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The German Misappropriation Origins of Trademark Antidilution Doctrine: A Translation of the 1924 *Odol* Opinion of the Elberfeld Landgericht

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Frank Schechter introduced the concept of trademark dilution to American readers in his 1927 *Harvard Law Review* article “The Rational Basis of Trademark Protection.”² He concluded the article by noting that his formulation of the concept “is fortified by the doctrine that has developed within recent years in German law on this same point.”³ In waiting until the end of his article to refer to the German case law, Schechter effectively implied that dilution was a home-grown American idea – indeed, that it was Schechter’s own, original idea – and that the German courts just happened to have come up with a similar notion. In fact, Schechter appears to have taken the concept of trademark dilution and much of the rhetoric he used in describing it – including “selling power” and the very term “dilution” – from a single German trial court opinion, specifically, the opinion of the Elberfeld Landgericht in the 1924 *Odol* case.⁴ The enormous significance of the *Odol* opinion for American and global trademark law still remains unappreciated. In honor of Annette Kur’s path-breaking and decades-long work in forging mutual understanding between the European and American trademark law systems, presented here is the first full translation into English of the *Odol* opinion, trademark dilution’s “ur-case.”⁵

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² Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813 (1927).

³ *Id.* at 831.

⁴ LG Elberfeld, 14 September 1924, 204 – *Odol*. For a fuller discussion of Schechter’s uses of the *Odol* opinion, see BARTON BEEBE, *The Suppressed Misappropriation Origins of Trademark Antidilution Law: The Landgericht Elberfeld’s Odol Opinion and Frank Schechter’s ‘The Rational Basis of Trademark Protection’*, in INTELLECTUAL PROPERTY AT THE EDGE: THE CONTESTED CONTOURS OF IP 59 (Rochelle Cooper Dreyfuss and Jane C. Ginsburg eds., Cambridge University Press, 2014).

⁵ Dr. Ludwig Wertheimer produced a partial English translation of the case in Dr. Ludwig Wertheimer, *Broadened Protection of Names and Trade-Marks Under the German Law*, 20 T. M. BULL. (N. S.) 75, 76–77 (1925). Schechter quoted at length from Dr. Wertheimer’s

As a full reading of the Elberfeld Landgericht's *Odol* opinion will confirm, trademark dilution, at least in its origins, was a misappropriation law concept rather than a trademark law concept. The *Odol* court did not speak of anything like "search costs"⁶ or "imagination cost,"⁷ or of "blurring"⁸ or "tarnishment."⁹ Instead, with reference to the defendant's conduct, the essence of the court's holding was that "[i]t is contrary to good morals to appropriate the fruits of another's labor in this manner, knowing that the other will or could be harmed by doing so."¹⁰ Indeed, in the final paragraph of the opinion, the *Odol* court explicitly stated that having resolved the matter before it under German misappropriation law, "it is not necessary to examine whether the complainant's claims are also justified on the basis of trademark law."¹¹ In short, *Odol* was a misappropriation case in which the misappropriated property at issue happened to be a trademark.

But Schechter sought in various ways to conceal the fact that antidilution protection was a form of misappropriation law. For example, though he provided a lengthy block quotation from the *Odol* opinion in the conclusion of his "Rational Basis" article,¹² there is one sentence from the opinion that he appears deliberately to have replaced with an internal ellipsis: the sentence quoted above stating the essence of the court's holding that the defendant had misappropriated the fruits of another's labor.

Why would Schechter have sought to obscure antidilution protection's true genealogy? As explained in detail elsewhere,¹³ Schechter was writing at the time to a legal community increasingly under the influence of American Legal Realism, particularly at his intellectual home, Columbia Law School. Exponents of legal realism were openly contemptuous of the Supreme Court's holding in the 1918 misappropriation case of *International News Service v. Associated Press*,¹⁴ in which the Court found that the petitioner was improperly "endeavoring to reap where it has not

translation in his *Rational Basis* article. See Schechter, *supra* note 2, at 832. This translation has been made by myself and Julie Hagedorn.

