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A MATTER OF OPINION: DECIPHERING DILUTION UNDER THE FEDERAL TRADEMARK DILUTION ACT

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In 1995, Congress enacted the Federal Trademark Dilution Act ("Dilution Act" or "Act"),[1] that added a powerful new arrow to the quiver of the federal protection scheme for trademarks as embodied by the Lanham Act.[2] Specifically, trademark owners, for the first time, gained federal protection against the unauthorized use of identical or substantially similar trademarks that diluted the distinctive quality of their famous trademarks.

Congress enacted the Dilution Act in order to provide the owners of famous marks a single, national system of protection[3] that would supplement the "patch-quilt system of protection" provided by anti-dilution laws then available in just over one-half of the states.[4] The Dilution Act's expected benefits included a decreased incentive to forum shop, and the prevention of needless litigation in several states to enforce the same right.[5]

Today, a scant four years after the dilution law became effective, judicial construction of the Act is strangling the hope for a single, national standard of dilution. As cases applying the Dilution Act wind their way through the federal judicial system, courts have interpreted the Act in dramatically disparate ways. For example, courts disagree about the showing necessary to satisfy the fame requirement of the Act,[6] including the extent of geographic renown necessary to trigger the application of the Dilution Act,[7] and whether fame must be proved in

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1. Pub. L. No. 104-98, 109 Stat. 985 (1996) (codified at 15 U.S.C. §§ 1125(c), 1127 (Supp. III 1997).

2. Trademark (Lanham) Act of 1946, Pub. L. No. 79-489, 60 Stat. 427 (codified as amended at 15 U.S.C. §§ 1051-1127) (1994 & Supp. III 1997).

3. H.R. REP. NO. 104-374, at 5, (1995), *reprinted in* 1995 U.S.C.C.A.N. 1031 ("Protection for famous marks should not depend upon whether the forum where the suit is filed has a dilution statute.").

4. *See id.* at 3, 1995 U.S.C.C.A.N. 1030. At present, there are thirty-two states with dilution statutes. *See* ALA. CODE § 8-12-17 (1999); ALASKA STAT. § 45.50.180 (Michie 1998); ARIZ. REV. STAT. § 44-1448.01 (1999); ARK. CODE ANN. §§ 4-71-113, 4-71-213 (Michie 1998); CAL. BUS. & PROF. CODE § 14330 (West 1999); CONN. GEN. STAT. ANN. § 35-111 (West 1999); DEL. CODE ANN. tit. 6, § 3313 (1998); FLA. STAT. ANN. § 495.151 (West 1999); GA. CODE ANN. § 10-1-451 (1994); IDAHO CODE § 48-513 (1997); 765 ILL. COMP. STAT. 1036/65 (West 1999); IOWA CODE ANN. § 548.113 (West 1998); LA. REV. STAT. ANN. § 51:223.1 (West 1999); MASS. GEN. LAWS ANN. ch. 110B, § 12 (West 1999); ME. REV. STAT. ANN. tit. 10, § 1530 (West 1997); MINN. STAT. ANN. § 333.285 (West 1999); MISS. CODE ANN. § 75-25-25 (1999); MO. ANN. STAT. § 417.061 (West 1998); MONT. CODE ANN. § 30-13-334 (1997); NEB. REV. STAT. § 87-122 (1998); N.H. REV. STAT. ANN. § 350-A:12 (1998); N.J. STAT. ANN. § 56:3-13.20 (West 1999); N.M. STAT. ANN. § 57-3B-15 (Michie 1999); N.Y. GEN. BUS. LAW § 360-1 (McKinney 1999); OR. REV. STAT. § 647.107 (1998); 54 PA. CONS. STAT. ANN. § 1124 (West 1999); R.I. GEN. LAWS § 6-2-12 (1998); S.C. CODE ANN. § 39-15-1165 (Law. Co-op. 1998); TENN. CODE ANN. § 47-25-512 (1998); TEX. BUS. & COM. CODE ANN. § 16.29 (West 1999); WASH. REV. CODE ANN. § 19.77.160 (West 1999); W. VA. CODE § 47-2-13 (1999); WYO. STAT. ANN. § 40-1-115 (Michie 1999).

