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## Trademark Dilution: A Proposal to Stop the Infection from Spreading

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# TRADEMARK DILUTION: A PROPOSAL TO STOP THE INFECTION FROM SPREADING

*This is the essence of dilution. . . . [It] is an infection, which if allowed to spread, will inevitably destroy the advertising value of the mark.<sup>1</sup>*

## I. INTRODUCTION

Tom is the owner of a prosperous and famous fast food chain, Tom's Delicious Tacos.<sup>2</sup> Tom's business has been around for thirty years, and there are several franchise restaurants in every state and numerous international locations. Tom's Delicious Tacos has a distinctive trademark, which is a big letter "T" with a taco sitting on top of the "T." This trademark has been registered with the Patent and Trademark Office for thirty years, and Tom regularly polices his mark by looking for others who are trying to unfairly infringe or dilute his mark. The consuming public easily recognizes Tom's trademark, and they automatically associate the "T" and taco with Tom's Delicious Tacos restaurant.

Anna is the owner of a huge chain of hardware stores, which are located in every state. Recently, the hardware business has been a little slow, and Anna has decided to go into the restaurant business, namely fast food. Anna has plans to open up two hundred restaurants nationwide. Although she will offer a variety of fast food, such as hamburgers, her main item and marketing staple will be tacos. Anna plans on calling her fast food restaurants "Tim's Delightful Tacos," named after her brother. Anna wishes to register a big letter "T" with a hamburger and taco placed on top of the "T" as her trademark. Anna is well aware of "Tom's Delicious Tacos." Can Tom win on a claim of trademark dilution?

If *Tom v. Anna* was filed in a district court for the Fourth or Fifth Circuits, Tom would be required to present evidence of actual dilution by Anna's fast food chain.<sup>3</sup> Proving actual dilution would be difficult for

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<sup>1</sup> H.R. REP. NO. 104-374, at 3 (1995), *reprinted in* 1996 U.S.C.C.A.N. 1029, 1030.

<sup>2</sup> This hypothetical is completely fictional and it is not intended to reflect any particular individual, corporation, or case.

<sup>3</sup> See *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 170 F.3d 449, 464 (4th Cir. 1999) (stating that actual dilution can be shown by survey evidence); *see also infra* note 168.

Tom because he most likely had not actually been harmed since Anna had not yet opened her restaurants. Previously, the Fourth and Fifth Circuits required that actual harm must occur to prevail on a dilution claim.<sup>4</sup>

However, until recently, if Tom had filed in a district court within the Second, Sixth, or Seventh Circuits, he would have only needed to prove a likelihood of dilution.<sup>5</sup> This test would have been a lot easier for Tom to establish because his fast food chain is famous, and the name "Tom's Delicious Tacos" is unique as his distinctive trademark. Tom would have claimed that because his and Anna's marks are so substantially similar, his famous trademark would be diluted. In these circuits, Tom would have likely won on his dilution claim.

However, the United States Supreme Court has recently stated that, to win on a dilution claim, actual proof of dilution is required.<sup>6</sup> By requiring proof of actual dilution, the Court has assailed the fundamental nature of dilution.<sup>7</sup> Trademark scholars have noted that "One was supposed to be able to take quick action to protect a famous mark from erosion, but now must wait for erosion to occur before acting."<sup>8</sup> Furthermore, "[t]he practicing bar is left wondering if dilution really even exists anymore."<sup>9</sup>

These two conflicting approaches represent the underlying problems inherent in the recent circuit split.<sup>10</sup> These opposing views regarding the correct standard to prove dilution have caused consternation among

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<sup>4</sup> See *infra* notes 160-70 and accompanying text for a detailed explanation of the Fourth Circuit's reasoning. See *infra* notes 181-87 and accompanying text for a detailed explanation of the Fifth Circuit's reasoning.

<sup>5</sup> See *infra* notes 171-80 and accompanying text for a detailed explanation of the Second Circuit's reasoning. See *infra* notes 188-95 and accompanying text for a detailed explanation of the Seventh Circuit's reasoning. See *infra* notes 196-202 and accompanying text for a detailed explanation of the Sixth Circuit's reasoning.

<sup>6</sup> *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 427 (2003).

<sup>7</sup> Interview with Curtis Cichowski, Associate Dean and Lecturer in Law, Valparaiso University School of Law (Apr. 28, 2003).

<sup>8</sup> *Id.*

<sup>9</sup> *Id.* Injunctive relief is the only remedial option in the normal case, and it is a remedy that is too little and too late. *Id.*

<sup>10</sup> BEVERLY W. PATTISHALL ET AL., TRADEMARKS AND UNFAIR COMPETITION 378 (5th ed. 2002). A former split in the circuits developed regarding whether relief under the Federal Trademark Dilution Act ("FTDA") required "proof of actual, consummated harm to the trademark's selling power." *Id.* The Fourth Circuit concluded that the FTDA does require proof of actual harm, and the Second Circuit has rejected this conclusion. *Id.*

numerous courts, along with senior and junior users.<sup>11</sup> A substantial amount of this confusion can be attributed to the vague language in the Federal Trademark Dilution Act ("FTDA").<sup>12</sup>

Fundamentally, dilution is the gradual whittling away of a trademark's distinctiveness.<sup>13</sup> The junior user, or second user of the trademark, lessens the value of the senior trademark, which subsequently constitutes an injustice and wrong against the senior user's good reputation and property.<sup>14</sup> Therefore, the dilution theory protects the senior user's hard work from suffering unnecessary harm at the hands of a junior user.<sup>15</sup> Recently among the circuits, a controversy existed about whether a party claiming dilution must show actual dilution or merely a likelihood of dilution.<sup>16</sup>

This Note will contend that correctly amending the ambiguous language of the FTDA would clear up any vagueness.<sup>17</sup> Part II of this Note provides an overview of trademarks and trademark dilution history and also chronicles state and federal dilution laws.<sup>18</sup> Part II of this Note also details the recent circuit split and explains each specific circuit's rationale for applying either the actual dilution or likelihood of dilution standard.<sup>19</sup> Part III analyzes each of these approaches and their inherent weaknesses.<sup>20</sup> Part IV proposes an amendment to the FTDA.<sup>21</sup> This amendment would alleviate a significant amount of confusion over the ambiguous nature of the FTDA and would lead to the correct standard being applied in the courts.

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<sup>11</sup> *Id.*

<sup>12</sup> *Id.* The dispute arose primarily from the fact that the FTDA provides that liability can be imposed where the act in question is an act, which may "cause dilution." *Id.*

<sup>13</sup> See *infra* notes 68-75 and accompanying text for a discussion of trademark dilution characteristics.

<sup>14</sup> See *infra* note 78 and accompanying text.

<sup>15</sup> PATTISHALL, *supra* note 10, at 379.

<sup>16</sup> See generally *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208 (2d Cir. 1999); *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 170 F.3d 449 (4th Cir. 1999); PATTISHALL, *supra* note 10, at 378-79.

<sup>17</sup> See *infra* Part IV. Currently, a great deal of ambiguity exists in the interpretation of the FTDA. PATTISHALL, *supra* note 10, at 378. The dispute arises principally because of the federal statute's provision that liability is caused by acts, which "cause dilution," whereas the state statutes generally provide only for such liability where the acts are "likely to cause dilution." *Id.*

<sup>18</sup> See *infra* Part II.

<sup>19</sup> See *infra* Part II.

<sup>20</sup> See *infra* Part III.

<sup>21</sup> See *infra* Part IV.

## II. LEGAL BACKGROUND OF TRADEMARK DILUTION

Trademark dilution exists when the consuming public inadvertently makes a mental connection between two similar or identical trademarks and the two parties using the trademarks.<sup>22</sup> Dilution only occurs in circumstances when the public sees the junior user's application of the mark, and customers know that there is no association between the senior and junior users' products or services.<sup>23</sup> The recent cause of the conflict in the circuit courts is related to the standard of proof that is necessary to prove dilution.<sup>24</sup>

Part A lays out a general overview of the trademark including its characteristics, its role in a capitalistic society, and the public interest in trademark protection.<sup>25</sup> Part B.1 then traces the history of trademark dilution, defines trademark dilution, and explores its origins and the conflicting methods for proving it.<sup>26</sup> Part B.2 outlines the history of state dilution doctrines. Next, Part B.3 explores the FTDA and examines its history, fame requirement, and dilution requirement.<sup>27</sup> Part B.4 addresses and compares the state and federal history of trademark law.<sup>28</sup> Finally, Part B.5 details the survey method for proving dilution.

### A. *The History and Importance of the Trademark*

Trademarks are the words, symbols, phrases, or designs with which the public can associate a single manufacturer or seller with its goods and services.<sup>29</sup> The main purpose of a trademark is to guarantee the

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<sup>22</sup> J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 24:70 (4th ed. 1996).

<sup>23</sup> *Id.*

<sup>24</sup> See *infra* notes 153-205 and accompanying text for a discussion on the recent split in the circuit courts and the factors required to prove dilution.

<sup>25</sup> See *infra* Part II.A.

<sup>26</sup> See *infra* Part II.B.1.

<sup>27</sup> See *infra* Part II.B.3.

<sup>28</sup> See *infra* Part II.B.4. See *infra* Part III for an explanation of the two conflicting tests to prove trademark dilution—likelihood of dilution and actual harm.

<sup>29</sup> LYNN S. FRUCHTER ET AL., UNDERSTANDING BASIC TRADEMARK LAW 9-10 (2001). The ability of a mark to perform its trademark function is measured on a sliding scale, which goes from the weakest to the strongest trademarks: (1) generic, (2) descriptive, (3) suggestive, and (4) arbitrary or fanciful. Courtland L. Reichman, *State and Federal Trademark Dilution*, 17 FRANCHISE L.J. 111, 111 (1998). This is a spectrum dominated by distinctiveness. PAUL GOLDSTEIN, COPYRIGHT, PATENT, TRADEMARK AND RELATED STATE DOCTRINES 238 (4th ed. 1999). Generic or general terms are used as the names or descriptions of the goods or services to which the trademark is applied. *Id.* These generic terms are not trademarkable under any circumstances because they are not distinctive. *Id.*

genuineness of a product.<sup>30</sup> The trademark, in simple terms, acts as a substitute for the individual or manufacturer's signature and approval.<sup>31</sup> However, a trademark does not always obviously reveal the source of the product.<sup>32</sup> If the potential consumer recognizes the specific trademark of a particular manufacturer in relation to its goods, then the trademark has functioned appropriately.<sup>33</sup> For a trademark to be effective, it must identify the source of the goods and be fastened to the goods.<sup>34</sup>

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"A 'generic' term is one that is the name for the goods on which it is being used." FRUCHTER, *supra*, at 159. Some examples of generic terms are "vino" for wine, "spectacles" for eyeglasses, and "gin" for spirits. *Id.* Therefore, a generic term is not descriptive. *Id.* On the other hand, descriptive terms "describe the characteristic or ingredient of an article or service." GOLDSTEIN, *supra*, at 238. The only way these terms can become trademarks is if they acquire a secondary meaning (the ability to identify goods with a single source), such as "100% pure" as applied to soap. *Id.* The suggestive term proposes an ingredient or characteristic of goods or services but requires the consumer to use some aspect of imagination when establishing the nature of the goods. *Id.* "Ivory" in regard to soap is an example. *Id.* Arbitrary or fanciful terms are so far removed from the goods and what they represent that they receive the same protection as a suggestive mark but, in addition, are unable to be accused of being merely descriptive. *Id.* "Camay Soap" is an example of an arbitrary or fanciful trademark. *Id.*

<sup>30</sup> BLACK'S LAW DICTIONARY 1500 (7th ed. 1999). Trademark is defined as a "word, phrase, logo or other graphic symbol used by a manufacturer or seller to distinguish its product or products from those of others." *Id.* A trademark may be "any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings." FRUCHTER, *supra* note 29, at 158. "The term 'sign' can include personal names, letters, numerals, figurative elements, and combinations of colors, as well as any combination of these signs." *Id.* The most common types of trademarks are words and designs. *Id.*

<sup>31</sup> BLACK'S LAW DICTIONARY, *supra* note 30, at 1500.

<sup>32</sup> Sheldon H. Klein, *Introduction to Trademarks*, 713 PRAC. L. INST. 121, 125 (2002).

<sup>33</sup> *Id.*

<sup>34</sup> *Id.* at 126. Exceptions do exist where the labeling of the trademark is impractical because the goods, in such instances, are sold in large bulk shipments or are difficult to label, such as oil shipped in tanker trucks. *Id.* The trademark must be affixed on any accompanying paperwork or documentation. *Id.* Sometimes, a design capable of identification is an inherent part of the trade dress of the goods. ARTHUR R. MILLER & MICHAEL H. DAVIS, *INTELLECTUAL PROPERTY, PATENTS, TRADEMARKS, AND COPYRIGHT* 241 (2d ed. 1990). Trade dress is "[a] device, including a name or design, that simply accompanies the goods and is merely a necessary part of their packaging or is otherwise a necessary but collateral component of the sales process and that does not primarily serve to distinguish and identify the goods, is ineligible for registration." *Id.* Trade dress has also been defined as the overall shape, look, and feel or get up of the goods that can serve a source identifying function. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 765 n.1 (1992). However, trade dress can serve as a trademark if it actually identifies and distinguishes the goods or service with which it is associated. MILLER & DAVIS, *supra*, at 241. In the *Taco Cabana* case, the district court instructed the jury: "'[T]rade dress' is the

Trademarks have several characteristics.<sup>35</sup> For instance, trademarks symbolize the goodwill and reputation that a company has established over its lifetime.<sup>36</sup> As a reward for a company's goodwill, the trademark acts as an advertisement and also aids consumers in making decisions because they associate the trademark with the company's past quality.<sup>37</sup> The most important characteristic of a trademark is that it represents an exclusive right, held only by the owner of the trademark; therefore, it prevents competitors from using the mark.<sup>38</sup> Use of the trademark without the owner's permission is an infringement on the owner's right and is legally actionable.<sup>39</sup>

There are many benefits to registering and owning a trademark.<sup>40</sup> A registered trademark is a valuable asset to a company.<sup>41</sup> It can provide identification as well as a marketing advantage, and registration also

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total image of the business." *Taco Cabana*, 505 U.S. at 764 n.1 (alteration in original). The court held that Taco Cabana, a fast food chain, was able to include the following in its trade dress: the shape and general appearance of the exterior of the restaurant, the identifying sign, the interior kitchen floor plan, the décor, the menu, the equipment used to serve food, the server's uniforms, and other features reflecting on the total image of the restaurant. *Id.* The Supreme Court has heard two trade dress cases in the last two terms. FRUCHTER, *supra* note 29, at 159. The first case held that product configurations are not protectable under the Lanham Act without proof of "secondary meaning" (acquired distinctiveness). *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 216 (2000). Secondary meaning can occur when the primary significance of the product to consumers is to identify the source rather than the specific product. *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 854 n.11 (1982). The second case held that product features that were covered by the claims of an expired utility patent were de jure functional and, thus, not protectable as trade dress. *Traffix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 30-31 (2001). The Court stated that the utility patent presented strong evidence that the configuration was functional, but it did not adopt an absolute rule. *Id.*

<sup>35</sup> Klein, *supra* note 32, at 125; see *supra* notes 29-34.

<sup>36</sup> Klein, *supra* note 32, at 125.

<sup>37</sup> *Id.* Centuries ago the marks were meant to identify a particular craftsman and, thus, the origin of the product. MILLER & DAVIS, *supra* note 34, at 150. Trademarks originated when guild members during the medieval period affixed the mark of their guild to the goods they sold. *Id.*

<sup>38</sup> Klein, *supra* note 32, at 125. The goods and services of the competing individual or company do not have to be similar in nature. *Id.* However, it is easier for the party holding the trademark and claiming infringement if the two marks are competing in a similar market. *Id.*

<sup>39</sup> *Id.*

<sup>40</sup> See *supra* notes 29-34 and accompanying text.

<sup>41</sup> MILLER & DAVIS, *supra* note 34, at 153. For example, the Nike "swoosh" or the McDonald's "arches" are trademarks that are recognized throughout the world, and, thus, for protection, corporations trademark every phrase or logo they use in commerce. See McDonald's Corporation, *Trademark Information* (Dec. 28, 2002), at <http://www.speedyarches.com/trademark.html>.

puts every individual on notice that a specific trademark is in use.<sup>42</sup> During numerous House Committee hearings on the FTDA in 1995, a Warner Brothers executive stated, "The basic principle is that the trademark owner, who has spent the time and investment needed to create and maintain the property, should be the sole determinant of how that property is to be used in a commerce manner."<sup>43</sup> Under the Lanham Act, the source of federal trademark protection, federal registration ensures national protection of the trademark against other users.<sup>44</sup> Federal registration of a trademark is also preferred because it provides easier access to the federal court system.<sup>45</sup> Most importantly, if the trademark is used consistently for five years, it can become "incontestable" upon the filing of a declaration with the Patent and Trademark Office.<sup>46</sup>

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<sup>42</sup> *Id.* "Trademarks and service marks are an important aspect of every business operation." FRUCHTER, *supra* note 29, at 9. It is because of this that the prohibited use of trademarks can be enforced against unlawful users. *Id.* Service marks are identical to trademarks in all respects with the exception that they are intended to indicate the origin of the services rather than the goods. MILLER & DAVIS, *supra* note 34, at 232.

<sup>43</sup> *Federal Trademark Dilution Act of 1995: Hearing on H.R. 1295 and H.R. 270 Before the House Comm. on the Judiciary*, 103d Cong. (1995) [hereinafter *Hearing on H.R. 1295 and H.R. 270*] (statement of Niles Victor Montan, Warner Bros. Executive), 1995 Westlaw 435749.

<sup>44</sup> FRUCHTER, *supra* note 29, at 169. Unregistered trademarks can be protected, but only in the select geographic area of the United States where the use has been substantial enough to afford protection under the state laws of the area. *Id.* However, it is not necessary to register a mark federally to enjoy Lanham Act protection. *Id.* at 11. The federal unfair competition statute allows for enforcement of marks that are not federally registered and also protects against various related forms of unfair competition. *Id.* The Lanham Act is divided into two discrete parts. MILLER & DAVIS, *supra* note 34, at 232. One of these parts consists of all of the sections that regulate issuance of federal registration to a wide variety of marks, words, and phrases. *Id.* The second section consists solely of 15 U.S.C. § 1125, section 43(c) of the Lanham Act, which forbids false statements in connection with competition, such as cybersquatting and dilution. *Id.* In addition to trademarks, the Lanham Act also permits registration of service marks, certification marks, and collective marks. *Id.* Certification marks are usually those that allow an organization to indicate that the goods or services meet certain quality or regional origin standards, thereby excluding all others from making the same claim, which might cause confusion. *Id.* Collective marks usually provide a device by which a number of people can identify themselves as members of a certain group. *Id.* at 232-33.

<sup>45</sup> 15 U.S.C. § 1051 (2000); MILLER & DAVIS, *supra* note 34, at 153. Federal registration is beneficial because it gives constructive notice to other individuals and affords the registered owner nationwide protection. *Id.* Any cause of action involving a trademark can be brought in either the federal or state forum since there are controlling federal and state laws. GOLDSTEIN, *supra* note 29, at 214.