⁶ WILLIAM LANDES AND RICHARD POSNER, *THE ECONOMIC STRUCTURE OF INTELLECTUAL PROPERTY LAW* 207 (Harvard University Press, 2003) (describing trademark dilution by blurring as causing "an increase in consumer search costs").

⁷ See *Ty, Inc. v. Perryman*, 306 F.3d 509, 511 (7th Cir. 2002) (describing trademark dilution by blurring as causing a consumer to "incur as it were a higher imagination cost").

⁸ See 15 U.S.C. § 1125(c)(2)(B) (defining "dilution by blurring" as "association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark").

⁹ See 15 U.S.C. § 1125(c)(2)(C) (defining "dilution by tarnishment" as "association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark").

¹⁰ See *Odol*, *infra* paragraph 6.

¹¹ See *Odol*, *infra* paragraph 8.

¹² See Schechter, *supra* note 2, at 832.

¹³ See Beebe, *supra* note 4.

¹⁴ 248 U.S. 215 (1918).

sown.”¹⁵ In this context, Schechter likely sought to downplay the obvious similarities between the reasoning in *Odol* and language in Justice Pitney’s opinion for the majority in *International News Service*. More generally, Schechter likely sought to obscure the degree to which the antidilution doctrine he was promulgating in his “Rational Basis” article was essentially formalist in nature.¹⁶ This may help to explain why in “Rational Basis” Schechter offered so many different formulations of the concept of trademark dilution, some of them not always consistent with each other.¹⁷

But Schechter’s contemporaries saw through his ruse. Felix Cohen’s 1935 article “Transcendental Nonsense and the Functional Approach” remains one of the most important and influential works of American Legal Realism.¹⁸ In it, Cohen levelled a scathing attack on “Rational Basis,” accusing it of “economic prejudice masquerading in the cloak of legal logic”¹⁹ and repeatedly using the phrase “vicious circle” to describe Schechter’s purportedly circular reasoning.²⁰ Other scholars, even those sympathetic to it, similarly recognized the basic formalism of Schechter’s version of antidilution protection.²¹

But Schechter’s efforts at disguise did eventually succeed in at least one respect. The many different definitions of trademark dilution that appear in “Rational Basis” sufficiently confused the concept that it would become, at least for subsequent generations of trademark lawyers, a great mystery as to what exactly trademark dilution is. Further complicating matters was that Elberfeld Landgericht’s opinion in *Odol* formulated the concept of trademark dilution both in terms of the tort of misappropriation and a potential violation of unfair competition law. Into the void of meaning could flow incoherent concepts like trademark blurring and trademark tarnishment and the inane notion that antidilution protection ultimately seeks to minimize consumers’ “imagination costs.”²² Perhaps a return to the clear and straightforward discussion of the concept originally offered by the *Odol* court will help to clarify that trademark antidilution law is essentially misappropriation law –

¹⁵ *Id.* at 239.

¹⁶ See Beebe, *supra* note 4, at 75 (discussing “the essentially formalist spirit of Schechter’s proposed test for dilution – which would simply ask (1) does the plaintiff’s mark qualify for antidilution protection by virtue of its inherent distinctiveness and fame, and (2) is the defendant’s mark identical or closely similar to the plaintiff’s mark?”). But see Robert Bone, *Schechter’s Ideas in Historical Context and Dilution’s Rocky Road*, 24 SANTA CLARA COMPUTER & HIGH TECH. L.J. 469, 489 (2008) (describing Schechter’s *Rational Basis* article as a “quintessential legal realist project”).

¹⁷ See Beebe, *supra* note 4, at 77–79.

¹⁸ See Felix Cohen, *Transcendental Nonsense and the Functional Approach*, 35 COLUM. L. REV. 809 (1935).

¹⁹ *Id.* at 817.

²⁰ *Id.* at 814–815.

²¹ See, e.g., John Wolff, *Non-Competing Goods in Trademark Law*, 37 COLUM. L. REV. 582, 602 (1937) (comparing antidilution protection to misappropriation protection in *International News Service*). See also Beebe, *supra* note 4, at 75–76 (discussing Wolff’s criticisms of Schechter’s concept of dilution).