5. H.R. REP. No. 104-374, at 4-5, (1995), *reprinted in* 1995 U.S.C.C.A.N. 1031 (observing that lack of a single national standard encourages forum shopping and increases the amount of litigation).

6. *See* 15 U.S.C. § 1125(c) (Supp. III 1997).

7. *Compare* Star Mkts., Ltd. v. Texaco, Inc., 950 F. Supp. 1030, 1034-35 (D. Haw. 1996) (rejecting theory that fame within a small local market satisfies the fame requirement of the Dilution Act), *with* Gazette Newspapers, Inc. v. New Paper, Inc., 934 F. Supp. 688, 694-96 (D. Md. 1996) (holding that fame within some Maryland suburbs was famous for purposes of the Dilution Act).

the general marketplace as opposed to the specific sub-market of the trademark owner.[8] Congress, because it has set forth a non-exclusive list of eight factors for courts to consider when making determinations of requisite fame,[9] has at least provided courts substantial congressional guidance regarding the relevant considerations on which to base the fame inquiry. Judicial disputes center around whether the requisite level of fame has been attained given the facts of the specific case.

More intractable is the judicial dispute over what constitutes dilution itself, an inquiry for which there is considerably less congressional guidance. Congress did not break down the dilution analysis into factors as it did for the fame requirement. Instead, it tersely and somewhat cryptically defined dilution as "the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of 1) competition between the owner of the famous mark and other parties, or 2) likelihood of confusion, mistake, or deception."[10]

This definition has proved to be fertile ground for judicial disagreement. Indeed, courts have adopted or created no fewer than four different tests for analyzing dilution claims. Several courts have employed the six-factor Sweet test,[11] developed by Judge Sweet in his concurring opinion in *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*,[12] that interpreted New York's anti-dilution statute. A second test, developed by the Fourth Circuit, in *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development*,[13] requires, *inter alia*, that the plaintiff prove actual economic harm caused by the defendant before the protections of the Dilution Act are triggered.[14] The Second Circuit in *Nabisco, Inc. v. PF Brands, Inc.*[15] created the third test, an open-ended test that combined a few of the old Sweet factors with some new ones.[16] Finally, in *I.P. Lund Trading ApS v. Kohler Co.*,[17] the First Circuit sketched a test that considers only the consumer perception of the virtual identity of the trademarks.[18]

In light of the revolutionary nature of dilution, it is of little wonder that courts disagree about the appropriate test for its existence. The concept of dilution is

8. *Compare* Washington Speakers Bureau, Inc. v. Leading Authorities, Inc., 33 F. Supp. 2d 488, 503-04 (E.D. Va. 1999) (rejecting theory that fame within a niche market meets the fame requirements of the Dilution Act), *with* Teletech Customer Care Mgmt. v. Tele-Tech Co., 977 F. Supp. 1407, 1413 (C.D. Cal. 1997) (niche market fame meets fame requirements of Dilution Act).

9. *See* 15 U.S.C. § 1125(c) (Supp. III 1997).

10. *Id.* § 1127.

11. *See, e.g.*, *Star Markets*, 950 F. Supp. at 1035 (holding that test for dilution under the Dilution Act is the Sweet test); American Express Co. v. CFK, Inc. 947 F. Supp. 310, 316-17 (E.D. Mich. 1996) (characterizing the Sweet test as useful for determining dilution under the Dilution Act); Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. B.E. Windows Corp., 937 F. Supp. 204, 211 (S.D.N.Y. 1996) (applying the Sweet test).

12. 875 F.2d 1026, 1035-40 (2d Cir. 1989) (applying N.Y. GEN. BUS. LAW § 368-d) (Sweet, J., concurring).