<sup>46</sup> 15 U.S.C. § 1065. Incontestability eliminates certain defenses that may be brought in an infringement action. *Id.*



The public interest in trademark protection is great.<sup>47</sup> Trademark registration not only protects the manufacturer, but also safeguards the consumer against product or service confusion.<sup>48</sup> Unlike trademark law, the other two anchors of intellectual property, copyright law and patent law, focus on providing incentives to create, whereas trademark law aims to prevent manufacturers from misleading and confusing customers as to the source of the product.<sup>49</sup> Thus, the goal of trademark law is to minimize confusion in the consumer's mind and to allow the consumer to select a brand based on prior experiences with a manufacturer's particular product.<sup>50</sup>

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<sup>47</sup> Jonathan Mermin, *Interpreting the Federal Trademark Dilution Act of 1995: The Logic of the Actual Dilution Requirement*, 42 B.C. L. REV. 207, 208 (2000).

<sup>48</sup> *Id.* (stating that the prevention of consumer confusion has been the traditional basis of trademark protection in the United States).

<sup>49</sup> *Id.*; see *supra* note 34. A patent is defined as "the governmental grant of a right, privilege, or authority." BLACK'S LAW DICTIONARY, *supra* note 30, at 1147. The grant of a patent gives the patent owner an exclusive right to make, use, or sell an invention for a specified period (usually twenty years). *Id.* A patent can only be granted if the device is found to be novel, useful, and nonobvious. *Id.*

A copyright is a "property right in an original work of authorship (such as literary, musical, artistic, photographic, or film work) fixed in any tangible medium of expression, giving the holder the exclusive right to reproduce, adapt, distribute, perform, and display the work." *Id.* at 337. The body of law relating to such works is Federal Copyright Law, which is governed by the Copyright Act of 1976. *Id.* The primary objective of copyright is not to reward the labor of authors but "[t]o promote the Progress of Science and useful Arts." *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 341 (1991). To this end, copyright is an assurance to authors of their right to original expression. *Id.* However, copyright also encourages others to build freely upon the ideas and formation conveyed by others in a work. *Id.* at 350. This notion is known as the idea/expression or fact/expression dichotomy and applies to all works of authorship. *Id.* The *Miller* court held that:

[C]opyrightability is best defined in terms of what can and cannot be copyrighted. Ideas can never be copyrighted. Only the particular expression of an idea can be copyrighted. A general theme cannot be copyrighted but its expression throughout the pattern of the work, the sequence of its events, the development of the interplay of its characters, and its choice of detail and dialogue can be copyrighted. If, such an extent that the idea is capable of expression only in a more or less stereotyped form, it is not copyrightable.

*Miller v. Universal City Studios, Inc.*, 650 F.2d 1365, 1368 (5th Cir. 1981).

<sup>50</sup> See *Westchester Media v. PRL USA Holdings, Inc.*, 214 F.3d 658, 663-64 (5th Cir. 2000); Robert N. Klieger, *Trademark Dilution: The Whittling Away of the Rational Basis for Trademark Protection*, 58 U. PITT. L. REV. 789, 853-56 (1997). The "[l]ikelihood of confusion is synonymous with a probability of confusion, which is more than a mere possibility of confusion." *Westchester*, 214 F.3d at 663-64. This likelihood of confusion must be minimized in the consumer's mind. *Id.* at 672.

The focus of trademark law is nothing short of a valiant effort to assist the consumer.<sup>51</sup> However, the advantage to the customer of having such protection comes at a cost.<sup>52</sup> For the public, the drawback of trademark protection is that it may force cheaper or more efficient products out of the market.<sup>53</sup> The threat of a trademark infringement suit may deter companies from competing in certain markets that are dominated by specific corporate powerhouses.<sup>54</sup> Thus, trademarks may create barriers, precluding the entry of new products into the marketplace.<sup>55</sup> Moreover, the value of the trademark not only allows the manufacturer to keep other potential sellers out of the market, but it also enables the trademark owner to charge more for the product.<sup>56</sup>

The costs associated with trademark law are great.<sup>57</sup> The consumer at times bears a very heavy burden, not only in regard to price, but also with respect to product confusion.<sup>58</sup> A vast determination to remedy these problems gave rise to the concept and theory of trademark dilution.<sup>59</sup>

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<sup>51</sup> See Mermin, *supra* note 47, at 210.

<sup>52</sup> *Id.* Trademarks may create certain barriers to the entry process of new products into the consumer marketplace. *Id.* Established trademarks may even entice consumers away from new products that bear unknown trademarks. *Id.*

<sup>53</sup> See PATTISHALL, *supra* note 10, at 2-3; Klieger, *supra* note 50, at 858-59. In some areas, precedent was derived from guild activities and the law merchant. PATTISHALL, *supra* note 10, at 2-3. All effort, however, was directed towards the needs of an equitable solution to the problem of consumer confusion. *Id.* Therefore, the common law and later statutory law were premised on the notion of prohibiting consumer confusion regarding the source of goods or services. *Id.*; see Mermin, *supra* note 47, at 211. The issues that arose in the beginning stages of trademark law were controversies over deceit. Mermin, *supra* note 47, at 211.

<sup>54</sup> See *id.* at 210.

<sup>55</sup> *Id.* Trademarks may create barriers regarding the entry of new products into the market because the established trademark may lure away customers from a new trademark in the field. *Id.* The consumer's decision may be based on a brand, not on the tangible qualities of the good or service. *Id.*

<sup>56</sup> *Id.* at 207, 211.

<sup>57</sup> *Id.* at 210.

<sup>58</sup> *Badger Meter, Inc. v. Grinnell Corp.*, 13 F.3d 1145, 1155 (7th Cir. 1994) (explaining that consumer confusion "interferes with consumers' ability to reward or punish a manufacturer by seeking a superior product or shunning an inferior one"); FRUCHTER, *supra* note 29, at 305-07 (arguing that confusing marks interfere with the right of a trademark owner to control the quality of the product and the consumer's ability to choose to buy, or not buy, a product without confusion); see Mermin, *supra* note 47, at 207, 211.

<sup>59</sup> See Mermin, *supra* note 47, at 211.

B. *The Origin, History, and Proof of Trademark Dilution*

1. *The Dawn of Trademark Law and the Evidence Required to Prove It*

The original founding of trademark dilution is generally credited to Frank Schechter.<sup>60</sup> In his 1927 article, *The Rational Basis of Trademark Protection*, he first advocated the idea that trademark law protects against “the gradual whittling away or dispersion of the identity.”<sup>61</sup> Schechter’s article condemned current trademark laws for their inability to protect trademarks from noncompeting and nonrelated goods.<sup>62</sup> Schechter tied together his criticism and concept of dilution with his now-famous example, “If you take Rolls Royce—for instance, if you allow Rolls Royce restaurants and Rolls Royce cafeterias, and Rolls Royce pants, and Rolls Royce candy, in 10 years you will not have the Rolls Royce mark anymore.”<sup>63</sup> Hence, the dilution theory was born.

The idea that trademarks had a potential value beyond their identification ability and that this value could be diluted was a novelty.<sup>64</sup> Courts in Schechter’s era held that the harm was to the consumer rather than the owner of the trademark because the consumer would be duly confused by two similar marks.<sup>65</sup> Schechter recognized the inherent problems with this logic and perceived that the harm was not to the consumer alone but also to the owner of the trademark.<sup>66</sup> Schechter

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<sup>60</sup> See MCCARTHY, *supra* note 22, § 24:67. Frank Schechter, a Professor at Harvard, first introduced the concept of dilution in the United States in the 1920s and 1930s through his writings and congressional testimony. *Id.* However, the dilution concept is thought to have originated in the British and German courts. *Id.* United States courts in the beginning were not very receptive to the concept of dilution, and early attempts to incorporate the dilution theory into a federal statute were futile. *Id.*

<sup>61</sup> Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 825 (1927). Schechter does not specifically refer to the concept laid out in his article as dilution. PATTISHALL, *supra* note 10, at 359. However, Schechter did urge his readers that “the preservation of the uniqueness of a trademark should constitute the only rational basis for its protection.” *Id.*

<sup>62</sup> Reichman, *supra* note 29, at 112.

<sup>63</sup> *Id.*

<sup>64</sup> K. Keith Facer, *The Federal Trademark Dilution Act of 1995: A Whittling Away of State Dilution Statutes*, 10 SETON HALL CONST. L.J. 863, 870 (2000).

<sup>65</sup> *Id.* at 870.

<sup>66</sup> *Id.* The concept of the harm as injurious to the trademark owner is rooted in the trespass of property premise. *Id.*

argued that the uniqueness or singularity of a mark was a property right belonging solely to the owner of the trademark.<sup>67</sup>

The underlying rationale of the dilution doctrine is the gradual whittling away of the value of a trademark that Schechter described.<sup>68</sup> Another's use of the trademark lessens the value of the mark, and such use constitutes an invasion of the senior user's property right and goodwill.<sup>69</sup> In essence, such use amounts to a wrong against the senior user, who is also the initial user of a specific trademark.<sup>70</sup> Consequently, the dilution theory is necessary because it protects the senior user from subsequent users who diminish or dilute the strong value of the mark, even though the consumers are not confused about the source of the goods.<sup>71</sup>

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<sup>67</sup> See MCCARTHY, *supra* note 22, § 24:67. Today's market has evolved to the point where the consumer no longer cares about the particular producer; therefore, the trademark and its distinctiveness serve a different function. MILLER & DAVIS, *supra* note 34, at 180. The market today is comprised of anonymous sources. *Id.* Trademarks no longer identify a particular source; rather, they act as indicators of common ownership such as a product line. *Id.* The trademark then trades on consumer loyalty and the inherent distinctiveness of the mark instead of producer identity. *Id.*

<sup>68</sup> See MCCARTHY, *supra* note 22, § 24:67 (commenting that dilution is not a trespass but rather the "impairment of a trademark's selling power" analogous to a trademark's distinctiveness being "carried away stone by stone"); Jonathan E. Moskin, *Dilution or Delusion: The Rational Limits of Trademark Protection*, 83 TRADEMARK REP. 122, 131-32 (1993).

<sup>69</sup> See MCCARTHY, *supra* note 22, § 24:67. One court stated:

The first to use a mark in the sale of goods or services is the "senior user" of the mark and gains common law rights to the mark in the geographic area in which the mark is used. Ownership rights flow only from prior use—either actual or constructive. Federal registration of a trademark or service mark cannot create rights and priority over others who have previously used the mark in commerce, but federal registration is prima facie evidence of the registrant's ownership and exclusive right to use the mark and constitutes constructive use of the mark.

R.L. Polk & Co. v. INFOUSA, Inc., No. 01-235C, 2002 WL 31513590, at \*6 (E.D. Mich. Nov. 7, 2002) (quoting Allard Enters., Inc. v. Advanced Programming Res., Inc., 249 F.3d 564 (6th Cir. 2001)).

<sup>70</sup> See MCCARTHY, *supra* note 22, § 24:67. The senior user is the original user of the trademark. *Id.* The junior user is the second user of the same trademark or a similar trademark; usually the senior user brings the dilution claims against the junior user. *Id.*

<sup>71</sup> *Id.* § 24:70. It is important to note that the theory of dilution can only be applied to the most famous marks. *Id.* § 24:109. The rationale is that for dilution there cannot be a likelihood of confusion since it is only applicable to the most famous of marks. *Id.* Therefore, dilution claims do not rest on a likelihood of confusion test, as does trademark infringement. *Id.* Rather dilution claims are the "whittling away" of a famous marks' distinctiveness. *Id.* § 24:70.

For dilution to occur, the consuming public must make a connection between the trademark that both parties are using.<sup>72</sup> However, the connection that is made is not the same mental link that triggers the likelihood of confusion test found in trademark infringement claims.<sup>73</sup> Instead, when the public perceives the junior user's application of the mark, consumers know that there is no connection between the senior and junior users' products or services, despite the fact that their marks are similar or identical.<sup>74</sup> The factors necessary to prove a dilution claim vary from court to court causing the current circuit split.<sup>75</sup>

Even though dilution claims are only applicable to the most famous of marks, like Schechter's Rolls Royce, over time, the noncompeting and nonrelated use of the famous mark will carve away at the identity of the mark.<sup>76</sup> However, because the mark is famous, the source of the goods will still be obvious, but the mark may begin to represent something else

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<sup>72</sup> *Id.*

<sup>73</sup> *Id.*; RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25 cmt. f (1995). Different courts have used varying standards to determine if likelihood of confusion is possible in trademark infringement suits. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25. Usually, the factors used in various courts differ only slightly. In *White v. Samsung Electronics America, Inc.*, the court used the traditional eight-step approach to determine if a likelihood of confusion existed. 971 F.2d 1395 (9th Cir. 1992). This eight-step approach was originally derived from *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341 (9th Cir. 1979). The eight factors to determine likelihood of confusion are: (1) strength of the plaintiff's mark; (2) relatedness of the goods; (3) similarity of the marks; (4) evidence of actual confusion; (5) marketing channels used; (6) likely degree of purchaser care; (7) defendant's intent in selecting the mark; and (8) likelihood of expansion of the product lines. *White*, 971 F.2d at 1400; *Polaroid Corp. v. Polaroid, Inc.*, 319 F.2d 830 (7th Cir. 1963).

<sup>74</sup> See MCCARTHY, *supra* note 22, § 24:70.

<sup>75</sup> See *infra* Part II for a discussion on the recent split in the circuit courts regarding the necessary factors to prove dilution, as well as an analysis of these factors. See also *supra* note 74 and accompanying text (discussing the mental connection necessary for a finding of dilution).

<sup>76</sup> See MCCARTHY, *supra* note 22, § 24:70. Courts have identified three interests that are protected by the modern trademark law's incorporation of the dilution doctrine. *Scarves by Vera, Inc. v. Todo Imps., Ltd.*, 544 F.2d 1167 (2d Cir. 1976). These are the right of the prior user to enter a related field, the right to protect its reputation from association with inferior goods, and the right of the public to be free from confusion and mistake. *Id.* When determining whether a junior user can use the mark of a senior user, the courts consider a number of factors. MILLER & DAVIS, *supra* note 34, at 188. One of these factors is the intent of the junior user, because an actual intent to profit by someone else's mark, or worse, an intent to deceive the public, will persuade a court to enjoin the use of the mark. *Id.* Another factor is the nature of the consuming public. *Id.* A market of impulse buyers is more likely to reach inappropriate conclusions based on similar marks than is a market which is populated by sophisticated buyers. *Id.*

in the public's mind.<sup>77</sup> Although the consumers will not be confused, because the mark is famous, they will, however, stop associating the senior user's mark with the product the mark should identify.<sup>78</sup> The concept of trademark dilution generally falls into two main categories: "blurring" and "tarnishment."<sup>79</sup>

a. Dilution by Blurring

Dupont shoes, Buick aspirin, Schlitz varnish, Kodak pianos, and Bulova gowns all are characteristic examples of dilution by "blurring."<sup>80</sup> Dilution by blurring occurs when the junior user takes the senior user's trademark and modifies it to identify the junior user's product or

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<sup>77</sup> Reichman, *supra* note 29, at 112.

<sup>78</sup> *Id.* The possibility, rather than the actuality, of consumer confusion is held to be the relevant element in modern trademark decisions incorporating the dilution doctrine. MILLER & DAVIS, *supra* note 34, at 189. These cases place the burden of proof on the defendant and also imply that once the possibility of confusion is demonstrated, it is irrelevant that no confusion has yet occurred. *Id.* Courts have recognized that the distinctiveness of the plaintiff's mark is what is being protected; even absent the use by another, it tends to dissipate the strength of the mark. *Id.* Strong marks will benefit much more than weak marks from the dilution doctrine. *Id.* "The greater the distinctiveness or strength of the mark, the greater the possible injury and, therefore, the greater the likelihood that the law will protect the mark from dilution." *Id.* at 190.

<sup>79</sup> See *Deere & Co. v. MTD Prods., Inc.*, 41 F.3d 39 (2d Cir. 1994). Deere is the world's largest supplier of agricultural equipment. *Id.* at 41. Deere has used a deer design as its trademark for identifying its products and services for over one hundred years. *Id.* The Deere logo is widely recognized and valued as a prized business asset. *Id.* MTD, a company that manufactures and sells lawn tractors, attempted to use the Deere trademark without authorization. *Id.* The intent of MTD was to identify Deere as the market leader and to suggest that MTD's tractor was of similar quality to Deere machinery, but less costly. *Id.* MTD attempted to use the mark, although slightly altered, in several television commercials that were submitted to ABC, NBC, and CBS. *Id.* Deere filed a complaint and sought an injunction under the New York anti-dilution laws and the dilution provision under the Lanham Act. *Id.* at 42. The court granted an injunction restraining MTD from utilizing the Deere mark. *Id.* at 47.

In recent years, a third category of dilution has become increasingly recognized. This third area is known as cybersquatting, or cyberpiracy. 15 U.S.C. § 1125(d) (2000). The anti-cybersquatting provision in the Lanham Act protects owners of marks against speculators in domain names. *Id.* It also protects the time of registration of the defendant's domain name if the mark is distinctive or famous at that time, meaning that the domain name is the same or confusingly similar to the original mark. *Id.* This protection is awarded, provided that the defendant acts with a bad faith intent as defined in section 1125(d)(1)(B)(i) of the Lanham Act. *Id.* The focus of this Note will be blurring and tarnishment; cybersquatting will not be addressed.

<sup>80</sup> See *Mead Data Cent., Inc. v. Toyota Motor Sales U.S.A., Inc.*, 875 F.2d 1026, 1031 (2d Cir. 1989); *infra* note 91 and accompanying text. These examples were listed by the New York legislature as hypothetical examples. *Mead Data*, 875 F.2d at 1031.

service.<sup>81</sup> These products or services do not need to be in the same competitive market as the senior user's goods or services.<sup>82</sup> This leads to the problem that the senior user's trademark will slowly lose its unique qualities.<sup>83</sup> As the distinctive quality of the trademark disappears, the trademark becomes generic and will subsequently lose its legal protection.<sup>84</sup> Dilution by blurring has been described as the classic "whittling away of an established trade-mark's selling power and value through the unauthorized use by others upon dissimilar products."<sup>85</sup> Thus, dilution by blurring raises the possibility that the mark will lose its capacity to serve as an exclusive identifier of the senior user's product.<sup>86</sup> However, consumer confusion about the source or product affiliation is irrelevant.<sup>87</sup> Confusion is never an issue in dilution claims because dilution is reserved for only the most famous of marks.<sup>88</sup> In other words, if a mark is sufficiently famous for a dilution claim, consumers will presumably not be confused by it.<sup>89</sup>

Blurring requires that there be some mental association between the "marks of the marks."<sup>90</sup> This described mental association can be triggered where the senior user's mark is famous and, thus, has a distinctive quality for a large portion of the junior user's market.<sup>91</sup> A classic example of dilution by blurring is *General Motors Corp. v. Let's Make a Deal*.<sup>92</sup> General Motors has developed and sold Hummer vehicles

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<sup>81</sup> *Deere*, 41 F.3d at 43.

