

COMMENTS

Two Wrongs Making a Right: Using the Third and Ninth Circuits for a Uniform Standard of Fame in Federal Dilution Law

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I. INTRODUCTION

Barstucks, a Washington corporation, sells and brews a line of specialty teas. Barstucks was incorporated in 1977 and has federally registered its trademark. Barstucks has always been successful in its local markets, and the business has skyrocketed nationally over the past ten years. So much, in fact, that it now owns and operates stores in forty-three states and advertises on a semi-national basis.

In 1998, a furniture manufacturer in Missouri decided to start producing a line of upscale bar equipment. In order to create a mental link between its potential customers and its product, the manufacturer named its furniture "Barstucks." The furniture has been so named without benefit of federal trademark protection. Barstucks is produced and sold in a strictly regional, tri-state area. The furniture manufacturer advertises Barstucks in local media and in specialty magazines.

In early spring of 2000, the tea company, Barstucks, discovered that the Missouri furniture manufacturer was using its federally protected trademark. The tea company began proceedings against the furniture manufacturer under federal trademark law, alleging a likelihood of confusion and dilution.

* J.D., 2002, Seattle University School of Law. I would like to send my deepest love to my dearest Olin for supporting me in all that I do. Thank you to my family and friends for being who they are. Finally, thank you to the *Law Review* editorial staff for their insights regarding this Comment.

This Comment analyzes the above hypothetical and examines its possible outcome under federal law that provides remedies for likelihood of confusion and dilution. In so doing, this Comment seeks to illustrate the differences between the two remedies and to clarify the appropriate standard for the federal dilution law.

Congress provided the first federal remedy for trademark dilution in 1995 by enacting the Federal Trademark Dilution Act of 1995 (FTDA), which became effective on January 16, 1996.¹ The purpose of the Act was to bring uniformity and consistency to the protection of famous trademarks.² However, inconsistent judicial interpretation of the Act has prevented this policy goal from being achieved. Much of the inconsistency stems from differing interpretations of the fame standard and what is required for a trademark to be "famous" and thus deserving of protection. The conflicting interpretations are exemplified by the Third Circuit case, *Times Mirror Magazines, Inc. v. Las Vegas Sporting News, L.L.C.*,³ and the Ninth Circuit case, *Avery Dennison v. Sumpton*.⁴ This Comment argues that courts should uniformly hold (1) that marks are not subject to separate tests for distinctiveness and fame and (2) that marks do not warrant protection on a national level simply by proving niche market fame.

This Comment contains six main parts. Part II analyzes the Lanham Act of 1946⁵ and the likelihood of confusion standard, which led to the enactment of the FTDA. Part III briefly examines the history of dilution and then looks at the FTDA. Part IV focuses on the FTDA's legislative history and intent. In light of the discussion in the foregoing parts, Part V examines differing interpretations of fame as demonstrated by the decisions by the Third and Ninth Circuits, which illustrate and incorporate the differing interpretations of the FTDA among other circuits. In Part VI, this Comment concludes by proposing a uniform standard for all courts to follow.

1. Pub. L. No. 104-98, 109 Stat. 985 (codified as amended at 15 U.S.C. § 1125(c) (2000)); see also 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 24:83 (4th ed. 2000).

2. H.R. REP. NO. 104-374, at 6 (1995), reprinted in 1995 U.S.C.C.A.N. 1029, 1033.

3. 212 F.3d 157 (3d Cir. 2000).

4. 189 F.3d 868 (9th Cir. 1999).

5. Trademark Act of 1946 (Lanham Act), Pub. L. No. 79-489, 60 Stat. 427 (codified as amended at 15 U.S.C. §§ 1051-1127 (2000)).

II. THE LANHAM ACT OF 1946 AND THE LIKELIHOOD OF CONFUSION STANDARD

A trademark is any word, name, symbol, or device, or any combination thereof used to identify and distinguish one's goods from those manufactured or sold by others and to indicate the source of the goods, even if the source is unknown.⁶ Trademarks represent a business's goodwill and help it identify its goods and services, which are among its most valuable assets.⁷

Although the first federal trademark act was passed in 1870,⁸ trademark law was largely undeveloped until the passage of the Lanham Act in 1946.⁹ The Lanham Act serves two purposes: (1) to protect the interests of the public by ensuring confidence that the products purchased bear a favorable trademark and are the products asked for and wanted and (2) to protect the interests of the trademark holder who "spent energy, time, and money in presenting to the public the product . . . from . . . misappropriation by the pirates and cheats."¹⁰

Under the Lanham Act, "likelihood of confusion" is the traditional test for trademark infringement. To succeed on a trademark infringement claim, a plaintiff must show that the defendant's use is "likely to cause confusion, or to cause mistake, or to deceive."¹¹ A federal claim for infringement of an unregistered mark under section 43(a) of the Lanham Act is triggered by a use which "is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association" of the user with the senior user.¹²

In the Barstucks hypothetical, in order for the tea company to succeed on a trademark infringement claim under the Lanham Act, the company would have to show that the furniture manufacturer's use of the "Barstucks" trademark is likely to cause confusion, mistake,

6. 15 U.S.C. § 1127 (2000).

7. *Madrid Protocol Implementation Act and Federal Trademark Dilution Act of 1995: Hearings Before the Subcomm. on Courts and Intellectual Property, House Judiciary Comm.*, 104th Cong. 33 (1995) (statement of Philip G. Hampton, Assistant Commissioner for Trademarks, Patent and Trademark Office, U.S. Dept. of Commerce).

8. MCCARTHY, *supra* note 1, § 5:3.

9. S. REP. NO. 100-515, at 2 (1988).

10. Christopher R. Perry, *Trademarks as Commodities: The "Famous" Roadblock to Applying Trademark Dilution Law in Cyberspace*, 32 CONN. L. REV. 1127, 1129 (2000) (quoting S. REP. NO. 79-1333, at 3 (1946)); *see also* S. REP. NO. 100-515, at 4.

11. MCCARTHY, *supra* note 1, § 23:1.

12. 15 U.S.C. § 1125(a) (2000). The term "senior" user in this Comment denotes user of a mark that has achieved protectable status first. The term "junior" user is used to denote subsequent user of the same or substantially similar mark.

or deception among consumers as to what the trademark pertains to: selling and brewing tea or manufacturing specialty furniture. Because the two marks are the same and the tea company has a senior use and has federally registered the mark, the company may succeed on such a claim. However, since the two businesses' uses are of such a different character, the furniture manufacturer may be able to succeed on a defense that no reasonable consumer would confuse a local furniture manufacturer and a national corporation that sells and brews teas.

Therefore, the tea company might not have had a federal remedy under the Lanham Act. The unavailability of federal protection for trademarks such as the one in this hypothetical illustrates why many felt the need for a revision in the Lanham Act to reflect changes in law and business practices.¹³

III. DILUTION AND THE FTDA

This revision in federal trademark law came in the form of the FTDA. Before the enactment of the FTDA in 1995, Frank I. Schechter had analyzed the concept of dilution in his 1927 article.¹⁴ In this article, Schechter argued that to limit trademark protection to a confusion standard ignores the fact that the value of a trademark also lies in the owner of the mark preserving the uniqueness or individuality of the trademark.¹⁵ Schechter opined that "once a mark has come to indicate to the public a constant and uniform source of satisfaction, its owner should be allowed the broadest scope possible for the natural expansion of his trade to other lines or fields of enterprise."¹⁶ The idea of protecting a mark outside its "field of enterprise" is a key component of dilution theory.¹⁷

Dilution theory differs from likelihood of confusion theory in that the former provides "protection to strong, well-recognized marks even in the absence of a likelihood of confusion, if defendant's use is such as to diminish or dilute the strong identification value of the plaintiff's mark even while not confusing customers as to source, sponsorship, affiliation or connection."¹⁸ The underlying premise of dilution doctrine is that there is a "gradual whittling away" or dissolu-

13. S. REP. NO. 100-515, at 2, 4.

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

15. *Id.* at 821-22.