13. 170 F.3d 449, 463-65 (4th Cir. 1999).

14. *Id.* at 461.

15. 191 F.3d 208 (2d Cir. 1999).

16. *Id.* at 217-22. On April 28, 2000, The United States Court of Appeals for the Third Circuit adopted the Second Circuit's "open-ended" test for dilution. *See* Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C., No. 99-1299, 2000 WL 526779, at *9 (3d Cir. April 28, 2000) ("Because we consider the dilution analysis in Nabisco helpful, we apply it to facts found by the district court.").

17. 163 F.3d 27, 49-50 (1st Cir. 1998).

18. *Id.* at 50.

foreign to the bedrock of trademark protection and trademark infringement. Whereas trademark infringement laws only operate when consumers are likely to be confused as to the source or sponsorship of a product, trademark dilution laws offer much broader protection against the unauthorized use of identical or similar trademarks because they operate even when there is no consumer source confusion.[19] Thus, courts have treated state anti-dilution statutes with suspicion and hostility,[20] often interpreting the statutes in ways that rendered protection against dilution a nullity.[21] As a result, today's courts cannot reliably look to previous decisions for guidance in understanding dilution.

Nor can courts turn exclusively to the language of the Dilution Act itself for clarification. Although the language of the Act is the appropriate starting point for any exercise in statutory interpretation,[22] the Act's definition of dilution has proven sufficiently vague to give birth to a multiplicity of understandings of dilution.

Nonetheless, there are better and worse tests for dilution—a good test is one that will have certain characteristics. Most importantly, the test must fit the congressional intent embodied in the language of the statute and given shape in the Act's legislative history. Furthermore, while there has been substantial disagreement about the exact nature of dilution,[23] most discussions about dilution, however amorphous, cluster around a core concept of the gradual loss of a trademark's ability to distinguish goods or services upon which it is affixed. A valid test for dilution should be faithful to this concept. Finally, where not in conflict with the first two criteria, a good test for dilution will respect judicial concerns regarding the potentially sweeping effect of dilution laws and limit dilution claims to those trademarks truly deserving of such potent protection.[24]

It is by these criteria that this Article measures the four tests announced by the courts in applying the Dilution Act. Part I of the Article discusses the pre-dilution regime of trademark protection under the more traditional trademark infringement laws as well as the early development of the concept of dilution as a respect for, and protection of, a unique relationship between a mark and the

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19. *Compare* 15 U.S.C. § 1125(a) (1994 & Supp. III 1997) (prohibiting unauthorized use of trademarks that are "likely to cause confusion, or to cause mistake, or to deceive as to the . . . origin, sponsorship, or approval of" trademark owner's goods or services), *with id.* § 1125(c) (stating that dilution applies "regardless of the presence or absence of . . . likelihood of confusion, mistake, or deception").

20. David S. Welkowitz, *Reexamining Trademark Dilution*, 44 VAND. L. REV. 531, 546 (1991) (noting that "federal courts generally were hostile to the idea of dilution" and that courts "expressed reservations [about] stringent application of antidilution statutes").

21. Note, *Dilution: Trademark Infringement or Will-O'-The-Wisp?*, 77 HARV. L. REV. 520, 528 (1964) (discussing "[t]he persistence and ingenuity displayed by able federal judges in drawing the teeth of state dilution statutes").

22. *See e.g.*, Hughes Aircraft Co. v. Jacobson, 525 U.S. 432, 438 (1999) ("As in any case of statutory construction, [the] analysis begins with the language of the statute.") (internal quotations omitted); Ardestani v. INS, 502 U.S. 129, 135 (1991) ("The starting point in statutory interpretation is the language [of the statute] itself.") (internal quotations omitted) (alteration in original).

23. Jonathan E. Moskin, *Dilution or Delusion: The Rational Limits of Trademark Protection*, 83 TRADEMARK REP. 122, 123 (1993) ("there is no accepted statutory or case law definition of the concept [of dilution]").