²² See *Ty, Inc. v. Perryman*, 306 F.3d 509, 511 (7th Cir. 2002).

albeit one that, as Graeme Dinwoodie has emphasized, is best understood within the broader context of unfair competition law²³ – and perhaps this will help clarify for American courts exactly why so many of them, “all realists now,”²⁴ are reluctant to grant antidilution protection.

Odol May Not Be Permitted To Be Used Even for Goods Entirely Dissimilar to Mouthwash.

Decision of the District Court of Elberfeld, 14 September 1924, 13.O.89/24.

Facts

1 The complainant filed suit requesting the court to order the respondent to consent to the cancellation of the wordmark registered at the patent office under the file number M 35877/9b Wz in connection with the respondent’s business operation, a steel goods factory, and its goods, which include cutlery and cutting tools, to order the respondent to compensate the complainant for all damages it has incurred or will incur from the respondent’s use of the mark “Odol,” and finally to prohibit the respondent under threat of penalty from affixing the mark “Odol” to its goods and their packaging or wrapping, from placing goods thus labeled on the market, and from affixing the mark on its announcements, price lists, business letters, remittances, invoices, and the like.

2 The complainant asserted that the wordmark “Odol” was registered to it on 5 March 1895 on the trademark register and has been used by the complainant since that time as a mark for its mouthwash and toothpaste. On 22 March 1923, the respondent

Odol darf auch für gänzlich verschiedene Waren wie Mundwasser nicht verwendet werden.

Entscheidung des Landgerichts Elberfeld vom 14. Sept. 1924 13. O. 89/24.

Tatbestand

1 Klägerin hat Klage erhoben mit dem Antrage, die Beklagte zu verurteilen, darin einzuwilligen, daß das für den Geschäftsbetrieb, Stahlwarenfabrik der Beklagten und für ihre Waren Messerachmiedewaren in die Warenzeichenrolle des Patentamtes unter dem Aktenzeichen M 35877/9b Wz eingetragene Wortzeichen gelöscht werde, daß Beklagte der Klägerin allen Schaden zu ersetzen habe, der der Klägerin durch Verwendung des Zeichens „Odol“ entstanden sei und entstehen werde, endlich der Beklagten bei Vermeidung von Strafe zu untersagen, ihre Waren oder deren Verpackung oder Umhüllung mit dem Warenzeichen „Odol“ zu versehen und die so bezeichneten Waren in Verkehr zu setzen, sowie an Ankündigungen, Preislisten, Geschäftsbriefen, Empfehlungen, Rechnungen oder dergl. dieses Zeichen anzubringen.

2 Sie hat geltend gemacht, daß für sie das Wortzeichen „Odol“ am 5. März 1895 in die Warenzeichenrolle eingetragen worden sei und von ihr Seit dieser Zeit als Zeichen für ihr Mundwasser und für ihre Zahnpasta benutzt werde. Am 22. März 1923 habe die

²³ GRAEME B. DINWOODIE, *Dilution as Unfair Competition: European Echoes*, in INTELLECTUAL PROPERTY AT THE EDGE, *supra* note 4, 81, 101 (“[T]he European experience post-*L’Oreal* suggests that that characterization of the cause of action [as misappropriation] need not result in formalist, unlimited protection of property. Instead, if understood as part of unfair competition law, there is hope that it can escape the formalism that (may have) motivated Schechter and provide a measured form of relief reflecting a common normative impulse without imperiling free competition.”).

²⁴ Joseph William Singer, *Legal Realism Now*, 76 CAL. L. REV. 465, 467 (1988).

had filed for registration of the wordmark “Odol” for its business operation, a steel goods factory, and for its goods, which include cutlery and cutting tools and skin care and nail care articles. The registration was granted, except with respect to skin care and nail care articles. However, the complainant requested that the remaining registration also be cancelled. The respondent requested that the complaint be dismissed. Documents relating to the protection of the complainant’s wordmark are attached. The written submissions are referenced.

