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The Secret of Our Success: The Sixth Circuit Interprets the Proof Requirement under the Federal Trademark Dilution Act in *V Secret Catalogue v. Moseley*

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THE "SECRET" OF OUR SUCCESS: THE SIXTH CIRCUIT
INTERPRETS THE PROOF REQUIREMENT UNDER
THE FEDERAL TRADEMARK DILUTION ACT IN
V SECRET CATALOGUE v. MOSELEY

[D]ilution is an infection, which if allowed to spread, will inevitably destroy the advertising value of [a] mark.¹

I. INTRODUCTION

President Clinton signed into law the Federal Trademark Dilution Act ("FTDA")² on January 16, 1996, amending the Lanham Act of 1946,³ to create a cause of action for trademark dilution.⁴ The motivation behind the FTDA was to provide consistent protection to "famous" trademarks.⁵ Prior to the FTDA, only twenty-five states enacted dilution statutes, limiting the available avenues for trademark dilution allegations.⁶ These state statutes vary widely on the standards required for finding dilution.⁷ Unlike trademark infringement, which allows a trademark owner to sue because consumers are confused by similar trademarks used to advance comparable goods and services, trademark dilution protects the

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

2. 15 U.S.C. §§ 1125(c), 1127 (1994 & Supp. V 1999). The House of Representatives passed the FTDA on December 16, 1995, and the Senate followed on December 29, 1995. *See* H.R. REP. NO. 104-374, at 3; 141 CONG. REC. S19310 (daily ed. Dec. 29, 1995) (statement of Sen. Hatch).

3. 15 U.S.C. § 1114(1) (1994 & Supp. V 1999).

4. *See* Brent G. Seitz, Note, *The Actual Harm Requirement and the Federal Trademark Dilution Act: Ringling Brothers-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development*, 10 DEPAUL-LCA J. ART & ENT. L. 113, 113 (1999). Dilution is defined 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." 15 U.S.C. § 1127.

5. *See* Kathleen B. McCabe, Note, *Dilution-By-Blurring: A Theory Caught in the Shadow of Trademark Infringement*, 68 FORDHAM L. REV. 1827, 1860 (2000) (noting that FTDA was enacted "to rectify and clarify erroneous analyses of dilution," but nothing has changed and courts still apply erroneous precedent or create artificial restrictions).

6. *See* *V Secret Catalogue, Inc. v. Moseley* ("Victoria's Secret"), 259 F.3d 464, 468 (6th Cir. 2001) (noting protection was only available on patch-quilt system).

7. *See id.* For a list of the state anti-dilution statutes, see *infra* note 53.

trademark's distinctive quality from the tarnishing or blurring of a similar mark advancing any good or service.⁸

Recently, conflicting judicial interpretations have thwarted the FTDA and caused its failure in protecting trademarks.⁹ Some circuit courts have required plaintiffs to demonstrate an "actual dilution" to their famous mark in order to obtain injunctive relief.¹⁰ Other circuits have permitted injunctive relief by requiring the plaintiff to show only a "likelihood of dilution" to their famous mark.¹¹ Most recently, in *V Secret Catalogue, Inc. v. Moseley* ("*Victoria's Secret*"),¹² the Sixth Circuit addressed the dispute of whether the FTDA permits an inference of "likely harm" rather than requiring proof of "actual harm."¹³ After interpreting the language of the FTDA and the congressional record, the court concluded that a claim of dilution need only show a "likelihood of dilution."¹⁴

8. See MARGARET C. JASPER, *THE LAW OF TRADEMARKS* 31 (2000) (distinguishing dilution claim from infringement because dilution does not require proof of confusion); RICHARD STIM, *TRADEMARK LAW* 14 (2000) (indicating owners of famous mark can prevent tarnishing or diluting of mark's distinctive quality by suing in federal court). The difference between infringement and dilution has been described by reaction. For instance:

[I]f a parent says to the kids, "let's go pick something out at Blockbuster tonight," and the youngest child assumes they will be buying fireworks made by Viacom, that is evidence of the confusion that is essential to a claim of trademark infringement. But if the oldest child answers, "which Blockbuster," that evidences dilution by blurring.

Viacom Inc. v. Ingram Enters., Inc., 141 F.3d 886, 891 n.9 (8th Cir. 1998). Also, infringement protects the rights of the trademark owner and the public's right to be free from confusion, but dilution protects only a private interest. See 2 JEROME GILSON, *GILSON ON TRADEMARK PROTECTION AND PRACTICE* § 5.12[1][a]; cf. Gerard N. Magliocca, *One and Inseparable: Dilution and Infringement in Trademark Law*, 85 MINN. L. REV. 949, 1035 (2001) (asserting "[d]ilution and infringement are one and inseparable").

9. See Jennifer Mae Slonaker, Comment, *Conflicting Interpretations of the Federal Trademark Dilution Act Create Inadequate Famous Mark Protection*, 26 U. DAYTON L. REV. 121, 122-23 (2000) (explaining discrepancies between circuits).

10. See Gail Dalickas, *Proof of Actual Harm Isn't (Is?) Required in Dilution Claim Circuits Vary Widely in Their Approach to Trademark Law*, THE LEGAL INTELLIGENCER, Sept. 6, 2001, at 5 (indicating Fourth and Fifth Circuits require "actual dilution"); see, e.g., *Westchester Media v. PRL USA Holdings, Inc.*, 214 F.3d 658, 670 (5th Cir. 2000); *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 170 F.3d 449, 458 (4th Cir. 1999).

11. See Dalickas, *supra* note 10 (demonstrating Sixth Circuit joined Second and Seventh Circuits requiring "likelihood of dilution"); see, e.g., *Victoria's Secret*, 259 F.3d at 475; *Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456, 468 (7th Cir. 2000); *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 223 (2d Cir. 1999).

12. 259 F.3d 464 (6th Cir. 2001).

13. See *id.* at 466 (questioning whether district court erred by failing to require proof of "actual economic loss").

14. See *id.* at 475 (explaining agreement with Second Circuit's analysis in *Nabisco*).

This Note examines the court's interpretation and application of the FTDA in *Victoria's Secret* to determine whether a claim of dilution requires proof of "actual harm" or allows for a lesser "likelihood" standard to render injunctive relief.¹⁵ Part II introduces the parties and states the relevant facts of *Victoria's Secret*.¹⁶ Part III explains the history of the FTDA and the circuit split that has developed.¹⁷ Part IV explains the Sixth Circuit's reasoning in *Victoria's Secret* and the precedents upon which it based its decision.¹⁸ Part V critically assesses the holding of *Victoria's Secret* in light of other circuits' decisions.¹⁹ Finally, Part VI explores the likely effect that the *Victoria's Secret* decision will have on the future of trademark dilution.²⁰

II. FACTS

Since 1981, the "Victoria's Secret" mark has been registered in the United States Patent and Trademark Office.²¹ The company sells women's lingerie, clothing and various other accessories.²² When this case commenced, there were over 750 Victoria's Secret store locations, two of which are located in Louisville, Kentucky, within sixty miles of the Defendants' store.²³ In addition to numerous store locations, Victoria's Secret distributes over 400 million copies of their catalog each year.²⁴ Victoria's Secret also holds annual fashion shows, teaming up with the American Broadcasting

15. For a factual summary and discussion of the two leading cases on this issue, see *infra* notes 81-100 and accompanying text.

16. For a discussion of the relevant facts in *Victoria's Secret*, see *infra* notes 21-35 and accompanying text.

17. For a detailed discussion of the background law that preceded the decision, see *infra* notes 36-100 and accompanying text.

18. For a detailed analysis of the Sixth Circuit's decision, see *infra* notes 101-36 and accompanying text.

19. For a detailed critique of the court's reasoning, see *infra* notes 137-64 and accompanying text.

20. For a discussion of the impact of *Victoria's Secret*, see *infra* notes 165-90 and accompanying text.

21. See *Victoria's Secret*, 259 F.3d 464, 466 (6th Cir. 2001) (stating V Secret Catalogue, Inc. is record owner of "Victoria's Secret" mark). The "Victoria Secret" mark is licensed to Victoria's Secret Catalog, LLC and Victoria's Secret Stores, Inc. See *id.*

22. See *id.*

23. See *id.* (stating stores in Louisville have been operating since November 16, 1982 and April 24, 1985). In 2001, Victoria's Secret Stores totaled 958. See Hoover's Database, 2001, Intimate Brands, Inc., available at <http://www.lexis.com/research/> (last visited Sept. 12, 2001).

24. See *Victoria's Secret*, 259 F.3d at 466 (noting 39,000 of 400 million catalogs distributed to Elizabethtown, Kentucky, location of Defendants' store). Victoria's Secret also sells products over the Internet. See *id.*

Company (ABC) Television Network in 2001 for a nationally broadcast, primetime entertainment special.²⁵ Additionally, Victoria's Secret models frequently make guest appearances on game shows and primetime television.²⁶ The corporation spent over fifty-five million dollars on advertising in 1998.²⁷ In a survey taken before the lawsuit, Victoria's Secret ranked as the ninth most famous brand in the apparel industry.²⁸

In February, 1998, Victor and Cathy Moseley opened "Victor's Secret."²⁹ The store's inventory includes men's and women's lingerie, but also adult entertainment novelties, such as sex toys and adult videos.³⁰ A few days after the store's opening, counsel for Victoria's Secret sent the Moseleys a cease and desist letter, claiming

25. See Press Release, Victoria's Secret Annual Fashion Show Returns to New York City with a First-Ever ABC Primetime Special (Nov. 1, 2001), available at <http://intimatebrands.com/press/fulltext.asp?prID=293>. Andrea Wong, ABC executive in charge of alternative programming, classified the fashion show as "pure, escapist entertainment." David Bauder, *Victoria's Secret Special Draws Fire on Many Fronts*, CHI. TRIB., Nov. 23, 2001, at C4. Actor Rupert Everett hosted the fashion show, with additional entertainment including tenor Andrea Bocelli, hip-hop singer Mary J. Blige, a twenty-piece orchestra and The Broadway Gospel Choir. See Sylvi Capelaci, *Secrets Revealed; Victoria's Secret Lingerie Takes Flight*, THE TORONTO SUN, Nov. 20, 2001, at 42 (describing details of televised fashion show); Tina Cassidy, *Revealing Look at Secret Collection*, THE BOSTON GLOBE, Nov. 15, 2001, at D1 (reporting "nothing like this has ever been done before"). Past Victoria's Secret fashion shows have also been broadcasted via the Internet. See Press Release, Victoria's Secret Cannes 2000 Fashion Show Webcast Takes Global Brand Awareness to New Levels (June 6, 2000), available at <http://www.intimatebrands.com/press/2000/cannes2000.asp> (reporting unprecedented responses to Victoria's Secret Cannes 2000 Fashion Show Webcast); see also Miles Socha, *On With the Show; All the Web's a Stage, and Designers, Celebrities and Consumers Can Get in on the Act*, WOMEN'S WEAR DAILY, May 12, 2000, at 14S (noting fashion brands often do not involve entertainment, however, Victoria's Secret's fashion show broadcast live online "[is] an instance when the fashion world is entertaining").

26. See Barnet D. Wolf, *Fashion Show's Exposure a Bit Much For Some People*, COLUMBUS DISPATCH, Nov. 25, 2001, at 1G (commenting on Victoria's Secret models appearing as contestants on game show *Who Wants to Be a Millionaire* and as guests on ABC talk show *The View*). Victoria's Secret models have also made guest appearances on primetime television shows such as ABC's *Spin City*. See *Spin City: The Wedding Scammer* (ABC television broadcast, Nov. 13, 2001).