16. *Id.* at 823 (internal quotations omitted); see also H.R. REP. NO. 104-374, at 3 (1995), reprinted in 1995 U.S.C.C.A.N. 1029, 1033.

17. *Id.*

18. MCCARTHY, *supra* note 1, § 24:70.

tion of the identity and strength of the mark within public consciousness even when the mark is used by non-competing goods.¹⁹

Prior to the passage of the FTDA, there was no federal remedy for dilution. However, numerous states already had statutes providing such cause of action. To date, thirty-four states have antidilution statutes.²⁰ Even though a large number of states had antidilution statutes, the need for a federal remedy was apparent because without federal protection, the owner of a mark must file suit in each state in order to receive protection in the respective state. Furthermore, since some states do not have antidilution statutes, it is impossible for the owner of a mark to receive national protection absent a federal statute. Although the 1988 Trademark Revision Act did not contain a federal antidilution provision, the Trademark Review Commission's report and a bill introduced to the Senate did contain such a provision.²¹ The House of Representatives, however, did not pass the provision, and the provision was absent from the bill finally ratified by the House and Senate.²²

In 1995, approximately fifty years after the Lanham Act was passed, an antidilution provision was finally adopted in the form of the FTDA. The Act provides:

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

19. *Intermatic, Inc. v. Toeppen*, 947 F. Supp. 1227, 1237 (N.D. Ill. 1996).

20. See ALA. CODE § 8-12-17 (1993); ALASKA STAT. § 45.50.180 (Michie 1999); ARIZ. REV. STAT. § 44-1448.01 (1994); ARK. CODE ANN. § 4-71-113 (Michie 1996); CAL. BUS. & PROF. CODE § 14330(a) (West 1987); CONN. GEN. STAT. § 35-11i(c) (1999); DEL. CODE ANN. tit. 6, § 3313 (1999); FLA. STAT. ch. 495.151 (1997); GA. CODE ANN. § 10-1-451(b) (Harrison 1998); IDAHO CODE § 48-513 (1997); 765 ILL. COMP. STAT. 10356/65 (West 2000); IOWA CODE § 548.113 (1997); KAN. STAT. ANN. § 81-214 (1999); LA. REV. STAT. ANN. § 51:223.1 (West 1987); ME. REV. STAT. ANN. tit. 10, § 1530 (West 1997); MASS. GEN. LAWS ch. 110B, § 12 (West 1999); MINN. STAT. § 333.285 (West 1998); MISS. CODE ANN. § 75-25-25 (1999); MO. ANN. STAT. § 417.061 (West 1990); MONT. CODE ANN. § 30-13-334 (1999); 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. 1999); N.M. STAT. ANN. § 57-3B-15 (Michie 1997); N.Y. GEN. BUS. LAW § 360-1 (McKinney Supp. 1999); OR. REV. STAT. § 647.107 (1988); 54 PA. CONS. STAT. ANN. § 1124 (West Supp. 1999); R.I. GEN. LAWS § 6-2-12 (1992); S.C. CODE ANN. § 39-15-1165 (Law Co-op. Supp. 1999); TENN. CODE ANN. § 47-25-512 (1995); TEX. BUS. & COM. CODE ANN. § 16.29 (West Supp. 1999); WASH. REV. CODE § 19.77.160 (1999); W. VA. CODE § 47-2-13 (1999); WYO. STAT. ANN. § 40-1-115 (Michie 1999).

21. MCCARTHY, *supra* note 1, § 24:86.

22. *Id.* (describing a body of opinion that voiced strong opposition to enacting a federal antidilution law that was "vague, nebulous, and potentially anti-competitive").

of the distinctive quality of the mark, and to obtain such other relief as is provided in this subsection.²³

Thus, in order to succeed on a dilution claim, a plaintiff must prove four elements: (1) its mark is famous; (2) the defendant has made a commercial use in commerce of the plaintiff's mark or trade name; (3) the defendant's use of the mark began after the plaintiff's mark became famous; and (4) the defendant's use causes dilution of the distinctive quality of the mark.

In determining the first factor, whether the plaintiff's mark has the requisite fame and distinctiveness, the FTDA lists eight non-exclusive factors a court can consider:

- (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.²⁴

Whether the hypothetical tea company's use of the "Barstucks" trademark satisfies the fame requirement will be analyzed later in this Comment.

The second requirement is that the defendant make a commercial use in commerce. Noncommercial use is excepted under the statute.²⁵

23. 15 U.S.C. § 1125(c)(1) (2000).

24. *Id.*

In determining whether this element is established, courts may utilize a two-step analysis: whether the use was “in commerce” and whether the use was commercial in nature.²⁶

First, a court determines whether the use was “in commerce.” This requirement is construed liberally²⁷ to mean “all commerce which may lawfully be regulated by Congress.”²⁸ The FTDA assists courts in interpreting this requirement by providing that the use be bona fide in the ordinary course of trade:²⁹

For purposes of this chapter, a mark shall be deemed to be in use in commerce—

(1) on goods when—

(A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and

(B) the goods are sold or transported in commerce, and

(2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.³⁰

Second, a court determines whether a use of the mark “Barstucks” was commercial in nature. Using a mark with a commercial designation is not sufficient; this requirement usually entails a court determining whether the defendant used the mark in some type of business transaction.³¹

In the context of the hypothetical, a court is likely to find that the furniture manufacturer’s use of the mark was a “commercial use in commerce.” The manufacture and sale of furniture in a tri-state re-

25. See 15 U.S.C. § 1125(c)(4)(B); *Panavision Int’l, L.P. v. Toeppen*, 945 F. Supp. 1296, 1303 (C.D. Cal. 1996) (“The exception for non-commercial use of a famous mark is intended to prevent courts from enjoining constitutionally-protected speech.”), *aff’d*, 141 F.3d 1316 (9th Cir. 1998).

26. See *Intermatic, Inc. v. Toeppen*, 947 F. Supp. 1227, 1239 (N.D. Ill. 1996).

27. *Id.*

28. 15 U.S.C. § 1127 (2000).

29. *Id.*

30. *Id.*

31. See *Intermatic*, 947 F. Supp. at 1239 (finding that although the “.com” Internet designation does not automatically constitute a commercial use, the plaintiff’s use was commercial because it involved the sale of computer software).

gion is commerce, and the manufacturer's use of the mark through its advertisement is commercial in nature.

The third element requires that the defendant's use of the mark begin after the plaintiff's mark has already become famous. In interpreting this element, courts construe the term according to its ordinary English language sense.³²

To meet the fourth requirement, the plaintiff must show that the defendant's use causes dilution of the distinctive quality of the mark. For dilution to occur, the public must make a mental connection between the mark and both parties.³³ The mental association occurs on an intuitive level, and even though the public perceives distinct sources and affiliations between the plaintiff's and defendant's uses, the senior user's ability to use the mark as a unique identifier may be weakened as the public associates the mark with a new and different source.³⁴

The FTDA contemplates two types of dilution: "blurring" and "tarnishment."³⁵ Prior to the passage of the Anticybersquatting Consumer Protection Act (ACPA) of 1999,³⁶ courts utilized a third theory of dilution—"cybersquatting."³⁷ However, by enacting the ACPA, Congress has amended the Lanham Act to make cybersquatting a distinctive cause of action.