24. This is not so different than applying the concept of reading a statute narrowly when the statute is in derogation of common law. *See* REED DICKERSON, THE INTERPRETATION AND APPLICATION OF STATUTES 206-208, 228 (1975).

products that it identifies. Part II examines the definition of dilution in the Dilution Act and the legislative history of the Act to ascertain Congress's understanding of dilution. Part III examines Judge Sweet's test for dilution that provided an initial analytical framework many courts have applied to determine Dilution Act claims, but rejects that test as improperly conflating dilution claims with infringement claims. Part IV examines the three initial tests for dilution that circuit courts have developed under the Dilution Act: the *Ringling Bros.* economic harm test, the *Nabisco* open-ended test, and the *Lund* virtual identity test. This Article finds that while the economic harm test and the open-ended test do not properly adhere to the core concept of dilution or effectuate congressional intent embodied in the Dilution Act, the virtual identity test does implement congressional intent and does so in a manner that alleviates judicial concerns regarding the overbreadth of dilution protection. The Article concludes by urging courts to follow the First Circuit's virtual identity test as the test most consistent with congressional intent and the core concept of dilution; otherwise, the Dilution Act, intended to "bring uniformity and consistency to the protection of famous marks,"[25] will instead merely provide trademark owners with a second patch-work quilt system overlaying the varying state regimes.

I. THE EARLY DEVELOPMENT OF DILUTION

A. Pre-Dilution Trademark Protection

Well into this century, trademark law consisted solely of protection from trademark infringement.[26] Unlike patent and copyright laws that offer absolute rights to intellectual property owners,[27] trademark infringement laws grant a far more limited right to a trademark owner by allowing him or her to protect a trademark "only insofar as it is necessary to prevent consumer confusion as to who produced the goods [bearing the mark] and to facilitate the differentiation of the . . . goods."[28] As one commentator noted:

> The Supreme Court has continuously held that the trademark right is "not in gross" and not a copyright or a patent, but that any rights to trademarks are appurtenant to the related business. The purpose is to exclude others from confusing usages, not to grant a monopoly in the mark in gross.[29]

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

26. 15 U.S.C. §§ 1114, 1125(a) (Supp. III 1997).

27. *See, e.g.*, S. REP. NO. 79-1333 (1946), *reprinted in* 1946 U.S.C.C.A.N. 1274, 1275 (observing that trademark laws do not authorize "monopolistic grants like patents and copyrights").

28. *See* International Order of Job's Daughters v. Lindeburg & Co., 633 F.2d 912, 919 (9th Cir. 1980). *See also* Prestonettes, Inc. v. Coty, 264 U.S. 359, 368 (1924) ("A trademark only gives the right to prohibit the use of it so far as to protect the owner's good will against the sale of another's product as his"); United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90 (1918) (highlighting "the fundamental error of supposing that a trademark right is a right in gross or at large, like a statutory copyright or a patent for an invention, to either of which, in truth, it has little or no analogy"); *id.* at 97-98 ("The owner of a trade-mark may not, like the proprietor of a patented invention, make a negative and merely prohibitive use of it as a monopoly"); Kohler Co. v. Moen Inc., 12 F.3d 632, 637 (7th Cir. 1993) (noting that "trademark protection is relatively weak because it precludes competitors only from using marks that are likely to confuse or deceive the public").

29. Kenneth L. Port, *The "Unnatural" Expansion of Trademark Rights: Is a Federal Dilution Statute Necessary?*, 19 SETON HALL LEGIS. J. 433, 466-67 (1994).