Grounds for the Decision

3 The court considers the complaint to be well-grounded in § 826 of the Civil Code.

4 After the complainant proved that the word “Odol” had long since been registered to it as a trademark, the respondent no longer contested this fact. It is furthermore known to the court that the complainant firm and the mouthwash it produces are referred to by the name “Odol.” It can therefore well be said that the word “Odol” developed into a catchword that has come to distinguish the complainant’s goods and has acquired an advertising strength that goes beyond the otherwise typical function of trademarks, such that when anyone reads or hears the word “Odol,” they think of the complainant’s mouthwash. These facts are of the utmost importance for the complainant firm: their goods have a good reputation, and any goods bearing the name “Odol” can presume to have the reputation among the public of being of high quality.

5 As a result, the complainant has the greatest interest in ensuring that its mark not become diluted; it would lose in advertising strength if everyone were to use it to designate their goods. The trademark will become devalued, if it is used for other, wholly different goods.

Beklagte das Wortzeichen „Odol“ für ihren Geschäftsbetrieb und ihre Waren, Stahlwarenfabrik und Messerschmiedewaren, Haut- und Nagelpfleegeräte zur Eintragung angemeldet. Die Eintragung sei erfolgt, abgesehen von der für Haut- und Nagelpflegeartikel verlangten, aber auch im übrigen müsse die Löschung erfolgen. Beklagte hat Abweisung der Klage beantragt. Die den Zeichenschutz der Klägerin betr. Akten sind beigelegt worden. Auf die Schriftsätze wird verwiesen.

Entscheidungsgründe

3 Das Gericht erachtet die Klage für jedenfalls aus § 826 BGB [Bürgerliches Gesetzbuch] begründet.

4 Nachdem die Klägerin nachgewiesen hat, daß für sie seit langer Zeit das Wort „Odol“ als Warenzeichen eingetragen ist, hat die Beklagte diese Tatsache nicht mehr bestritten. Es ist ferner gerichtskundig, daß die klägerische Firma und das von ihr hergestellte Mundwasser unter dem Namen „Odol“, Werke bezeichnet werden. Man kann daher wohl sagen, daß das Wort „Odol“ ein Schlagwort geworden ist, das für die Waren der Klägerin kennzeichnend geworden ist und eine über die sonstige Bedeutung von Warenzeichen hinausgehende Werbekraft erlangt hat, so daß jedermann, wenn er das Wort Odol liest oder hört, an das klägerische Mundwasser denkt. Diese Tatsachen sind für die klägerische Firma von größter Bedeutung; ihre Ware ist als gut bekannt und eine mit dem Namen „Odol“ bezeichnete Ware hat beim Publikum die Vermutung für sich, daß sie von guter Beschaffenheit sei.

5 Die Klägerin hat infolgedessen das größte Interesse daran, daß ihr Zeichen nicht verwässert wird; es würde an Werbekraft einbüßen, wenn jedermann es zur Bezeichnung seiner Waren verwenden würde. Das Warenzeichen wird für die Waren der Klägerin entwertet, wenn es für andere gänzlich verschiedene Waren verwendet wird.

6 The respondent registered the mark for its steel goods with the obvious intention to profit from the strength of the mark for the distribution of its goods. There are, of course, innumerable fine-sounding words that the respondent could have used to designate its goods; in choosing precisely the word “Odol,” it is clear that the respondent did so because the mark has acquired an especially good reputation as a result of the efforts of the complainant. The respondent furthermore must have recognized, and surely did, that there was at least a possibility that its actions would cause damage to the complainant. Knowing this, the respondent had its mark registered nonetheless; that is to say, it behaved at least with reckless intent. It is contrary to good morals to appropriate the fruits of another’s labor in this manner, knowing that the other will or could be harmed by doing so. Also the respondent must recognize that when anyone calls his goods “Odol,” the word “Odol” loses value for the complainant.