Dilution by blurring occurs when the defendant's use of the plaintiff's mark causes the mark to become vague and less distinctive because the public no longer associates the use of the mark solely in connection with the plaintiff.³⁸ Although some courts have required proof of actual harm,³⁹ many courts assess whether blurring has occurred by applying the "Mead factors" to infer a likelihood of dilution.⁴⁰ These factors include (1) similarity of the marks, (2) similarity of the products covered by the marks, (3) sophistication of consumers,

32. *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 215 (2d Cir. 1999).

33. *Hershey Foods Corp. v. Mars, Inc.*, 998 F. Supp. 500, 503 (M.D. Pa. 1998).

34. *Id.*

35. *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 48 (1st Cir. 1998).

36. Pub. L. No. 106-113, 113 Stat. 1536 (1999) (codified as amended at 15 U.S.C. § 1125 (d) (2000)).

37. *Mattel, Inc. v. Internet Dimensions, Inc.*, No. 99 CIV. 10066 HB, 2000 WL 973745, at *2 (S.D.N.Y. 2000) (stating that cybersquatting is generally defined as "the bad-faith and abusive registration of distinctive marks as Internet domain names with the intent to profit from the goodwill associated with such marks—a practice commonly").

38. *Times Mirror Magazines, Inc. v. Las Vegas Sporting News, L.L.C.*, 212 F.3d 157, 168 (3d Cir. 2000).

39. *Ringling Bros.-Barnum Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 170 F.3d 449, 464 (4th Cir. 1999).

40. *Id.* at 463.

(4) predatory intent, (5) renown of the senior mark, and (6) renown of the junior mark.⁴¹

In the Barstucks hypothetical, a court may find that the furniture manufacturer's use blurs the distinctive quality of the tea company's use. Although the public may not confuse the two marks, the fact that there are two uses of the mark may reduce the value of the tea company's senior mark by making the mark vague and less distinctive.

However, some courts have criticized the *Mead* dilution test as an offspring of the likelihood of confusion test, finding it not particularly relevant or helpful in analyzing dilution by blurring.⁴² To this end, courts, including the Second Circuit in *Nabisco, Inc. v. PF Brands, Inc.*,⁴³ have supplemented the traditional test and formulated a more comprehensive set of factors for dilution by blurring.⁴⁴

Tarnishment takes place when the plaintiff's mark is "linked to products of shoddy quality, or is portrayed in an unwholesome or unsavory context," with the result that "the public will associate the lack of quality or lack of prestige in the defendant's goods with the plaintiff's unrelated goods."⁴⁵ Although tarnishment often occurs when the mark is placed in the context of sexual, obscene, or illegal activity,⁴⁶ it is not restricted to such sordid uses.⁴⁷

A court is unlikely to find dilution by tarnishment in the Barstucks hypothetical. The furniture manufacturer's use is not in any way unwholesome or unsavory. Its use is not likely to reduce the quality or prestige of the tea company's trademark.

41. *Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., Inc.* 875 F.2d 1026, 1035 (2d Cir. 1989).

42. *Times Mirror*, 212 F.3d at 168.

43. 191 F.3d 208 (2d Cir. 1999).

44. *Id.* at 228.

The *Mead Data* test . . . fails to include a number of the factors . . . that we believe to be pertinent. Those include actual confusion and likelihood of confusion, shared consumers and geographic isolation, the adjectival quality of the junior use, and the inter-related factors of duration of the junior use, harm to the junior user, and delay by the senior in bringing the action.

Id.

45. *Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497, 507 (2d Cir. 1996) (quoting *Deere & Co. v. MTD Prods., Inc.*, 41 F.3d 39, 43 (2d Cir. 1994)).

46. See *Hasbro Inc. v. Internet Entm't Group Ltd.*, No. C96-130WD, 1996 WL 84853 (W.D. Wash. Feb. 9, 1996); *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 467 F. Supp. 366 (S.D.N.Y.), *aff'd*, 604 F.2d 200 (2d Cir. 1979); *Pillsbury Co. v. Milky Way Prods., Inc.*, No. C78-679A, 1981 WL 1402 (N.D. Ga. Dec. 24, 1981).

47. See *Chem. Corp. of Am. v. Anheuser-Busch, Inc.*, 306 F.2d 433, 438 (5th Cir. 1962) (holding that plaintiff's trademark deserves protection against defendant's where the ill repute of the defendant's mark will be conveyed to the plaintiff's mark), *cert. denied*, 372 U.S. 965 (1963).

The standard remedy for dilution under the FTDA is an injunction against the defendant's use of the plaintiff's famous mark.⁴⁸ However, if the defendant has "willfully intended to trade on the owner's reputation or to cause dilution of the famous mark," the plaintiff may be entitled to recover an award up to treble damages, reasonable attorney's fees, and destruction of the items using the offending mark.⁴⁹

IV. LEGISLATIVE HISTORY AND INTENT OF THE FTDA

A. Legislative History

Before Congress passed the FTDA in 1995, the idea of enacting a federal antidilution statute had been discussed. Between 1985 and 1987, the United States Trademark Association (USTA) conducted a two-year study, culminating in the Report and Recommendations of the United States Trademark System and the Lanham Act, which served as the basis for the 1988 bill, S. 1883.⁵⁰ Among those who contributed to the study were the Trademark Review Commission's twenty-nine members as well as "hundreds of trademark owners and practitioners, more than fifty organizations, government officials in the United States and abroad, and eminent scholars in the fields of constitutional, commercial, trademark, and unfair competition law."⁵¹ Even though the bill was ultimately defeated,⁵² the USTA adopted another resolution in 1991 in support of a Lanham Act amendment similar to the one previously proposed.⁵³

When the issue resurfaced in 1995, Congress was more receptive and passed the FTDA.⁵⁴ Since the language of the FTDA is essentially the same as the 1988 proposal, the following two sources provide useful legislative history for interpreting the 1995 Act: (1) the Trademark Review Commission Report of 1987 and (2) the Senate Judiciary Committee Report of 1988.⁵⁵

These two sources are important because the FTDA passed with minimal opposition or hearing in the House and the Senate. The 1995

48. MCCARTHY, *supra* note 1, § 24:13[3][a]; 15 U.S.C. § 1125(c)(2) (2000).

49. MCCARTHY, *supra* note 1, § 24:99; 15 U.S.C. § 1125(c)(2); 15 U.S.C. § 1117(a) (2000); 15 U.S.C. § 1118 (2000).

50. S. REP. NO. 100-515, at 2 (1988).

51. *Id.*

52. MCCARTHY, *supra* note 1, § 24:70.

53. Jerome Gilson, *Dilution Law: At a Crossroads? A Federal Dilution Statute: Is it Time?*, 83 TRADEMARK REP. 107, 115 (1993).

54. Robert C. Denicola, *Some Thoughts on the Dynamics of Federal Trademark Legislation and the Trademark Dilution Act of 1995*, 59 LAW & CONTEMP. PROBS. 75, 83 (1996).