The reason for this difference in protection is grounded in the goals of the respective intellectual property regimes. Patent and copyright laws aim to foster innovation by granting an intellectual property owner absolute protection in the owner's creative work or invention.[30] Trademark infringement laws, by contrast, primarily protect consumers by assisting them in their purchasing decisions.[31] Specifically, trademarks serve an important informational role in the marketplace by allowing "a purchaser to identify goods or services that have been satisfactory in the past and reject goods or services that have failed to give satisfaction."[32] The absence of trademarks would result in a much less informed, and more wary, consumer. While there are other justifications for the protection of trademarks, they flow from the single recognition of a trademark's usefulness as an informational signal to consumers.[33]

Because the public usefulness of trademarks lies entirely in the marks' ability to signal source information[34] to consumers, it is this ability—and only this ability—that must be protected. Without such protection, the trademarks upon which consumers depend for information could be unscrupulously or even inadvertently used in ways that mislead consumers about the source of the goods purchased. Such misuse would have its own miserable progeny—as misled consumers purchased products from sources they would not ordinarily trust, those consumers would cease to rely upon trademarks as a useful signal of source information. Eventually, a trademark's usefulness as a signal to consumers would disappear altogether.

To preserve this source-signaling ability of trademarks, the trademark infringement regime guards against only those uses of a trademark on a particular product that are likely to confuse consumers into believing that the source of the product is actually a different, prior user of that mark, or a mark very similar to

30. *See* U.S. CONST. art. 1, § 8, cl. 8 (granting Congress the power "[t]o promote the Progress of Science and the useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries").

31. James Burrough Ltd. v. Sign of Beefeater, Inc., 540 F.2d 266, 276 (7th Cir. 1976) (observing trademark regime exists "not to 'protect' trademarks, but—to protect the consuming public from confusion, concomitantly protecting the trademark owner's right to a non-confused public").

32. *See* 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION, § 2:3 (4th ed. 1996); Lisa H. Johnston, *Drifting Towards Trademark Rights in Gross*, 85 TRADEMARK REP. 19, 20 (1995) ("[T]rademarks perform an important role in facilitating the free flow of information to the consumer and thereby reduce market place transaction costs"). See also Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L.J. 1687, 1690 (1999) (observing that economists have "emphasized the efficiency by which trademarks and advertising communicate useful information to consumers").

33. Such is the case with the justification that trademarks encourage companies to build good products and promote consumer good-will to attach to their trademarks. This justification, under the infringement theory of trademark protection, relies on a belief that consumers can connect a company's quality and good work to the company itself through the trademark. *See* MCCARTHY, *supra* note 32, at § 2:4 ("[T]rademarks create an incentive to keep up a good reputation for a predictable quality of goods").

34. "Source" refers to all the types of information that trademark infringement protects, including the original affiliation and sponsorship of a good or service.

it.[35] Trademark infringement laws do *not* prevent all uses of another's mark or similar marks—for example, uses in which the subsequent mark user's product is vastly different from that of the prior user and as a result is unlikely to be thought by consumers as being produced or sponsored by the senior user. As Judge Learned Hand commented: "There is indeed a limit; the goods on which the supposed infringer puts the mark may be too remote from any that the owner would be likely to make or sell. It would be hard, for example, for the seller of a steam shovel to find ground for complaint in the use of his trade-mark on a lipstick."[36] In such cases, the trademark owner cannot enjoin the use of his or her mark because the signaling function of the trademark with respect to his or her product line remains unimpaired.

In short, the pre-dilution intellectual property landscape consisted of the patent and copyright regimes on one hand, offering absolute intellectual property protection; and trademark infringement laws on the other, protecting only against consumer source confusion. No stronger trademark protection than the "likelihood of confusion" standard was perceived to be necessary in order to achieve the trademark regime's purpose of ensuring that consumers draw accurate conclusions regarding the nature of a product based on the trademark it bears.[37]

B. Dilution

1. Origins

Professor Frank Schechter dramatically altered the perceived intellectual property landscape when he introduced the concept of dilution to the United States in his 1927 Article *The Rational Basis of Trademark Protection*.[38] As Professor Schechter recognized, the idea of trademark dilution as a harm that must be pre-