27. See *Victoria's Secret*, 259 F.3d at 466 (discussing extent of Victoria's Secret's advertising expenses).

28. See *id.* Victoria's Secret is a 2.4 billion dollar international lingerie conglomerate. See Beverly Bartlett, *If Victoria Can Have a Secret, Victor Can Have a Secret.* *Lingerie Giant's Big Guns Go After Little Kentucky Shop*, THE COURIER-JOURNAL (Louisville, Ky.), June 29, 1998, at 1A.

29. See *Victoria's Secret*, 259 F.3d at 466. The 800 square-foot shop opened in a strip mall in Elizabethtown, Kentucky. See Bartlett, *supra* note 28 (quoting Victor Moseley as saying "[i]f Victoria can have a secret . . . Victor can have a secret").

30. See *Victoria's Secret*, 259 F.3d at 466; see also Bartlett, *supra* note 28 (noting Moseley's store also sells lava lamps and leather jackets, with adult novelties displayed in small room in back of store).

the store name constituted trademark infringement.³¹ The Moseleys changed the name of the store to “Victor’s Little Secret,” but Victoria’s Secret was not satisfied with the change.³² Victoria’s Secret commenced an action against the Moseleys, alleging “federal trademark infringement, unfair competition under [s]ection 43(a) of the Trademark Act, violation of the Federal Trademark Dilution Act, and common law trademark infringement and unfair competition.”³³ Evaluating the case under the FTDA, the district court found that the Moseleys’ mark blurred and tarnished the “Victoria’s Secret” mark, therefore, granting Victoria’s Secret summary judgment and enjoining further use of the “Victor’s Little Secret” mark.³⁴ On appeal, the United States Court of Appeals for the Sixth Circuit affirmed the district court’s decision, applying the Second Circuit’s dilution test that requires an inference of likely harm.³⁵

III. BACKGROUND

A trademark is defined as “includ[ing] any word, name, symbol, or device, or any combination thereof— (1) used by a person, or (2) which a person has a bona fide intention to use in commerce . . . to identify and distinguish his or her goods . . . from those manufactured or sold by others”³⁶ Trademarks function as a guarantee of quality, allowing consumers to identify products they

31. See *Victoria’s Secret*, 259 F.3d at 466-67; see also Gary Young, *Victor/Victoria and Trademark Dilution*, NAT’L L.J., Aug. 13, 2001, at B6 (noting Moseleys’ claim that they were unaware of Victoria’s Secret stores and catalog when naming their store). The Moseleys asserted that the name developed out of Victor keeping his plans to open a business a secret from his previous employer. See Bartlett, *supra* note 28.

32. See Bartlett, *supra* note 28 (noting adding “Little” to name was attempt to accommodate Victoria’s Secret).

33. *Victoria’s Secret*, 259 F.3d at 467. The district court granted summary judgment for the Moseleys on the federal infringement claims, which were not at issue on appeal. See *id.*

34. See *V Secret Catalogue, Inc. v. Moseley*, 54 U.S.P.Q.2d (BNA) 1092, 1096 (W.D. Ky. Feb. 9, 2000).

35. See *Victoria’s Secret*, 259 F.3d at 466 (applying Second Circuit’s analysis of dilution).

36. 15 U.S.C. § 1127 (1994 & Supp. V 1999). A trademark has also been seen as “a narrow bridge over which all the traffic powered by [product] advertising must pass With time, the symbol comes to be more than a conduit through which the persuasive power of advertising is transmitted, and acquires a potency, a ‘commercial magnetism,’ of its own.” Magliocca, *supra* note 8, at 960 (citing Ralph S. Brown, Jr., *Advertising and the Public Interest: Legal Protection of Trade Symbols*, 57 YALE L.J. 1165, 1191-98 (1948)).

have found satisfactory in the past.³⁷ Under common law, in order to save the goodwill of businesses and prevent the sale of defective goods, an owner of a trademark could bring an action of deceit to protect the mark.³⁸ Such protection of trademarks was limited to related goods that were in direct competition.³⁹ Early trademark law focused on prohibiting deceptively similar marks that confused consumers into buying cheap imitations.⁴⁰

The concept of trademark dilution originated in German and British law.⁴¹ In 1927, Frank I. Schechter introduced trademark dilution to the United States in his article, *The Rational Basis of Trademark Protection*.⁴² His article suggested that the only rational basis for protecting a trademark was the “preservation of [its] uniqueness.”⁴³ This conclusion contradicted his account of trademark law

37. See Jerre B. Swann, Sr., *Dilution Redefined for the Year 2000*, 37 Hous. L. Rev. 729, 750 (2000) (describing brand of product as “promise” of certain characteristics). Modern trademarks are derived from two different sources. See Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 814 (1927). First, the proprietary mark was an optional mark that was often used by merchants to aid illiterate clerks or allow goods to be identified and reclaimed in case of piracy or shipwreck. See *id.* Second, the regulatory production mark was required by statute or administrative order and used to trace defective work back to the source or help confiscate smuggled goods. See *id.*

38. See Schechter, *supra* note 37, at 819 (asserting beginnings of trademark law focused on protection of consumers). During the large scale production of the Industrial Revolution, trademarks became essential for producers to differentiate their products from other competitors. See Robert N. Klieger, *Trademark Dilution: The Whittling Away of the Rational Basis for Trademark Protection*, 58 U. PITT. L. REV. 789, 797-98 (1997). Trademarks became even more important with the introduction of retailers and middlemen because without the mark, the consumer would not know who produced the product. See *id.* at 799.

39. See Klieger, *supra* note 38, at 800 (noting trademark law unable to keep pace with modern trade realities).

40. See Brendan Mahaffey-Dowd, Note, *Famous Trademarks: Ordinary Inquiry by the Courts of Marks Entitled to an Extraordinary Remedy*, 64 BROOK. L. REV. 423, 424 (1998) (noting dual purpose was protecting consumer and producer from imitation goods and services). Under dilution law, consumer protection is not considered. See *id.* at 425.

41. See Stephen Bullock, *Proving a Claim Under the Federal Trademark Dilution Act — Are the Courts Diluting the FTDA?*, 3 LOY. INTELL. PROP. & HIGH TECH. J. 1, 1 (2000) (citing Walter J. Derenberg, *The Problem of Trademark Dilution and the Anti-Dilution Statutes*, 44 CAL. L. REV. 439, 448 (1956)).

42. See Schechter, *supra* note 37, at 813 (discussing historical preconceptions of trademark function); see also Klieger, *supra* note 38, at 796 (tracing “birth of dilution as a recognized theory” to Schechter); Swann, *supra* note 37, at 730 (depicting Schechter’s article as “tour de force in its primal recognition of brand power”). The term “dilution” came from *Odol*, a German case holding that the well-known mark used for mouth wash was diluted by its use for various steel products. See Schechter, *supra* note 37, at 831-32.

43. Schechter, *supra* note 37, at 831 (suggesting German law fortifies conclusion that preservation of uniqueness is only rational basis for trademark protection).

two years earlier in his book, which reiterated the consumer confusion test used in trademark infringement.⁴⁴ Schechter shied away from the requirement of confusion; instead recognizing that dilution can occur even when the original user's mark ("senior mark") does not directly compete with the defendant's mark ("junior mark").⁴⁵ He argued that simultaneous use of a mark creates a "gradual whittling away or dispersion of the identity and hold upon the public mind of the mark or name by its use upon non-competing goods."⁴⁶ This depletion of a trademark's selling power directly correlates to its uniqueness, requiring absolute protection of that uniqueness to preserve everything the mark symbolizes.⁴⁷ Schechter's attempt to protect fanciful or arbitrary marks proved unsuccessful, however, when Congress failed to adopt a new federal trademark law a few years later.⁴⁸

In 1946, Congress passed the Lanham Act, which protected a trademark if the junior mark was "likely to cause confusion, or to cause mistake, or to deceive."⁴⁹ The Lanham Act disregarded Schechter's dilution proposal and adopted a consumer confusion test to prove trademark infringement.⁵⁰ Despite this exclusion under federal law, the theory of dilution began to emerge at the

44. See Klieger, *supra* note 38, at 801-02 (noting Schechter's book laid groundwork for 1927 article).

45. See *id.* at 803; see also Terry Ahearn, Comment, *Dilution by Blurring Under the Federal Trademark Dilution Act of 1995: What Is it and How Is it Shown?*, 41 SANTA CLARA L. REV. 893, 898 (2001) (noting Schechter moved away from confusion rationale given rapidly growing economy and advances in trade).

46. Schechter, *supra* note 37, at 825 (identifying relationship between distinctiveness and need for protection).

47. See Ahearn, *supra* note 45, at 898 (emphasizing "firm that invests thousands of dollars developing a mark should not have to stand idle while other users strip the mark of its commercial magnetism"). "[T]he value of the modern trademark lies in its selling power; . . . this selling power depends for its psychological hold upon the public, not merely upon the merit of the goods upon which it is used, but equally upon its own uniqueness and singularity" Schechter, *supra* note 37, at 831.

48. See *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 170 F.3d 449, 454 n.2 (4th Cir. 1999) (citing H.R. 11592, 72d Cong. § 2(d)(3) (1932)); Swann, *supra* note 37, at 732-33, 738-39 (noting resistance to Schechter may have existed because his theory did not evolve from precedent).

49. Patrick M. Bible, Comment, *Defining and Quantifying Dilution Under the Federal Trademark Dilution Act of 1995: Using Survey Evidence to Show Actual Dilution*, 70 U. COLO. L. REV. 295, 297 (1998) (citing Lanham Act, 15 U.S.C. § 1114(1) (1994), and explaining theory behind Act's protections when defendant infringes upon trademark).

50. See Klieger, *supra* note 38, at 810 (indicating Lanham Act appeared to leave Schechter's proposal "as a mere footnote in the development of trademark law"). By 1946, courts had been applying the confusion test to non-competing goods. See *id.* at 810.

state level.⁵¹ Massachusetts became the first state to adopt an anti-dilution statute.⁵² Other states cautiously followed, adopting language similar to that used in Massachusetts.⁵³ Also, the United States Trademark Association amended the Model State Trademark

51. See Bible, *supra* note 49, at 300 (indicating influence dilution held in common law unfair competition claims caused state legislatures to enact state anti-dilution statutes).

52. See MASS. GEN. LAWS ANN. ch. 110B, § 12 (West 1996). The statute provides:

Likelihood of injury to business reputation or of dilution of the distinctive quality of a mark registered under this chapter, or a mark valid at common law, or a trade name valid at common law, shall be a ground for injunctive relief notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services.

Id. The Massachusetts legislature adopted Schechter's dilution theory in order to complement consumer confusion. See Klieger, *supra* note 38, at 811. The dilution statute approved by the Massachusetts House of Representatives offered absolute protection to unique marks, leaving the consumer protection model to apply to remaining marks. See *id.* at 812. The final statute enacted into law, however, covered any trademark, regardless of uniqueness. See *id.* (enacting dilution statute rendered consumer confusion test immaterial).