55. MCCARTHY, *supra* note 1, § 24:87.

Act has a modest legislative history for interpreting the ambiguous language.⁵⁶

B. Legislative Intent

As previously mentioned, with the enactment of the FTDA, Congress sought to bring uniformity and consistency to the protection of famous marks.⁵⁷ The newly created federal cause of action was also consistent with the United State's international trademark obligations.⁵⁸

The FTDA is intended to protect famous marks from dilution of their distinctive qualities that results from subsequent, unauthorized commercial uses.⁵⁹ Dilution focuses on the mark owner's investment in the mark and the commercial value and aura of the mark itself.⁶⁰ To prove the mark's distinctive quality, the plaintiff must show that the mark has come to signify the plaintiff's product for a significant portion of consumers.⁶¹ A mark is diluted when the unauthorized use "reduces the public's perception that the mark signifies something unique, singular, or particular."⁶²

Since famous marks are ordinarily used on a national basis and dilution was redressable only on a patch-quilt system of protection, a federal remedy was timely and relevant.⁶³ Much of the early legislative history endorsed the view that a mark must be "substantially exclusive throughout a significant portion of the United States."⁶⁴

In its introductory "dilution" paragraph, Senate Report 100-515 states that a federal dilution remedy should be highly selective and should only protect marks that are truly famous and in danger of having the distinctive quality of its mark diluted.⁶⁵ It is the intention of the FTDA to protect only a narrow category of marks. "Examples in-

56. *Id.*

57. H.R. REP. NO. 104-374, at 6 (1995), reprinted in 1995 U.S.C.C.A.N. 1029, 1033.

58. *Id.*

59. *Id.*

60. *Trademark Law Revision Act of 1987: Hearings Before the Subcomm. on Patents, Copyrights, and Trademarks, Senate Judiciary Committee, 100th Cong. 73 (1987)* [hereinafter *Hearings on Patents, Copyrights, and Trademarks*].

61. *Id.* (quoting *Wedgewood Homes, Inc. v. Lund*, 659 P.2d 377, 380 (Or. 1983) (en banc)).

62. *Id.*

63. *Id.*

64. *Hearings on Patents, Copyrights, and Trademarks, supra note 60*, at 33.

65. S. REP. NO. 100-515, at 7 (1988).

clude situations where Kodak is used for pianos, or Buick is used for aspirin."⁶⁶

Congress, concerned with the FTDA supplanting current trademark protection based on likelihood of confusion, placed great emphasis on the factors to consider whether a mark possesses a sufficient level of fame and distinctiveness for federal protection.⁶⁷ Each factor is to be weighed individually; for there to be requisite fame, the cumulative effect of the considerations must warrant a conclusion that a mark qualifies for federal protection.⁶⁸

In answering questions pertaining to statutory language, Senator DeConcini in a Senate Judiciary Committee Hearing explained why the USTA chose the term "famous" over the term "strong."⁶⁹ In his explanation, he described that the term "strong" is often applied to coined, arbitrary, or fanciful marks.⁷⁰ These terms are without meaning and act only as an indicator of source or origin of products.⁷¹ These terms are also used for widely advertised marks that are known to the public, even if the identification is local.⁷²

Famous marks, on the other hand, encompass only those marks that are widely recognized, regardless of distinctiveness.⁷³ Because the USTA believes that only marks that are distinctive and famous are deserving of federal protection, it necessarily follows that a federal remedy should apply only to "famous" marks and not necessarily to marks that are merely "strong."⁷⁴

Given that the federal cause of action applies only to "famous" marks and should be construed narrowly, the FTDA does not preempt state law.⁷⁵ State statutes and common law are still valuable because marks that are not "famous" enough to receive protection on a national level should still be able to obtain local or regional protection.⁷⁶

In sum, the FTDA's legislative history makes it clear that federal dilution law should be available only for a select group of marks that

66. *Id.*

67. *Id.* at 41-42.

68. *Id.* at 42.

69. *Hearings on Patents, Copyrights, and Trademarks, supra* note 60, at 204.

70. *Id.*

71. *Id.*

72. *Id.*

73. *Id.*

74. *Id.* at 205.

75. *Id.* "Preemption" is defined as "the principle (derived from the Supremacy Clause) that a federal law can supersede or supplant any inconsistent state law or regulation." BLACK'S LAW DICTIONARY 958 (7th ed. 2000).

76. *Hearings on Patents, Copyrights, and Trademarks, supra* note 60, at 205.

are truly famous enough to warrant national protection. Marks that are not deserving of such protection should be restricted to state statutory or common law remedies.

IV. CONFLICTING CIRCUITS: THIRD CIRCUIT'S TIMES MIRROR AND NINTH CIRCUIT'S AVERY DENNISON

A. *Factual Background*

1. Times Mirror

The Sporting News is a weekly sports publication owned and published by Times Mirror Magazines, Inc.⁷⁷ The name of the publication was granted federal trademark protection in 1886.⁷⁸ The magazine reports on baseball, basketball, football, and hockey and has a weekly circulation of approximately 540,000 in the United States and Canada.⁷⁹ *The Sporting News* does not provide any information on gambling because Times Mirror "believe[s] that there is a portion of the population that is adamantly opposed to gambling and that they would not look favorably on any of [its] products if they thought [the magazine was] promoting gambling in any way."⁸⁰

The Sporting News advertises on television, in direct mail solicitations, in promotions, and periodically on the radio.⁸¹ In an attempt to increase the quality of the publication and to increase readership, Times Mirror spent millions of dollars promoting the publication in the years preceding the litigation.⁸²

Las Vegas Sports News (LVSN) publishes *Las Vegas Sporting News*, which contains articles, editorials, and advertisements on sports wagering "for the sports gambling enthusiasts or individuals that like to take a risk."⁸³ The magazine is published forty-five times a year and has a circulation of 42,000 and 100,000 for general and special editions, respectively.⁸⁴ Even though it is sold at several hundred

77. *Times Mirror Magazines, Inc. v. Las Vegas Sporting News, L.L.C.*, 212 F.3d 157, 160 (3d Cir. 2000).

78. *Id.*

79. *Id.* at 161.

80. *Id.* (quoting *Times Mirror Magazines, Inc. v. Las Vegas Sporting News, L.L.C.*, No. CIV. A. 98-CV5768, 1999 WL 124416, at *1 (E.D. Pa. Mar. 4, 1999)).

81. *Id.*

82. *Id.*

83. *Id.* (quoting the testimony of LVSN publisher, Dennis Atiyeh).

84. *Id.*

newsstands across the country, most copies are given away in gambling casinos free of charge.⁸⁵

In 1997, LVSN changed the name of its publication from *Las Vegas Sports News* to *Las Vegas Sporting News* (1) because it wanted to separate itself from the bad reputation of the previous publisher and (2) because the term "sporting" more accurately reflected the content of the publication.⁸⁶

Times Mirror first learned of LVSN in August of 1997 and sent LVSN a cease and desist letter on September 24, 1997.⁸⁷ After settlement negotiations broke down, and Times Mirror conducted an investigation regarding the availability of LVSN,⁸⁸ Times Mirror filed a complaint in a federal district court alleging infringement, false designation of origin, and dilution under the Lanham Act as well as common law unfair competition and infringement.⁸⁹

The district court found that Times Mirror was likely to succeed on the merits of its federal trademark dilution claim and granted the company's request for a preliminary injunction, enjoining LVSN from using the term "Sporting News" in its publication.⁹⁰ The parties agreed that the injunction would be stayed pending appeal.⁹¹

On appeal, the Third Circuit held that the district court did not err in finding that *The Sporting News* was famous in the sports periodicals market.⁹² The Third Circuit therefore affirmed the district court's ruling and held that the benefits from the preliminary injunction did not substantially outweigh the injury that LVSN would suffer.⁹³

2. *Avery Dennison*

In *Avery Dennison Corp. v. Sumpton*,⁹⁴ Avery Dennison sued the defendants alleging trademark dilution under the FTDA and a state statute.⁹⁵ Avery Dennison sells office supplies and industrial fasteners

85. *Id.*

86. *Id.*

87. *Id.*

88. *Id.* at 162. A private investigator visited three newsstands in or around Lehigh Valley, Pennsylvania. One newsstand carried both publications with the LVSN near other sporting magazines and *The Sporting News* near the tabloids. He also found the LVSN at two other newsstands. At one such stand, the two magazines were located within inches of each other.