<sup>82</sup> See MCCARTHY, *supra* note 22, § 24:68.

<sup>83</sup> *Deere*, 41 F.3d at 43; see also *Stop the Olympic Prison v. U.S. Olympic Comm.*, 489 F. Supp. 1112, 1123 (S.D.N.Y. 1980).

<sup>84</sup> *Jordache Enters., Inc. v. Hogg Wyld, Ltd.*, 828 F.2d 1482, 1489 (10th Cir. 1987). The Court noted that "[t]he paradigmatic dilution case involves the situation where the same or very similar marks are being used on vastly different products. Examples might include BEEFEATER used for a restaurant; DIOR used for a cleaning establishment; BACARDI used for jewelry; PLAYBOY used for auto repair." *Id.*

<sup>85</sup> *Mead Data*, 875 F.2d at 1028; MCCARTHY, *supra* note 22, § 24:68; see also Reichman, *supra* note 29, at 112.

<sup>86</sup> *Deere*, 41 F.3d at 43.

<sup>87</sup> See MCCARTHY, *supra* note 22, § 24:68.

<sup>88</sup> *Id.*

<sup>89</sup> *Id.*

<sup>90</sup> *Id.*

<sup>91</sup> *Id.* (quoting *Mead Data Cent., Inc. v. Toyota Motor Sales U.S.A., Inc.*, 875 F.2d 1026, 1031 (2d Cir. 1989)).

<sup>92</sup> 223 F. Supp. 2d 1183, 1188 (D. Nev. 2002). Plaintiff alleged claims for trademark and trade dress dilution, federal trademark infringement and counterfeiting, false designation of origin or sponsorship, false advertising, trade dress infringement, and common law trademark infringement. *Id.* The plaintiff originally sought injunctive relief as well as damages against the defendants. *Id.*

since 1981.<sup>93</sup> The defendants owned and operated "Let's Make a Deal," a used car lot, in Reno, Nevada.<sup>94</sup> According to the plaintiff, the defendants had been manufacturing "car kits" that captured all the unique traits of the Hummer vehicles and advertised them on their website.<sup>95</sup> The court held that proof of trademark dilution was present based on "blurring" because General Motors' marketing efforts succeeded in strengthening its marks, and it appeared that the defendants' use of similar marks would blur the public's ability to identify the true maker of the Hummer vehicle.<sup>96</sup> Thus, the trademark's capacity to serve as a unique identifier was diminished.<sup>97</sup>

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<sup>93</sup> *Id.* A Hummer vehicle is a type of sports utility vehicle that gained popularity through its use as a military vehicle during the Gulf War. *Id.* Since 1999, General Motors has owned all the rights to the trademarks and trade dress of Hummer vehicles as well as the goodwill that the vehicles have come to symbolize. *Id.* Plaintiff, General Motors, not only owns the registered trademark for Hummer vehicles, but also the Hummer grill, which comprises the nose and grill of the vehicle. *Id.* General Motors alleges that they have spent hundreds of millions of dollars towards developing and advertising Hummer vehicles worldwide. *Id.* As a result, throughout the world, Hummer vehicles are recognized as a symbol of quality and uniqueness. *Id.*

<sup>94</sup> *Id.*

<sup>95</sup> *Id.* The advertising took place on the defendants' website, <http://www.hmmm.com>. *Id.* Ultimately, the court ordered the dismantling of the website in favor of General Motors. *Id.* at 1197.

<sup>96</sup> *Id.* at 1193. The court reasoned that the plaintiff must show a likelihood of confusion as to its trade dress through the application of the *Sleekcraft* factors. *Id.* at 1196. These factors should be applied because they touch on the defendant's general considerations, intent, strength, similarity, and proximity. *Id.* The court ultimately restrained the defendants from any manufacturing, advertising, marketing, and/or selling car kits that use, copy, misappropriate, or are confusingly similar to the trade dress and shape of Hummer vehicles. *Id.* at 1197.

<sup>97</sup> *Id.* at 1192. The court held that if a plaintiff can demonstrate a likelihood of prevailing on the infringement and unfair competition claims, irreparable harm can be inferred. *Id.* at 1197. The court held that in the present case irreparable injury could be inferred from the strong showing of injury that the plaintiff presented. *Id.* The court noted that it was not enough that the defendants had eliminated their website. *Id.* The court also stated that there were still other means that the defendants could use to sell their car kits. *Id.* Therefore, the plaintiff was not denied the presumption of permanent harm. *Id.* It should be noted that the case may arise in which the junior user's mark will become so famous that it will overwhelm the senior user's mark. *Id.* However, this is usually a rarity and, thus, blurring will not be found. *Mead Data Cent., Inc. v. Toyota Motor Sales, Inc.*, 875 F.2d 1026, 1031 (2d Cir. 1989); GOLDSTEIN, *supra* note 29, at 85.

In *Mead Data*, Toyota sought to associate Lexus with luxury and automobiles. 875 F.2d at 1038. Mead Data feared that would overwhelm their Lexus association with "indispensability and economy." *Id.* Judge Sweet concurred in this judgment and offered a six-factor test based on the New York anti-dilution statute. *Id.* at 1035. This test has come to be known as the "Sweet Test" for dilution. *Id.* Judge Sweet's six factors are: (1) similarity of the marks; (2) similarity of the products covered by the marks; (3)



b. Dilution by Tarnishment

Dilution by “tarnishment” occurs when the consumer’s capacity to correlate a trademark with the appropriate goods or services has been lessened.<sup>98</sup> In general, the threat of tarnishment is an issue when the good name and reputation of the senior user’s trademark is associated with goods or services which are of a “shoddy” quality or when the tarnishing mark conjures up related associations that clash with the owner’s use of the trademark.<sup>99</sup> The effect of the junior user’s unauthorized use in a tarnishment case is to degrade or dilute the distinctive quality of the mark.<sup>100</sup>

There are two approaches to tarnishment: a broad approach and a narrow approach.<sup>101</sup> Under the broad approach, the dilution doctrine’s prohibition encompasses any unauthorized use of a mark in various contexts that diminish the trademark’s positive attributes.<sup>102</sup> If the dilution doctrine is applied narrowly, it includes only unauthorized commercial uses of a mark that are related to goods or services of poor quality that lack the esteem associated with the trademark.<sup>103</sup>

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sophistication of the consumers; (4) predatory intent; (5) renown of the senior mark; and (6) renown of the junior mark. *Id.* However, in recent years this test has been criticized as not being relevant or particularly helpful, specifically with suits for dilution by blurring. MCCARTHY, *supra* note 22, § 24:94.2.

<sup>98</sup> *Deere & Co. v. MTD Prods., Inc.*, 41 F.3d 39, 43 (2d Cir. 1994); MCCARTHY, *supra* note 22, § 24:69. The court in *Deere* held that in tarnishment cases:

[T]he trademark’s reputation and commercial value might be diminished because the public will associate the lack of quality or lack of prestige in the defendant’s goods with the plaintiff’s unrelated goods, or because the defendant’s use reduces the trademark’s reputation and standing in the eyes of consumers as a wholesome identifier of the owner’s products or services.

*Deere*, 41 F.3d at 43.

<sup>99</sup> See MCCARTHY, *supra* note 22, § 24:69. The key with the tarnishment concept is that the tarnishing party’s mark must be of a poor quality for tarnishment to occur; therefore, tarnishment will not occur if the junior user’s mark is reputable. See Reichman, *supra* note 29, at 112.

<sup>100</sup> PATTISHALL, *supra* note 10, at 380. Dilution can occur by the tarnishing of the positive associations engendered by a trademark, as well as by diminishment of the trademark’s distinctiveness. *Id.*; MCCARTHY, *supra* note 22, § 24:69.

<sup>101</sup> GOLDSTEIN, *supra* note 29, at 86; see *infra* notes 102-03.

<sup>102</sup> *Id.* The dilution doctrine that is referred to in the text is the Federal Trademark Dilution Act of 1995. 15 U.S.C. § 1125(c) (2000).

<sup>103</sup> *Id.* § 1125(c).

The traditional example of dilution by tarnishment is a parody.<sup>104</sup> For example, in *Original Appalachian Artworks, Inc. v. Topps Chewing Gum*,<sup>105</sup> Garbage Pail Kids were established to be crude depictions of dolls that had comparable features to the plaintiff's Cabbage Patch Dolls.<sup>106</sup> Subsequently, the court held that there had been dilution by tarnishment.<sup>107</sup> The court stated that, where the marks were similar and there was proof that contested use could possibly injure the plaintiff manufacturer's commercial reputation or even dilute the distinctive quality of its mark, dilution by tarnishment could be found.<sup>108</sup>

In contrast, as in *Jordache Enterprises, Inc. v. Hogg Wyld, Ltd.*,<sup>109</sup> some courts have examined parody use with trademarks and have held that some consumers may see a parody in poor taste, but that it is not likely that the parody will create an "unwholesome, unsavory, or degrading association" with the plaintiff's name.<sup>110</sup> Therefore, in these types of cases, a claim for tarnishment cannot be supported.<sup>111</sup>

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<sup>104</sup> See MCCARTHY, *supra* note 22, § 24:69; Reichman, *supra* note 29, at 112.

<sup>105</sup> 642 F. Supp. 1031 (N.D. Ga. 1986).

<sup>106</sup> *Id.* at 1032. Since July 1982, Original Appalachian Works has marketed its dolls under the trademark "Cabbage Patch Kids." *Id.* Over forty million Cabbage Patch Kid dolls have been sold. *Id.* The defendant, Topps Chewing Gum, Inc. ("Topps"), was founded in 1938. *Id.* For fifty years it has produced various entertainment products designed for children, particularly Bazooka Bubble Gum and baseball trading cards. *Id.* In November 1984, Topps filed to register the trademark "Garbage Pail Kids." *Id.* In May 1985, Topps began manufacturing and distributing the first series of Garbage Pail Kids stickers and cards. *Id.* The Garbage Pail Kids stickers cynically depict dolls with features very similar to Cabbage Patch Kids dolls in rude, aggressive, and harmful settings. *Id.* The cards gained extreme popularity in early 1986, and Topps expanded its products regarding Garbage Pail Kids to items such as T-shirts, school notebooks, balloons, etc. *Id.* This manufacturing and marketing scheme was very successful, and overall more than 800 million stickers have been sold. *Id.*

<sup>107</sup> *Id.*

<sup>108</sup> *Id.* The court reasoned that in order to prevail under such dilution by tarnishment claim, the plaintiff needed to show that the marks in question were similar and that "the contested use was likely to injure [the plaintiff's] commercial reputation or dilute the distinctive quality of its marks." *Id.* at 1039.

<sup>109</sup> 828 F.2d 1482, 1489 (10th Cir. 1987).

<sup>110</sup> *Id.* The court found that "because of the parody aspect of Lardashe, it is not likely that public identification of Jordache with the plaintiff will be eroded; indeed, parody tends to increase public identification of a plaintiff's mark with the plaintiff." *Id.* at 1489-90. The court went on to hold that the continued existence of Lardashe jeans would not cause Jordache to lose any of the distinctive qualities that its mark had acquired for jeans and apparel. *Id.* at 1490. The court's reasoning was that it would be rather unlikely that the public would assume that the same manufacturer would use very different marks on virtually the same product. *Id.* at 1491. Therefore, its holding was justified because the

Courts are reluctant to find dilution by tarnishment in cases that raise First Amendment issues. In *L.L. Bean, Inc. v. Drake Publishers, Inc.*,<sup>112</sup> the First Circuit reversed the grant of an injunction in favor of L.L. Bean because it impinged on First Amendment rights.<sup>113</sup> The court concluded that if parodists were deprived of the occasion to poke fun at symbols and names that are commonplace in our society, it would constitute an infringement on protected expression.<sup>114</sup> In addition, dilution through

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Lanham Act requires that the likelihood of confusion test be satisfied to establish tarnishment; however, the court reasoned that the likelihood of confusion test is not the only way to prove this type of tarnishment. *Id.* Thus, there was no likelihood of an injury found in this case and the dilution claim failed. *Id.*

<sup>111</sup> See, e.g., *id.* at 1489. The owner of the trademark "Jordache" brought an infringement suit against a jean manufacturer who sold blue jeans for larger women depicting a smiling pig above the word "Lardashe" on the seat of the pants. *Id.* at 1482. The court held that an intent to parody did exist, but that the trademark owner failed to show that his mark, Jordache, was diluted or tarnished. *Id.*

<sup>112</sup> 811 F.2d 26 (1st Cir. 1987).

<sup>113</sup> *Id.* at 34. The plaintiff-appellee, L.L. Bean, Inc., brought this lawsuit when High Society magazine published a parody of L.L. Bean's well-known catalog. *Id.* at 27. The defendant-appellant, Drake Publishers ("Drake"), owns High Society, which is a monthly periodical that features adult entertainment. *Id.* In its October 1984 issue, a two-page article was published entitled "L.L. Bean's Back-To-School-Sex-Catalog." *Id.* The article was published on the magazine's table of contents page as "humor" and "parody." *Id.* The article exhibited a reproduction of L.L. Bean's trademark and displayed pictures of nude models in "sexually explicit positions." *Id.* L.L. Bean sought a temporary restraining order to remove the October 1984 issue from circulation. *Id.* The complaint primarily alleged trademark infringement, unfair competition, trademark dilution, deceptive trade practices, interference with prospective business advantage, and trade libel. *Id.* L.L. Bean's request for a temporary restraining order was denied by the district court. *Id.* Later, both parties sought claims for summary judgment. *Id.* The district court granted summary judgment in favor of Drake on the claims for trade libel and interference with prospective business advantage. *Id.* However, it rejected granting summary judgment to both parties on L.L. Bean's claims for trademark infringement, unfair competition, and deceptive trade practices, leaving the question of "likelihood of confusion" for ruling at trial. *Id.* The court of appeals held that the application of Maine's anti-dilution statute to the magazine's noncommercial parody of trademark violated the First Amendment. *Id.* However, the court rejected Drake's claim that the Maine statute did not encompass allegations of tarnishment caused by parody. *Id.* at 27. Therefore, the court held that enjoining the publication of a parody to prevent trademark dilution did not offend the First Amendment. *Id.* The court stated, "The limits imposed on a trademark owner's property rights demonstrate that the constitutional issue raised here cannot be dispensed with by simply asserting that Bean's property right need not yield to the exercise of First Amendment rights." *Id.* at 29.

<sup>114</sup> *Id.* The court in *L.L. Bean* concluded, "Denying parodists the opportunity to poke fun at symbols and names which have become woven into the fabric of our daily life, would constitute a serious curtailment of a protected form of expression." *Id.* at 34. Throughout the *L.L. Bean* opinion, the court indicated in dicta that it would have upheld an application

blurring and tarnishment have been given recognition through the passing of state anti-dilution laws.<sup>115</sup>

## 2. State Trademark Dilution Doctrines

Initially courts and scholars disapproved of the arguments Schechter made regarding the theory of dilution.<sup>116</sup> Consequently, it took twenty years for courts to begin to warm up to the concept of dilution.<sup>117</sup> In 1947, Massachusetts passed the first anti-dilution law.<sup>118</sup> Several other

of the statute if the statute was limited to the use of the mark in connection with the marketing of goods or services. *Id.*

<sup>115</sup> MILLER & DAVIS, *supra* note 34, at 191; Paul Edward Kim, Comment, *Preventing Dilution of the Federal Trademark Dilution Act: Why the FTDA Requires Actual Economic Harm*, 150 U. PA. L. REV. 719, 726 (2001).

<sup>116</sup> Kim, *supra* note 115, at 726.

<sup>117</sup> MILLER & DAVIS, *supra* note 34, at 191. It has been reasoned that:

Although the Lanham Act has been amended so that the confusion necessary for infringement is not limited merely to that between competing goods, but is extended to confusion generally so as to include the dilution doctrine, that development has occurred only within the last twenty years. In addition, federal courts have been somewhat reluctant to embrace the dilution doctrine wholeheartedly and therefore have construed the "confusion" requirement with varying degrees of strictness. Finally, even with federal acceptance of the dilution doctrine, many marks that are either not registered or otherwise ineligible for registration are protected solely by state law.

*Id.* Until recently, state law was made up of entirely common law, and there has been substantial judicial resistance to the dilution doctrine in the state courts. *Id.*

<sup>118</sup> David Sven Villwock, *Legislative Update: The Federal Trademark Dilution Act of 1995*, 6 DEPAUL-LCA J. ART & ENT. L. & POL'Y 213, 215 (1996). The state laws largely followed the International Trademark Association ("ITA") Model and provided for an injunction upon a successful finding of a likelihood of dilution. *Id.* However, even though the state legislatures gave an apparent power to the courts to apply the dilution principles, courts were hesitant to do so between 1933 and 1977. *Id.* The only court to apply this law was the Seventh Circuit in the *Polaroid* case of 1963. *Polaroid Corp. v. Polaroid, Inc.*, 319 F.2d 830 (7th Cir. 1963). In that case, the court concluded that the use of the term "Polaroid" diluted the trademark of the plaintiff, a marketer of cameras, Polaroid. *Id.* In *Polaroid*, the record indicated that there were several instances of confusion as to the parties' identities. *Id.* at 837. The court held that the anti-dilution statute should be applied to the present case. *Id.*

It was not until 1977, in the *Allied* case, that a court fully exposed dilution to the public. *Allied Maint. Corp. v. Allied Mech. Trades, Inc.*, 369 N.E.2d 1162 (N.Y. 1977). The court addressed dilution by stating, "The evil which the Legislature sought to remedy was not public confusion caused by similar products or services sold by competitors, but a cancer-like growth of dissimilar products or services which feeds upon the business reputation of an established distinctive trade-mark or name." *Id.* at 1165. Despite the definition of dilution provided by the court, the court ultimately held that the name Allied had not attained a distinctive, arbitrary, or fanciful nature. *Id.* This reasoning arose

states followed, passing similar anti-dilution laws.<sup>119</sup> All of these laws were based largely on the International Trademark Association (“ITA”) model.<sup>120</sup> The ITA encouraged states to adopt anti-dilution laws and to allow an injunction as a remedy for dilution upon a finding of a likelihood of dilution.<sup>121</sup>

Although a majority of states adopted anti-dilution laws, the state laws lacked uniformity, providing a “patch-quilt system” of state anti-dilution statutes.<sup>122</sup> Moreover, plaintiffs were often forum-shopping by seeking out the state they believed would be the most sympathetic to their dilution claims.<sup>123</sup> Another problem with the state dilution laws was that the only remedy available was an injunction.<sup>124</sup> However, because only half of the states had anti-dilution laws and because the states that did not recognize dilution were unwilling to enforce an injunction from another state, the effectiveness of injunctions became a

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because the court was unconvinced that the name Allied was not associated in the public’s mind to represent cleaning and maintenance services. *Id.*

<sup>119</sup> Villwock, *supra* note 118, at 215. Currently the states with dilution statutes are the following: Alabama, Alaska, Arkansas, California, Connecticut, Delaware, Florida, Georgia, Idaho, Illinois, Iowa, Louisiana, Maine, Massachusetts, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Hampshire, New Jersey, New Mexico, New York, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Washington, West Virginia, and Wyoming. PATTISHALL, *supra* note 10, at 392. Ohio has also recognized some common law dilution claims. *Id.*

<sup>120</sup> *Id.* State anti-dilution statutes traditionally disregard the requirement of competition and confusion between goods. MILLER & DAVIS, *supra* note 34, at 192. In addition, the statutes forbid any practices that may confuse consumers as to product and service sources. *Id.* These state statutes allow owners to enforce their marks through a wide range of products and markets. *Id.*

<sup>121</sup> Villwock, *supra* note 118, at 215. The rationale behind the incorporation of the state dilution statutes was, and still is, the protection of the distinctive quality of a mark, even in the absence of likelihood of confusion, against the use of another that may degrade the mark’s distinctiveness. PATTISHALL, *supra* note 10, at 392. State dilution laws also typically protect the trademark owner from the tarnishment of its mark. *Id.*

<sup>122</sup> *Id.* Initially, states were very hesitant to adopt dilution statutes, and once these statutes were in place, courts often failed to utilize them. *Id.* In recent years, however, states have become more supportive and frequent in the application of dilution statutes. *Id.*; Kim, *supra* note 115, at 726.