53. See Bible, *supra* note 49, at 300 (recognizing trend set by Massachusetts). Currently, over half the states have passed anti-dilution statutes. See Lynda J. Oswald, "Tarnishment" and "Blurring" Under the Federal Trademark Dilution Act of 1995, 36 AM. BUS. L.J. 255, 266 n.59 (1999) (citing ALA. CODE § 8-12-17 (1993); ALASKA STAT. § 45.50.180 (Michie 1996); ARK. CODE ANN. § 4-71-113 (Michie 1996); CAL. BUS. & PROF. CODE § 14330(a) (West 1987); CONN. GEN. STAT. ANN. § 35-11i(c) (West 1997); DEL. CODE ANN. tit. 6, § 3313 (1993); FLA. STAT. ANN. ch. 495.151 (Harrison 1994); GA. CODE ANN. § 10-1-451 (1994); IDAHO CODE § 48-513 (Michie 1997); 765 ILL. COMP. STAT. ANN. 1035/15 (West 1993); IOWA CODE ANN. § 548.113 (West 1997); LA. REV. STAT. ANN. § 51:223.1 (West 1987); ME. REV. STAT. ANN. tit. 10, § 1530 (West 1997); MASS. GEN. LAWS ch. 110B, § 12 (1996); MINN. STAT. ANN. § 325D.165 (West 1995); MISS. CODE ANN. § 75-25-25 (Supp. 1998); MO. ANN. STAT. § 417.061 (West 1990 & Supp. 1998); MONT. CODE ANN. § 30-13-334 (1997); NEB. REV. STAT. § 87-122 (1994); N.H. REV. STAT. ANN. § 350-A:12 (1995); N.J. STAT. ANN. § 56:3-13.20 (West Supp. 1998); N.M. STAT. ANN. § 57-3-10 (Michie 1995); N.Y. GEN. BUS. LAW § 360-1 (McKinney Supp. 1998); OR. REV. STAT. § 647.107 (1995); 54 PA. CONS. STAT. ANN. § 1124 (West 1996); R.I. GEN. LAWS § 6-2-12 (1992); S.C. CODE ANN. § 39-15-1165 (Law. Co-op. Supp. 1997); TENN. CODE ANN. § 47-25-512 (1995); TEX. BUS. & COM. CODE ANN. § 16.29 (West Supp. 1998); WASH. REV. CODE ANN. § 19.77.160 (Supp. 1998); W. VA. CODE § 47-2-13 (1996); WYO. STAT. ANN. § 40-1-115 (Michie 1997)). In addition, Colorado, Michigan, New Jersey and Ohio include dilution as part of their common law. See *id.* (citing cases following common law approach).

All anti-dilution statutes are similar because they apply to all distinctive marks and require proof of a "likelihood of dilution" before issuing an injunction, which is the only form of relief available. See Klieger, *supra* note 38, at 813-14 (drawing from three important features that all state statutes share). Another similarity shared by the state anti-dilution statutes is that they only look at loss of distinctiveness, not the senior mark's economic value. See Seitz, *supra* note 4, at 117 (indicating additional feature shared by all state anti-dilution statutes).

Bill⁵⁴ to include a provision for dilution.⁵⁵ This surge of anti-dilution law initially failed to assist trademark holders because federal and state courts were reluctant to apply state statutes.⁵⁶ When state courts did apply the statutes, they struggled to devise a definition for dilution and still questioned the applicable components of the law.⁵⁷ Their uncertainty caused them to oppose issuing injunctions that would apply in states that had not adopted a dilution statute.⁵⁸ Additionally, courts were apprehensive about granting relief that would obstruct free competition, giving trademark owners an exclusive right.⁵⁹

The unwillingness of the courts to accept state dilution laws created “a patchwork system of protection.”⁶⁰ Recognizing the need for a uniform nationwide remedy, Congress enacted the Fed-

54. United States Trademark Assoc. Model State Trademark Bill (1964), reprinted in 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 22:8 (4th ed. 1996).

55. See 4 MCCARTHY, *supra* note 54, § 24:81 (noting federal anti-dilution provisions that were not enacted in 1988 were included in revision of Model Bill); Bible, *supra* note 49, at 300 (noting addition of dilution provision started domino effect among states).

56. See Ahearn, *supra* note 45, at 900 (noting judicial hostility towards state dilution statutes because difficulty defining dilution). It was not until 1977 that a state court admitted a trademark needs protection “beyond that provided by actions for infringement” against the “cancer-like growth of dissimilar products or services which feeds upon the business reputation of an established distinctive trade-mark (sic) or name.” Allied Maint. Corp. v. Allied Mech. Trades, Inc., 369 N.E.2d 1162, 1165 (N.Y. 1977).

57. See Brian Lerner, Notes & Comments, *Sneaking Through the Back Door With Pepperidge Farm: The Monopoly Advantage of Dilution*, 20 LOY. L.A. ENT. L. REV. 429, 437 (2000) (noting courts questioned possible requirement of consumer confusion, what made marks famous and whether dilution was applicable to non-competing goods and services). See generally Mead Data Cent., Inc. v. Toyota Motor Sales, Inc., 875 F.2d 1026, 1035 (2d Cir. 1989) (Sweet, J., concurring) (developing factors to determine “likelihood of dilution” under New York anti-dilution statute).

58. See H.R. REP. NO. 104-374, at 3-4 (1995), reprinted in 1995 U.S.C.C.A.N. 1029, 1030-31 (describing necessity of federal statute because courts’ reluctance to provide relief under state anti-dilution statutes); Slonaker, *supra* note 9, at 127 (“Many state courts were reluctant to issue nationwide injunctions, recognizing the problems inherent in applying such injunctions in states that had not made dilution unlawful.”).

59. See generally RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25 cmt. b (indicating reluctance because goods sold under similar trademarks were not in competition with each other); Klieger, *supra* note 38, at 862 (suggesting dilution law encourages barriers to new competition).

60. 141 CONG. REC. S19310 (daily ed. Dec. 29, 1995) (statement of Sen. Hatch). State dilution laws began to cause several problems. See Ahearn, *supra* note 45, at 901. First, the courts were still reluctant to move away from traditional trademark infringement. See *id.* Second, such a scattered system among the states encouraged forum shopping. See *id.* (noting that parties looked for states with dilution statutes to bring their claim). Third, injunctions could not be enforced on a national scale, therefore protection became worthless. See *id.*

eral Trademark Dilution Act.⁶¹ This federal statute was not enacted to preempt state anti-dilution statutes, but rather offered a federal remedy to trademark owners.⁶² The FTDA defines dilution as “the

61. See Slonaker, *supra* note 9, at 127-28 (“Because the patch work of state anti-dilution statutes was often unpredictable and unavailing . . . Congress was finally compelled to enact the Federal Trademark Dilution Act.”); see also 15 U.S.C. §§ 1125(c), 1127 (1994 & Supp. V 1999). The Act reads, in pertinent part:

(c) Remedies for dilution of famous marks.

(1) The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person’s commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark, and to obtain such other relief as is provided in this subsection. In determining whether a mark is distinctive and famous, a court may consider factors such as, but not limited to-

(A) the degree of inherent or acquired distinctiveness of the mark; (B) the duration and extent of 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 marks’ 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.

(2) In an action brought under this subsection, 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. If such willful intent is proven, the owner of the famous mark shall also be entitled to the remedies set forth in sections 1117(a) and 1118 of this title, subject to the discretion of the court and principles of equity

(4) The following shall not be actionable under this section:

(A) Fair use of a famous mark by another person in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark.

(B) Noncommercial use of a mark.

(C) All forms of news reporting and news commentary.

15 U.S.C. § 1125(c). Adoption of these changes to the Lanham Act came as a surprise because an attempt to include anti-dilution provisions in the 1988 Trademark Law Revision Act proved unsuccessful. See *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 170 F.3d 449, 455 n.2 (4th Cir.) (citing David S. Welkowitz, *Reexamining Trademark Dilution*, 44 VAND. L. REV. 531, 537 (1991)), *cert. denied*, 528 U.S. 923 (1999).

62. See H.R. REP. NO. 104-374, at 4 (explaining FTDA would coexist with state dilution law, allowing state laws to apply “in cases involving locally famous or distinctive marks”); see also 2 GILSON, *supra* note 8, § 5.12[1][c][iv] (explaining state dilution law not preempted by federal law, but suggesting plaintiffs will most often choose federal law); 4 MCCARTHY, *supra* note 54, § 24:82 (agreeing FTDA does not preempt state statutes); Gary Myers, *Statutory Interpretation, Property Rights, and Boundaries: The Nature and Limits of Protection in Trademark Dilution, Trade Dress, and Product Configuration Cases*, 23 COLUM.-VLA J.L. & ARTS 241, 280 (2000) (noting

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.”⁶³ In order to establish a claim of dilution, “(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.”⁶⁴ The first requirement, that the senior mark be famous, is applicable only under federal law, not state law.⁶⁵

Absent the confusion requirement under trademark infringement, the FTDA protects famous marks against subsequent uses that would blur or tarnish the mark’s distinctiveness.⁶⁶ Dilution by

preemption “would have fostered uniformity and prevented expansive interpretations of state dilution law”).

63. 15 U.S.C. § 1127 (1994 & Supp. V 1999).

64. *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 215 (2d Cir. 1999) (establishing five-part test for dilution); *see also Kellogg Co. v. Exxon Corp.*, 209 F.3d 562, 577 (6th Cir. 2000) (adopting five-part test in *Nabisco*); *Sporty’s Farm, L.L.C. v. Sportsman’s Mkt., Inc.*, 202 F.3d 489, 497 (2d Cir. 2000) (identifying differences between fame and distinctiveness), *cert. denied*, 530 U.S. 1262 (2000); *Kellogg Co. v. Toucan Golf, Inc.*, No. 4:99-cv-91, 2001 U.S. Dist. LEXIS 14451, at *29 (W.D. Mich. Sept. 6, 2001) (adopting five-part test). *But see Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C.*, 212 F.3d 157, 166-67 (3d Cir. 2000) (finding FTDA does not subject mark to test for fame and separate test for distinctiveness), *cert. denied*, 531 U.S. 1071 (2001). The Sixth Circuit followed the *Nabisco* test. *See Victoria’s Secret*, 259 F.3d 464, 468-69 (6th Cir. 2001). Unlike many other four-part tests created from the FTDA, the *Nabisco* court adds a separate requirement that the mark be distinctive, noting that “[i]t is quite clear that the statute intends distinctiveness, in addition to fame, as an essential element.” *Nabisco*, 191 F.3d at 216; *cf. Panavision Int’l, L.P. v. Toeppen*, 141 F.3d 1316, 1324 (9th Cir. 1998) (adopting four-part test to determine dilution). The *Victoria’s Secret* court, however, found the *Nabisco* test substantially similar to other four-part tests. *See Victoria’s Secret*, 259 F.3d at 469.

65. *See generally* W. Whitaker Rayner, *In Search of a Dilution Solution: Implementation of the Federal Trademark Dilution Act*, 20 Miss. C. L. REV. 93, 95 (1999) (distinguishing FTDA from state statutes as providing remedy only for famous marks).

66. *See* H.R. REP. NO. 104-374, at 2-3 (discussing FTDA amended sections 43 and 45 of Lanham Act); *see also* *Trs. of Columbia Univ. v. Columbia/HCA Healthcare Corp.*, 964 F. Supp. 733, 750 (S.D.N.Y. 1997) (describing dilution occurring in two forms, either blurring or tarnishment). Trademark infringement occurs when a consumer is confused, by the unauthorized use of a mark, into believing that the goods or services came from the mark’s owner. *See* Andrew L. Deutsch, *Ruling Creates a Split in Dilution Jurisprudence*, NAT’L L.J., Oct. 25, 1999, at C22. Trademark dilution, however, occurs when the unauthorized use of a famous mark, though not confusing consumers, “weakens the uniquely distinctive ‘selling power’ of the famous mark (blurring) or casts disrepute upon the mark (tarnishment).” *Id.*; *see also* 4 McCARTHY, *supra* note 54, § 24:67 (adding cybersquatting as emerging third type of dilution).

blurring is the more traditional type of trademark injury.⁶⁷ Blurring occurs when a junior holder's use of a mark creates an association by the consumer between the actual mark and the junior user's goods.⁶⁸ Because two products are now associated with the mark, it loses its ability to uniquely identify a specific product.⁶⁹ Alternatively, dilution by tarnishment affects a consumer's positive evaluation of a product in a more direct and damaging manner than blurring.⁷⁰ Tarnishing occurs when the junior holder's use of the mark improperly associates the famous mark with an inferior or offensive product or service.⁷¹ Though the mark still uniquely identi-

67. See Bible, *supra* note 49, at 305 (quoting RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25 cmt. c (1995)) (stating blurring usually occurs to marks that create "positive response that is associated exclusively with the goods or services of the trademark owner"). Dilution by blurring has also been considered dilution of the source-representation function of a trademark or typicality dilution. See Klieger, *supra* note 38, at 823.

