperscript{159} In 1988, the Congress passed the Trademark Revision Act.

1988 Trademark Revision Act: Protecting the Mark and the First Amendment

From the perspective of anti-dilution/pre-emption, the most interesting aspect of the 1988 Trademark Revision Act was what it did not contain. Although the Senate had approved a federal anti-dilution law, the House of Representatives struck that provision.\textsuperscript{160} The text of the provision was the result of USTA and Congressional efforts.\textsuperscript{161} It was presented to both houses, but it was the Senate that took the initiative and sent the provision to committee.\textsuperscript{162} The provision emerged from committee with some changes, but its structure remained intact.\textsuperscript{163}

The Senate report that accompanied the bill as it went to the House stated that the federal antidilution provision had the narrow

\textsuperscript{156} See, e.g., United States Jaycees v. Commodities Magazine, Inc., 661 F. Supp. 1360, 1368 n.5 (N.D. Iowa 1987) ("[T]he legitimacy of state regulation in limited instances is clear from the Act itself.").

\textsuperscript{157} See supra note 115.

\textsuperscript{158} See Handler, supra note 109, at 285-86 (arguing against dilution statutes because although furthering protection of trademarks, they frustrate national uniformity).

\textsuperscript{159} The Lanham Act has been amended in part several times since its enactment. For the purpose of the current discussion, however, it is more efficient to skip to the 1988 Trademark Revision Act which directly dealt with the anti-dilution question.


\textsuperscript{161} Id. at 220.

\textsuperscript{162} Id.

\textsuperscript{163} Id.
purpose of protecting truly famous registered trademarks.\textsuperscript{164} The report makes clear that likelihood of confusion, deception, or mistake by the public is not the benchmark of the provision.\textsuperscript{165} Instead, the statute protects the trademark's owner against actions by a third party that "destroy the public's perception that the mark signifies something unique, singular or particular."\textsuperscript{166} The report goes on to clarify that instead of intending to protect the public, it "focuses on the investment the owner has made in the mark."\textsuperscript{167}

The Senate report also acknowledges the inconsistency among the states in the area of trademark dilution.\textsuperscript{168} The federal provision was intended to "establish a nationwide floor for protection against dilution."\textsuperscript{169} Further, the federal provision was not intended to pre-empt state regulation to the extent that such provisions provide greater protection than does the federal statute.\textsuperscript{170}

When the bill was introduced in the House, however, it was met with Constitutional concerns.\textsuperscript{171} These concerns were not about the pre-emptive intent of the Lanham Act, but rather related to the First Amendment.\textsuperscript{172} As a result, the dilution provision was deleted from the bill that would go on to become the Trademark Revision Act.\textsuperscript{173}

When the bill was returned to the Senate for approval of the House changes, Sen. DeConcini, who had proposed the bill in the Senate, expressed his disapproval of the deletion of the dilution provision.\textsuperscript{174} He reiterated that the Congress was missing an excellent opportunity to provide "guidance" to the states for their

\textsuperscript{165} \textit{Id.}
\textsuperscript{166} \textit{Id.}
\textsuperscript{167} \textit{Id.} Even though the House deleted the provision, Rep. Kastenmeier, who introduced the bill in the House, stated that it was important to protect the trademark owner's "investment" in his trademark. \textit{Id.}
\textsuperscript{168} \textit{Id.}
\textsuperscript{169} \textit{S. Rep. No. 515, 100th Cong., 2d Sess. (1988).}
\textsuperscript{170} \textit{Id.}
\textsuperscript{172} \textit{Id.}
\textsuperscript{173} \textit{Id.}
own anti-dilution laws.\textsuperscript{175} Sen. DeConcini also suggested that the deletion of the provision should be read as nothing more than Congressional inability to reach a consensus on satisfactory language due to time constraints.\textsuperscript{176} Further, he insisted that the deletion should not be construed as a disagreement over the "principles or objectives" of the provision.\textsuperscript{177} These statements, however, must be weighed against the statements of Rep. Kastenmeier, who said that the provision was deleted because of "serious first amendment issues [the provision] raised."\textsuperscript{178}

The legislative history of the 1988 revision reflects a Congress with a very different perspective. The legislative history from both houses speaks approvingly of the protection of the trademark holder's interest in the mark.\textsuperscript{179} This was the great fear of the 1946 Congress. The shift from a limited right to an absolute right in the work reflects the internalization of Schechter's thesis that the mark itself is something to be protected for its own value. But, significantly, the provision did not become part of federal law. If one accepts Sen. DeConcini's account of the failure to include the provision, it is only a matter of time constraints.\textsuperscript{180} But looking to Rep. Kastenmeier's description, the problem becomes considerably more fundamental.\textsuperscript{181}

The Congressional inability to pass the federal dilution statute can be taken as evidence of a continuing dispute about the propriety of dilution statutes under the Lanham Act.\textsuperscript{182} It seems clear, however, that the House's concerns over the propriety of dilution centered on First Amendment concerns, not on monopolistic implications. The confusion element essential to the 1946 compromise was only necessary to assuage public concerns about the monopolization of trademarks. Given the demise of that concern, and the intent in the legislative history to protect the

\textsuperscript{175} Id.
\textsuperscript{176} Id. at 516973.
\textsuperscript{177} Id.
\textsuperscript{182} Muller, supra note 108, at 180.
trademark holder's investment, the necessity of the confusion requirement is clearly diminished.