35. *See* Pebble Beach Co. v. Tour 18 I Ltd., 155 F.3d 526, 543 (5th Cir. 1998) ("The touchstone of infringement is whether the use creates a likelihood of confusion as to the 'source, affiliation, or sponsorship' of Tour 18's golf course.") (citations omitted); American-Marietta Co. v. Krigsman, 275 F.2d 287, 289 (2d Cir. 1960) (Hand, J.) ("The whole basis of the law of 'unfair competition' in this aspect is that no one shall sell his goods in such a way as to make it appear that they come from some other source. The simplest form of this is to use the name or trademark of another . . ."); MCCARTHY, *supra*, note 32, at § 2:1 ("The interest of the public in not being deceived has been called the basic policy [of trademark law]."); *id.* § 2:8 ("Today, the keystone of that portion of unfair competition law which relates to trademarks is the avoidance of a likelihood of confusion in the minds of the buying public."); Robert N. Klieger, *Trademark Dilution: The Whittling Away of the Rational Basis for Trademark Protection*, 58 U. PITT. L. REV. 789, 799 (1997) ("Trademark law, however, was concerned foremost . . . with the consumers who were 'duped into dealing with an imposter.'") (quoting Robert C. Denicola, *Trademarks As Speech: Constitutional Implications of the Emerging Rationales for Protection of Trade Symbols*, 1982 WIS. L. REV. 158, 160 (1982)).

36. L.E. Waterman Co. v. Gordon, 72 F.2d 272, 273 (2d Cir. 1934).

37. Industrial Rayon Corp. v. Dutchess Underwear Corp., 92 F.2d 33, 35 (2d Cir. 1937) (Hand, J.) ("The owner of a mark acquires a right to prevent the goods to which the mark is applied from being confused with those of others and to prevent his own trade from being diverted to competitors through their use of misleading marks. There are no rights in a trade-mark beyond these.").

38. 40 HARV. L. REV. 813 (1927). *See also* 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION, § 24:68 (4th ed. 1996) ("The concept [of dilution] was first introduced into the United States in the 1920s and 1930s through the writings and congressional testimony of Frank Schechter"). *Cf.* Port, *supra* note 29, at 438 (observing that progenitor of concept existed outside of the United States). The term "dilution," never employed by Professor Schechter himself, appears to come from his translation of a decision by a German court that held that a second mark "diluted" the first. *See* Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 831-32 (1927).

vented was contrary to the then-prevailing understanding of both the function of trademarks and the predominant justifications for their protection.[39]

Schechter's concept of dilution is based upon a different understanding of the role of trademarks than is traditional trademark law. Trademarks, Schechter argued, no longer merely indicated the source of a good, but now served to sell the good itself. A trademark was not merely "a symbol of goodwill," but also "an agency for the actual creation and perpetuation of good will."[40] Its true functions were "to identify a product as satisfactory and thereby . . . stimulate further purchases by the consuming public."[41] Schechter posited that this power of trademarks depended on the uniqueness and strength of the psychological connection in the mind of the consumer between the mark and the product.[42]

This new role for trademarks meant that protection against only a likelihood of confusion was insufficient.[43] Subsequent users of a mark could affix the mark to dissimilar products without confusing the consumer as to the source of these products. Such use, however, would diminish the link between the original user of the mark and the mark itself.[44] Protection against dilution, therefore, should concern itself primarily with "the 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."[45] Professor Schechter was particularly concerned that if strong, arbitrary trademarks such as "Kodak" were used to indicate a wide variety of different products produced by a number of different manufacturers, the strong message that the mark-owner wished to convey by the mark regarding the goods to which the mark is affixed—well-made cameras for example—would be weakened by the mark's use by other manufacturers on other products.[46] In other words, according to Schechter, protection against dilution was needed to guard not so much against a consumer's inability to determine the source of a product, but rather against the loss of the immediate favorable mental association, in the mind of the consumer, between an owner's trademark and its products by preserving the singularity and strength of that connection.[47]

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39. Schechter, *supra* note 38, at 824 (characterizing traditional trademark law as "hampered by obsolete conceptions both as to the function of a trademark and as to the need for its protection").