89. *Id.*

90. *Id.*

91. *Id.*

92. *Id.* at 166.

93. *Id.* at 169.

94. 189 F.3d 868 (9th Cir. 1999).

95. *Id.* at 873.

under the trademarks "Avery" and "Dennison."⁹⁶ The mark "Avery" has been in use since the 1930s and was registered in 1963; the mark "Dennison" has been used since the 1880s and registered since 1908.⁹⁷ Avery Dennison's annual advertising budget, including that for those separately marketed "Avery" and "Dennison" marks, is more than five million dollars.⁹⁸ The company makes approximately three billion dollars in sales per year.⁹⁹ Avery Dennison also markets its products on the Internet, maintaining the domain names "avery.com" and "averydennison.com."¹⁰⁰

The defendant Jerry Sumpton is the president of the defendant Internet e-mail provider, Freeview Listings, which does business as "Mailbank."¹⁰¹ Mailbank offers "vanity" email addresses to users and registers thousands of domain name combinations for this purpose.¹⁰² Most of the domain names that Mailbank registers are common surnames, even though some registrations are for hobbies, careers, pets, sports interests, and music.¹⁰³ Mailbank's surname archives include the domain names avery.net and dennison.net.¹⁰⁴

The U.S. District Court of California concluded as a matter of law that Avery Dennison's trademarks were famous¹⁰⁵ and denied summary judgment to Sumpton and granted summary judgment to Avery Dennison on the dilution claims.¹⁰⁶ It granted an injunction requiring Sumpton to transfer the registrations to Avery Dennison.¹⁰⁷

The Ninth Circuit reversed the summary judgment rulings and remanded to the district court to enter summary judgment for Sumpton and Freeview.¹⁰⁸ The Ninth Circuit reasoned that Avery Dennison established acquired distinctiveness but did not meet the threshold element of fame.

The Third and Ninth Circuits did not significantly differ in interpreting the following elements: (1) the defendant has made a commercial use in commerce of the plaintiff's mark or trade name; (2) the defendant's use of the mark began after the plaintiff's mark became

96. *Id.*

97. *Id.*

98. *Id.*

99. *Id.*

100. *Id.*

101. *Id.* at 872.

102. *Id.*

103. *Id.*

104. *Id.* at 873.

105. *Avery Dennison Corp. v. Sumpton*, 999 F. Supp. 1337, 1339 (C.D. Cal. 1998).

106. *Id.* at 1342.

107. *Id.*

108. *Avery Dennison*, 189 F.3d at 881-82.

famous; and (3) the defendant's use causes dilution of the distinctive quality of the mark.¹⁰⁹ For this reason, this Comment focuses its analysis on the "fame" element: specifically, whether a mark must be distinctive and famous and whether fame within a niche market is sufficient for a finding of overall fame.

B. Fame Analysis

1. Distinctive and Famous

Both the Third and Ninth Circuits started their analyses with the fame requirement.¹¹⁰ However, the courts diverged on whether a mark must be distinctive and famous or just merely famous under the FTDA.¹¹¹ Although some courts hold that a mark must pass independent tests for famousness and distinctiveness, this Comment asserts that under the FTDA, the phrase "distinctive and famous" commands only one requirement. This assertion is supported by the Third Circuit in *Times Mirror* and by a leading commentator.

In *Avery Dennison*, the Ninth Circuit held that in order to be eligible for protection under the FTDA, a plaintiff must show that its mark is both distinctive and famous.¹¹² In defending the dual requirement, the court reviewed the legislative history of the Act and found it to indicate that "a higher standard must be employed to gauge the fame of a trademark eligible for this extraordinary remedy."¹¹³ In order to be diluted, a mark must have a degree of distinctiveness and strength beyond that needed to become a trademark.¹¹⁴ The court then reasoned that if a mark must be distinctive to be protected and if distinctiveness satisfies the element of fame, then there would be no trademarks outside the scope of the FTDA.¹¹⁵ In other words, if proof of distinctiveness satisfies fame, then all trademarks are famous because a mark must be distinctive to be a trademark.

The Ninth Circuit's position was echoed by the defendant in *Nabisco*, a case cited in *Times Mirror*. In *Times Mirror*, LVSN contended that *Times Mirror* must separately prove that its mark was

109. See *id.* at 874; *Times Mirror Magazines, Inc. v. Las Vegas Sporting News, L.L.C.*, 212 F.3d 157, 163 (3d Cir. 2000).

110. See *Avery Dennison*, 189 F.3d at 874; *Times Mirror*, 212 F.3d at 162.

111. See *Times Mirror*, 212 F.3d at 166.

112. *Avery Dennison*, 189 F.3d at 876 (citing S. REP. NO. 100-515 (1988)).

113. *Id.* (quoting 77 TRADEMARK REP. 375, 461 (1987)).

114. *Id.*

115. *Id.* (citing Lori Krafte-Jacobs, *Judicial Interpretation of the Federal Trademark Dilution Act of 1995*, 66 U. CIN. L. REV. 659, 690 (1998)).

both distinctive and famous.¹¹⁶ To demonstrate the division among the courts on this question, the Third Circuit cited *Nabisco*, a leading case holding that the FTDA imposes a dual distinctiveness and famousness requirement.¹¹⁷

In *Nabisco*, the plaintiff, Pepperidge Farms (PF), was a producer of small orange crackers in the shape of goldfish and had operated the business continuously since 1962.¹¹⁸ The crackers came in a bag or box under the trade name “Goldfish” and exhibited a picture of the cracker on the exterior.¹¹⁹ In 1998, Nabisco entered into an agreement with Nickelodeon, whereby Nabisco would produce cheese crackers in shapes based on the CatDog cartoon.¹²⁰ Pursuant to this agreement, Nabisco developed small orange crackers, with one-quarter of them in the shape of a fish.¹²¹ PF sued Nabisco, alleging federal trademark infringement and dilution.¹²²

In *Nabisco*, the Second Circuit held that the FTDA clearly requires distinctiveness in addition to fame.¹²³ The court examined the language of the FTDA and pointed out the part that states that “the [junior] person’s . . . use . . . cause[s] dilution of the distinctive quality of the [senior] mark.”¹²⁴ If a mark is not distinctive, its distinctive qualities cannot be diluted.¹²⁵ If a mark is famous, yet not distinctive, the quality that is to be protected under the Act is lacking.¹²⁶ The court listed several marks that are famous but “of the common or quality-claiming or prominence-claiming type—such as American, National, Federal, First, United, Acme, Merit, or Ace.”¹²⁷ According to the court, it is unlikely that the FTDA contemplated allowing such common, yet famous, marks to preclude all new entrants.¹²⁸ The court stated that a mark could be famous without being distinctive and pointed out the following examples: “American Airlines, American Tobacco Company, British Airways, Federated Department Stores, Allied Stores or the First National Bank of whatever.”¹²⁹

116. *Times Mirror*, 212 F.3d at 163–64.

117. *See Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 216 (2d Cir. 1999).

118. *Id.* at 212.

119. *Id.*

120. *Id.* at 213.

121. *Id.*

122. *Id.*

123. *Id.* at 216.

124. *Id.* (quoting 15 U.S.C. § 1125(c)(1) (2000)).

125. *Id.*

126. *Id.*

127. *Id.*

128. *Id.*

129. *Id.* at 227–28.