68. See Danjaq, LLC v. Sony Corp., CV 97-8414-ER (Mcx), 1998 U.S. Dist. LEXIS 22231, at *13-14 (C.D. Cal. July 29, 1998) (suggesting that dilution by blurring is likely to occur if defendant uses *James Bond* mark for movies); 141 CONG. REC. S19310 (daily ed. Dec. 29, 1995) (statement of Sen. Hatch) (providing examples of when blurring would occur, such as if DuPont mark was used for shoes, Buick for aspirin or Kodak for pianos); 4 MCCARTHY, *supra* note 54, § 24:68 (suggesting customers will identify plaintiff's mark with other sources on many different goods and services); see also Hyatt Corp. v. Hyatt Legal Servs., 736 F.2d 1153, 1159-60 (7th Cir. 1984) (holding trademark "Hyatt Legal Services" would blur public's identification with Hyatt hotel chain).

69. See McCabe, *supra* note 5, at 1842-43; see also Hormel Foods Corp. v. Jim Henson Prods., Inc., 73 F.3d 497, 506 (2d Cir. 1996) (quoting 3 MCCARTHY § 2413[1][a][i] at 24-106, who indicates that blurring happens when "customers or prospective customers . . . see the plaintiff's mark used on a plethora of different goods and services"); JASPER, *supra* note 8, at 32 (noting weakened connection between plaintiff's mark and their goods and services).

70. See Bible, *supra* note 49, at 305 (describing tarnishment as degrading positive association consumer has with mark).

71. See 4 MCCARTHY, *supra* note 54, § 24:104; see also Klieger, *supra* note 38, at 828-29 (noting tarnishment cases usually occur because junior mark is used to represent goods or services such as pornography or illicit drugs); see, e.g., Hormel, 73 F.3d at 507 ("The sine qua non of tarnishment is a finding that plaintiff's mark will suffer negative associations through defendant's use."); World Wrestling Fed'n Entm't, Inc. v. Bozell, 142 F. Supp. 2d 514, 529-30 (S.D.N.Y. 2001) (concluding dilution by tarnishment possible through use of statements degrading WWFE and WWF); NBA Props. v. Entertainment Records, LLC, No. 99 Civ. 2933, 1999 U.S. Dist. LEXIS 7780, at *23 (S.D.N.Y. May 25, 1999) (finding dilution by tarnishment when producer of rap album published magazine advertisement using NBA basketball player logo altered by placing gun in player's hand alongside words "Sports, Drugs, and Entertainment"); Polo Ralph Lauren L.P. v. Schuman, No. H-97-1855, 1998 U.S. Dist. LEXIS 5890, at *16 (S.D. Tex. Feb. 12, 1998) (finding tarnishment from use of "The Polo Club" for adult entertainment venue); Coca-Cola Co. v. Gemini Rising, Inc., 346 F. Supp. 1183, 1186 (E.D.N.Y. 1972) (replacing slogan "Enjoy Coca Cola" with "Enjoy Cocaine"). A mark may also be tarnished when a junior user links a domain name associated with the senior mark to a website containing adult entertainment. See, e.g., Mattel, Inc. v. Jcom, Inc., No. 97 Civ. 7191 (SS), 1998 U.S. Dist. LEXIS 16195, at *4 (S.D.N.Y. Sept. 10, 1998) (advertising

fies a certain good or service, tarnishing reduces the level of quality or favorable status the mark once possessed.⁷² Under these circumstances, courts will grant an injunction to bar any further use of the mark by a junior user.⁷³ Remedial measures focus on protecting the mark from continued imitation by recognizing one user's ability to initiate blurring of the mark.⁷⁴ The junior user, however, may be able to successfully defend itself by proving that the mark is not famous or has not been tarnished or blurred by the junior mark's use.⁷⁵

sexually explicit video conference on website under trademark "Barbie's Playhouse"); *Toys "R" Us, Inc. v. Akkaoui*, No. C96-3381CW, 1996 U.S. Dist. LEXIS 17090, at *2 (N.D. Cal. Oct. 29, 1996) (using "adultsrus.com" for website selling adult sexual products); *Hasbro, Inc. v. Internet Entm't Group, Ltd.*, No. C96-130WD, 1996 U.S. Dist. LEXIS 11626, at *2 (W.D. Wash. Feb. 9, 1996) (using "candyland.com" for Internet web site showing sexually explicit pictures).

72. See 4 MCCARTHY, *supra* note 54, § 24:95 (suggesting tarnishment, like blurring, fulfills statutory requirement under FTDA).

73. See 15 U.S.C. § 1125(c)(2) (1994 & Supp. V 1999) (allowing only injunctive relief unless proof of willful intent); see also *E. & J. Gallo Winery v. Spider Webs, Ltd.*, 129 F. Supp. 2d 1033, 1045 (S.D. Tex. 2001) (granting injunctive relief when website used domain name similar to plaintiff's trademark to make negative remarks about alcohol use). The FTDA does not provide relief for "(A) [f]air use of a famous mark by another person in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark[;] (B) [n]oncommercial use of a mark[;] (C) [a]ll forms of news reporting and news commentary." 15 U.S.C. § 1125(c)(4) (1994 & Supp. V 1999). Although those involved in the entertainment industry often encounter satire or parody of their work, no monetary or injunctive relief is provided under the FTDA. See *Dr. Seuss Enters., L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1405 (9th Cir. 1997) (indicating parody is not defense to trademark claim, but instead one factor to be considered); see also STIM, *supra* note 8, at 15 (noting FTDA does not protect against comparative advertising, non-commercial satire or parody or news reporting).

74. See 4 MCCARTHY, *supra* note 54, § 24:94 ("Like being stung by a hundred bees, significant injury is caused by the cumulative effect, not by just one.").

75. See STIM, *supra* note 8, at 148 (noting that disproving blurring or tarnishing requires factual or survey evidence). For example, the owners of the mark "Spam" claimed dilution by the junior user naming a Muppet based on a wild boar "Spa' am." See *Hornel*, 73 F.3d at 501-02. The junior user was able to show various other ridicules concerning "Spam" to demonstrate that an association with a wild boar would not further tarnish the mark. See *id.* at 501 (indicating cartoons and articles have mocked "Spam" because of ingredients in product). Cf. *Playboy Enters., Inc. v. Netscape Communications Corp.*, 55 F. Supp. 2d 1070, 1088-89 (C.D. Cal. 1999) (denying injunction because lack of proof regarding tarnishment or blurring to trademark).

The junior user also has other defenses, including abandonment, genericness, trademark misuse, fair use, free speech and parody, estoppel, laches, trade dress and product configuration defenses. See STIM, *supra* note 8, at 148-49. The FTDA also provides defenses when the mark is used in comparative advertising, a non-commercial way or news reporting. See 15 U.S.C. § 1125(c)(3) and (4).

Even after Congress enacted the FTDA, courts failed to unify in their decisions on dilution.⁷⁶ This division between courts may have transpired because of the failure of dilution law to rest on the traditional trademark goal of protecting consumers.⁷⁷ As a result, a struggle ensued to convince various courts that the FTDA provided new trademark remedies, separate from those traditionally available under trademark infringement.⁷⁸ Additionally, the language used by the FTDA varies slightly from the language used in the state statutes.⁷⁹ This disparity also caused courts to develop alternative standards for proving dilution, requiring the owner of the senior mark to demonstrate either a “likelihood of dilution” or “actual dilution.”⁸⁰

The Fourth Circuit was among the first to consider whether demonstrating a “likelihood of dilution” standard is sufficient to state a cause of action under the FTDA.⁸¹ In *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development*,⁸² the plaintiff alleged that Utah’s use of “The Greatest Snow on Earth” mark diluted their mark, “The Greatest Show on Earth.”⁸³ The Fourth Circuit affirmed the district court’s decision and de-

76. For discussion of tension between the circuits, see *infra* notes 81-100 and accompanying text.

77. See 4 McCARTHY, *supra* note 54, § 24:90 (concluding anti-dilution law strongly resembles trespass law and not traditional consumer protection).

78. See Rayner, *supra* note 65, at 96. Courts may have been reluctant to stray from the requirement of consumer confusion due to the abundance of precedent, which made it simpler and more efficient for courts to analyze dilution. See McCabe, *supra* note 5, at 1859.

79. See 15 U.S.C. § 1125(c)(1) (1994 & Supp. V 1999). The FTDA uses the language “causes dilution,” however most state statutes provide relief under “likelihood of dilution” language. See *id.*; see also Bullock, *supra* note 41, at 5 (observing differences between FTDA and state anti-dilution statutes).

80. See Bible, *supra* note 49, at 307 (indicating development of inconsistent standards of proof in dilution cases); see also Lewis R. Clayton, *Judiciary Debates Software That Monitors Employee Internet Access*, N.Y. L.J., Aug. 29, 2001, at 3 (noting Third Circuit also agreed FTDA requires “likelihood of dilution” standard); Dalickas, *supra* note 10 (noting Second, Sixth and Seventh Circuits require “likelihood of dilution” standard, while Fourth and Fifth Circuits require “actual dilution” standard).

81. See Rayner, *supra* note 65, at 97-98 (analyzing Fourth Circuit’s decision that required proof of “actual dilution”).

82. 170 F.3d 449 (4th Cir. 1999).

83. See *id.* at 452. Ringling Brothers has similarly defended their trademark in the past. See *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Celozzi-Ettelson Chevrolet, Inc.*, 855 F.2d 480, 481 (7th Cir. 1988) (enjoining used car dealer from using mark “The Greatest Used Car Show on Earth” because it blurred “The Greatest Show on Earth”); *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. B.E. Windows, Corp.*, 969 F. Supp. 901, 903, 906 (S.D.N.Y. 1997) (concluding bar at top of World Trade Center called “The Greatest Bar on Earth” is not willful infringement on “The Greatest Show on Earth” trademark).

nied injunctive relief to Ringling Bros., holding that proof of “actual harm” is required to establish dilution.⁸⁴ In making this determination, the court first construed dilution to require harm to the mark’s selling power, not harm to the distinctiveness of the mark.⁸⁵ The court relied on the plain language of the act to determine that the FTDA compelled proof of “actual dilution.”⁸⁶ An “actual dilution” standard requires that the plaintiff prove “an actual lessening of the senior mark’s selling power.”⁸⁷ The court recognized that the “likelihood of dilution” provision, which was central to the state anti-dilution statutes, was absent in the language of the FTDA.⁸⁸ The court ultimately found the only way to establish a lessening of the “capacity” of the mark is to require proof of actual, present injury.⁸⁹ Although the Fourth Circuit admitted the difficulty in establishing “actual dilution,” it rejected the notion that proof was impossible.⁹⁰ The court identified consumer surveys or a decline in revenue as potential methods of proving “actual dilution.”⁹¹ Suggesting a junior mark may not always negatively affect a

84. See *Ringling*, 170 F.3d at 461. The Fourth Circuit interpreted the FTDA to require proof that:

(1) a defendant has made use of a junior mark sufficiently similar to the famous mark to evoke in a relevant universe of consumers a mental association of the two that (2) has caused (3) actual economic harm to the famous mark’s economic value by lessening its former selling power as an advertising agent for its goods or services.

Id.; see, e.g., *Am. Cyanamid Co. v. Nutraceutical Corp.*, 54 F. Supp. 2d 379, 392-93 (D.N.J. 1999) (adopting Fourth Circuit’s findings that FTDA requires proof of “actual dilution”).