<sup>123</sup> Kim, *supra* note 115, at 726.

<sup>124</sup> Villwock, *supra* note 118, at 215.

large concern.<sup>125</sup> These problems in the state system prompted the passing of the FTDA in 1995.<sup>126</sup>

### 3. The Federal Trademark Dilution Act of 1995

Congress amended the Lanham Act of 1946 by passing the FTDA of 1995 and provided, therein, a cause of action for trademark dilution.<sup>127</sup> With overwhelming approval from both the House and the Senate, the FTDA was officially signed into law on January 16, 1996.<sup>128</sup> The statute defines dilution as, "the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of (1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake, or deception."<sup>129</sup> To prove a successful claim of dilution, the plaintiff must first show that a mark is famous and that it warrants dilution protection.<sup>130</sup> Once the

<sup>125</sup> *Hearing on H.R. 1295 and H.R. 270, supra* note 43 (discussing dilution remedies by Mary Ann Alford, Executive Vice President of the International Trademark Association); Villwock, *supra* note 118, at 215. The ITA was a huge advocate of the FTDA, which became effective on January 16, 1996. MCCARTHY, *supra* note 22, § 24:69.

<sup>126</sup> 15 U.S.C. § 1127(B)(2)(2) (2000).

<sup>127</sup> Kim, *supra* note 115, at 726; *see supra* note 44. The Lanham Act of 1946, 15 U.S.C. § 1051, is the federal statute governing trademark rights. FRUCHTER, *supra* note 29, at 9-10. In November 1989, it was extensively amended and has since been periodically amended. *Id.* In 1995, the FTDA was added to the Lanham Act. 15 U.S.C. § 1127(c). It is expected that the federal dilution statute will co-exist with the state statutes that are in place. PATTISHALL, *supra* note 10, at 392. Thus, the federal statute does not preempt state law. *Id.*

<sup>128</sup> 15 U.S.C. § 1127; Kim, *supra* note 115, at 726.

<sup>129</sup> 15 U.S.C. § 1127; MCCARTHY, *supra* note 22, § 24:88.

<sup>130</sup> 15 U.S.C. § 1125(c)(1). Under the FTDA, the eight non-exclusive factors that a court may consider and weigh, when deciding whether a mark is famous, are as follows:

- (A) the degree of inherent or acquired distinctiveness of the mark;
- (B) the duration and extent of the use of the mark in connection with the goods or services with which the mark is used;
- (C) the duration and extent of advertising and publicity of the mark;
- (D) the geographical extent of the trading area in which the mark is used;
- (E) the channels of trade for the goods or services with which the mark is used;
- (F) the degree of recognition of the mark in the trading areas and channels of trade used by the mark's owner and the person against whom the injunction is sought;
- (G) the nature and extent of use of the same or similar marks by third parties; and
- (H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

*Id.* The state statutes that recognize dilution often do not require that a mark be "strong" or "well-known" for the dilution doctrine to apply. PATTISHALL, *supra* note 10, at 392. However, depending on the state, certain judicial opinions have read this factor into the court's dilution analysis. *See Fruit of the Loom, Inc. v. Girouard*, 994 F.2d 1359 (9th Cir.

plaintiff has proven these two elements, the plaintiff must next establish that the defendant's use of the mark caused the trademark to be diluted and, thus, to lose some of its distinctiveness.<sup>131</sup>

The FTDA offers an injunction as the primary remedy for a successful dilution lawsuit.<sup>132</sup> In very limited instances, the FTDA also offers damages as a remedy.<sup>133</sup> However, the award of damages is only a possibility if the infringing party is found to have "willfully intended to trade on the owner's reputation or to cause dilution of the famous mark."<sup>134</sup> In such cases, the party whose mark has been infringed may be entitled to any or all of the following: profits, treble damages, and the destruction of the infringing articles.<sup>135</sup> However, there are traditionally some differences between state and federal anti-dilution laws.<sup>136</sup>

#### 4. A Comparison of State and Federal Dilution Statutes

A large distinction between most state statutes and the federal statute is that, as a prerequisite for protection under the federal statute, the mark must be famous.<sup>137</sup> Most state statutes do not have this requirement.<sup>138</sup> Rather, liability may arise under state law when a junior user's exercise of a mark produces a mental connection between the junior and senior users' marks in the mind of the consumer.<sup>139</sup> The

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1993) (holding that Fruit of the Loom for undergarments was not diluted by Fruit Flops and Fruit Cups regarding thongs and bustiers).

<sup>131</sup> 15 U.S.C. § 1125(c)(1).

<sup>132</sup> *Id.* § 1125(c). Lanham Act § 1116 provides for injunctive relief; but if the infringing party "willfully intended" to infringe, then remedies under §§ 1117(a), 1118, and 1125(c) may be assessed. *Id.* § 1125(c)(2).

<sup>133</sup> *Id.* § 1125(c); *see infra* notes 141-42.

<sup>134</sup> 15 U.S.C. § 1125(c); MCCARTHY, *supra* note 22, § 24:99; *see infra* notes 141-42.

<sup>135</sup> 15 U.S.C. § 1125(c); *see infra* notes 141-42. *See generally* 15 U.S.C. §§ 1117(a), 1118, 1125(c)(2); MCCARTHY, *supra* note 22, § 24:99.

<sup>136</sup> Miles J. Alexander & Michael K. Heilbronner, *Dilution Under Section 43(c) of the Lanham Act*, 59 LAW & CONTEMP. PROBS. 93, 102 (1996).

<sup>137</sup> *See supra* notes 130, 136 and accompanying text.

<sup>138</sup> Alexander & Heilbronner, *supra* note 136, at 102.

<sup>139</sup> *Id.* Therefore, as a result, the senior user's mark is no longer able to function as an unique identifier of its goods or services. *Id.* In addition:

Trademark infringement disputes are most often resolved by courts using injunctive relief. Injunctive relief is often employed in cases of unintentional infringement where there has been no harm to the trademark owner. It is also employed in cases where there may be great harm to the trademark owner. These situations usually come up clearly and quickly on the owner's "radar screen" and action is taken

federal statute also provides national relief in the form of an injunction, something that the state statutes cannot provide.<sup>140</sup> Moreover, monetary damages are available under the federal statute.<sup>141</sup> To award a plaintiff damages, the plaintiff must prove that the trademark is famous.<sup>142</sup>

## 5. Proving Dilution: Surveys and Balancing Tests

As mentioned, a trademark must be famous before it can be the subject of a dilution claim under the FTDA.<sup>143</sup> The determination of whether a trademark is famous involves the consideration of several factors.<sup>144</sup> Most of these factors can be proven through affidavit evidence and individual testimony.<sup>145</sup> Courts also encourage parties to submit only first-hand knowledge of factors relating to the famous aspect of the specific entity.<sup>146</sup>

A party can also prove that a mark is famous through the use of consumer surveys.<sup>147</sup> These surveys should demonstrate that potential

immediately. Prompt injunctive relief before damage occurs can be a proper resolution.

*Id.*

<sup>140</sup> See *supra* note 125 and accompanying text.

<sup>141</sup> See *supra* notes 124-25 and accompanying text (stating that most state statutes do not recognize monetary damages as a potential remedy).

<sup>142</sup> 15 U.S.C. § 1125(c) (2000).

<sup>143</sup> *Id.*; see *supra* note 130 and accompanying text (discussing the famous factors under the FTDA).

<sup>144</sup> See *supra* note 130.

<sup>145</sup> Reichman, *supra* note 29, at 134; BAILA H. CELEDONIA & RICHARD L. KIRKPATRICK, PROVING LIKELIHOOD OF CONFUSION IN TRADEMARK LAW 107-08 (1996).

<sup>146</sup> Reichman, *supra* note 29, at 134. Often surveys are the primary form of evidence used to establish the various elements of an infringement action. FRUCHTER, *supra* note 29, at 271. Surveys can be used to establish factors like secondary meaning, or a lack thereof, and likelihood of confusion. *Id.* Courts could also draw a negative inference from the absence of survey evidence: (1) that the party does not care enough to do one, or (2) that the party did one and its results were not favorable to the surveying party's position. *Id.* Also, the key in surveys is to ensure that one seeks a relevant population and asks fair and unbiased questions. *Id.*

<sup>147</sup> Reichman, *supra* note 29, at 134. For a proper trademark/likeness of confusion survey to be carried out, the following is one proposed method:

The analysis of a survey begins by obtaining the survey report, the underlying questionnaires to the report and any affidavit based upon the questionnaires and/or report. Presumably one already has all of the relevant marketing information. With this material in hand and preferably with the help of a survey expert of one's own, the analysis can proceed by applying the principles for designing a sound survey. Each element of the survey being analyzed should be examined in light of the realities of the marketplace. The elements to



consumers can identify the mark.<sup>148</sup> If consumers cannot identify the trademark, then the mark cannot be considered famous under the

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be examined are the definition of the universe, the sampling method and size of sample, the survey setting, the questionnaire, the execution of the survey including the coding and tabulation of the answers to the survey questions, the statistical analysis made or not made, and finally, the conclusions drawn. Assuming the author of the survey is experienced, the sampling method and execution of the survey are probably sound and do not require a lot of attention. The focus can be on the definition of the universe, the survey setting, questionnaire and analysis with sample size, coding and tabulation becoming a part of the data analysis process.

CELEDONIA & KIRKPATRICK, *supra* note 145, at 107-08.

<sup>148</sup> Reichman, *supra* note 29, at 112. One possible way that consumers may not be able to identify the mark is due to genericism. See *supra* note 29. The genericism critique specifically centers on a generic survey design used in an effort to show secondary meaning and thus probable confusion. CELEDONIA & KIRKPATRICK, *supra* note 145, at 108. For example:

A Teflon-type survey was conducted for a plaintiff who wanted to show that its mark was not "merely descriptive" as contended by the defendant. Before analyzing this survey it would be helpful to be familiar with the Teflon survey which generally finds favor with the courts. In the Teflon study, the terms common name and brand name were explained to the respondents using automobile and Chevrolet as examples. In the survey being critiqued, the terms common name/descriptive name and brand name were explained to the respondents using one example for the common name/descriptive name category and one name for the brand name example. Both examples were drawn from a product category related to the one in question. In selecting the examples, the expert introduced a subtle bias. The common name/descriptive name example was a common name and the respondents were told this name identified a product type. No descriptive name was given. Thus, the respondents in evaluating the name at issue which was descriptive were put into a frame of reference in which the name at issue seemed more like a brand name. An evaluation of the responses supported this conclusion. Over 25 percent of the respondents who said the name in question was a brand gave the reason for their response in the form of deductive reasoning—it was not a generic or common name, it did not say what the product was, therefore it was a brand.

In addition to the bias in the example, the other names selected to accompany the name at issue created a bias. The two brand names selected both had a word in common with the name at issue and the common names did not. The two brand names selected were also weak brand names in the sense of not being readily recognized. One of the common names was a very well known common name. The other common name was well known as such, but not to the same degree. Thus the selection of names created a bias toward finding the name at issue to be a brand name. The results supported this observation as well because 85 percent of the respondents identified

FTDA.<sup>149</sup> In the language of the FTDA, one of the factors for determining whether a mark is famous is the degree of recognition in the trading areas and trading channels of the mark's owner and of the potential diluting party.<sup>150</sup> This factor could be easily proven by adequate survey evidence.<sup>151</sup> At the very least, the party bringing the dilution suit must show that there is a mental connection between the famous senior mark and the junior user's mark in the public mind.<sup>152</sup>

Once a court determines that a mark is famous and a mental connection can be established between the junior and senior users' trademarks, a more complex and difficult question arises: how is trademark dilution proven?<sup>153</sup> This question has baffled the courts for

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the well known common name as such and 69 percent identified the other common name as such. Only 41 percent and 36 percent identified the brand name as such. The name at issue was identified by 33 percent of the respondents as a brand name. Most respondents did not know whether the names being evaluated were common/descriptive names or brand names.

CELEDONIA, & KIRKPATRICK, *supra* note 145, at 108-10.

<sup>149</sup> MCCARTHY, *supra* note 22, § 24:92.1. The following marks were held to be famous under the 1996 FTDA: AOL (internet provider); Barbie (doll); Budweiser (beer); The Greatest Show on Earth (slogan for circus); Hotmail (e-mail service); National Basketball Association (logo); Porsche (autos); Prozac (anti-depression drug); Tylenol (analgesic). *Id.* The following marks were alleged to be famous but were held not to be famous enough to warrant protection under the FTDA: Appleseed (public advocacy group); Authority (sporting goods retailer); Avery Dennison (office supplies); Bongo (wearing apparel); Clue (board game); Fun Ship (cruise line); King of the Mountain Sports (camouflage clothing); Petro (truck stop services); Tornado (commercial vacuum cleaners); and Weather Guard (vehicle tool boxes for contractors). *Id.* § 24:92.2

<sup>150</sup> PATTISHALL, *supra* note 10, at 383; *see supra* note 130.

<sup>151</sup> PATTISHALL, *supra* note 10, at 383.

<sup>152</sup> *Id.* A survey may also help in this regard to show a mental connection in the consumer's mind. *Id.* *See generally* Fruit of the Loom, Inc. v. Girouard, 994 F.2d 1359 (9th Cir. 1993); Mead Data Cent., Inc. v. Toyota Motor Sales, Inc., 875 F.2d 1026, 1026 (2d Cir. 1989). In the *Ringling Brothers* case, survey evidence was extensively relied upon to attempt to show that a mark was famous. Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449, 462-63 (4th Cir. 1999). However, the Fourth Circuit reasoned that survey evidence alone is not enough to support a dilution claim. *Id.* at 463; PATTISHALL, *supra* note 10, at 383.

<sup>153</sup> *Ringling Bros.*, 170 F.3d at 457. *Ringling Brothers* contends that the real interpretive problem for the courts has been how harm to the senior mark's selling power due to a junior user's mark could be proven. *Id.* The *Ringling Brothers* court stated that "logic has compelled agreement" that as a threshold issue some mental connection of the two marks in the consumer mind must be evident in order to allow an association between use and harm. *Id.* But, *Ringling Brothers* stated that beyond this common ground, much difficulty remains. *Id.* *Ringling Brothers* raises the question of, "how, in the absence of any consumer confusion as to source, can harm to the senior mark's selling power traceable to the junior

years, and they have repeatedly argued over the level of proof required under the FTDA.<sup>154</sup> Recently, two approaches to proving dilution dominated.<sup>155</sup> The first view held that relief under the FTDA required proof of actual harm to the selling power of the trademark.<sup>156</sup> The second declared that a likelihood of dilution was sufficient.<sup>157</sup> The dispute arose primarily because, on the one hand, the FTDA states that liability is established by acts that "cause dilution."<sup>158</sup> On the other hand, under state statutes, liability typically arises where the act in question is "likely to cause dilution."<sup>159</sup>

The Fourth Circuit has concluded that a successful dilution claim requires proof of actual dilution.<sup>160</sup> In *Ringling Brothers-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development*,<sup>161</sup> Utah's use of the mark "The Greatest Snow on Earth" was held not to have diluted the trademark of Ringling Brothers' "The Greatest Show on Earth."<sup>162</sup>

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mark's use be proved even as likely future fact?" *Id.* On this issue, a majority opinion has not emerged in judicial opinions nor applications of state laws. *Id.*

<sup>154</sup> PATTISHALL, *supra* note 10, at 378.

<sup>155</sup> See generally *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 223 (2d Cir. 1999); *Ringling Bros.*, 170 F.3d at 458; PATTISHALL, *supra* note 10, at 378.

<sup>156</sup> *Ringling Bros.*, 170 F.3d at 458. The court held that proof of actual harm was what Congress directly intended when the FTDA was enacted in 1995. *Id.* at 459; PATTISHALL, *supra* note 10, at 378. The belief that the FTDA requires proof of actual harm is the theory that is enforced in the *Ringling Brothers* case.

<sup>157</sup> *Nabisco*, 191 F.3d at 223; PATTISHALL, *supra* note 10, at 378.

<sup>158</sup> PATTISHALL, *supra* note 10, at 378.

<sup>159</sup> *Id.* Traditionally, state anti-dilution statutes require only a likelihood of dilution for a plaintiff/senior user to prevail on a claim. *Ringling Bros.*, 170 F.3d at 459. Several circuits, including the Second Circuit, have held that this is the proper standard to apply, whereas, the actual dilution standard is not. *Nabisco*, 191 F.3d at 208.

<sup>160</sup> *Ringling Bros.*, 170 F.3d at 449.

<sup>161</sup> 170 F.3d 449 (4th Cir. 1999).

<sup>162</sup> *Id.* at 450. Since 1872 to the present, Ringling Brothers and its predecessors have presented its circus to the public as the "Greatest Show on Earth." *Id.* Ringling Brothers applied for federal trademark registration in 1961 for its entertainment services, specifically its circus. *Id.* Since federal trademark approval, Ringling Brothers has utilized its mark to market and advertise its circus throughout the continental United States. *Id.* Ringling Brothers markets its circus through the use of its trademark, the Greatest Show, in mediums such as television, videos, outdoor billboards, direct mail, press announcements, posters, program books, and souvenirs, and also through promotional advertising with other companies. *Id.* In the 1997 fiscal year, Ringling Brothers spent about 19 million on advertising. *Id.*

Ringling Brothers, on average, performs 1000 shows annually and entertains a yearly audience of about twelve million people in ninety-five cities. *Id.* Ringling Brothers contended that over seventy million people every year were exposed to the Greatest Show trademark in correlation with the revenues from the circus. *Id.* Ringling Brothers revenues from its circus and items bearing its mark are quite considerable, exceeding 103 million for

The court examined whether the Ringling mark had been diluted by blurring and concluded that insufficient evidence of dilution was presented.<sup>163</sup>

The Fourth Circuit interpreted the FTDA to require proof of actual harm.<sup>164</sup> To successfully win the dilution claim, Ringling Brothers had to show (1) a sufficient similarity between the junior and senior marks that would evoke an "instinctive mental association" of the two by a relevant universe of consumers which (2) is the effective cause of (3) an actual lessening of the senior mark's selling power, expressed as "its capacity to

the fiscal year ending in January 1997. *Id.* In addition, because the Ringling Brothers mark, the Greatest Show, is so well recognized, Ringling Brothers receives a large amount of free publicity. *Id.* Ringling Brothers initiated this action seeking injunctive relief and monetary relief on the theory that Utah's use of the Greatest Snow diluted Ringling Brothers "the Greatest Show" and, thus, violated the FTDA. *Id.* at 452.