40. *Id.* at 818.

41. *Id.*

42. *See id.* at 819 ("The mark actually sells the goods. And, self-evidently, the more distinctive the mark, the more effective is its selling power."); *id.* at 831 (asserting that one principle of the concept of dilution is that the selling power of a trademark "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").

43. *See id.* at 821-22 (arguing that the idea that no harm is done when there is no consumer confusion is "an archaic notion" that "ignores the fact that the creation and retention of custom . . . is the primary purpose of the trademark today").

44. *See id.* at 825 (arguing that "the use of trademarks on entirely non-related goods may of itself concretely injure the owner of the mark even in the absence [of confusion]").

45. *Id.*

46. *See id.* at 829-30 ("Should the rule [protecting only against confusion] . . . be literally adhered to, there is not a single one of these fanciful marks which will not, if used on different classes of goods, . . . gradually but surely lose its effectiveness and unique distinctiveness in the same way as has 'Star,' 'Blue Ribbon,' or 'Gold Medal.'").

47. *See id.* at 830 (arguing that a trademark can establish a unique connection, such as that between the phrase "Blue Goose" and oranges and grapefruit, and that absent protection that link may be broken).

This was a broad protection vastly at odds with the conceptual underpinnings of trademark infringement law. The theory of dilution primarily, like trademark infringement law, protects the rights of the trademark owner rather than those of the public.[48] Moreover, the broad protection to exclude uses of a mark even when there is no possibility of confusion resembles a property right in gross, much like the protection offered by the patent and copyright laws rather than that provided by the trademark infringement regime.[49] But Schechter believed that such protection was necessary to protect what was, in his opinion, the true value of trademarks in the modern market economy.[50] Moreover, Schechter envisioned a sliding-scale of protection in which "the degree of protection depend[ed] in turn upon the extent to which, through the efforts or ingenuity of its owner, [the mark was] actually unique and different from other marks."[51] As a result, "arbitrary, coined or fanciful marks or names should be given a much broader degree of protection than symbols, words or phrases in common use."[52]

2. State Anti-Dilution Laws and Judicial Reaction

No federal dilution protection immediately resulted from Schechter's article. Beginning in 1947, however, states began to enact anti-dilution statutes.[53] By 1996, twenty-eight states had passed anti-dilution statutes.[54] The vast majority of

48. *See id.* (asserting that "the vast expenditures in advertising" used to build a trademark "should be protected to the same extent as plant and machinery"). *See also* H.R. REP. NO. 104-374, at 3 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1030 (observing that the aim of dilution law is to recognize the "substantial investment the owner has made in the mark [and protect] the commercial value and aura of the mark itself").

49. *See* Schecter, *supra* note 38, at 823 (recognizing that many believe that "a limitation of the protection of trademarks to goods of the same class logically and necessarily follows from the rule that there is no property in a trademark"). *See also* Viacom, Inc. v. Ingram Enters., Inc., 141 F.3d 886, 890, 892 (8th Cir. 1998) (equating dilution protection with a "complete" and "nationwide monopoly"); 3 RUDOLF CALLMAN, THE LAW OF UNFAIR COMPETITION TRADEMARKS AND MONOPOLIES § 84.2, at 960 (3d ed. 1969) ("Perhaps some of the resistance to the doctrine of dilution is attributable to judicial unwillingness to recognize a trademark as property."); 3 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION, § 24:90, at 24-138 (4th ed. 1997) ("While traditional trademark law rests primarily on a policy of protection of customers from mistake and deception, anti-dilution law more closely resembles an absolute property right in a trademark."); Johnston, *supra* note 32, at 32, ("[T]he thrust of anti-dilution statutes is to bestow on the trademark owner a right in gross to protect the trademark itself."); Port, *supra* note 29, at 463 ("[T]o grant dilution rights to a trademark holder is the same as giving the trademark holder a monopoly on the mark as used in any context.").