85. See Bullock, *supra* note 41, at 6 (identifying Fourth Circuit’s focus on harm to mark’s selling power, not distinctiveness).

86. See *Ringling*, 170 F.3d at 458-59 (suggesting absence of “likelihood” in statutory language is exactly what Congress intended); see also *I.P. Lund Trading v. Kohler Co.*, 163 F.3d 27, 50 (1st Cir. 1998) (“Certainly it is not plausible to think that Congress intended to protect aesthetic characteristics by simply assuming harm or damages . . .”).

87. *Ringling*, 170 F.3d at 458.

88. See *id.* (noting many commentators have recognized exclusion of “likelihood” language from FTDA); see also *Westchester Media v. PRL USA Holdings, Inc.*, 214 F.3d 658, 670 (5th Cir. 2000) (agreeing with Fourth Circuit that statute requires proof of “actual harm” under plain meaning as evidenced by lack of “likelihood of dilution” standard prevalent in state anti-dilution statutes). *But see* Klieger, *supra* note 38, at 840 (recognizing FTDA creates “actual dilution” requirement but Congress did not intend showing of “actual dilution”).

89. See 4 MCCARTHY, *supra* note 54, §24:94.1 (discussing determination of “actual dilution” standard).

90. See *Ringling*, 170 F.3d at 464 (acknowledging proof of “actual dilution” as difficult, but not impossible). The court noted that lack of proof may be linked to lack of dilution, not impossibility. See *id.* at 460.

91. See *id.* at 464-65 (listing three methods to prove “actual dilution” as being proof of actual loss of revenues, consumer survey and relevant contextual factors); see also *Cable News Network L.P. v. CNNNews.com*, 177 F. Supp. 2d 506, 521-22 (E.D.

senior mark's economic value, the court noted that a mark's added attention is capable of creating enhanced consumer recognition.⁹²

In *Nabisco, Inc. v. PF Brands, Inc.*,⁹³ the Second Circuit expressly rejected the Fourth Circuit's interpretation of the FTDA.⁹⁴ In *Nabisco*, Pepperidge Farm claimed that crackers used in a snack mix produced by Nabisco strongly resembled their signature Goldfish cracker.⁹⁵ Because the two products were substantially similar, the Second Circuit found a high "likelihood" that the Nabisco product would dilute the distinctive character of Pepperidge Farm's famous mark.⁹⁶ Finding no reason to prevent the admission of persuasive circumstantial evidence, the court concluded that "likelihood of dilution" was the appropriate standard of proof.⁹⁷ Additionally, the court found that demanding a plaintiff to show actual harm placed an "arbitrary and unwarranted limitation on the available methods of proof."⁹⁸ In making this determination, the Second Circuit

Va. 2001) (requiring proof of actual economic harm through loss in revenues, consumer surveys and contextual factors); *Wawa, Inc. v. Haaf*, No. 96-4313, 1996 U.S. Dist. LEXIS 11494, at *7-8 (E.D. Pa. Aug. 7, 1996) (using survey evidence to demonstrate dilution). In *Wawa*, a marketing survey introduced by the plaintiffs concluded that twenty-nine percent of those in the neighborhood area associated the HaHa with Wawa markets. See 1996 U.S. Dist. LEXIS 11494, at *7-8.

92. See *Ringling*, 170 F.3d at 460 (suggesting replication of mark may be considered flattering); 2 GILSON, *supra* note 8, § 5.12[1][f][v][B] (addressing Fourth Circuit's suggestion that senior mark's value could be improved by junior use).

93. 191 F.3d 208 (2d Cir. 1999).

94. See *id.* at 223-24 (questioning whether Fourth Circuit adopted narrower position, excluding inference of proof from "contextual factors," or broader position, requiring proof of dilution by lost revenue or survey). The Second Circuit eventually rejected both readings of the Fourth Circuit's position. See *Nabisco*, 191 F.3d at 223. Instead, the court recognized that "[t]o read the statute as suggested by the *Ringling* opinion would subject the senior user to uncompensable injury." *Id.* at 224.

95. See *Nabisco*, 191 F.3d at 212-14. The court suggested that, "Pepperidge Farm has taken a unique and fanciful idea — creating a cheese cracker in the shape of a goldfish — and turned this idea into a signature Over time, the presence of Nabisco's goldfish-shaped cracker . . . is likely to weaken the focus of consumers"

Id. at 214 (citing *Nabisco, Inc. v. PF Brands, Inc.*, 50 F. Supp. 2d 188 (S.D.N.Y. 1999)). Nabisco entered into a promotion agreement with Nickelodeon to produce cheese crackers in shapes based on CatDog, a cartoon of a two-headed creature that is half cat and half dog. See *id.* at 213. The fish cracker resembled the favorite food of the cat half. See *id.*

96. See *id.* at 222 (determining that distinctiveness, degree of similarity, close proximity of products and several other factors demonstrated dilution by blurring). The fish-shaped crackers were similar in color, shape, size and taste. See *id.* at 213. They differed only in that Nabisco's crackers were somewhat larger and flatter and markings appeared on one side. See *id.*

97. See *id.* at 224 (noting similar admission of circumstantial evidence in trademark infringement cases).

98. *Id.* at 223 (discussing Fourth Circuit's dismissal of contextual factors to infer dilution); see also *Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456, 468

maintained that Congress intended to provide the senior mark with relief before any harm could occur.⁹⁹ Furthermore, the court believed the “actual dilution” standard would not only require that harm had already taken place, but might also prevent a senior user from ever demonstrating dilution.¹⁰⁰

IV. NARRATIVE ANALYSIS

In *Victoria's Secret*, the Sixth Circuit addressed the issue of whether the Moseleys' use of the trademark, “Victor's Little Secret,” diluted the “Victoria's Secret” trademark.¹⁰¹ More specifically, the analysis focused on dilution by blurring and tarnishing.¹⁰² Initially, the court noted that the district court decided this case using a four-factor test for dilution.¹⁰³ Comparing this test to the five-factor test used by the Second Circuit in *Nabisco*, the court found the only variation was the added requirement of distinctiveness.¹⁰⁴ It stated

(7th Cir. 2000) (addressing immense difficulty in proving actual loss through survey evidence); 2 GILSON, *supra* note 8, § 5.12[1][f][v][B] (suggesting Fourth and Fifth Circuits may have set bar too high by requiring “actual dilution”).

99. See *Nabisco*, 191 F.3d at 223; see also Rayner, *supra* note 65, at 99 (concluding Congress clearly intended “likelihood of dilution” standard under FTDA). A few months later, the Second Circuit denied the request by Federal Express for a preliminary injunction against two Federal Espresso coffee shops in Syracuse, New York. See Fed. Express Corp. v. Fed. Espresso, Inc., 201 F.3d 168, 171 (2d Cir. 2000) (claiming dilution by blurring). The Second Circuit distinguished this case from *Nabisco* because dilution of the “Federal Express” mark was not imminent as in *Nabisco*. See *id.* at 178; see also 4 McCARTHY, *supra* note 54, § 24:94.1 (using water erosion metaphor to suggest that “while Nabisco involved a flash flood which would likely cause rapid erosion of the stream bed, the Federal Express case involved a drop by drop trickle which would take some time to erode down the solid rock”).

100. See *Nabisco*, 191 F.3d at 224 (arguing possible inability of demonstrating diminished revenues). The court also criticized consumer surveys as “expensive, time-consuming and not immune to manipulation.” *Id.*

101. See *Victoria's Secret*, 259 F.3d 464, 467 (6th Cir. 2001) (indicating Moseleys' request Sixth Circuit overturn decision).

102. See *id.* at 477 (concluding that blurring occurred by linking Victoria's Secret chain with Moseleys' single establishment and tarnishing occurred by association of “Victoria's Secret” mark with sex toys).

103. See *id.* at 469. The four-factor test required the plaintiff to prove: (1) the mark is famous; (2) the defendant is making a commercial use of the mark in commerce; (3) the defendant's use began after the mark became famous; and (4) the defendant's use of the mark dilutes the quality of the mark by diminishing the capacity of the mark to identify and distinguish goods and services.

Id. (quoting Panavision Int'l, L.P. v. Toeppen, 141 F.3d 1316, 1324 (9th Cir. 1998)).

104. See *id.* Two months before the district court's decision in this case, the Sixth Circuit adopted the dilution standard set forth in *Nabisco*. See *id.* at 468 (indicating Sixth Circuit decided *Kellogg Co. v. Exxon Corp.*, 209 F.3d 562 (6th Cir. 2000), which adopted dilution standard described in *Nabisco*). The *Nabisco* court

that to acquire protection under the FTDA, a trademark must not only be classified as famous, but also as highly distinctive.¹⁰⁵ The FTDA developed several factors courts can utilize when considering whether a mark is famous and distinctive.¹⁰⁶

determined that in order for a plaintiff to succeed on a federal claim of dilution “(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.” 191 F.3d 208, 215 (2d Cir. 1999). Although in *Nabisco* the Second Circuit recognized the ultimate purpose of dilution law as protection of the mark’s selling power, the court concluded that to protect selling power requires an absolute protection of the trademark’s distinctiveness. *See id.* (discussing legislative history does not mention selling power); *see also* Schechter, *supra* note 37, at 831 (noting once mark has lost its distinctiveness, it has begun to lose its selling power and to wait for complete loss of selling power would create irrecoverable loss to public perception).

105. *See Victoria’s Secret*, 259 F.3d at 470. In *Nabisco*, the Second Circuit described distinctiveness as levels of a ladder; the higher up on the ladder, or the more distinct, greater protection is afforded to the trademark. *See* 191 F.3d at 215. First, the generic words that name the object to which the mark applies are on the bottom, which are totally without distinctiveness and are not given protection against dilution. *See id.* Next, “descriptive” marks have little distinctiveness because they simply describe the product. *See id.* Third, the “suggestive” marks, because they suggest but do not describe the qualities of the product, have varying protection. *See id.* The highest rung on the ladder is reserved for marks that are arbitrary and fanciful and have no logical relationship between the mark and the product. *See id.* at 216. *Cf.* Rayner, *supra* note 65, at 104-05 (describing levels of distinctiveness as spectrum with fungible marks on extreme left and famous marks on extreme right, with famous marks protected under FTDA).

A debate exists regarding the interrelation between the requirements of distinctiveness and fame in dilution cases. *See* Rayner, *supra* note 65, at 100. The Second Circuit treated distinctiveness and fame as separate elements in *Nabisco* and found also that even if the mark was famous, protection would be denied if there was no demonstration of distinctiveness. *See id.* The Third Circuit disagreed, holding there is no separate requirement for distinctiveness and fame, and to do so would be redundant. *See Additional Developments*, 16 BERKELEY TECH. L.J. 487, 507 (2001) (indicating court in *Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C.*, 212 F.3d 157 (3d Cir. 2000), recognized conflict with Second Circuit); *see also* Dalickas, *supra* note 10, at 12 (suggesting Third Circuit “[is] ‘straddling’ the circuit split as to distinctiveness”).