This would not be the case if the First Amendment concern is classifiable as a fear of monopolization, essentially a fear that freedom of expression could be infringed by a state's grant of an anti-dilution action. As discussed, dilution theory rests on the concept of conveying an ownership interest in the mark. Although the legislative history of the Trademark Revision Act does not elaborate on the contours of the First Amendment concern, if there was this monopolistic element, there would be good ground for keeping the confusion requirement.

As for concerns over uniformity, the legislative history of the 1988 revision reflects a desire not to supplant state regulation but rather to guide it. The Senate clearly perceived the federal provision as a foundation on which the states would be free to build greater protections. Also, because it failed to act dispositively, it can be argued that the Congress was clearly giving the nod to state regulation.

PRE-EMPTION?

The pre-emption in Gade was a tense marriage between an expansive reading of implied pre-emption by the plurality, and an expansive reading of express pre-emption by the concurrence. In order for the two pre-emption readings to be of anything more than academic interest, it is necessary either for them to be combined again as they were in Gade or for the plurality's analysis to be accepted by one additional justice.

Under the plurality's implied pre-emption analysis, it is unlikely that a court would be able to satisfy itself with what is at best an ambiguous declaration of intent from the statute itself. Instead the court will plunge into the legislative history of the Act. What the court finds will largely depend on what the court is looking for.

The question of which of the Congresses, the enactors of the

Lanham Act or the revisioners, should be looked to is not answered by the plurality's example in *Gade*. But a court would almost certainly have to address the failed enactment of a federal dilution provision. As discussed above, a court can adhere either to Senator DeConcini's account (a consequence of time constraints) or to Representative Kastenmeier's account (First Amendment/monopoly concerns). Under the former account, the lack of a federal provision does not tip the scales toward pre-emption. Under the latter account, however, there is an argument that the trademark law is incompatible with anti-dilution statute rights.

An interesting aspect of *Gade*, however, is the fact that the legislative history relied on by the plurality was an unenacted provision, like the federal anti-dilution statute. In *Gade*, the court took the provision, which stated that more stringent state regulation would be in conflict with the federal Act, as an indication of the Congressional understanding that a state was required to have its plan approved even if its standards were stricter. Applying a parallel logic, the federal dilution provision, which would not have pre-empted state law, is indicative of a Congressional intent that state dilution statutes should not be pre-empted. Whether a court would feel bound by the plurality's actual treatment of the legislative history in *Gade* is probably contingent upon the end the court wishes to reach.

Depending on the philosophical disposition of the court, the implied pre-emption analysis the plurality extols in *Gade* is either a labyrinthine hell or a candy store. To courts that are truly trying to divine a Congressional intent behind an Act with a legislative life span of almost fifty years, the task is bewildering. To courts that have a sweet tooth for legislative history, the implied pre-emption is delightful, because the Lanham Act's history has something for everyone. The result of the implied pre-emption analysis will be wholly dependent on the aspect of the legislative history the court chooses as its focus.

As to Justice Kennedy's express pre-emption analysis, it is necessary that the provisions of the Lanham Act or its holistic structure indicate a Congressional intent to preclude state regula-

---

186 *Gade*, 505 U.S. at 102.
Lacking such an indication, the state will be allowed to ratchet up the protection. Is there such an indication of Congressional intent to preclude ratcheting? Historically, Congress anticipated and approved of state regulation of trademarks. Kennedy's express pre-emption analysis, however, is confined to the text of the Act.\[188\]

The Act lacks a provision that explicitly bars state regulation, but as Kennedy stated in *Gade*, such explicitness is not required.\[189\] While §§ 45 and 33(a) of the Act could be read to create an exclusive field of federal regulation under certain circumstances, such a reading has been opposed by commentators.\[190\] It is thus most likely that a Kennedy analysis would not pre-empt but instead would allow the state statutes as an acceptable ratcheting up.

**CONCLUSION**

Because none of the analytical frameworks espoused in *Gade* captured a majority of the Court, none bind the lower courts. When confronted with a pre-emption challenge under the Lanham Act, application of the implied and express pre-emption frameworks of the plurality and concurrence will not yield a dispositive answer. Both analyses are broad in scope and open to judicial manipulation. Inasmuch as Congress is clearly aware of the disparity between federal and state regulation, it is probably the wisest course of action to leave the matter to the Congress. The Lanham Act does not explicitly pre-empt state regulation. Given the ambiguous legislative history, it may well be that the only group who can, with integrity, find the true intent of Congress is the Congress itself.

**GEORGE G. BOYD, JR.**

---

\[187\] *See id.* at 110 (discussing requirements for conflict preemption of state law) (Kennedy, J., concurring).

\[188\] *Id.*

\[189\] *Id.*

\[190\] Wetzel, *supra* note 110, at 243; Welkowitz, *supra* note 10, at 8.