7 To be sure, the parties cannot be said to stand in competition with one another due to the completely different nature of the goods they sell. This, however, is beside the point. The respondent advertised its products by means of a word with strong appeal that had acquired this appeal precisely through the years-long and extensive activity of the complainant. Paragraph § 1 of the Law against Unfair Competition can also serve to support the claim, because this legal provision does not require that the company acting contrary to good morals stand in competition with the company seeking an injunction and damages. Instead, it is enough that the company against which claims have been asserted intervenes in a manner that hinders competition between two competitors (see Rosenthal Note 63 at § 1). Here, however, the complainant’s ability to compete, specifically its ability to compete

6 Die Beklagte hat sich das Warenzeichen für ihre Stahlwaren in der offenen Absicht eintragen lassen, aus dessen Schlagkraft für die Verbreitung ihrer Waren Nutzen zu ziehen. Es gibt selbstverständlich unzählige wohlklingende Worte, die die Beklagte zur Bezeichnung ihrer Waren hätte verwenden können; wenn sie nun gerade das Wort „Odol“ wählte, so erhellt, daß sie es deshalb tat, weil dieses Zeichen durch die Bemühungen der Klägerin einen besonders guten Klang bekommen hat. Sie mußte sich ferner sagen, und hat es sich auch zweifellos gesagt, es bestehe mindestens die Möglichkeit, daß die Klägerin durch ihr Vorgehen geschädigt werde. In diesem Bewußtsein hat die Beklagte ihr Zeichen eintragen lassen, also mindestens mit Eventualdolus gehandelt. Es verstößt gegen die guten Sitten, sich die Früchte fremder Arbeit in dieser Weise anzueignen in dem Bewußtsein, daß der andere dadurch geschädigt werde bzw. geschädigt werden könne. Auch die Beklagte mußte sich sagen, daß, wenn jedermann seine Ware „Odol“ nennt, das Wort „Odol“ für die Klägerin an Wert verliert.

7 Freilich stehen die Parteien wegen der ganzlichen Verschiedenheit der von ihnen vertriebenen Waren nicht im Wettbewerb miteinander. Dies tut aber nichts zur Sache. Die Beklagte hat für ihre Ware Reklame gemacht, indem sie sich eines zugkräftigen Wortes bediente, das gerade durch die langjährige und ausgedehnte Tätigkeit der Klägerin allein seine Zugkraft erlangt hatte. Auch der § 1 des Gesetzes gegen den unlauteren Wettbewerb kann den Klageantrag stützen, weil diese Gesetzesbestimmung nicht voraussetzt, daß der gegen die guten Sitten Verstoßende im Wettbewerb gerade mit dem ihn auf Unterlassung und Schadenersatz in Anspruch nehmenden steht, vielmehr genügt es, daß der in Anspruch genommene in den Wettbewerb zweier Konkurrenten hindernd eingreift. (s. Rosenthal Note 63 zu § 1). Hier aber wird die Wettbewerbsfähigkeit

with other mouthwash manufacturers, would be damaged if the significance of the mark were to be diminished.

8 The court finds itself in agreement with the decision published in the *Juristisches Wochenblatt*, Volume 24, Double Issue 9/10, page 722, of the District Court of Chemnitz from 11 April 1923, which further pursued and refined the legal principles set out by the Reichsgericht (see R. G. 66, 239). Seeing as the reference to § 826 of the Civil Code and the Law on Unfair Competition is sufficient, it is not necessary to examine whether the complainant's claims are also justified on the basis of trademark law; instead, the matter was resolved as above.

Contributed by R. A. [Attorney] Dr. Rosenthal, Hamburg.

der Klägerin, ihre Fähigkeit mit anderen Mundwasserfabrikanten zu konkurrieren, geschädigt, wenn die Bedeutung ihres Zeichens geschmälert würde.

8 Das Gericht befindet sich bei einer Entscheidung in Uebereinstimmung mit der in der JW. 24 Doppelheft 9/10 Seite 722, abgedruckten Entscheidung des Landgerichts Chemnitz vom 11. April 23, die die reichsgerichtlichen Grundsätze (s. R. G. 66, 239) weiter verfolgt und vervollständigt hat. Es braucht, da die Bezugnahme auf § 826 BGB und das Gesetz über den unlauteren Wettbewerb genügt, nicht erst untersucht zu werden, ob auch auf Grund des Warenzeichengesetzes die Anträge der Klägerin gerechtfertigt sind; vielmehr war wie geschehen zu erkennen.

Mitgeteilt von R. A. Dr. Rosenthal, Hamburg.