106. *See Victoria’s Secret*, 259 F.3d at 468 (explaining FTDA requires proof that use of junior mark begins after senior mark is famous and causes dilution of distinctive quality of mark). The FTDA created a list of eight non-exclusive factors to determine whether a mark is distinctive and famous, which includes, but is not limited to:

- (A) the degree of inherent or acquired distinctiveness of the mark; (B) the duration and extent of 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 marks’ 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;

The *Victoria's Secret* court first examined the Moseleys' claim that the word "secret" is not distinctive.¹⁰⁷ The court, viewing the "Victoria's Secret" mark as a whole, concluded that the mark provoked no association with lingerie and deserved a high level of trademark protection.¹⁰⁸ A junior mark must also be sufficiently similar in order to dilute a senior mark.¹⁰⁹ The Sixth Circuit agreed with the district court's conclusion that "Victor's Little Secret" was sufficiently similar to "Victoria's Secret."¹¹⁰

The Sixth Circuit also explored the dilution of the "Victoria's Secret" trademark.¹¹¹ The court recognized that circuits considering the FTDA have adopted tests containing essentially the same qualities.¹¹² A split has developed, however, among the circuits regarding the element of actual, present injury.¹¹³ The court explored the analysis of the dilution claim by examining two leading cases for the requirement of "actual harm."¹¹⁴ In reaching its decision, the court looked to the language, legislative history and Congressional intent behind the FTDA, as well as the factors used in determining a dilution claim.¹¹⁵

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. 15 U.S.C. § 1125(c)(1) (1994 & Supp. V 1999). Registration of a mark is not required, but it will help in determining distinctiveness. See Dalickas, *supra* note 10.

107. See *Victoria's Secret*, 259 F.3d at 470 (raising claim that "secret" is synonymous with lingerie, so it cannot be considered arbitrary and fanciful).

108. See *id.* (noting "secret" does not automatically make people think of lingerie, nor does it describe underwear). The court pointed out that the anti-dissection rule "serves to remind courts not to focus only on the prominent features of the mark, or only on those features that are prominent for purposes of the litigation, but on the mark in its totality." *Id.* (citing *Jet, Inc. v. Sewage Aeration Sys.*, 165 F.3d 419, 423 (6th Cir. 1999)).

109. See *id.* at 471; see also *Kellogg Co. v. Toucan Golf, Inc.*, No. 4:99-cv-91, 2001 U.S. Dist. LEXIS 14451, at *30 (following "sufficient similarity" requirement noted in *Victoria's Secret*).

110. See *Victoria's Secret*, 259 F.3d at 471 n.3 (stating *Nabisco* requires that "the mark must be of sufficient similarity so that, in the mind of the consumer, the junior mark will conjure an association with the senior").

111. See *id.* at 471 (explaining issue revolves around whether Moseleys' mark dilutes "Victoria's Secret" mark).

112. See *id.* (recognizing disparity exists in level of detail applied to claim).

113. See *id.* (noting split centered on "whether a plaintiff must prove actual, present injury to its mark to state a federal dilution claim").

114. See *id.* at 471-72 (describing split between Fourth Circuit in *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 170 F.3d 449 (4th Cir. 1999), and Second Circuit in *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208 (2d Cir. 1999)). For a description of the two leading cases, see *supra* notes 81-100 and accompanying text.

115. See *Victoria's Secret*, 259 F.3d at 475 (acknowledging *Nabisco* analysis as more persuasive standard).

1. *Language, Legislative History and Congressional Intent behind the FTDA*

The court stated that the legislators wanted to ensure a nationwide remedy for dilution.¹¹⁶ The court pointed to the legislative history of the statute to identify their logic.¹¹⁷ The Congressional Record states:

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. Confusion leads to immediate injury, while dilution is an infection, which if allowed to spread, will inevitably destroy the advertising value of the mark.¹¹⁸

In analyzing this passage, the court expanded on two important, emerging themes.¹¹⁹ First, the court found that the passage demonstrates that a dilution claim is a property right in the "potency" of the mark and aims to provide a broad remedy.¹²⁰ Congress bolstered the conclusion that the level of distinctiveness determines the amount of protection afforded to trademarks.¹²¹ Second, the court construed the intent of Congress as allowing the senior mark holder to seek a remedy before any economic harm occurs.¹²² The court noted that when a remedy becomes available, harm has not yet taken place, therefore, plaintiffs must resort to costly surveys that fail to portray an accurate picture.¹²³ The Sixth Circuit also

116. *See id.* (suggesting legislators attempted to provide dilution remedy distinct from protection for trademark infringement under Lanham Act).

117. *See id.* (indicating Congressional intent to establish expansive remedy).

118. H.R. REP. NO. 104-374, at 3 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1030.

119. *See Victoria's Secret*, 259 F.3d at 475.

120. *See id.* (suggesting language of passage advocates broad remedy).

121. *See id.* at 475-76.

122. *See id.* at 476 (implying preventing "spreading infection" requires available remedy before dilution causes economic harm).

123. *See id.* Survey evidence provides a scientific means of demonstrating trademark dilution. *See Bible, supra* note 49, at 314-15 (describing process of experts gathering information and testifying to results in court). Courts are often skeptical about survey evidence, but have considered such evidence useful in certain trademark-related claims. *See id.* at 316-17; *see, e.g., Wawa, Inc. v. Haaf*, No. 96-4313, 1996 U.S. Dist. LEXIS 11494, at *7-8 (E.D. Pa. Aug. 7, 1996) (relying on survey evidence to conclude "HaHa 24 Hr." mark undermined strength of "Wawa" mark). *But see Bible, supra* note 49, at 313 ("[W]here plaintiffs seek preliminary injunctive relief to prevent a junior user's products from entering the market, survey evidence of actual dilution will be unavailable, and courts will have to rely on a likelihood of dilution standard.").

disbelieved that Congress intended to establish a statute with an unattainable standard of proof.¹²⁴ Attempting to demonstrate this disbelief, the court cited the admission by the Fourth Circuit concerning the difficulty, but not impossibility, in proving “actual harm.”¹²⁵ The Sixth Circuit agreed with the Second Circuit, however, by interpreting congressional intent to allow an inference of “likely harm.”¹²⁶

2. *Factors In Considering Dilution Claim*

To decipher whether dilution has occurred, the Second Circuit developed a nonexclusive list of ten factors.¹²⁷ The *Victoria's Secret* court adopted this list, stating that the factors encompass considerations a court must weigh in evaluating a claim under the FTDA.¹²⁸ Those factors are:

[D]istinctiveness; 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 juniors use;” “harm to the junior user and delay by the senior user;” and “effect of senior’s prior laxity in protecting the mark.”¹²⁹

124. See *Victoria's Secret*, 259 F.3d at 476.

125. See *id.* (recognizing Fourth Circuit in *Ringling* admitted difficulty in proving “actual dilution”).

126. See *id.* But see Seitz, *supra* note 4, at 153 (“It is clear that Congress deliberately left out word ‘likelihood’ in its drafting of FTDA.”).

127. See *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 217-22 (2d Cir. 1999). In a case involving the New York anti-dilution statute, Judge Sweet identified pertinent factors to determine dilution of a mark. See *Mead Data Cent., Inc. v. Toyota Motor Sales, Inc.*, 875 F.2d 1026, 1035 (2d Cir. 1989) (Sweet, J., concurring). The *Mead Data* list, often referred to as the “Sweet factors,” looks at “1) similarity of the marks; 2) similarity of the products covered by the marks; 3) sophistication of consumers; 4) predatory intent; 5) renown of the senior mark; 6) renown of the junior mark.” *Id.* The *Nabisco* court rejected the use of the “Sweet factors,” allowing courts deciding cases under the new federal statute to look beyond the six factors to determine dilution. See *Nabisco*, 191 F.3d at 227 (indicating deficiencies in *Mead Data* list when applied to federal statute).

128. See *Victoria's Secret*, 259 F.3d at 476. The court found that even without complete consideration of all ten factors listed in the *Nabisco* test, *Victoria's Secret* prevailed. See *id.* at 477 (leaving further explanation to develop on case-by-case basis over time).

129. *Id.* at 476 (quoting *Nabisco*, 191 F.3d at 217-22).

The Sixth Circuit agreed that the “Victoria’s Secret” mark is “highly similar” and “semantically almost identical” to the “Victor’s Little Secret” mark and deserved of a high degree of trademark protection because of its distinctiveness.¹³⁰ The court also concluded that an average consumer would associate “Victor’s Little Secret” with “Victoria’s Secret” because both sell lingerie.¹³¹ Supporting the district court’s findings that variations in the quality of products sold and sophistication of lingerie consumers prevented actual confusion, the court indicated that a consumer is not going to look for a “Miracle Bra” in the Moseley’s store.¹³² Consumers will automatically think of Victoria’s Secret when they hear the name “Victor’s Little Secret,” causing blurring by connecting the single establishment with the chain store.¹³³ The Moseleys’ inventory also creates a tarnishing effect upon the “Victoria’s Secret” mark.¹³⁴ The district court determined that although adult videos, sex toys and other adult novelties “may not be unsavory to all, its more risqué quality widely differentiates it from [products sold by Victoria’s Secret.]”¹³⁵ Accordingly, the Sixth Circuit upheld the district court’s grant of summary judgment to enjoin the Moseleys from making further use of the “Victor’s Little Secret” mark.¹³⁶

V. CRITICAL ANALYSIS

The *Victoria’s Secret* court, confronted for the first time with conducting a full examination of a dilution claim, articulated a sound analysis under the “likelihood of dilution” standard.¹³⁷ Its

130. *Id.* (indicating similarities between marks).

131. *See id.* at 477. The fact that they both sell lingerie is not necessarily an important factor. *See* Ahearn, *supra* note 45, at 896 (noting unlike traditional trademark law, which normally applies only to competing goods and services, dilution applies to both competitive and noncompetitive goods).

132. *See Victoria’s Secret*, 259 F.3d at 477 (acknowledging distinction between dilution and trademark infringement). The Second Circuit in *Nabisco* included the determination of the presence or absence of confusion in a dilution analysis. *See* 191 F.3d at 212; *see also* Rayner, *supra* note 65, at 102 (noting court went beyond finding that dilution and infringement are not mutually exclusive). In contrast, the Ninth Circuit held that a likelihood of confusion analysis should not be included. *See id.* at 102-03 (concluding “[d]ilution and infringement seek to protect different aspects of trademarks”); *see also* Ahearn, *supra* note 45, at 895-96 (noting dilution focuses on protection of trademark identification value, not on protection of consumers from confusion).

133. *See Victoria’s Secret*, 259 F.3d at 477.

134. *See id.*

135. *V Secret Catalogue, Inc. v. Moseley*, 54 U.S.P.Q.2d (BNA) 1092, 1096 (W.D. Ky. Feb. 9, 2000).

136. *See Victoria’s Secret*, 259 F.3d at 477.

137. *See id.* at 471 (acknowledging Sixth Circuit has ruled on issues of dilution, but has not conducted full analysis under FTDA).

interpretation is consistent with prior dilution case law and the legislative intent of the FTDA.¹³⁸ Consequently, the court strengthened the consensus among the majority of circuits by finding that a required demonstration of “actual dilution” as inappropriate.¹³⁹

Before the FTDA, state statutes adopted modified versions of Schechter’s proposal and looked to the likelihood of a confusion claim under trademark infringement to institute the standards for dilution.¹⁴⁰ Those standards, according to some circuits, are reflected by judges who search for help in interpreting the FTDA.¹⁴¹ These circuits emphasize that looking to those standards is incorrect, and the true interpretation of the FTDA lies in its plain meaning, which requires proof of “actual dilution.”¹⁴² Those circuits, however, fail to recognize that the Supreme Court held that the plain meaning should be used to interpret a federal statute, unless the plain meaning is incompatible with Congress’ intent.¹⁴³ While on its face, the FTDA appears to endorse proof of “actual dilution,” the intent behind it indicates otherwise.¹⁴⁴ Like the Second Circuit, the Sixth Circuit made this required analysis, and argued that

138. See, e.g., *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 224 (2d Cir. 1999); *Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456, 461 (7th Cir. 2000).

139. See, e.g., *Nabisco*, 191 F.3d at 223; *Panavision Int’l, L.P. v. Toeppen*, 141 F.3d 1316, 1327 (9th Cir. 1998) (finding dilution of mark due to effects on potential customers).