The defendant, Utah Division of Travel Development, is an agency of the State of Utah. *Id.* at 451. Utah contended that as early as 1962, it began using "the Greatest Snow" mark to promote tourism in the state. *Id.* Every year until this lawsuit, with the exceptions of 1963, 1977, and 1989, Utah had used this mark in its advertisements appearing in various magazines. *Id.* The Utah Ski Association had also been authorized by the State of Utah to use "the Greatest Snow" mark in association with Utah tourism. *Id.* Utah sought registration of the Greatest Snow mark in 1975 with the State of Utah and, subsequently, renewed this registration in 1985 and 1995. *Id.* Utah applied for and registered the Greatest Snow mark in 1988 with the United States Patent and Trademark Office. *Id.* At the time of registration, Ringling Brothers opposed Utah's application for the mark. *Id.* at 452. However, Utah was granted its federal registration in January 1997. *Id.*

<sup>163</sup> *Id.* The FTDA's legislative history indicated to the *Ringling Brothers* court that Congress understood that dilution could occur either through blurring or tarnishment. *Id.* In *Ringling Brothers*, both parties accepted that fact as a proper reflection of Congressional intent, and further agreed that dilution by blurring was the issue in the case. *Id.* Ringling Brothers had to prove the following three factors to successfully win its dilution claim: (1) that its mark was "famous;" (2) that Utah adopted its mark after Ringling Brothers had become famous; and (3) that Utah's mark diluted Ringling Brothers by blurring it. *Id.* In the district court, Ringling Brothers presented evidence through surveys to show that its mark was famous, but the district court ultimately rejected this evidence. *Id.* at 453.

<sup>164</sup> *Id.* at 458. When the court acknowledged that actual harm was the proper test for dilution, the court noted that marks could have their selling power weakened by other factors than just the use of the mark by a junior party. *Id.* at 465. Thus, the court held that the *Mead Data* factor analysis was inappropriate under the reading of the FTDA because those factors were not closely related to actual harm. *Id.* at 464 (citing *Mead Data Cent., Inc. v. Toyota Motor Sales, Inc.*, 875 F.2d 1026, 1035 (2d Cir. 1989)); see *supra* note 97. However, *Ringling Brothers* acknowledged that inferring actual harm from factors of "consumer sophistication" and "predatory intent" was a "chancy process at best." *Ringling Bros.*, 170 F.3d at 464. The court also reasoned that "contextual factors" such as the extent of the junior marks exposure, similarity of the marks, and the strength of the senior mark, would be relevant. *Id.*; PATTISHALL, *supra* note 10, at 378.

identify and distinguish goods or services.”<sup>165</sup> The Fourth Circuit stated that to establish actual harm, there are several methods of proof.<sup>166</sup> The means of proving actual harm might include proof of actual loss of revenues along with proof of replicating use.<sup>167</sup> This could be established by disproving other possible causes or relevant contextual factors, such as the extent of the junior mark’s exposure, similarity of the senior and junior marks, and the firmness of the senior mark’s hold.<sup>168</sup> In analyzing whether Ringling Brothers had suffered actual harm, the Fourth Circuit placed great emphasis on survey data.<sup>169</sup> After examining

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<sup>165</sup> *Ringling Bros.*, 170 F.3d at 458. The Fourth Circuit concluded that its stringent interpretation of the FTDA requiring actual harm was a more narrow interpretation than that of most courts and state anti-dilution claims. *Id.* at 459. Nevertheless, the Fourth Circuit stated that it felt that this was the reading of the FTDA that was intended by Congress. *Id.*

<sup>166</sup> *Id.* at 449.

<sup>167</sup> *Id.* at 465.

<sup>168</sup> *Id.*; 15 U.S.C. § 1125(c)(1) (2000). The Fourth Circuit commented that proof of actual harm would be difficult because the concept of actual dilutive harm is a tricky notion. *Ringling Bros.*, 170 F.3d at 465. The court also held that a good way to prove actual harm may be through the use of a consumer survey designed not just to demonstrate the “mental association” in the public’s mind, but also consumer reactions from which actual harm may be implied. *Id.* The court stated that an effective survey should establish that the public associates the trademark with both the senior and junior user, and also, that to some extent, the senior user’s utilization of the mark has been reduced. *Id.*

<sup>169</sup> *Id.* at 462; Reichman, *supra* note 29, at 134. Ringling Brothers conducted a survey to show that there was a mental association between its mark and Utah’s advertisement slogan. *Ringling Bros.*, 170 F.3d at 462. The Ringling Brothers’ survey was designed to develop only this fact. *Id.* The survey was conducted by interviewing individuals at seven shopping malls located throughout the country, including one in Utah. *Id.* A card was randomly given to shoppers containing a fill-in-the-blank statement, which they were asked to complete. *Id.* The card read: “The Greatest \_\_\_ on Earth.” *Id.* If the shoppers completed the statement they were then asked with whom or what they attributed the statement. *Id.* They were also asked if they could think of any other way to complete the statement. *Id.* The results showed that in Utah, twenty-five percent of the time the phrase was completed with the word “show” and was related to the circus. *Id.* Twenty-four percent of the time the statement was completed with the word “snow” and was associated with Utah tourism. *Id.* Twenty-one percent of the respondents completed the statement with both the words “show” and “snow” and associated the statement with the circus and Utah, respectively. *Id.* Outside of Utah, forty-one percent of those surveyed completed the statement with only the word “show” and associated the statement with the circus. Zero percent completed the statement with only the word “snow” and related the phrase to Utah. *Id.* In addition, fewer than one-half percent completed the statement with both “show” and “snow” and related the respective phrases to the circus and Utah. *Id.*

this information, however, the court determined that Utah's trademark had absolutely no effect on the Ringling Brothers trademark.<sup>170</sup>

In contrast, the Second Circuit in *Nabisco, Inc. v. PF Brands, Inc.*<sup>171</sup> rejected the Fourth Circuit's actual harm criteria and adopted a likelihood of dilution standard.<sup>172</sup> The *Nabisco* court examined whether

<sup>170</sup> *Id.* The district court concluded that the extensive survey evidence failed to show actual dilution under the FTDA. *Id.* There were several reasons that the district court failed to find actual dilution in favor of Ringling Brothers. *Id.* First, the court found that the survey results were inadequate to meet the required "threshold mental association of the marks." *Id.* This was due to the fact that some who took the survey filled in the blank with both the words "show" and "snow." *Id.* The court reasoned that every customer that filled in the blank with the word "show" related the phrase to the circus, whether they were located inside or outside of Utah. *Id.* In addition, everyone surveyed who filled in the word "snow," both inside and outside of Utah, associated the statement with Utah. *Id.* Furthermore, not a single customer indicated that they associated the phrases "The Greatest Show on Earth" with "The Greatest Snow on Earth." *Id.* In summary, the district court reasoned that there was "strong evidence of the absence of dilution, not the presence of it." *Id.* at 463. The court further reasoned that the survey results even failed to prove that the use of Utah's mark had caused any lessening of the capacity of Ringling Brothers mark. *Id.* The court specifically stated that the consumer familiarity with the Ringling Brothers mark was greater in Utah (46%), the state where Utah's mark was well known, than in the remaining states (41%) where Utah's mark was basically unheard of. *Id.* Furthermore, every customer that was surveyed associated the Ringling Brothers' mark solely with the circus and not with Utah's wintersports, snow, or winter activities. *Id.* Therefore, the Fourth Circuit affirmed the finding of the district court that the consumer survey evidence did not support a finding of dilution under the FTDA. *Id.*

<sup>171</sup> 191 F.3d 208 (2d Cir. 1999).

<sup>172</sup> *Id.* at 223. Since 1962, Pepperidge Farm has produced small crackers resembling the shape of a goldfish. *Id.* at 212. The Goldfish line of products includes numerous crackers in various mixes and shapes; the primary product is the orange cheddar cheese-flavored, fish-shaped cracker. *Id.* This cracker is sold in a bag or box, and it is advertised under the name "Goldfish," with a picture of the cracker appearing on the front of the box. *Id.* Over the years, Pepperidge Farm has acquired numerous trademark registrations for the Goldfish. *Id.* Pepperidge Farm has also launched aggressive marketing campaigns to promote the Goldfish product to children, who make up about half of its consumers. *Id.* Between 1995 and 1998, it spent more than \$120 million dollars marketing the Goldfish line throughout the United States and was substantially featured in the media. *Id.* at 213. Due to this, the sales of Goldfish nearly doubled between 1995 and 1998 to \$200 million per year. *Id.* Goldfish crackers, if measured by sales volume, are the second-largest selling cheese snack cracker in the United States. *Id.* Based on sheer sales dollars, Goldfish is number one. *Id.* In 1998, Nabisco was approached by Nickelodeon Television Network to promote the "CatDog" cartoon for Nickelodeon's new cartoon program. *Id.* In August 1998, Nickelodeon gave Nabisco the right to produce a cheese cracker based on the CatDog cartoon. *Id.* The CatDog product was intended to compete with other cheese flavored, animal-shaped crackers aimed at children. *Id.* The main character in the CatDog cartoon is a two-headed animal that is half cat and half dog. *Id.* Fish are the favorite food for the cat half, and bones are the favorite food for the dog half. *Id.* In its first three months the CatDog show was one of the most widely watched programs for children. *Id.* Subsequent

the senior mark was distinctive and whether the junior user's use of the mark diluted the distinctive quality.<sup>173</sup> The Second Circuit concluded that the Nabisco mark was distinctive and famous and that the competitiveness of the parties' products did not preclude a finding of dilution.<sup>174</sup> The court also rejected the notion that to prove dilution there must be a finding of actual harm, consummated harm, or proof of actual revenue loss.<sup>175</sup>

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to its agreement with Nickelodeon, Nabisco began producing a cheese-flavored cracker mix, which consisted of crackers shaped as the CatDog character, bone-shaped crackers, and fish-shaped crackers. *Id.* The fish-shaped crackers consisted of 25% of the cracker mix in the box. *Id.* The fish-shaped cracker bears a close resemblance to the Pepperidge Farm cracker because it is similar in size, shape, color, and taste. *Id.* However, the CatDog cracker is larger and flatter and has markings on one side. *Id.* Nabisco was expecting to launch the CatDog cracker mix in February 1999, but on December 21, 1998, Pepperidge Farm executives wrote to Nabisco protesting the cracker and requesting that Nabisco cease and desist. *Id.* Subsequently, Nabisco filed a suit for declaratory judgment, and Pepperidge Farm counterclaimed with infringement and dilution claims. *Id.*

<sup>173</sup> *Id.* at 215. The court stated that it understood the FTDA to establish five elements for a claim of dilution. *Id.* These elements are: (1) the senior mark must be famous; (2) it must be distinctive; (3) the junior use must be a commercial use in commerce; (4) it must begin after the senior mark has become famous; and (5) it must cause dilution of the distinctive quality of the senior mark. *Id.* The Nabisco court only discussed the second and the fifth elements. *Id.* The court acknowledged that distinctiveness is an important trademark concept, which reflects a mark's inherent strengths and weaknesses. *Id.* Furthermore, the more distinctive the mark, the more protection it deserves. *Id.* The FTDA clearly intended distinctiveness to be an important element, and there can be no dilution of a mark's distinctiveness unless the mark is distinctive to begin with. *Id.* at 216.

<sup>174</sup> *Id.* at 219; *Ringling Bros.*, 170 F.3d at 462; PATTISHALL, *supra* note 10, at 379. The court observed that in certain cases the likelihood of dilution may be increased by product proximity. *Nabisco*, 191 F.3d at 219. The court stated that "a second major seller of goldfish-shaped, orange-colored, cheddar-flavored, bite-sized crackers can hardly fail, in our view, to dilute the distinctiveness in the eyes of many consumers of the senior mark in a goldfish-shaped, orange-colored, cheddar-flavored, bite-sized cracker." *Id.* Additionally, the court stated that "many consumers . . . will find goldfish-shaped cheddar cheese crackers served in a dish at a bar or restaurant or friend's house, looking very much like the familiar Pepperidge Farm Goldfish product" and, therefore, the court recognized that dilution can occur in a post-sale as well as a point-of-sale circumstance. *Id.* at 218.

<sup>175</sup> *Id.* at 223. The Second Circuit stated that it did not agree with the Fourth Circuit's interpretation of the statute. *Id.* The Second Circuit acknowledged that to require proof of an actual loss of revenue was simply inappropriate. *Id.* The reasoning of the Second Circuit was:

[I]f the famous senior mark were being exploited with continually growing success, the senior user might never be able to show diminished revenues, no matter how obvious it was that the junior use diluted the distinctiveness of the senior. Even if diminished revenue could be shown, it would be extraordinarily speculative and difficult to prove that the loss was due to the dilution of the mark. And as to

The Second Circuit reasoned that Congress intended the FTDA to provide for an injunction to prevent the harm before it occurs.<sup>176</sup> The Second Circuit reasoned further that to read the statute as the *Ringling Brothers* court had would mean that the statute could not be invoked until the actual injury had occurred.<sup>177</sup> Because the statute provided only for an injunction and not damages, such an injury would never be compensated.<sup>178</sup> Furthermore, the *Nabisco* court noted that if a famous senior mark was being exploited with constant growing success, the senior user may never be able to show decreased revenues, even though it may be obvious that the junior user was diluting the distinctive quality of the senior mark.<sup>179</sup> Therefore, contrary to the Fourth Circuit's decision, the Second Circuit held that only a likelihood of dilution was necessary to successfully prove dilution.<sup>180</sup>

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consumer surveys, they are expensive, time-consuming and not immune to manipulation.

*Id.* at 223-24. The court analogized that if a junior user began marketing Buick aspirin or Schlitz shellac, it saw no reason why the senior user could not simply rely on some persuasive "circumstantial evidence of dilution" of the distinctiveness of their marks without having to show lost revenue or expensive surveys. *Id.* at 224. In addition, the court held that circumstantial evidence is used to prove infringement and that there is no reason why it cannot be used to prove dilution. *Id.*

<sup>176</sup> *Id.*

<sup>177</sup> *Id.*; see 15 U.S.C. § 1125(c)(2) (2000). The Second Circuit also reasoned that the Fourth Circuit's actual harm reading of the statute was dangerous for the junior user. *Nabisco*, 191 F.3d at 224. The junior user could be harmed because it would be unable to know if it could use a certain mark until after the mark had been marketed. *Id.* The court stated that this was why Nabisco sought to get declaratory relief as soon as possible. *Id.* The Second Circuit acknowledged:

[I]f the statute is interpreted to mean that no adjudication can be made until the junior mark has been launched and has caused actual dilution, businesses in Nabisco's position will be unable to seek declaratory relief before going to market. They will be obligated to spend the huge sums involved in a product launch without the ability to seek prior assurance that their mark will not be enjoined.

*Id.*

<sup>178</sup> 15 U.S.C. § 1125(c)(2); *Nabisco*, 191 F.3d at 224. The Second Circuit stated that it was not sure if the *Ringling Brothers* opinion intended to limit the application of the statute to dilution that has actually occurred, even though it seemed reasonable that the Fourth Circuit had limited dilution claims to only cases of actual dilution. *Nabisco*, 191 F.3d at 224. In any event, the Second Circuit declared that proof of a likelihood of dilution was all that was required under the FTDA. *Id.* at 225.

<sup>179</sup> *Id.* at 224.

<sup>180</sup> *Id.* at 224-25. The Second Circuit specifically stated that "in any event, we read the statute to permit adjudication granting or denying an injunction, whether at the instance of the senior user or the junior user seeking declaratory relief, before the dilution has actually occurred." *Id.*; *Mead Data Cent., Inc. v. Toyota Motor Sales, Inc.*, 875 F.2d 1026, 1031 (2d



Despite the Second Circuit's interpretation of the FTDA, the Fifth Circuit, in *Westchester Media v. PRL USA*,<sup>181</sup> chose to follow the Fourth Circuit and adopt the "actual harm" standard.<sup>182</sup> The Fifth Circuit reasoned that the FTDA requires proof of actual harm because this is the standard that is more closely related to the intent of the FTDA.<sup>183</sup>

Cir. 1989). The Second Circuit also rejected the district court's application of the *Mead Data* test. *Nabisco*, 191 F.3d at 227. The court reasoned that the *Mead Data* test failed to include a number of factors that it believed to be important. *Id.* Namely, the *Mead Data* test did not include "actual confusion and likelihood of confusion, shared consumers and geographic isolation, the adjectival quality of the junior use, and the interrelated factors of duration of the junior use, harm to the junior user, and delay by the senior in bringing the action." *Id.* at 228. The court also stated that future fact patterns will most likely suggest additional factors to be considered, so, therefore, its list was not exhaustive. *Id.* Ultimately, the Second Circuit adopted a ten-factor test for dilution, known as the *Nabisco* test. *Id.* at 217-22. The ten factors included in the test are: (1) distinctiveness; (2) similarity of the marks; (3) proximity of the products and likelihood of bridging the gap; (4) interrelationship among the distinctiveness of the senior mark, the similarity of the junior mark, and the proximity of the products; (5) shared consumers and geographic limitations; (6) sophistication of the consumers; (7) actual confusion; (8) adjectival or referential quality of the junior use; (9) harm to the junior user and delay by the senior user; and (10) effect of senior's prior laxity in protecting the mark. *Id.* The court concluded that there was a "high likelihood of success" in proving that Nabisco's use of its goldfish shape would dilute the distinctiveness of Pepperidge Farm's almost identical well-known senior mark. *Id.* at 222.

<sup>181</sup> 214 F.3d 658 (5th Cir. 2000).

<sup>182</sup> *Id.* at 671.