The Third Circuit in *Times Mirror* rejected the contention that a mark need be both distinctive and famous in order to receive protection under the FTDA.¹³⁰ In so doing, the court examined the opinion of Joseph McCarthy, the leading commentator on the subject.¹³¹ Even though the legislative history explicates that a mark must be both truly famous and distinctive,¹³² as McCarthy explains it, the genesis of the language of the FTDA contained the dual requirement of distinctiveness and famousness because the USTA wanted to restrict protection to marks "which are both distinctive, as established by federal registration at a minimum, and famous, as established by separate evidence."¹³³ The term "distinctive" was inserted as hyperbole to ensure that marks must be registered before seeking protection under the Act.¹³⁴ However, when the House amended the bill, the registration requirement was dropped, and Congress neglected to drop the "distinctive" language in introducing the factors.¹³⁵ This failure to drop the "distinctive" language left the requirement floating in the statute, unmoored to the statutory requirement or underlying policy goal.¹³⁶

For this reason, McCarthy does not view the distinctiveness requirement as establishing a separate statutory obligation other than that a mark be famous.¹³⁷ In other words, "distinctiveness" is simply a synonym for "fame" and to regard it as a separate requirement would be redundant.¹³⁸

In order for a mark to be eligible for protection under the Act, basic trademark principles dictate that a mark be distinctive either inherently or through acquisition of secondary meaning.¹³⁹ In determining whether a mark is distinctive, courts have traditionally divided the marks into five categories: (1) generic, (2) descriptive, (3) suggestive, (4) arbitrary, and (5) fanciful.¹⁴⁰ Suggestive, arbitrary, and fanciful marks are deemed inherently distinctive, descriptive marks must show

130. See *Times Mirror*, 212 F.3d at 166-67.

131. *Id.* at 167.

132. S. REP. NO. 100-515, at 41 (1988).

133. MCCARTHY, *supra* note 1, § 24:91 (quoting 77 TRADEMARK REP. 375, 459-60 (1987)).

134. *Id.*

135. *Id.*

136. *Id.*

137. *Id.* § 24:91.1.

138. *Id.*

139. *Id.*

140. I.P. Lund Trading ApS v. Kohler Co., 163 F.3d 27, 39 (citing Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4 (2d Cir. 1976)).

secondary meaning to be protected, and generic marks are not protectable.¹⁴¹

To establish secondary meaning, a trademark owner must show that, in the minds of the public, “the primary significance of a product feature is to identify the source of the product rather than the product itself.”¹⁴² Source identification can be established in several ways, and courts can weigh a number of factors, including the length or exclusivity of the use of the mark, the size or prominence of plaintiff’s enterprise, the existence of substantial advertising by plaintiff, the product’s established place in the market, and proof of intentional copying.¹⁴³

McCarthy asserts that a mark’s distinctiveness, whether it be acquired inherently or through secondary meaning, is nowhere near sufficient to achieve the status of a famous mark.¹⁴⁴ Distinctiveness merely establishes the floor required to achieve trademark status, and the FTDA requires much more.¹⁴⁵ As McCarthy explains it, “a trademark cannot be ‘famous’ unless it is ‘distinctive,’ but it can be ‘distinctive’ without being ‘famous.’”¹⁴⁶

McCarthy also comments on the drafting of the language of the FTDA. As noted earlier, the FTDA states that the owner of a famous mark is entitled to an injunction against another’s use of a mark that causes “dilution of the distinctive quality of the [plaintiff’s] mark.”¹⁴⁷ However, the FTDA also defines dilution in terms of “the lessening of the capacity of a famous mark to identify and distinguish goods or services.”¹⁴⁸ Read together, the two sections would provide that “the owner of a famous mark is entitled to an injunction if another’s use of a mark causes ‘the lessening of the capacity of a famous mark to identify and distinguish goods or services of the distinctive quality of the mark.’”¹⁴⁹ In McCarthy’s opinion, this is awkward syntax that needs correction.¹⁵⁰ The phrase “distinctive quality” is hyperbole and repetitious for emphasis, and all that should be required is dilution in the

141. *Id.*

142. *Id.* at 41–42 (quoting *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 851 n. 11 (1982)).

143. *Id.* at 42 (citing *Presidents & Trs. of Colby Coll. v. Colby Coll.-New Hampshire*, 508 F.2d 804, 807–08 (1st Cir. 1975)); see also 2 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 15:30 (4th ed. 2000).

144. MCCARTHY, *supra* note 1, § 24:91.1.

145. *Id.*

146. *Id.*

147. *Id.*

148. *Id.*

149. *Id.*

150. *Id.*

sense of the lessened capacity of a famous mark to identify and distinguish goods and services.¹⁵¹

This reasoning counters the concerns stressed by the Ninth Circuit in *Avery Dennison*. Even though there is no independent requirement of distinctiveness in determining whether a mark is eligible for protection under the Act, a mark must be famous, which is a higher standard than distinctiveness.

McCarthy also criticized the Second Circuit's opinion in *Nabisco*. As stated earlier, the court in *Nabisco* held that distinctiveness is a requirement independent of fame.¹⁵² Even though the Second Circuit held that some marks could be famous but not distinctive, the court reached this conclusion without clearly defining the word "distinctive."¹⁵³ It does appear, however, that the court adopted a definition at odds with the traditional meaning of the word "distinctive" in trademark law.¹⁵⁴ The opinion seems to imply that the FTDA does not protect famous but non-inherently famous marks.¹⁵⁵

The Second Circuit's opinion seems to contradict the purpose of the FTDA (1) by elevating the requirement that a plaintiff prove independently that its mark is both distinctive and famous and (2) by redefining the term "distinctive."¹⁵⁶ As to the first requirement, the court seems to conclude that since both "distinctive" and "famous" terms were used, each must constitute an independent requirement. However, the Second Circuit seems to overlook the fact that Anglo-American law has a tradition of doubling words in a context where both words have the same meaning: "'to have and to hold,' 'each and all,' 'aid and abet,' 'null and void,' and 'cease and desist.'"¹⁵⁷

Second, the court seems to change the traditional definition of the word "distinctive" as used in trademark law by protecting only inherently distinctive marks.¹⁵⁸ The apparent reason for such a change is to limit the number of marks eligible for protection under the FTDA.¹⁵⁹ However, in order for a mark to be protectable, it must be distinctive.¹⁶⁰ By allowing only inherently distinctive marks to be protected,

151. *Id.*

152. *Nabisco*, 191 F.3d at 216.

153. MCCARTHY, *supra* note 1, § 24:91.2.

154. *Id.*

155. *Id.*

156. *Id.*

157. *Id.*

158. *Id.*

159. *Id.*

160. *Id.*

the Second Circuit adopted a definition that is inconsistent with the U.S. Supreme Court's definition of the word.¹⁶¹

This Comment asserts that in the Barstucks hypothetical, the tea manufacturer, Barstucks, need only show that its mark has achieved the requisite amount of fame, not that its mark has become distinctive *and* famous.

2. The Significance of Niche Market Fame

While the Third Circuit held that fame within a niche market is sufficient for a finding of overall fame, the approach taken by the Ninth Circuit—that niche market fame is only a factor in deciding overall fame—adheres to the legislative intent of the FTDA and is a preferable approach.

In *Times Mirror*, the Third Circuit held that “fame” within a niche or specialized market is sufficient to satisfy the fame requirement under the Act.¹⁶² However, upon close examination, it becomes apparent that this holding stands on questionable grounds. Instead of being an independently satisfactory basis for a finding of fame, “fame” within a niche market should satisfy only one factor in the famousness inquiry.

The Third Circuit began its analysis by laying the foundation of the FTDA, including the elements and the fame factors.¹⁶³ The court then began a discussion of niche market fame.¹⁶⁴ In rejecting the appellant's claim that niche market fame is insufficient, the court dismissed one of the primary cases that the appellant relied on, *Washington Speakers Bureau, Inc v. Leading Authorities, Inc.*,¹⁶⁵ without paying the case proper attention. The Third Circuit decided that since the proposition that niche market fame is not sufficient under the Act was not dispositive in *Washington Speakers* and was stated as a matter of dicta, the case was not particularly helpful.¹⁶⁶

However, had the Third Circuit examined the reasoning in that case, the court may have found it useful. In *Washington Speakers*, the plaintiff, Washington Speakers Bureau (WSB), was a prominent lecture agency based in Virginia.¹⁶⁷ It had used its name continuously for eighteen years and was widely known within the business and political

161. *Id.*; see also *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992).