140. See *Ahearn*, *supra* note 45, at 901.

141. See Christina M. Bidlingmaier, Note, *No More Clowning Around: Ringling Brothers-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development Evaluates the Federal Trademark Dilution Act*, 7 VILL. SPORTS & ENT. L.J. 279, 288 (2000) (noting cases following “likelihood of dilution” or using “Sweet factors” are interpreting FTDA according to state statutes); see, e.g., *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 170 F.3d 449, 464 (4th Cir. 1999) (“[T]he *Mead*-factor analysis simply is not appropriate for assessing a claim under the federal Act.”). Cf. *Victoria’s Secret*, 295 F.3d at 473 n.5 (recognizing *Mead* has been largely discredited by courts interpreting FTDA).

142. See, e.g., *Ringling*, 170 F.3d at 461 (noting “likelihood of dilution” is not included in FTDA); *Playboy Enters., Inc. v. Netscape Communications Corp.*, 55 F. Supp. 2d 1070, 1075-76 (C.D. Cal. 1999) (rejecting claim of dilution based on lack of evidence indicating actual harm to Playboy’s mark); *Am. Cyanamid Co. v. Nutraceutical Corp.*, 54 F. Supp. 2d 379, 392 (D.N.J. 1999) (offering no evidence of actual dilution by junior user incorporating colors of spectrum on label); cf. *Klieger*, *supra* note 38, at 840 (agreeing FTDA creates “actual dilution” requirement, but determines application of actual dilution “erects an impenetrable barrier to any federal dilution action Congress did not intend to require, nor do courts interpret the Act to require, a showing of actual dilution”).

143. See *Slonaker*, *supra* note 9, at 143 (citing *Park ‘N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 194, 197-98 (1985)).

144. See *id.* at 140 (noting FTDA’s use of term “capacity” in definition of dilution, without further explanation, cannot indicate possibility of future dilution). *But see Rayner*, *supra* note 65, at 99-100 (arguing term “capacity” is synonymous with “potential,” illustrating “theoretical lessening of the mark’s potential to identify and distinguish goods or services”).

Congress' intent could not have been to require "actual dilution."¹⁴⁵

The *Victoria's Secret* court used the congressional record to illustrate Congress' intent of requiring a "likelihood" standard.¹⁴⁶ First, the court highlighted the notion that the FTDA was designed to provide a broad remedy for dilution.¹⁴⁷ Evidence of this intent is apparent in Congress' understanding of the value of a mark's distinctiveness.¹⁴⁸ As Schechter acknowledged, "[t]he more distinctive or unique the mark . . . the greater its need for protection against . . . dissociation from the particular product in connection with which it has been used."¹⁴⁹ Though the court admitted that Congress' recognition of a property right in the "potency" of the mark does not go to the extent of claiming a property right in gross, it does reveal support for enhanced protection of distinctive marks.¹⁵⁰

Second, the court found evidence of "an intent to allow a remedy *before* dilution . . . actually caused economic harm to the senior mark."¹⁵¹ The congressional record substantiates this intent by describing what would happen if dilution were prolonged, analogizing to the harmful effects of a spreading infection.¹⁵² Recognizing that providing evidence of "actual harm" would be extremely difficult, the court concluded that an injunction becomes available only after the harm has taken place.¹⁵³ Because the FTDA only provides

145. See *Victoria's Secret*, 259 F.3d at 476. The *Nabisco* court found that interpreting the Act to require "actual dilution" depended on "excessive literalism." 191 F.3d at 224.

146. See *Victoria's Secret*, 259 F.3d at 475-76; see also Rayner, *supra* note 65, at 99 (concluding that after analyzing statute, it is clear "likelihood of dilution" is what Congress intended).

147. See *Victoria's Secret*, 259 F.3d at 475.

148. See *id.* at 475-76 (recognizing Congress did not follow Schechter's dilution analysis, but understood importance of protecting mark's distinctiveness).

149. Schechter, *supra* note 37, at 825. For a discussion of the levels of distinctiveness, see *supra* note 105.

150. See *Victoria's Secret*, 259 F.3d at 475-76. But see *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 170 F.3d 449, 459 (4th Cir. 1999) (claiming had Congress intended property-right-in-gross interpretation, they would have made language perfectly clear); *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 224 n.6 (2d Cir. 1999) (agreeing with Fourth Circuit that property-right-in-gross is not created by dilution statutes); Magliocca, *supra* note 8, at 981 (recognizing that because trademark rights last forever if mark identifies specific source, if dilution creates property rights similar to copyrights and patents, which are protected only for certain period of time, it would create constitutional problems).

151. *Victoria's Secret*, 259 F.3d at 476.

152. See *id.* at 475-76. "Confusion leads to immediate injury, while dilution is an infection, which if allowed to spread, will inevitably destroy the advertising value of the mark." *Id.* (quoting H.R. REP. NO. 104-374 (1995)).

153. See *id.* at 476.

injunctive relief in the absence of willful intent, a remedy would become virtually meaningless, as the harm would have already occurred.¹⁵⁴ Such harm would diminish all the time and money invested in creating a senior mark's goodwill.¹⁵⁵ A junior mark would also suffer severe consequences if the court determined dilution had occurred.¹⁵⁶ The outcome under the "actual dilution" standard would directly conflict with the ability to provide a broad remedy, which the court found inherent in Congress' intent.¹⁵⁷ A senior mark would instead have to wait until its records could demonstrate a loss in sales, which may never occur if the senior mark continued to have growing success.¹⁵⁸ Such a strict standard

154. See 15 U.S.C. § 1125(c)(2) (1994 & Supp. V 1999); see also *Nabisco*, 191 F.3d at 224 (holding "[t]o read the statute as [requiring proof of actual harm] would subject the senior user to uncompensable injury"); Rayner, *supra* note 65, at 99 (observing "if Congress had intended to require the occurrence of actual dilution prior to a cause of action arising, a claim of dilution might never be possible"); cf. Swann, *supra* note 37, at 767-68 (concluding survey demonstrated dilution already caused irreparable harm); Slonaker, *supra* note 9, at 144-45 (suggesting consumer association between marks "is not only difficult to compensate, but also causes irreparable harm to the identifying function of a trademark"). In Utah, when asked to complete the following statement "The Greatest — on Earth," twenty-five percent of respondents used the word "show" and associated the statement with Ringling Bros. Circus; twenty-four percent used the word "snow" and associated the statement with Utah; and twenty-one percent completed and associated the statement with both. See *Ringling*, 170 F.3d at 462-63 (finding, however, clear evidence demonstrating lack of dilution because those surveyed and filled in blank using both "show" and "snow" did not associate "The Greatest Show on Earth" with "The Greatest Snow on Earth").

155. See Slonaker, *supra* note 9, at 144-45 (suggesting famous mark holder will have to watch mark's goodwill and economic value deteriorate). If a senior mark must allow the junior user to actually harm his mark, the "junior mark holders might have the defense that the senior mark had lost its distinctiveness . . ." *Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456, 467-68 (7th Cir. 2000).

156. See *Nabisco*, 191 F.3d at 224 (describing harm that could happen to junior user). For instance, if harm cannot be determined until the product is already on the market, the junior user "will be obligated to spend the huge sums involved in a product launch without the ability to seek prior judicial assurance that their mark will not be enjoined." *Id.*; see also McCabe, *supra* note 5, at 1862 (noting substantial investment junior user sacrifices in using mark that may later be enjoined). *But see* Seitz, *supra* note 4, at 156 (indicating "actual dilution" standard will help junior user because enjoined mark might never have caused dilution).

157. See *Victoria's Secret*, 259 F.3d at 475. *But see* Lerner, *supra* note 57, at 430 (suggesting instances of improper injunctive relief resulting from overbroad interpretation of dilution).

158. See Seitz, *supra* note 4, at 155-56 (recognizing possibility of unavailable evidence delineating loss to senior mark, but suggesting possibility that even slightest slip in revenue would indicate actual dilution); see also 4 McCARTHY, *supra* note 54, § 24:94.1 ("[T]he Fourth Circuit's decision raised the required burden of proof up to a level that perhaps few owners of famous marks will be able to successfully achieve.").

allows the junior mark to falsely profit from recognition and goodwill established by the senior mark.¹⁵⁹

By focusing on the impossible burden of proving “actual harm,” the *Victoria’s Secret* court identified the flaws in this standard.¹⁶⁰ The Fourth Circuit maintained that proof of “actual dilution” is possible and listed proof of an actual loss of revenue, consumer surveys and “relevant contextual factors such as the extent of the junior mark’s exposure, the similarity of the marks, [and] the firmness of the senior mark’s hold” as acceptable forms of proof.¹⁶¹ The *Victoria’s Secret* court disagreed with the availability of such evidence and, therefore, directly questioned the dependability of surveys.¹⁶² The court remarked that even the Fourth Circuit acknowledged the shakiness of surveys.¹⁶³ Subsequently, the Sixth Circuit allowed demonstration of dilution by circumstantial evidence and eliminated the need to conduct expensive surveys or illustrate lost revenue.¹⁶⁴

VI. IMPACT

The FTDA offers trademark owners a “powerful tool” they can utilize to protect their interests.¹⁶⁵ The decision by the *Victoria’s Secret* court will help tip the scale further in favor of the majority of circuits following a “likelihood of dilution” standard.¹⁶⁶ By re-evaluating the “likelihood of dilution” standard, the court left the door open for circuits that have not decided the issue or have failed to

159. See, e.g., *E. & J. Gallo Winery v. Spider Webs, Ltd.*, 129 F. Supp. 2d 1033, 1045 (S.D. Tex. 2001) (noting junior mark chooses mark similar to senior mark in order to profit from established goodwill).

160. See *Victoria’s Secret*, 259 F.3d at 476; see also *Eli Lilly*, 233 F.3d at 468 (finding plaintiff held to impossible level of proof under Fourth Circuit’s interpretation of FTDA).

161. *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 170 F.3d 449, 464-65 (4th Cir. 1999) (contending replicated use of famous mark must cause decrease in selling power obtained from distinctiveness of mark).

162. See *Victoria’s Secret*, 259 F.3d at 476. But see *Seitz*, *supra* note 4, at 156 (arguing survey conducted properly by independent third party very reliable).

163. See *Victoria’s Secret*, 259 F.3d at 473-74 (citing *Ringling*, 170 F.3d at 464).

164. See *id.* at 475 (citing *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 224 (2d Cir. 1999)).

165. See *Mahaffey-Dowd*, *supra* note 40, at 423 (describing possibility of nationwide injunctive relief if court finds dilution to trademark).

166. See *Clayton*, *supra* note 80 (recognizing Sixth Circuit adopted majority position); *Dalickas*, *supra* note 10, at 5 (indicating actual harm not required by most circuits for federal trademark dilution claim). The Second, Sixth and Seventh Circuits require only “likelihood of dilution,” while the Fourth and Fifth Circuits require proof of “actual dilution.” See *Dalickas*, *supra* note 10, at 5.

adopt a specific standard.¹⁶⁷ Such a standard allows trademark owners to maintain the reputation that their consumers recognize.¹⁶⁸ A broader remedy may also make a junior user think twice before choosing a trademark.¹⁶⁹

Congress intended to create a national uniform approach for a dilution action under the FTDA.¹⁷⁰ The FTDA, however, continues to generate the same inconsistencies and confusion as state statutes.¹⁷¹ Circuits requiring an “actual dilution” standard disable the federal attempt at uniformity because plaintiffs must seek relief under less stringent state anti-dilution statutes.¹⁷² The *Victoria’s Secret* court, however, exacted a broader remedy under the “likelihood of dilution” standard, affording famous mark holders the best possible protection from unauthorized use of their marks.¹⁷³ By looking to the FTDA’s statutory history, the court re-exposed the intent to prevent injury to the mark by providing relief before dilu-

167. See Dalickas, *supra* note 10, at 5 (indicating Eighth Circuit has not directly addressed dilution under FTDA).

168. See *Victoria’s Secret*, 259 F.3d at 475-76 (protecting mark before harm occurs). *But see* Myers, *supra* note 62, at 278 (noting many commentators have criticized federal dilution statute by suggesting it will lead to excessive litigation).