<sup>183</sup> *Id.* Polo Ralph Lauren ("PRL") is a business dealing with fashion and design and was founded in 1967 by Ralph Lauren. *Id.* at 661. PRL has been built into a huge multi-billion dollar company that encompasses the selling of wearing apparel, accessories, home furnishings, and fragrances. *Id.* In the last four years, PRL has sold about four billion dollars in products that bear the POLO trademark. *Id.* PRL extensively advertises in mediums such as newspapers and magazines. *Id.* Articles appear not only about PRL's products but also about the designer, Ralph Lauren himself. *Id.* For instance, articles about Ralph Lauren have been published in magazines as diverse as *Time*, *Financial World*, *Town & Country*, and *Vanity Fair*. *Id.* In addition, PRL has registered several trademarks with the Patent and Trademark Office, which include the word POLO. *Id.* All of the POLO trademarks are currently in effect and all have gained incontestability under 15 U.S.C. § 1065 (2000). *Westchester Media*, 214 F.3d at 661. PRL claims that since it has successfully used the POLO logo for over thirty years, the word POLO has "come to be closely identified with both Ralph Lauren and PRL." *Id.*

*Westchester Media* is the publisher of several specialty magazines, and until the summer of 1997, it only produced specialty magazines like *Cowboys & Indians*. *Id.* Furthermore, the owner of *Westchester Media* has been a member of the United States Polo Association since 1989 and has also served on several committee boards. *Id.* He was on the Board of Directors for the Houston Polo Club and served as director in 1994 and 1995. *Id.* In the spring of 1997, *Westchester Media* and *Navasota Holding Company* bought the assets of *POLO* magazine, including its trademarks, from *Fleet Street Publishing Company* and its owner, *Ami Shinitzky*. *Id.* The trademark registration was granted to *Shinitzky* in 1992 and read as follows:

Moreover, the court stated that there was a key difference between the state anti-dilution statutes that preceded the FTDA and the FTDA itself.<sup>184</sup> In brief, the state anti-dilution statutes expressly incorporated the likelihood of the dilution standard while the FTDA did not.<sup>185</sup>

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(1) Registration No. 1,691,432 for "POLO", a "magazine on the subject of equestrian sports and lifestyles"; (2) Registration No. 1,677,088 for a "horse and rider design" for "magazine publication services", and the design which appears on the masthead of POLO magazine; and (3) Registration No. 1,710,894 for "POLO Life", a "magazine dealing with equestrian sports and lifestyles."

*Id.*

Shinitzky's POLO magazine was founded in 1975 and was a special interest magazine until the magazine was sold in 1997. *Id.* Shinitzky even offered to sell the magazine in 1994 to PRL, but received no response. *Id.* at 662. In April, the federal registration that Shinitzky had received became incontestable. *Id.* In May 1997, Westchester Media bought all of the assets of POLO magazine for about \$400,000. *Id.* The old POLO magazine was not a very profitable venture and it lost \$1,400 in 1996. *Id.* Westchester Media explained its interest by stating that it was interested in the goodwill and history behind Fleet Street's POLO mark and the access the magazine provided to those interested in polo. *Id.* Westchester Media claimed that it intended to "relaunch" the magazine, and at no time did it attempt during the purchase negotiations to link the magazine with "Ralph Lauren's spectacular achievement with the name Polo." *Id.* In October 1997, Westchester Media relaunched the magazine under the name POLO and also published a separate magazine called "Polo Players Edition." *Id.* The new POLO magazine carried the tagline "Adventure. Elegance. Sport." *Id.* In addition, the magazine also changed its target audience when Westchester Media purchased the customer list from Nieman Marcus, one of PRL's largest retailers. *Id.* Westchester Media also arranged to mail new promotional materials to these customers. *Id.* Westchester Media then sent a free copy of the magazine to almost one million Nieman Marcus customers and marketed the magazine as not about the sport but about an "adventurous approach to living life." *Id.* Westchester Media also chose fashion model Claudia Schiffer to appear on its inaugural cover; only one year before, Schiffer had appeared as a model in an extensive PRL's advertising campaign. *Id.* On September 23, 1997, PRL formally objected to the title of the new POLO magazine, and, in response, Westchester Media filed this action, seeking a declaration that its use of POLO did not infringe PRL's POLO trademark. *Id.* at 662. PRL asserted counterclaims for trademark infringement, dilution, and unfair competition under the Lanham Act and Texas law and sought injunctive relief. *Id.*

<sup>184</sup> *Id.*

<sup>185</sup> *Id.* The court articulated that the actual harm standard was the criterion intended by Congress when passing the FTDA because both the present tense of the verb and the lack of any modification of "dilution" supported an actual harm standard. *Id.* at 671. Several times the Fifth Circuit has come across FTDA claims and has either declined to rule on them or has avoided an analysis of the act. *See Sunbeam Prods., Inc. v. W. Bend Co.*, 123 F.3d 246, 261 n.28 (5th Cir. 1997); *Elvis Presley Enters., Inc. v. Capece*, 950 F. Supp. 783, 797 (S.D. Tex. 1996). The *Westchester Media* court also noted that, "unlike the state antidilution statutes which provide only injunctive relief, reflecting their sole focus on the prevention of future harm, the federal Act provides that where willful conduct is shown, compensatory

The court reasoned that absent unambiguous legislative history indicating that Congress intended a likelihood of dilution standard, the court should not depart from the actual harm standard embodied in the language of the statute.<sup>186</sup> Furthermore, under this standard, the court found no dilution because there was no actual harm.<sup>187</sup>

Similarly, in *Eli Lilly Co. v. Natural Answers, Inc.*,<sup>188</sup> the Seventh Circuit affirmed an order of the district court enjoining the defendant's use of HERBROZAC because the term was likely to dilute the plaintiff's PROZAC trademark.<sup>189</sup> The district court held that Eli Lilly ("Lilly") was not required to demonstrate actual dilution.<sup>190</sup> On appeal, the Seventh Circuit affirmed this analysis and stated that the likelihood of dilution standard applied by the district court was correct.<sup>191</sup>

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and restitutionary relief may be awarded—for necessarily consummated economic harm." 214 F.3d at 671.

<sup>186</sup> *Id.* The court held that the *Nabisco* opinion asserted that an actual harm standard allowed excessive literalism and, therefore, clouded and defeated the true intent of the statute. See generally *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208 (2d Cir. 1999). However, this court held that the most consistent reading of the statute to Congress' intent is through the plain meaning of the statute, which is actual harm. *Westchester Media*, 214 F.3d at 671.

<sup>187</sup> *Id.*

<sup>188</sup> 233 F.3d 456 (7th Cir. 2000).

<sup>189</sup> *Id.* at 480. Natural Answers develops, markets, and sells a line of herbal dietary supplements, which are marketed as Herbscriptions. *Id.* at 459. Herbscriptions are promoted as drug alternatives and include such products as HerbenolPM, HERBALIUM, HERBASPIRIN, and HERBADRYL. *Id.* The founder of Natural Answers testified that each name was picked to call to mind the function of the famous drug from which its name came. *Id.* Natural Answers markets its product line solely through its Internet website; however, it eventually has plans to open retail outlets. *Id.* At one point, the website contained a source code which included the term PROZAC as a metatag and also described HERBROZAC as a powerful alternative to PROZAC. *Id.* In response to this lawsuit, Natural Answers removed the metatag. *Id.* Before Natural Answers could get HERBROZAC off the ground, Eli Lilly ("Lilly") sued to enjoin the use of that name, claiming infringement, dilution, and a violation under Indiana's unfair competition law. *Id.* at 461. The district court held that Lilly would likely succeed at trial against Natural Answers. *Id.* The court held that customers would likely confuse HERBROZAC with the famous PROZAC drug manufactured by Lilly. *Id.*

<sup>190</sup> *Id.* The district court enjoined Natural Answers from further use of the term "PROZAC" and ordered any references to the term removed from the Natural Answers website. *Id.* At the time Lilly filed this lawsuit, Natural Answers had only sold two thousand dollars worth of product. *Id.*

<sup>191</sup> *Id.* at 465. The Seventh Circuit disagreed with the district court on one main point. *Id.* The Seventh Circuit held that evidence of actual confusion may not indicate likelihood of confusion. *Id.* Therefore, it determined that actual confusion is not necessary to find likelihood of dilution. *Id.* The Seventh Circuit concluded that two facts pointed to the conclusion that Natural Answers intended to cause consumer confusion. *Id.* First, Natural

The Seventh Circuit agreed with the district court that the record contained no evidence of actual confusion and confirmed that Lilly was not required to produce such evidence to prove dilution.<sup>192</sup> The court agreed with the Second Circuit that forcing senior users to prove actual dilution would subject senior users to uncompensable injury and would hold them to an impossible level of proof.<sup>193</sup> The court noted that the likelihood of dilution standard was acceptable because irreparable harm is generally presumed in cases of trademark infringement and dilution.<sup>194</sup> Therefore, the Seventh Circuit followed the logic of the Second Circuit when it held that PROZAC was a famous mark and

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Answers admitted that it intended to confuse consumers and that most likely the name HERBROZAC would remind customers of PROZAC. *Id.* Second, Natural Answers had wrongful intent as proven through its references to PROZAC on its website, clearly meant to divert customers who were searching for PROZAC to find HERBROZAC information. *Id.*

<sup>192</sup> *Id.* at 464. The district court realized that only two thousand dollars worth of HERBROZAC had been sold; therefore, it was not surprising that Eli Lilly could not identify consumers who had been confused. *Id.* The Seventh Circuit, agreeing with the district court, further reasoned that due to the low level of sales, consumer survey evidence, to be statistically reliable, would require a greater sampling than available. *Id.* The court did state that one factor weighed in favor of Natural Answers—the fact that it was unlikely that HERBROZAC and PROZAC would be used concurrently. *Id.* at 463. This is because a doctor must prescribe PROZAC, and there is little doubt that a doctor would have trouble telling the difference between PROZAC and HERBROZAC. *Id.*

<sup>193</sup> *Id.* at 468. The Seventh Circuit noted that senior users would be injured, and the only remedy would be an injunction, which can be insufficient, unless the defendant acted willfully, then damages would be permitted. *Id.* If the “causes dilution” element requires a proof of actual economic harm, senior mark holders would be restrained from bringing a lawsuit before injury; thus, the FTDA would not compensate them for many injuries. *Id.* In addition, the court noted that when you have an immensely successful drug like PROZAC, it is possible that the distinctiveness of the PROZAC trademark could be diluted even if sales are increasing. *Id.* The fact to consider is that sales may not be increasing as much as would have been possible if it were not for the diluting mark. *Id.* The court went on to note that even if diminished revenue could be shown, it would be extremely difficult to prove that the loss occurred as a result of dilution. *Id.* Customer surveys are expensive, time consuming, and can also be tampered with. *Id.* Dilution of a mark may not even be able to be shown on an empirical basis. *Id.* Accordingly, the Seventh Circuit considered the two factors that the district court did to find dilution—the similarity between HERBROZAC and PROZAC and the renown of the PROZAC trademark. *Id.* at 469. The court established that the two marks were highly similar. *Id.* They also held that PROZAC was a highly renown mark that has received an immense amount of coverage from the news media. *Id.* The court illustrated that PROZAC is “a designer label, a buzzword, a brand name familiar to . . . Americans who have taken it, but also [to] those who wonder if they too, might find a cure for whatever ails them in the little green-and-off-white capsule.” *Id.* Therefore, PROZAC had achieved huge fame in the American culture and dilution could be proven. *Id.*

<sup>194</sup> *Id.*

determined that Lilly had tendered enough evidence to meet the likelihood of dilution standard.<sup>195</sup>

Most recently, in *V Secret Catalogue, Inc. v. Moseley*,<sup>196</sup> the Sixth Circuit followed the Second and Seventh Circuits in holding that likelihood of dilution is the proper standard for analyzing a dilution claim.<sup>197</sup> The Sixth Circuit stated that the Second Circuit's likelihood of dilution test is the standard most closely aligned with both the language and intent of the FTDA.<sup>198</sup> The court concluded that when the FTDA was enacted, the legislators were attempting to ensure that a plaintiff would have a nationwide remedy for dilution.<sup>199</sup>

The Sixth Circuit held that proving actual harm would be extremely difficult because harm may not have occurred and that proving actual harm through survey evidence would be unreasonably burdensome.<sup>200</sup> The key factor in the decision was whether a consumer would link a store called "Victor's Little Secret," which sold women's lingerie, with

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<sup>195</sup> *Id.* Given the evidence the court was presented with, it held that PROZAC had achieved extraordinary fame in American culture. *Id.* Since its beginning in 1988, PROZAC has received considerable media attention. *Id.* at 459. Twice PROZAC appeared on the cover of *Newsweek*, and, in 1999, *Fortune* magazine named it one of the top six "health and grooming" products of the twentieth century. *Id.* Over two hundred and forty million PROZAC prescriptions have been written for seventeen million Americans, generating sales over twelve million dollars. *Id.*

<sup>196</sup> 259 F.3d 464 (6th Cir. 2001).

<sup>197</sup> *Id.*; *Eli Lilly*, 233 F.3d at 456; *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 224 (2d Cir. 1999). *Victoria's Secret* operates over seven hundred and fifty stores nationwide and distributes four hundred million copies of its catalogue each year. *V Secret*, 259 F.3d at 466. *Victoria's Secret* also sells products over the Internet. *Id.* Defendants opened "Victor's Secret," a store in a strip mall in Kentucky, and they sold a variety of products ranging from lingerie to adult videos, sex toys, and adult novelties. *Id.* The Moseleys received a cease and desist letter from *Victoria's Secret*, and they then changed their store's name to "Victor's Little Secret." *Id.* at 467. As a result, this litigation ensued. *Id.*

<sup>198</sup> *Id.* at 475. The court applied the Second Circuit's reasoning to the facts and held that the district court did not err in granting summary judgment to *Victoria's Secret* on the trademark dilution claim. *Id.*

<sup>199</sup> *Id.* The congressional record indicates that dilution is "an injury that differs materially from that arising out of the orthodox confusion. Even in the absence of confusion, the potency of a mark may be debilitated by another's use. This is the essence of dilution." *Id.*

<sup>200</sup> *Id.* at 476. Even the Second Circuit concedes that requiring proof of actual dilution through survey evidence would make bringing a successful dilution claim under the FTDA extremely difficult. *Id.* The Sixth Circuit stated that it found it very unlikely that Congress would have intended to fashion such a broad remedy and then would have made its proof effectively impossible. *Id.*

the influential and famous "Victoria's Secret."<sup>201</sup> The court expressed little doubt that the average lingerie shopper would make such an association.<sup>202</sup>

Recently, the United States Supreme Court granted certiorari and heard the Victoria's Secret case.<sup>203</sup> In an overly narrow opinion that exercised unparalleled judicial restraint, the Supreme Court vaguely held that actual proof of dilution was the correct standard to apply.<sup>204</sup> In addition, the Court gave no indication of what proof was needed to successfully prove actual dilution; as a result, this holding simply added to the confusion that has plagued the dilution concept.<sup>205</sup>

Is actual dilution or a likelihood of dilution the correct standard to assess whether dilution has occurred? Is it reasonably equitable to force parties to prove dilution through empirical evidence, like surveys? Is it wise to make parties only prove a likelihood of dilution? Part III of this Note will analyze the weaknesses of the two approaches to proving trademark dilution, detail the favorable underlying principles behind the

<sup>201</sup> *Id.* at 477. It is likely, the court held, that a consumer would go into the Moseleys' adult store and hear the name "Victor's Little Secret" and link it to Victoria's Secret, thereby diluting Victoria's Secret through tarnishment and blurring. *Id.*

<sup>202</sup> *Id.* To prove that an association would be made between "Victor's Little Secret" and Victoria's Secret, the court applied the ten-factor approach to dilution that the Second Circuit had utilized. *Id.* at 476. These factors are:

distinctiveness; similarity of the marks; proximity of the products and the likelihood of bridging the gap; interrelationship among the distinctiveness of the senior mark, the similarity of the junior mark, and the proximity of the products; shared consumers and geographic limitations; sophistication of consumers; actual confusion; adjectival or referential quality of the junior use; harm to the junior user and delay by the senior user; and the effect of the senior's prior laxity in protecting the mark.

*Id.* The court held the Victoria's Secret mark was quite distinctive, thus, deserving of a high degree of trademark protection. *Id.* The court noted that most importantly the two marks in question were "highly similar" and there could be no contesting the fact that the marks are almost semantically identical. *Id.* at 477. The court also held that based on the trademark layout, the marks were also graphically similar. *Id.*

<sup>203</sup> *Moseley v. V Secret Catalogue, Inc.*, 123 S. Ct. 1115 (2003).

<sup>204</sup> *Id.* at 1124.

<sup>205</sup> *Id.* The Supreme Court stated that to prove actual dilution, actual loss of sales or profits do not have to be proven. *Id.* The Court also noted that consumer surveys and other means of showing actual dilution are oftentimes expensive and unreliable. *Id.* Thereby, the Supreme Court disagreed with the Fourth Circuit's holding that these means were necessary to prove actual dilution. *Id.* at 1125.

likelihood of dilution theory, and discuss why the Supreme Court should have correctly embraced this method.<sup>206</sup>

### III. CHOOSING THE CORRECT STANDARD

A careful examination of the standards used by courts to prove trademark dilution reveals that both standards are flawed. Furthermore, the actual dilution standard has too many faults, which renders it unworkable. Therefore, the likelihood of dilution standard, while not perfect, is the appropriate method that the Supreme Court should have chosen. Part III.A notes the flaws in the actual dilution standard.<sup>207</sup> Part III.B exposes the criticisms that surround the likelihood of dilution standard.<sup>208</sup> Finally, Part III.C discusses the rationale as to why the likelihood of dilution standard is the best method to apply to dilution claims.<sup>209</sup>

#### A. *The Weaknesses of the Actual Economic Harm Standard*

Inherent weaknesses make the actual harm test unsuitable for evaluating dilution claims.<sup>210</sup> The Fourth Circuit noted in *Ringling Brothers* that a cause of action is not available for the senior user until some type of quantifiable harm has been done to the senior user's trademark.<sup>211</sup> Under the actual harm standard, a lawsuit cannot arise until a trademark has been significantly blurred or tarnished.<sup>212</sup> However, at that time it is too late because the damage is already complete in the minds of the consumers, and the senior user is offered little relief.<sup>213</sup>

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<sup>206</sup> See *infra* Part III.

<sup>207</sup> See *infra* Part III.A.

<sup>208</sup> See *infra* Part III.B.

<sup>209</sup> See *infra* Part III.C.; see also *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 224 (2d Cir. 1999).

<sup>210</sup> See Brief of Amicus Curiae Intellectual Prop. Law Professors et al. at 5, *Moseley v. V Secret Catalogue, Inc.*, 123 S. Ct. 1115 (2003) (No. 01-1015).

<sup>211</sup> See *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 170 F.3d 449, 464 (4th Cir. 1999).