162. *Times Mirror*, 212 F.3d at 164.

163. *Id.* at 163.

164. See *id.* at 164.

165. 33 F. Supp. 2d 488 (E.D. Va. 1999), *aff'd*, 217 F.3d 843 (4th Cir. 2000).

166. *Times Mirror*, 212 F.3d at 164 (citing *Washington Speakers*, 33 F. Supp. 2d at 503).

167. *Washington Speakers*, 33 F. Supp. 2d at 490.

speaker circle.¹⁶⁸ The defendant, Leading Authorities, was involved in the business of staging meetings and used various speakers, including many political personalities.¹⁶⁹ In 1998, Leading Authorities registered the domain name “washingtonspeakers.com,” and when WSB later tried to register the same domain name, it discovered that the domain name was already in use by Leading Authorities.¹⁷⁰ When Leading Authorities indicated that it would not transfer the domain name, WSB initiated an action against Leading Authorities alleging dilution and likelihood of confusion.¹⁷¹

The U.S. District Court for the Eastern District of Virginia analyzed the merits of the niche market theory of fame. The court discounted the theory based on the legislative intent to prevent dilution of trademarks even by those who are not in direct competition with the famous mark’s owner.¹⁷² The court reasoned that permitting the owner of a mark to prevent dilution only by competitors would contradict this Congressional purpose.¹⁷³ The court stated that when the plaintiff and defendant are in competition, a likelihood of confusion action would be more appropriate.¹⁷⁴ In fact, the court ultimately ordered Leading Authorities to relinquish the domain names based on the likelihood of confusion standard.¹⁷⁵

Even though the court did not find fame based on the niche market theory, it did reason that fame within a niche market is a factor in determining overall fame.¹⁷⁶ It declared that the language of the FTDA lends some support to the argument that marks famous within a niche market can be protected against marks directed at the same market.¹⁷⁷ However, this is only *one factor* to be considered in determining whether a mark is famous.¹⁷⁸

Even though the court did not ultimately decide whether niche market fame standing alone can meet the fame requirement, the above reasoning does lend credence to the assertion that niche market fame is

168. *Id.* at 490–91.

169. *Id.* at 491.

170. *Id.* at 491, 493.

171. *Id.* at 493.

172. *Id.* at 503.

173. *Id.*

174. *Id.*

175. *Id.* at 501.

176. *Id.* at 503–04.

177. *Id.* at 503.

178. *Id.* at 503–04 (pointing out the FTDA language that lists, as a famousness factor, “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”).

not adequate for a finding of overall fame but can be utilized as a factor in such a finding.

After quickly dismissing *Washington Speakers*, the Third Circuit in *Times Mirror* recognized wide variation on the issue of whether niche market fame warrants protection under the FTDA.¹⁷⁹ The court indicated that the differing lines of authority about the sufficiency of niche market fame are divided into the following two contexts: (1) cases holding that niche market fame is insufficient because the plaintiff and defendant are in separate markets and (2) cases holding that niche market fame is a factor indicating fame because plaintiff and defendant are in the same or related markets.¹⁸⁰ To illustrate this point, the Third Circuit cited *Syndicate Sales, Inc. v. Hampshire Paper Corp.*¹⁸¹ and *Nabisco*. The court's reliance upon these authorities appears to be misplaced.

In *Syndicate Sales*, the plaintiff, *Syndicate Sales*, produced plastic baskets used for floral bouquets at funerals.¹⁸² It offered the "#92" and "#95" basket and had sold fifty million and ten million of each, respectively.¹⁸³ The defendant, *Hampshire Paper*, originally a floral products company, decided to enter the plastic products market in 1994.¹⁸⁴ *Hampshire Paper* began producing the "#9200" and "#9500" baskets, modeled after *Syndicate's* baskets.¹⁸⁵ *Syndicate* filed suit and alleged both federal trademark infringement and dilution.

The Seventh Circuit held that the district court below erred in holding that a trade dress cannot be famous based on niche market status and remanded the case.¹⁸⁶ The Seventh Circuit addressed the same two contexts of the authority on niche market fame as did the Third Circuit. Both circuits used language that niche market fame is only a "factor" indicating fame. This suggests the courts' view that niche market fame should not, by itself, constitute overall fame. In fact, the Seventh Circuit, after finding that fame is possible within a niche market, remanded the case for determination of fame on the remaining factors under the FTDA.¹⁸⁷ On remand, the district court

179. *Times Mirror*, 212 F.3d at 164.

180. *Id.*

181. 192 F.3d 633 (7th Cir. 1999).

182. *Id.* at 635.

183. *Id.*

184. *Id.*

185. *Id.*

186. *Id.* at 641.

187. *Id.*

found that the fame requirement was not met and denied the plaintiff dilution protection.¹⁸⁸

In reaching its conclusion, the Seventh Circuit analyzed factor 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.¹⁸⁹ In so doing, the court acknowledged that the "narrowness of the market in which a plaintiff's mark has fame is a factor that must be considered in the balance."¹⁹⁰ This language is significant in that it indicates that fame within a narrow market may not be enough to confer nationwide protection. This view is buttressed by the legislative intent underlying the FTDA. In analyzing factor E, a Senate Report stated that there must be substantial renown or fame within the trading area of the mark and the trading area of the other party.¹⁹¹ However, this does not necessarily make a mark eligible for protection if the mark is used in an insubstantial trading area.¹⁹² Either way, all the factors must be weighed, and none of them is determinative.¹⁹³

Furthermore, *Nabisco*, the other case that the Third Circuit cites to support its proposition that niche market fame is sufficient, does not appear to be of any great help. The Second Circuit in that case found that PF demonstrated a likelihood of success on its dilution claim and affirmed an injunction against Nabisco.¹⁹⁴ In so doing, the court set forth the following language quoted by the Third Circuit: "dilution can occur where [defendant's] use competes directly with the [plaintiff's] as well as where the [defendant] is in a non-competing market. In general, the closer the products are to one another [in the marketplace], the greater the likelihood of confusion and dilution."¹⁹⁵ However, neither this language, nor any other language of the Second Circuit in *Nabisco*, explicitly endorses a niche market theory of fame. The language quoted refers, more or less, to factors E and F provided in the FTDA, and, as stated above, the legislative intent behind the Act is to consider the factors independently, with no one factor being dispositive.

188. *Syndicate Sales, Inc. v. Hampshire Paper Corp.*, No. IP 97-1682 C M/S, 2000 WL 1428665, at *18 (S.D. Ind. Aug. 30, 2000).

189. See 15 U.S.C. § 1125 (c)(1)(F) (2000).

190. *Syndicate Sales*, 192 F.3d at 641.

191. S. REP. NO. 100-515, at 43 (1988).

192. *Id.*

193. *Id.*

194. *Nabisco*, 191 F.3d at 228-29.

195. *Id.* at 222.