169. See *Nabisco*, 191 F.3d at 224 (addressing issues junior user will face if court finds dilution); *see also* Seitz, *supra* note 4, at 156 (suggesting junior user select different trademark if nervous about diluting another mark).

170. See Lori Krafte-Jacobs, Comment, *Judicial Interpretation of the Federal Trademark Dilution Act of 1995*, 66 U. CIN. L. REV. 659, 696 (1998) (motivating factor behind FTDA was to provide nationwide solution); Ahearn, *supra* note 45, at 911 (discussing force behind FTDA). Schechter’s concerns about the harm of dilution, which were supposed to be addressed under the Lanham Act, still exist. *See* Ahearn, *supra* note 45, at 911; *see also* Swann, *supra* note 37, at 767 (describing lessening of famous trademark’s ability to identify and distinguish goods as matter of common sense). “As a matter of common sense, when association begins, singularity begins to end.” *Id.* For a discussion of the court’s analysis of the Congressional intent behind the FTDA, *see supra* notes 116-26 and accompanying text.

171. See Bullock, *supra* note 41, at 6 (noting courts are no more successful at agreeing on criteria under federal statute than under state statutes).

172. See McCabe, *supra* note 5, at 1862-63 (noting “actual dilution” standard will increase claims made under less stringent state anti-dilution statutes, thus, continuing same problems FTDA intended to correct). *But see* Jonathan Mermin, Note, *Interpreting the Federal Trademark Dilution Act of 1995: The Logic of the Actual Dilution Requirement*, 42 B.C. L. REV. 207, 231 (2000) (speculating dilution would replace trademark infringement if “likelihood of dilution” standard is followed, because it is easier to prove than consumer confusion).

173. See *Victoria’s Secret*, 259 F.3d at 475. *But see* Klieger, *supra* note 38, at 865 (suggesting courts have directed protection to many trademarks and applied FTDA broader than drafters imagined).

tion caused economic harm.¹⁷⁴ Courts allowing a “likelihood” standard thwart the harm before it occurs.¹⁷⁵

With the continual melding of entertainment and the fashion world, the court’s implementation of a likelihood standard helps to counteract dilution in the entertainment industry by disallowing junior marks to “piggyback” on famous and established trademarks.¹⁷⁶ If the court had followed the “actual dilution” standard, Victoria’s Secret would have had to wait while their mark was associated with adult videos and sex toys, potentially causing harm to future televised fashion shows, as well as the corporation’s product sales.¹⁷⁷ This harm is often the situation in many dilution cases where famous trademarks are associated with pornography and the adult entertainment industry.¹⁷⁸ Image and recognition are two principal components in the entertainment industry for maintaining viewer ratings and selling products.¹⁷⁹ Without the opportunity

174. See *Victoria’s Secret*, 259 F.3d at 475-76. But see *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 170 F.3d 449, 453 (4th Cir. 1999) (indicating meaning does not leap from statutory text, but legislative history advances “actual dilution” reading); Myers, *supra* note 62, at 303 (interpreting statutory language to require showing of “actual dilution” to prevent in-gross protection for marks).

175. See *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 224-25 (2d Cir. 1999) (“[W]e read the statute to permit adjudication granting or denying an injunction . . . before the dilution has actually occurred.”); see also Rayner, *supra* note 65, at 99 (noting harm would have already occurred when proof of actual dilution available, making injunctive relief meaningless).

176. Compare *World Wrestling Fed’n Entm’t, Inc. v. Bozell*, 142 F. Supp. 2d 514, 529-30 (S.D.N.Y. 2001), and *Danjaq, LLC v. Sony Corp.*, CV 97-8414-ER (Mcx), 1998 U.S. Dist. LEXIS 22231, at *14-16 (C.D. Cal. July 29, 1998), with *Victoria’s Secret*, 259 F.3d at 475-76 (applying same “likelihood” test in all three courts to prevent dilution in entertainment industry). See also Bauder, *supra* note 25 (emphasizing Victoria’s Secret’s involvement in entertainment industry); Socha, *supra* note 25 (same).

177. See *Victoria’s Secret*, 259 F.3d at 467 (recognizing lower court concluded that “while the Defendants’ inventory may not be unsavory to all, its more risqué quality widely differentiates it from that of the Plaintiffs”).

178. See, e.g., *Polo Ralph Lauren L.P. v. Schuman*, No. H-97-1855, 1998 U.S. Dist. LEXIS 5890, at *2-6 (S.D. Tex. Feb. 12, 1998) (finding dilution by tarnishment from use of “The Polo Club” for adult entertainment venue); *Mattel Inc. v. Jcom, Inc.*, No. 97 Civ. 7191 (SS), 1998 U.S. Dist. LEXIS 16195, at *1, 9-10 (S.D.N.Y. Sept. 10, 1998) (finding dilution by tarnishment from use of “Barbie’s Playhouse” on website offering sexually explicit video conference); *Hasbro, Inc. v. Internet Entm’t Group, Ltd.*, No. C96-130WD, 1996 U.S. Dist. LEXIS 11626, at *3-4 (W.D. Wash. Feb. 9, 1996) (using “candyland.com” for Internet web site showing sexually explicit pictures diluted value of mark); *Toys “R” Us, Inc. v. Akkaoui*, No. C 96-3381 CW, 1996 U.S. Dist. LEXIS 17090, at *2, 6-7 (N.D. Cal. Oct. 29, 1996) (using “adultsrus.com” for website selling adult sexual products caused dilution by tarnishment).

179. See *Bidlingmaier*, *supra* note 141, at 280, 300. Hollywood trademarks are frequently sought after for use in the promotion and sale of products, causing some celebrities to trademark their own images. See *id.* at 280 n.13 (citing Chris

of an immediate remedy, a senior mark could suffer irreparable harm to its goodwill and distinctive quality.¹⁸⁰ Equally, a lack of an immediate remedy for a senior mark, though appearing favorable to a junior mark, could be detrimental to a junior mark in the case where time and money are wasted on an eventually illegal mark.¹⁸¹

Courts are in need of a clear interpretation of the FTDA, especially with the increase in litigation involving dilution claims.¹⁸² Emerging issues of trademark dilution have escalated due to the growth of the Internet and electronic commerce.¹⁸³ As technology continues to develop, problems have begun to materialize concerning the use of trademarks as domain names.¹⁸⁴ With the click of a button, a trademark can be linked to information contrary to its established reputation.¹⁸⁵

Koseluk & Noe Gold, *Over My Dead Body*, HOLLYWOOD REP., Feb. 9, 1999, at 16). Famous movie characters also retain protection against dilution. See *Danjaq*, 1998 U.S. Dist. LEXIS 22231, at *14-16 (noting likelihood of dilution due to consumers associating “[d]efendant’s Bond film with the identity and reputation of Danjaq’s Bond films”).

180. See Rayner, *supra* note 65, at 99 (noting “actual harm” standard creates hurdle impossible to overcome). For a further discussion on harm to senior mark, see *supra* note 151-59 and accompanying text.

181. See *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 224 (2d Cir. 1999) (indicating large investment is required for product launch). But see *Seitz, supra* note 4, at 156 (noting “actual harm” standard helps junior user by allowing determination of dilution by placement of mark in commerce instead of presumption of dilution). Also, if a junior user is wary about the mark causing dilution, then the mark should probably be changed to avoid a possible future conflict. See *id.*

182. See *Myers, supra* note 62, at 243 (observing trademark dilution decisions almost doubled from around 96 in 1980s to 182 in 1990s).

183. See *Deutsch, supra* note 66 (noting use of electronic commerce can start diluting mark practically overnight).

184. See *Magliocca, supra* note 8, at 1024 (suggesting Internet domain names as important as storefront signs). Because there is no effective Internet directory available, consumers will type key words into a search engine. See *id.* at 1025. The search engine will retrieve websites containing the information designated in the search. See *id.*

185. See *id.* at 1031 (describing process of using trademark references to search engines to link trademark with sex or pornography). Dilution by cybersquatting is another method of dilution involving domain names. See 4 McCARTHY, *supra* note 54, § 24:69.1. Cybersquatting occurs when a mark or company name is used to create a domain name “for the purpose of relinquishing the right to that domain name back to the legitimate owner for a price.” *Id.* Dilution over the Internet frequently affects the entertainment industry. See *Cable News Network L.P. v. CNNews.com*, 177 F. Supp. 2d 506, 520-22 (E.D. Va. 2001) (asserting Chinese website using domain name *cnnnews.com* dilutes CNN trademark); *Hasbro, Inc. v. Internet Entm’t Group, Ltd.*, No. C96-130WD, 1996 U.S. Dist. LEXIS 11626, at *2-3 (W.D. Wash. Feb. 9, 1996) (using trademark of popular children’s board game “Candyland” to identify sexually explicit Internet site); see also Chris Marlowe, *Aimster Hit By Copyright Suit*, HOLLYWOOD REPORTER, June 29, 2001 (describing lawsuit claiming trademark dilution and other violations over illegal release of movies over Internet).

Ultimately, the Supreme Court needs to decide the standard of proof a plaintiff must demonstrate in a dilution action.¹⁸⁶ Congress must also intervene by further amending the Lanham Act to clarify the requirements of dilution under the FTDA.¹⁸⁷ Because the FTDA is still in the early stages of development, an amendment adopting a single standard would generate consistent application of the statute.¹⁸⁸ Despite this seemingly easy solution, the Supreme Court and Congress continue to ignore the defined split among the circuits.¹⁸⁹ Until courts have definite guidelines for determining dilution, some trademark owners will be subject to the harsh requirement of “actual dilution,” while others will receive the intended safeguards stemming from the “likelihood of dilution” standard.¹⁹⁰

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186. See Dalickas, *supra* note 10, at 12 (indicating Supreme Court will have to end circuit split); Krafte-Jacobs, *supra* note 170, at 696 (noting uniformity will not surface until Supreme Court intervenes). The Supreme Court has denied certiorari for several cases decided under the FTDA. See, e.g., Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C., 212 F.3d 157 (3d Cir. 2000), *cert. denied*, 531 U.S. 1071 (2001); Sporty's Farm, L.L.C. v. Sportsman's Mkt., Inc., 202 F.3d 489 (2d Cir.), *cert. denied*, 530 U.S. 1262 (2000); Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449 (4th Cir. 1999).

187. See Ahearn, *supra* note 45, at 918 (giving suggestions as to what changes Congress should make). “First, Congress should amend section 43(c)(1) of the Act to read ‘. . . if such use begins after the mark has become famous and causes [or is likely to cause] dilution of the distinctive quality of the mark.’” *Id.* “Second, Congress should amend section 45 to redefine ‘dilution,’ in terms consistent with Schechter’s original proposal, as ‘the lessening of the mark’s [distinctive capacity to act as a powerful selling tool].’” *Id.* See also McCabe, *supra* note 5, at 1875 (identifying importance of revising FTDA to create intended dilution standard).

188. See Ahearn, *supra* note 45, at 918-19 (noting FTDA is not failed legislation because it is still young, and time exists to make necessary amendments to require some approach by courts).

189. See Slonaker, *supra* note 9, at 153 (asserting disregard of judicial split has created unreliable remedy for senior marks).

190. See Rayner, *supra* note 65, at 104-05 (stating courts need only worry about protecting distinctiveness of famous marks).

* The Supreme Court granted certiorari on April 15, 2002, five months after this Note was written.