<sup>212</sup> PATTISHALL, *supra* note 10, at 379

<sup>213</sup> *Id.*; Brief of Amicus Curiae Intellectual Prop. Law Professors et al. at 5. The *Nabisco* court also found the Fourth Circuit's reliance on the statutory "causes dilution" language to be "excessive literalism." 191 F.3d at 224. The court stated that an actual dilution interpretation would subject the senior user to uncompensable injury because until injury had occurred, the statute could not be invoked. *Id.*

The actual dilution approach has two main faults.<sup>214</sup> First, it obligates the defendant to be established in the commercial marketplace before a cause of action can be brought.<sup>215</sup> For example, a company that announces its intention to sell Kodak pianos nationwide must be allowed to do so, even if all the parties involved agree that the use will dilute the famous Kodak mark.<sup>216</sup> This approach is not beneficial since the harm has already occurred to the mark when the senior user is first permitted to sue under the FTDA.<sup>217</sup>

Second, under the actual harm test, trademarks cannot be protected until they have lost their value.<sup>218</sup> This is illogical because the trademark's value is exactly what the FTDA aims to protect.<sup>219</sup> Once the actual value of a trademark is lost, it cannot be regained: consumers will have already associated the two marks and blurring or tarnishment will have occurred.<sup>220</sup> This consumer association according to the definition of actual harm is necessary for dilution to occur.<sup>221</sup> Most likely the

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<sup>214</sup> Brief of Amicus Curiae Intellectual Prop. Law Professors et al. at 5. It should be noted that the United States Supreme Court refused to limit the Copyright Act's Fair Use provision to require that one prove actual harm. *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 451 (1984). The Court stated that to show such harm would leave the copyright holder without a defense against damage, which can be predicted. *Id.* The Court also noted that it is not necessary to show with any degree of certainty that future harm could result. *Id.* The only requirement the Court imposed upon the copyright holder to show was by a preponderance of the evidence that some meaningful likelihood of future harm existed. *Id.* To demand proof of actual harm as a predicate for proving dilution goes against the logic of the FTDA. Brief of Amicus Curiae Int'l Trademark Ass'n et al. at 19, *Moseley v. V Secret Catalogue, Inc.*, 123 S. Ct. 1115 (2003) (No. 01-1015).

<sup>215</sup> Brief of Amicus Curiae Intellectual Prop. Law Professors et al. at 5. Only after the piano company's use actually weakens Kodak's mark will Kodak be permitted to sue under the FTDA. *Id.* There is nothing to be gained by such an approach. *Id.* at 5-6.

<sup>216</sup> Brief of Amicus Curiae Intellectual Prop. Law Professors et al. at 5.

<sup>217</sup> *Id.* at 6; PATTISHALL, *supra* note 10, at 379.

<sup>218</sup> *Nabisco*, 191 F.3d at 224.

<sup>219</sup> *Id.*; Brief of Amicus Curiae Intellectual Prop. Law Professors et al. at 6. Actual harm is a strange reading of the statute and is problematic regarding dilution. *Nabisco*, 191 F.3d at 224. Once the value of the trademark is lost, it cannot be regained. *Id.*

<sup>220</sup> Brief of Amicus Curiae Intellectual Prop. Law Professors et al. at 6. Once consumers blur the significance in their minds, it is nearly impossible to imagine how a court could issue an order to de-blur or de-tarnish the mark in the consumers mind. *Id.* It could also be possible that no amount of work could restore the trademark to its position before dilution. *Id.*

<sup>221</sup> PATTISHALL, *supra* note 10, at 379.



damage cannot be undone: how can a court erase from the minds of consumers the association between two marks?<sup>222</sup>

As noted, the actual harm standard requires that actual harm occur before legal action can ensue.<sup>223</sup> However, under the FTDA this harm can never be remedied, because the statute only provides injunctive relief.<sup>224</sup> Moreover, evidence of actual injury is not the standard that courts use when granting an injunction.<sup>225</sup> To grant an injunction, federal courts require irreparable harm and inadequacy of legal remedies.<sup>226</sup> Therefore, in the vast majority of cases, the only satisfaction a trademark owner can obtain is an ability to stop future dilution: under the FTDA nothing can be done to remedy the harm that has already occurred.<sup>227</sup> It seems unlikely that Congress would require actual harm and then refuse to compensate the injured party once it was established.<sup>228</sup>

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<sup>222</sup> *Id.* It is likely that the damage cannot be reversed by a court order because the damage is in the minds of the consumers. *Id.*

<sup>223</sup> *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 170 F.3d 449, 464 (4th Cir. 1999); Brief of Amicus Curiae Intellectual Prop. Law Professors et al. at 6-7.

<sup>224</sup> 15 U.S.C. § 1125(c)(2) (2000). In most cases an injunction is the only relief possible under the FTDA. *Id.* However, where the injured party can prove willful intent, damages are a possible remedy. *Id.* The FTDA reads that "the owner of the famous mark shall be entitled only to injunctive relief unless the person against whom the injunction is sought willfully intended to trade on the owner's reputation or to cause dilution of the famous mark." *Id.* Then, in these limited circumstances, monetary relief may be given, and the court has the discretion to destroy the infringing articles. *Id.*

<sup>225</sup> Brief of Amicus Curiae Am. Intellectual Prop. Law Ass'n et al. at 2; *Moseley v. V Secret Catalogue, Inc.*, 123 S. Ct. 1115 (2003) (No. 01-1015). Requiring proof of actual harm by a single person also ignores the fact that there may be numerous third-party dilutive uses. *Id.* The FTDA was enacted to prevent the "gradual whittling away" of a mark's distinctiveness. *Id.* "Settled principles of equity, as embodied in the Trademark Act, do not require a showing of actual harm for the granting of injunctive relief." *Id.*

<sup>226</sup> See *infra* note 257 and accompanying text.

<sup>227</sup> Brief of Amicus Curiae Am. Intellectual Prop. Law Ass'n et al. at 2.

<sup>228</sup> *Id.* This reading of the FTDA would render the FTDA "hollow" and would strain the equitable power of the numerous courts. *Id.* Injunctive relief is designed to prevent harm, not to attempt to undue a harm once it has been committed. *Swift & Co. v. United States*, 276 U.S. 311, 326 (1928); Brief of Amicus Curiae Intellectual Prop. Law Professors et al. at 7. "The proposal requirement of actual economic harm would turn this principle on its head, precluding injunctions designed to stop dilution and permitting only injunctions designed to 'close the barn door' long after the horse is gone." Brief of Amicus Curiae Intellectual Prop. Law Professors et al. at 8. The requirement of actual harm does not leap immediately from the text of the FTDA; the International Trademark Association stated that:

[I]n finding that such a requirement [actual harm] is dictated by the history of dilution theory, the Fourth Circuit is in error. While it might

The actual harm standard imposes numerous unreasonably high evidentiary hurdles that are not required by the FTDA.<sup>229</sup> For example, the actual harm standard is extremely difficult to prove.<sup>230</sup> Courts have had repeated difficulty in quantifying the factors, such as fame, when calculating the distinctiveness of a mark.<sup>231</sup> The reduction of a trademark's distinctiveness by a junior user will be even more burdensome on the senior user.<sup>232</sup> Even the Unfair Competition Restatement concedes that dilution proof must rely on inferences

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have been radical in 1927 to define dilution as a "mental association" that attacks a senior mark's "distinctiveness," the law has evolved from *Yale Electric* to *Mishawaka* to *James Burrough* to *Abercombe* to *Allied Maintenance* to U.S. Olympic Committee. Requiring proof of actual harm for a concept that was conceived to free famous marks from the shackles of "concrete injury" would be the ultimate oxymoron. Rather, history teaches, and this Court has recognized, that a substantial mental association with a junior use suffices, without more, to "lessen the distinctiveness and thus the commercial value" of a qualifying symbol.

Brief of Amicus Curiae Int'l Trademark Ass'n et al. at 19 (citations omitted). Legislative intent can be derived from the remedial scheme that was adopted by Congress. *Id.* at 22. Congress created a special damage provision in recognition of the difficulty in proving actual damage by a defendant's conduct, for infringement cases. See 15 U.S.C. § 1117. However, with respect to dilution, unless it is intentional, only an injunction can be sought as a remedy, thus implying that actual harm from a "single bee sting" is simply difficult to prove and nonexistent. Brief of Amicus Curiae Int'l Trademark Ass'n et al. at 22.

<sup>229</sup> *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 224 (2d Cir. 1999); Brief of Amici Curiae Am. Intellectual Prop. Law Ass'n et al. at 6. The interpretation of the FTDA to require actual harm would frustrate the intent of the statute. *Nabisco*, 191 F.3d at 224. The majority of federal circuits have rejected that approach because it is "virtually impossible to prove." *Id.* Even the circuits that have used the actual harm standard have acknowledged the extreme difficulty in proving actual harm. *Id.*; *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 170 F.3d 449, 464 (4th Cir. 1999); *Westchester Media v. PRL USA*, 214 F.3d 658, 670 (5th Cir. 2000). In *Ringling Brothers*, the court suggested three types of evidence that could meet the actual harm standard under the FTDA: (1) lost revenues; (2) consumer surveys; and (3) indirect evidence of relevant contextual factors. 170 F.3d at 464. "Upon a closer examination, neither the first nor second of these types of evidence reliably demonstrates the prohibited dilution. The third option is indistinguishable from evidence offered under the 'likelihood of dilution' standard." Brief of Amicus Curiae Am. Intellectual Prop. Law Ass'n et al. at 7.

<sup>230</sup> *V Secret Catalogue, Inc. v. Moseley*, 259 F.3d 464, 476 (6th Cir. 2001) (stating that even the Fourth Circuit concedes that requiring the proof of actual dilution will be very difficult).

<sup>231</sup> *Id.*

<sup>232</sup> Brief of Amicus Curiae Intellectual Prop. Law Professors et al. at 8.

because direct evidence of a dilution of distinctiveness is typically not available.<sup>233</sup>

The *Ringling Brothers* court stated that surveys could be used to show actual damages.<sup>234</sup> However, a survey may not be helpful.<sup>235</sup> Several impediments exist to proving actual harm through survey evidence, and the Supreme Court has blatantly stated that surveys are not necessary to prove actual dilution.<sup>236</sup> Also, it may be difficult to design a survey that can show dilution, because dilution is a concept that is difficult to quantify.<sup>237</sup> In addition, dilution concepts like blurring or tarnishment

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<sup>233</sup> RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25 (1995). Another problem with actual dilution is its circular approach:

One of the factors bearing on fame is the number of competing uses of a mark; a mark is more likely to be famous if it is unique than if many different companies share the same mark. See 15 U.S.C. § 1125(c)(1)(G) (2000) (use of a mark by third parties one factor relevant to fame); 4 MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION at § 24:92, at 24-173 ("A mark that is merely one in a crowd of similar marks will not usually be famous."). Under the actual dilution approach, a trademark owner with a unique, famous mark must permit other uses of its mark until it can show that the distinctiveness of its own mark has been blurred. But by then, the mark may not count as famous, both because it is no longer unique and because its distinctive significance has been whittled away. The result is a vicious circle for trademark owners.

Brief of Amicus Curiae Intellectual Prop. Law Professors, et al. at 8 n.3; see *supra* note 85.

<sup>234</sup> *Ringling Bros.*, 170 F.3d at 462, 465 (stating that a survey can be skillfully constructed to not just show the mental association of the marks in isolation but to also further consumer impressions from which actual harm and cause might rationally be inferred).

<sup>235</sup> Brief of Amicus Curiae Intellectual Prop. Law Professors et al. at 9.

<sup>236</sup> *V Secret*, 537 U.S. 418, 427 (2003). The Supreme Court has held that to prove actual dilution survey evidence is not a necessary means. *Id.* However, the Supreme Court offered no other viable option to prove actual dilution. *Id.*; Brief of Amicus Curiae Intellectual Prop. Law Professors et al. at 9; PATTISHALL, *supra* note 10, at 384 (stating that proof will be difficult because actual consummated dilutive harm and its cause are difficult concepts). The Seventh Circuit doubts whether dilution of the distinctiveness of the mark can be proven on an empirical basis by even a carefully constructed survey. *Eli Lilly Co. v. Natural Answers, Inc.*, 233 F.3d 456, 468 (7th Cir. 2000). In addition, consumer surveys can be expensive, time consuming, and susceptible to manipulation. *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 224 (2d Cir. 1999). The Intellectual Property Law Association has stated that "[i]t is all but impossible to compare by survey methodology the selling power of a famous mark before a defendant's dilutive use begins with the diminished selling power of a famous mark after the dilutive use began." Brief of Amicus Curiae Am. Intellectual Prop. Law Ass'n et al. at 8. Even if this was a possibility, famous mark owners would then be obligated to constantly survey consumer perception of their marks in anticipation of dilution litigation, this is an impractical burden that would only drive up the cost of owning and maintaining a famous trademark. *Id.*

<sup>237</sup> See *supra* note 230. The Restatement notes that blurring is a concept that is not easily captured in consumer surveys. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25.

are even more difficult to show through survey evidence.<sup>238</sup> Requiring a showing of actual harm through survey evidence would ensure that very few injured parties could get relief.<sup>239</sup> Thus, given the several major problems inherent in adopting the actual harm standard, we turn to the likelihood of dilution standard.<sup>240</sup>

### B. Problems Surrounding the Likelihood of Dilution Standard

The likelihood of dilution standard is not perfect.<sup>241</sup> First, the test does not incorporate the language of the FTDA because the likelihood of dilution method only prohibits acts that “cause dilution.”<sup>242</sup> Next, the FTDA does not include contextual language suggesting that Congress

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<sup>238</sup> Brief of Amicus Curiae Intellectual Prop. Law Professors et al. at 9. Blurring and tarnishment are concepts that are difficult to quantify:

Demonstrating that a mark is being blurred requires a time comparison: the trademark owner must show that the mark is less distinctive now than it was before the blurring. But how can a consumer survey go back in time to make that comparison? Will trademark owners have to constantly survey their consumers, testing the fame of their marks and casting about for someone to sue whenever that fame declines? The difficulties inherent in proving such harm will be unable to take advantage of the anemic remedies the actual dilution approach would permit.

*Id.*

<sup>239</sup> *Id.*

<sup>240</sup> *Nabisco*, 191 F.3d at 224; Brief of Amicus Curiae Intellectual Prop. Law Professors et al. at 10. Another problem with the actual harm standard occurs when more than one party dilutes the senior user’s mark. *Nabisco*, 191 F.3d at 224. Under the actual dilution approach, one can only get injunctive relief if the injured party can prove that a particular use caused the harm to the mark. *Id.* The problem here is that this assumes that a single defendant caused the harm. *Id.* However, if numerous parties dilute a mark the trademark owner must prove that it has been harmed, and it may be impossible to demonstrate that any one of those uses was the actual cause of the harm. *Id.* As Frank Schechter stated, dilution is the “whittling away” of a mark’s distinctiveness; it is not harm caused by a single defendant, but rather harm caused by multiple defendants. *Id.* It would be very strange if the FTDA was interpreted to exclude the typical case of dilution, as implied by the actual harm standard. *Id.* Whatever standard is chosen to be correct must be the uniform standard for all federal courts. Brief of Amicus Curiae Int’l Trademark Ass’n et al. at 22. An uncertainty has and will continue to be created as to which standard applies; therefore, the standard chosen should be uniform for all the federal courts. *Id.*

<sup>241</sup> Kim, *supra* note 115, at 752; see also Klieger, *supra* note 50, at 840 (asserting that the FTDA’s language requires a proof of actual dilution—the junior use of a mark must actually be shown to dilute the senior mark before it can be enjoined).

<sup>242</sup> Kim, *supra* note 115, at 752 (stating that when Congress passed the FTDA, it was well aware that twenty-five states had anti-dilution laws that provided relief if a defendant’s mark was likely to dilute another’s trademark). Congress surely had this knowledge when drafting the FTDA, yet it did not adopt the words “likely” when the FTDA was created. *Id.*

intended a likelihood of dilution standard.<sup>243</sup> Moreover, critics claim that the likelihood of dilution standard is merely a creation of state law and should have no bearing on the FTDA because state anti-dilution statutes typically require a showing of a likelihood of dilution.<sup>244</sup> Finally, actual harm advocates claim that the likelihood of dilution standard emerged from a Second Circuit case in which the court confused infringement with dilution.<sup>245</sup> Nevertheless, the likelihood of dilution standard is preferable to the actual harm standard.<sup>246</sup>

### C. Likelihood of Dilution as Arguably the Best Standard

There are several reasons why the likelihood of dilution standard is the proper method that the Supreme Court should have applied.<sup>247</sup> First, Congress clearly intended the owners of famous trademarks to be able to stop possible diluting acts before they were harmed.<sup>248</sup> This clarity is

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<sup>243</sup> Kim, *supra* note 115, at 753; Klieger, *supra* note 50, at 840. The FTDA did not adopt language like: "future capacity," "will lessen," "may lessen," "could cause dilution," "may cause dilution," "will cause dilution," or "likely to cause dilution." Kim, *supra* note 115, at 753. However, in contrast:

The court [in *Nabisco*] also found the Fourth Circuit's reliance on the statutory "causes dilution" language to be "excessive literalism." That interpretation often would subject the senior user to uncompensable injury, according to the court, because the statute could not be invoked until injury had already occurred, and the statute provides only for an injunction and no damages (absent willfulness).

PATTISHALL, *supra* note 10, at 379; see *Nabisco*, 191 F.3d at 224; Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449, 461 (4th Cir. 1999); Kim, *supra* note 115, at 753 (stating that it is strange to interpret the FTDA as requiring only a likelihood of dilution when Congress deliberately refused to use such language; despite the fact that state models could act as templates for the FTDA, Congress chose to divert from these). The plain meaning of the FTDA was intended to provide for a showing of actual economic harm to prove dilution. *Id.*

<sup>244</sup> Mathew S. Voss, Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development & Nabisco, Inc. v. PF Brands, Inc., 15 BERKELEY TECH. L.J. 265, 277 (2000).

<sup>245</sup> Kim, *supra* note 115, at 760 (stating that consumer confusion does not occur with dilution; thus, the court confused dilution with infringement); see *supra* note 73.

<sup>246</sup> See generally Brief of Amicus Curiae Intellectual Prop. Law Professors et al. at 10; Brief of Amicus Curiae Int'l Trademark Ass'n et al. at 18; Brief of Amicus Curiae Am. Intellectual Prop. Law Ass'n et al. at 8.

<sup>247</sup> Brief of Amicus Curiae Intellectual Prop. Law Professors et al. at 10; Brief of Amicus Curiae Int'l Trademark Ass'n et al. at 18; Brief of Amicus Curiae Am. Intellectual Prop. Law Ass'n et al. at 8.

<sup>248</sup> PATTISHALL, *supra* note 10, at 379.

The [*Nabisco*] Court further opined that the Fourth Circuit's interpretation of the statute would be disadvantageous to junior users wanting to know about the availability of a new mark before the

due to the fact that Congress did not intend famous trademark owners to sit by and watch the value of their trademarks slowly diminish before allowing them a cause of action and a remedy.<sup>249</sup> Moreover, House reports do not suggest that the injured trademark owners must show actual harm.<sup>250</sup> Rather, Congress seemed to assume that the FTDA would provide action against diluting marks regardless of whether actual harm could be shown since its intent was so clear.<sup>251</sup> Furthermore, the potential damages that can be awarded also support the likelihood of dilution standard.<sup>252</sup>

Since injunctive relief is only granted when willful intent can be proven, it is clear that Congress intended to fashion a subset of cases where the defendant's willful conduct justified a stiffer penalty.<sup>253</sup> By the time actual economic harm could be proven, if it could be, injunctive relief would be insufficient as a remedy.<sup>254</sup> An injunction would not adequately compensate an owner or restore the value of its famous mark.<sup>255</sup> In addition, under the actual harm theory, some defendants

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product is launched; "[i]f the statute is interpreted to mean that no adjudication can be made until the junior mark has been launched and has caused actual dilution, businesses in Nabisco's position will be unable to seek declaratory relief before going to market." The appellate court affirmed the preliminary injunction, requiring Nabisco to recall and cease selling its snack mix containing the goldfish configuration.