After citing the above cases, the Third Circuit in *Times Mirror* stated that the Restatement (Third) of Unfair Competition further supports the proposition that niche market fame is sufficient to protect a mark from dilution.¹⁹⁶ In so doing, the court quoted the following language from Comment e of Section 25 of the Restatement:

A mark that is highly distinctive only to a select class or group of purchasers may be protected from diluting uses directed at that particular class or group. For example, a mark may be highly distinctive among purchasers of a specific type of product. In such circumstances, protection against a dilution of the mark's distinctiveness is ordinarily appropriate only against uses specifically directed at that particular class of purchasers¹⁹⁷

However, the Third Circuit omitted the end of the same comment, which states, "In such circumstances, protection against a dilution of the mark's distinctiveness is ordinarily appropriate only against uses specifically directed at that particular class of purchasers; uses of the mark in broader markets, although they may produce an incidental diluting effect in the protected market, are not normally actionable."¹⁹⁸

The end of the comment, left out of the *Times Mirror* opinion, is significant because the type of protection afforded under the FTDA would protect the mark's distinctiveness outside of the particular class of purchasers in the niche market. In fact, the mark would be deemed famous and deserving of protection on a national basis. The dissenting opinion in *Times Mirror* echoed this concern. Judge Barry reasoned that in enacting the FTDA, Congress sought to protect only a select and narrow class of truly famous and well-recognized marks.¹⁹⁹ "Without such a requirement, an anti-dilution statute becomes a rogue law that turns every trademark, no matter how weak, into an anti-competitive weapon."²⁰⁰

The dissenting opinion in *Times Mirror* further argued against a niche market theory of fame. Judge Barry pointed out that the legislative history of the Act neither discusses, nor supports, such a theory.²⁰¹ If courts were to apply the "big fish in a small pond theory,"²⁰² it is

196. *Times Mirror*, 212 F.3d at 164.

197. *Id.* (quoting RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25 cmt. e (1995)).

198. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25 cmt. e.

199. *Times Mirror*, 212 F.3d at 170-71 (Barry, J., dissenting).

200. *Id.* at 171 (Barry, J., dissenting) (quoting MCCARTHY, *supra* note 1, § 24:108).

201. *Id.* at 173 (Barry, J., dissenting).

202. MCCARTHY, *supra* note 1, § 24:112 (stating that marks that are not famous on a national level but are well known in a defined trade or geographical area are called the "big fish in a

hard to envision any consumer good or service that is not in a narrow market of some type, "be it luxury cars, cameras, or sporting publications."²⁰³ Taken as a whole, the legislative history thoroughly supports the conclusion that the FTDA should be restricted to a narrow category of marks to ensure that the Act "does not swallow infringement law by allowing mark owners to end-run a likelihood of confusion analysis which they fear—indeed, know—they cannot win."²⁰⁴

If the FTDA were to allow a niche market theory of fame, the Act could consume infringement law. Protecting marks from an unauthorized use in a same or similar market has traditionally been within the grasp of the trademark infringement law and the likelihood of confusion test.²⁰⁵ If a locally famous mark can preclude other marks in other channels from using the mark, every locally famous mark could create a monopoly in that word or mark.²⁰⁶ This is clearly contrary to the intent of the FTDA.²⁰⁷ Furthermore, the dissenting opinion endorsed the view that fame within the same channels of trade between the plaintiff and defendant does not dictate the conclusion that the mark has sufficient fame to receive protection under the FTDA.²⁰⁸

Despite the strong dissenting opinion, the Third Circuit held that *The Sporting News* was famous in its niche market and therefore entitled to protection under the FTDA.²⁰⁹ Such a holding is erroneous. While a finding of fame in a niche market can satisfy one of the factors in a finding of overall fame, it should not, on its own, be a basis for overall fame.

The Ninth Circuit in *Avery Dennison* illustrates the correct approach of applying niche fame as a factor rather than as an independently sufficient basis for fame. The Ninth Circuit reasoned that since successful dilution actions come closer than infringement actions to granting "rights in gross," they should be reserved for a select class of marks that have a powerful enough consumer association that even noncompeting uses can impinge on their value.²¹⁰ There must be a balance between protecting trademarks and allowing non-infringing

small pond" theory of relative strength). McCarthy, in light of the FTDA, does not support such theory of fame.

203. *Times Mirror*, 212 F.3d at 173 (Barry, J., dissenting).

204. *Id.* at 171 (Barry, J., dissenting).

205. *Id.* at 173 (Barry, J., dissenting).

206. *Id.* at 173–74 (Barry, J., dissenting).

207. *Id.* at 174 (Barry, J., dissenting).

208. *Id.* at 175 (Barry, J., dissenting).

209. *Id.* at 165.

210. *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 875 (9th Cir. 1999) (citing Schechter, *supra* note 14).

uses.²¹¹ Allowing dilution protection based solely on a showing of distinctiveness would upset this balance and would overprotect trademarks at the cost of non-infringing uses.²¹² For this reason, the Ninth Circuit sees the “distinctive and famous” prong as reinstating a balancing test by limiting the class of trademarks eligible for protection and minimizing the undue impact on other uses.²¹³

Therefore, a mark must be truly prominent and renowned to meet the “famousness” element of the FTDA.²¹⁴ The court also echoed the legislative intent that only a limited category of trademarks that deserve a national remedy should be protected.²¹⁵

After pointing out that only a limited category of marks deserve protection, the Ninth Circuit applied the fame factors to the facts of the case. In doing so, the court considered factors E and F together.²¹⁶ The court recognized that although the language of the FTDA did not incorporate the “substantial portion of the country” requirement as evident in much of the legislative history, localized fame in a niche market is only one factor in establishing fame.²¹⁷ The court reasoned that localized fame is possible only if the trading area of the plaintiff includes the trading area of the defendant.²¹⁸

The Ninth Circuit then analyzed Avery Dennison’s niche market fame. The court concluded that there was insufficient evidence to suggest that Avery Dennison had a significant amount of recognition among Internet users or that Sumpton directed its e-mail services at Avery Dennison’s customer base.²¹⁹

In the case of the Barstucks hypothetical, a court may find that the two uses of the “Barstucks” trademark are likely to cause customer confusion. The court may, however, find that the use of the trademark by the furniture manufacturer is likely to dilute the tea company’s use. This finding, however, is dependent on a finding that the tea company’s use satisfies the famousness requirement of the FTDA.

The court should look at the breadth of the tea company’s fame as a factor in determining overall fame, not as dispositive of the issue.

211. *Id.*

212. *Id.*

213. *See id.*

214. *Id.* (quoting *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 46 (1st Cir. 1998)).

215. *Id.* (quoting 77 TRADEMARK REP. 375, 455 (1987)).

216. *Id.* at 877.

217. *See id.*

218. *Id.* at 877–78 (citing S. REP. NO. 100-515, at 43 (1988); *Washington Speakers Bureau, Inc v. Leading Auths, Inc.*, 33 F. Supp. 2d 488, 503–04 (E.D. Va. 1999), *aff’d*, 217 F.3d 843 (4th Cir. 2000)).

219. *Id.* at 878.

Even though Barstucks' trademark has gained fame over the past decade, this does not automatically confer "famousness" on the mark. It may, however, satisfy one factor in the overall test for fame.

VI. CONCLUSION

In order to bring uniformity to the area of federal anti-dilution protection, courts need to adopt a uniform standard of fame. As illustrated by the Third and Ninth Circuits, courts are currently split as to how the "fame" requirement should be interpreted. By extracting elements of the two circuits' opinions in *Times Mirror* and *Avery Dennison*, courts can take two significant steps toward a uniform standard of fame. First, a mark should not be subject to separate tests for distinctiveness and fame. Since a mark must be famous to receive protection, and a test of famousness incorporates distinctiveness, it is redundant to require two tests. Second, a trademark owner does not deserve to protect his mark on a national level by proving niche market fame. Niche market fame should be allowed to establish only one factor in proving overall fame. As the legislative history of the Federal Trademark Dilution Act indicates, each factor should be weighed independently, and no one factor should be dispositive.