*Id.* (second alteration in original); see also *Nabisco*, 191 F.3d at 224; Brief of Amicus Curiae Intellectual Prop. Law Professors et al. at 10.

<sup>249</sup> Brief of Amicus Curiae Am. Intellectual Prop. Law Ass'n et al. at 16.

<sup>250</sup> See H.R. REP. NO. 104-374 (1995), reprinted in 1996 U.S.C.C.A.N. 1029.

<sup>251</sup> *Id.* This House Report provided that the use of "DUPONT shoes, BUICK aspirin, and KODAK pianos would be actionable" under the FTDA. *Id.* at 3; Brief of Amicus Curiae Intellectual Prop. Law Professors et al. at 11.

<sup>252</sup> 15 U.S.C. § 1125(c)(2) (2000).

<sup>253</sup> Brief of Amicus Curiae Intellectual Prop. Law Professors et al. at 11:

The remedy for dilution under the FTDA is an injunction to prevent dilution before it turns into actual harm . . . . If proof of actual economic harm is required before giving the FTDA effect, the Act would serve merely to recognize, ex post facto, that a trademark owner had been injured. The injunctive remedy is intended to curtail and prevent loss to the owner of a famous mark without a showing of economic harm. Balancing the absence of need to prove actual injury, the statute denies the owner the right to seek damages unless proof of willful dilution is shown.

*Id.*

<sup>254</sup> *Id.*

<sup>255</sup> 15 U.S.C. § 1125(c)(2); Brief of Amicus Curiae Intellectual Prop. Law Professors et al. at 11.

intend to cause dilution even though the injured party cannot show actual evidence of this intent.<sup>256</sup> The only proof necessary for injunctive relief in the federal courts has been irreparable harm and inadequacy of legal remedies, and not actual harm.<sup>257</sup> Also, a likelihood of dilution standard is consistent with trademark infringement actions because it permits the court to draw conclusions of dilution based on circumstantial evidence, rather than requiring direct evidence of actual harm, which is generally not available.<sup>258</sup>

Second, at the time the FTDA was enacted, no state anti-dilution statute was interpreted as imposing the burden of proving actual economic harm.<sup>259</sup> Congress did nothing to specify that it was breaking away from what all the other anti-dilution statutes had previously indicated.<sup>260</sup> Because the FTDA was based on the state anti-dilution statutes, one can assume that Congress intended to follow the concept of dilution embodied in these statutes.<sup>261</sup>

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<sup>256</sup> Brief of Amicus Curiae Intellectual Prop. Law Professors et al. at 11. It would be an odd reading of the statute for the basic remedy to cover less ground than the enhanced remedy. *Id.* More likely, Congress assumed that when it enacted the FTDA that it authorized the courts to enjoin conduct that was likely to dilute a famous mark. *Id.*

<sup>257</sup> See 15 U.S.C. § 1125(c)(2). The statute provides for an injunction and no damages, unless willfulness can be shown. *Id.*; Brief of Amicus Curiae Am. Intellectual Prop. Law Ass'n et al. at 10. Congress did not modify the standards of proof necessary to obtain an injunction when it enacted the FTDA. Brief of Amicus Curiae Am. Intellectual Prop. Law Ass'n et al. at 10. Therefore, Congress clearly decided not to alter the injunctive relief standard and, thus, embraced the principle of equity for granting an injunction under the FTDA. *Id.*; Sinclair Ref. Co. v. Atkinson, 370 U.S. 195, 215 (1962).

<sup>258</sup> See *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 224 n.5 (2d Cir. 1999); Brief of Amicus Curiae Am. Intellectual Prop. Law Ass'n et al. at 8. "Indirect evidence of relevant contextual factors is no different than the types of inferential proofs used in a likelihood of dilution analysis. Even the Fourth Circuit concedes that 'relevant contextual factors . . . are of obvious relevance as indirect evidence' [of dilution]." *Nabisco*, 191 F.3d at 224 n.5.

<sup>259</sup> RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25; Brief of Amicus Curiae Intellectual Prop. Law Professors et al. at 11; Klieger, *supra* note 50, at 813-14. Congress stated that a federal dilution statute was necessary because "famous marks ordinarily are used on a nationwide basis and dilution protection is currently only available on a patch-quilt system of protection." H.R. REP. NO. 104-374, at 3 (1995), *reprinted in* 1996 U.S.C.C.A.N. 1029, 1030. Thus, Congress worried that state statutes were inconsistent with each other; however, the overwhelming majority of state statutes enacted at that time all appeared to prevent conduct that was "likely to dilute" the senior user's mark. Brief of Amicus Curiae Intellectual Prop. Law Professors et al. at 11.

<sup>260</sup> *Id.* at 11-12; PATTISHALL, *supra* note 10, at 392 (stating that currently dilution statutes exist in over half of the states and generally only require a likelihood of dilution).

<sup>261</sup> Brief of Amicus Curiae Intellectual Prop. Law Professors et al. at 11-12. "It is likely that Congress assumed that it was enacting a statute that, like the state statutes on which it

Third, in 1999, Congress amended the FTDA to make it clear that the owner of a famous trademark could oppose the registration of another's trademark on the grounds that it diluted the famous trademark.<sup>262</sup> The 1999 FTDA amendment is completely inconsistent with the actual harm theory.<sup>263</sup> This amendment plainly allows a trademark owner to stop the dilution of its trademark before it begins by opposing the registration of a mark that may potentially dilute the owner's trademark.<sup>264</sup>

Fourth, the FTDA should be read to imply a likelihood of dilution standard because this would be consistent with the Trademark Trial and Appeal Board's ("TTAB") interpretation of the FTDA.<sup>265</sup> The TTAB has interpreted the FTDA to require a likelihood of dilution standard.<sup>266</sup> To ensure certainty and uniformity in cases, the standard for proving

was modeled, prevented commercial uses of a mark likely to dilute its distinctive significance." *Id.* at 12.

<sup>262</sup> Trademark Amendments Act of 1999, Pub. L. No. 106-43, 113 Stat. 218. Specifically, 15 U.S.C. § 1052 was amended to read:

A mark which when used would cause dilution under section 1125(c) of this title may be refused registration only pursuant to a proceeding brought under section 1063 of this title. A registration for a mark which when used would cause dilution under section 43(c) may be canceled pursuant to a proceeding brought under either section 1064 of this title or 1125(c) of this title or section 1092 of this title.

Trademark Amendments Act of 1999, Pub. L. No. 106-43, 113 Stat. 218; 15 U.S.C. § 1052 (2000).

<sup>263</sup> 15 U.S.C. §§ 1052(f), 1063-64, 1092; Brief of Amicus Curiae Intellectual Prop. Law Professors et al. at 13.

<sup>264</sup> 15 U.S.C. §§ 1052(f), 1063-64, 1092; Brief of Amicus Curiae Intellectual Prop. Law Professors et al. at 13. The amendment is flatly inconsistent with the actual dilution standard. Brief of Amicus Curiae Intellectual Prop. Law Professors et al. at 13. By allowing the owners of famous marks to oppose registrations that would dilute the famous mark even before the mark was used in commerce, Congress intended trademark owners to stop possible dilution even before it began. *Id.* One can construe a statute to reach an outcome that was not intended. *Id.* But, this is hard to do when congressional intent is as plain as it is in the FTDA. *Id.* Congressional intent "counsels that the court look long and hard for support for the 'likelihood of dilution' reading." *Id.*

<sup>265</sup> 15 U.S.C. §§ 1052(f), 1063-64, 1092; Brief of Amicus Curiae Am. Intellectual Prop. Law Ass'n et al. at 18. Three years after passing the FTDA, Congress created the Trademark Amendments Act of 1999 ("TAA"). 15 U.S.C. §§ 1052(f), 1063-64, 1092. This allowed for dilution claims to be heard before the TTAB of the United State Patent and Trademark Office. *Id.* The TAA reads that an owner of a famous mark may assert dilution as a reason to oppose a mark before it has been registered or as grounds to cancel a dilutive mark, before it has suffered dilution damage in the commercial marketplace. Trademark Amendment's Act of 1999, Pub. L. No. 106-43, 113 Stat. 218.

<sup>266</sup> *Toro Co. v. ToroHead, Inc.*, 61 U.S.P.Q.2d 1164, 1174 (2001) (stating that the actual dilution standard would "defeat the articulated purpose of the TAA").



dilution should be the same for both the TTAB and the federal courts.<sup>267</sup> In addition, the FTDA was enacted to bring the United States trademark law into conformity with international treaties that do not require actual economic harm as a showing for dilution.<sup>268</sup>

Fifth, if the FTDA is read to impose a likelihood of dilution standard, it will not render the FTDA too powerful as some critics allege.<sup>269</sup> The FTDA already has various built-in limitations.<sup>270</sup> Only famous marks are protected under the FTDA, and the fame requirement is held to a strict reading, which is reserved for only the most fanciful marks.<sup>271</sup> To impose an actual harm standard in an effort to limit the reach of the FTDA would incorrectly limit dilution.<sup>272</sup> By applying the actual harm theory, a detrimental ramification would be that it could prevent the effective relief in cases of real dilution, when an injured party cannot prove actual economic harm, and it would do absolutely nothing to enhance the fame requirement or address other legitimate concerns.<sup>273</sup> Attaching the actual economic harm standard to the FTDA would prevent the statute from being effective in cases where dilution truly is likely.<sup>274</sup>

Finally, the Supreme Court's holding that proof of actual dilution is necessary to prove dilution was incorrect and overly narrow.<sup>275</sup> The

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<sup>267</sup> Brief of Amicus Curiae Am. Intellectual Prop. Law Ass'n et al. at 18-19.

<sup>268</sup> *Id.* at 11. Congress sought to protect famous marks in order to "be consistent" with the terms of International Treaties. *Id.*

<sup>269</sup> *Id.* at 15. The Fourth Circuit adopted the actual dilution standard out of some concerns that the likelihood of dilution theory would render the FTDA too powerful and might be read to create a "property right in gross" which would preclude any uses of a famous mark without permission. *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 170 F.3d 449, 454 (4th Cir. 1999).

<sup>270</sup> 15 U.S.C. § 1127; Brief of Amicus Curiae Intellectual Prop. Law Professors, et al. at 15; *see supra* note 130. These limits are in place to prevent dilution law from expanding beyond its proper scope. Brief of Amicus Curiae Intellectual Prop. Law Professors, et al. at 15.

<sup>271</sup> 15 U.S.C. § 1125 (c)(1); *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868 (9th Cir. 1999).

<sup>272</sup> Brief of Amicus Curiae Intellectual Prop. Law Professors et al. at 16.

<sup>273</sup> *Id.*

If the courts are to cabin abuses of the FTDA, they should do it by limiting dilution protection to truly famous marks, by properly interpreting the tarnishment requirement, and by insisting on proof of commercial use of a mark. This Court should not adopt a reading of the statute that prevents it from being applied where dilution truly is likely. Doing so throws the baby out with the bath water.

*Id.*

<sup>274</sup> *Id.*

<sup>275</sup> *Moseley v. V Secret Catalogue Inc.*, 123 S. Ct. 1115, 1124 (2003).

Court's attempt to resolve the circuit split only resulted in more confusion. The current position of the Supreme Court is completely unworkable. The Court has stated that survey evidence is not necessary to prove actual dilution, but the Court has not presented trademark owners with an example of the viable means needed for a finding of dilution.<sup>276</sup> If the Supreme Court's present position is correct, the vague standard it has imposed and the lack of means to prove this standard have rendered the FTDA completely meaningless. Therefore, due to these reasons that support a likelihood of dilution standard rather than an actual harm standard, Congress should amend the FTDA to reflect the likelihood of dilution standard.

#### IV. AMENDING THE FEDERAL TRADEMARK DILUTION ACT: A PROPOSAL

Against a background of robust disagreement about the appropriate test courts should apply when analyzing dilution claims, this Note argues that the likelihood of dilution standard is the correct method and proposes that Congress should amend the FTDA to reflect this.<sup>277</sup> Part III of this Note established that both the actual dilution and likelihood of dilution methods have some faults.<sup>278</sup> This is due to the fact that, under the actual harm standard, a quantifiable injury must be proven. Thus, the senior user has already been harmed, the value of the trademark has been diminished, and the standard is extremely difficult to prove.<sup>279</sup> In addition, critics claim the likelihood of dilution method may be potentially flawed because the FTDA does not explicitly state that this is the correct standard, and the Supreme Court has held contrary to this standard.<sup>280</sup> Also, this interpretation of the statute blurs the line between infringement and dilution.<sup>281</sup> Considering all factors, there might not be an easy answer regarding how to prove an ambiguous concept like dilution. This Note demonstrates that the dilution theory has plagued

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<sup>276</sup> *Id.*; Robert Sacoff & Uli Widmaier, *Trademark Case Leaves Open Questions: Court Adopts Some of ABA's Analysis Despite Ruling Against Victoria's Secret*, A.B.A. J. E-REP., Mar. 7, 2003, at 3 (stating that an adoption of an open-ended approach, that is in the best common-law tradition, encourages future courts to fashion evidentiary standards is appropriate under the facts of specific cases).

<sup>277</sup> See generally *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208 (2d Cir. 1999) (arguing that a likelihood of dilution is the correct standard); *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 170 F.3d 449 (4th Cir. 1999) (arguing that actual dilution is the correct standard).

<sup>278</sup> See *supra* Part III.

<sup>279</sup> See *supra* notes 230-31 and accompanying text.

<sup>280</sup> See *supra* text accompanying notes 242-44.

<sup>281</sup> See *supra* text accompanying note 245.

the circuits for years and ultimately led to their split and a vague Supreme Court decision. Therefore, it must be realized that there is no mysterious calculation that will prove or disprove dilution. However, the likelihood of dilution standard should be implemented into the FTDA to clear up the vague language and, thus, prove to be a viable solution.

In an attempt to address the recent circuit split and the ambiguity that surrounds the dilution concept, the FTDA must be amended.<sup>282</sup> The main problem with the FTDA is that the language in the statute is ambiguous.<sup>283</sup> This problem should be rectified by amending the FTDA to unambiguously reflect the likelihood of dilution standard.<sup>284</sup>

Thus, section 1127 of the FTDA should be amended to include the following two phrases: "likelihood of causing dilution" and "actual proof of dilution." Section 1127 of the FTDA would then read as follows:

the term dilution means the *likelihood of causing dilution due to the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of (1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake, or deception, or (3) actual proof of dilution.*<sup>285</sup>

In this way, the statute would require only a minimal showing of a "likelihood of dilution." Moreover, with "actual proof of dilution" as the third clause in the statute, the statute would expressly indicate that actual proof of dilution is not solely required, contrary to the Supreme Court's holding. Thus, the existence of actual dilution would become immaterial because a senior trademark holder would never be required to meet this higher standard of proof.

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<sup>282</sup> 15 U.S.C. § 1127 (2000).

<sup>283</sup> *Id.* Currently the FTDA reads, "the term dilution means the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of (1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake, or deception." *Id.* However, the Supreme Court has recently stated that the FTDA is not vague and that the definition of dilution provides for proof of actual dilution. *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 427 (2003).

<sup>284</sup> *Id.* Namely the addition of the phrase, "likelihood of causing dilution" will eliminate some of the inherent ambiguity present in the FTDA and will render an obvious standard for dilution. *Id.*

<sup>285</sup> *Id.* The italicized sections are the proposed amendments to the current FTDA.

The advantages of this modification are enormous. By adding the additional language to the FTDA, ambiguity would be eliminated and the statute would clearly state the correct level of proof for dilution. The amendment would rectify the Supreme Court's incorrect decision and would provide the correct national standard for all courts to apply.<sup>286</sup> Additionally, it would provide all federal courts with language that specifically limits the interpretation of the FTDA, which would greatly benefit courts, as well as senior and junior users. Courts would blatantly know what standard to apply and senior and junior users would know how to evaluate whether or not their mark may be diluted or if they are about to dilute a mark through a junior use. The new reading of the FTDA would put courts and senior and junior users on notice and give fair warning to any possible diluters.<sup>287</sup> Furthermore, under the amended FTDA, the senior user would not need to suffer unnecessary harm before bringing a dilution claim. However, if the senior user could point to proof of actual harm, the amended FTDA is flexible enough to allow this evidence to be presented in the court, even though only the lower, likelihood of dilution burden of proof would be necessary.

Also, the addition to the FTDA will bring the statute into conformance with the state anti-dilution laws and the TTAB. Currently, both state and TTAB laws maintain a likelihood of dilution standard.<sup>288</sup> Moreover, since the FTDA has safeguards embedded in it, like the famous requirement, this new FTDA will not render the statute too powerful, as some critics claim.<sup>289</sup> The fame requirement in the FTDA is held to a very strict reading and is reserved for only the most fanciful marks.<sup>290</sup> Most importantly, the incorporation of the likelihood of dilution standard will ensure that all legitimate dilution claims are capable of being brought before a court and that none are excluded because they cannot meet the extremely high burden of actual proof of dilution.

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<sup>286</sup> See *supra* notes 275-76 and accompanying text.

<sup>287</sup> See *supra* notes 41-42 and accompanying text. This amendment to the FTDA would erase the vagueness of the statute, and the addition of the terms, "likelihood of dilution," will present a clear-cut standard for courts to determine if dilution may occur. Additionally, from a realistic viewpoint, this amendment will also put all senior and junior trademark users on notice. It will encourage senior users to police their marks for possible dilution by allowing them an unambiguous method and will give junior users a clear criterion to apply to assess whether or not they may dilute a senior user's trademark.

<sup>288</sup> See *supra* notes 265-67 and accompanying text.

<sup>289</sup> See *supra* note 270.

<sup>290</sup> See *supra* note 271 and accompanying text.

V. CONCLUSION

Trademark dilution is the gradual whittling away of the value of a trademark resulting in the loss of good will and property from the senior user. This Note examined the recent circuit split and a vague Supreme Court opinion regarding the trademark dilution standard, as well as detailed why the likelihood of dilution standard is the correct method to apply and why the actual dilution theory is not. Given the two approaches to trademark dilution and the recent Supreme Court opinion, this Note recommends that the FTDA should be amended to read that a likelihood of dilution is the correct standard to employ. This amendment would eliminate the ambiguous nature of the FTDA as it currently reads, and it would further eradicate the consternation that has left many trademark owners dumbfounded. The likelihood of dilution standard would be highly beneficial if incorporated into the FTDA; thus, an amendment to the FTDA is in order.

Relating back to the hypothetical in Part I, under the amended FTDA, Tom would only need to show a likelihood of dilution to hold Anna liable. Under this theory, Tom's trademark will not have its distinctiveness whittled away and he will not incur injury. Moreover, the FTDA will be exonerated of its inherent vagueness and, thus, the FTDA will prove to be a clear and useful tool for senior and junior users such as Tom and Anna.

**Julie C. Frymark\***

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