50. *See* Schechter, *supra* note 38, at 831 (arguing that an understanding that the true function of trademarks in the modern economy depends upon their uniqueness leads to the "conclusion that the preservation of the uniqueness of a trademark should constitute the only rational basis for its protection").

51. *Id.*

52. *Id.* at 828. *See also id.* at 829 (noting that coined words "have been added to rather than withdrawn from the human vocabulary by their owners").

53. *See* Klieger, *supra* note 35, at 811.

54. *See* ALA. CODE § 8-12-17 (1999); ARK. CODE ANN. § 4-71-113 (Michie 1995); CAL. BUS. & PROF. CODE § 14330 (West 1999); CONN. GEN. STAT. ANN. § 35-111 (West 1999); DEL. CODE ANN. tit. 6, § 3313 (1998); FLA. STAT. ANN. § 495.151 (West 1999); GA. CODE ANN. § 10-1-451 (1994); IDAHO CODE § 48-512 (1997); 765 ILL. COMP. STAT. 1036/16 (West 1999); IOWA CODE ANN. § 548.113 (West 1998); LA. REV. STAT. ANN. § 51:223.1 (West 1999); MASS. GEN. LAWS ANN. ch. 110B, § 12 (West 1999); ME. REV. STAT. ANN. tit. 10, § 1530 (West 1997); MINN. STAT. ANN. § 333.285 (West 1999); MO. ANN. STAT. § 417.061 (West 1998); MONT. CODE ANN. § 30-13-334 (1997); NEB. REV. STAT. § 87-122 (1998); N.H. REV. STAT. ANN. § 350-A:12 (1998); N.J. STAT. ANN. § 56:3-13.20 (West 1999); N.M. STAT. ANN. § 57-B-10 (Michie 1999); N.Y. GEN. BUS. LAW § 360-1 (McKinney 1999); OR. REV. STAT. § 647.107 (1998); 54 PA. CONS. STAT. ANN. § 1124 (West 1999); R.I. GEN. LAWS § 6-2-12 (1998); S.C. CODE ANN. § 39-15-1165 (Law. Co-op. 1998); TENN. CODE ANN. § 47-25-512 (1998); TEX. BUS. & COM. CODE ANN. § 16.29 (West 1999); WASH. REV. CODE ANN. § 19.77.160 (West 1998).

such states used very similar language to describe anti-dilution protection that guarded against the "likelihood of injury to business reputation or of dilution of the distinctive quality of a trade name or trade-mark . . . notwithstanding the absence of competition between the parties or of confusion as to the source of goods or services."[55] Each provided injunctive relief.[56]

Judicial reaction was hostile.[57] Dilution represented a very powerful weapon with which to protect trademark rights.[58] Courts feared that dilution rights might effectively give trademark owners monopolies in their marks, a concept that was inconsistent with the country's strong preference for a competitive, market-based economy.[59] Courts questioned whether the implied breadth was really intended, and became wary of a concept that seemed to turn traditional trademark law on its head.[60]

In response, courts implied conditions to a finding of dilution expressly prohibited by the text of the statutes.[61] Specifically, despite the express command in many state statutes that the absence of consumer source confusion was no bar to a finding of dilution, courts nonetheless imposed precisely such a requirement.[62] Thus, "the 'plain, literal language' of the antidilution statutes was universally

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55. CAL BUS. & PROF. CODE §14330. *See also* MASS. GEN. LAWS ANN. ch. 110B, § 12 (West 1999)
(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.);
N.Y. GEN. BUS. LAW § 360-1 (McKinney 1999)
(Likelihood of injury to business reputation or of dilution of the distinctive quality of a mark or trade name shall be a ground for injunctive relief in cases of infringement of a mark registered or not registered or in cases of unfair competition, notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services.);
54 PA. CON. STAT. ANN. § 1124 (West. 1999)
(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.).

56. *See supra* note 54.

57. Klieger, *supra* note 35, at 811 ("Although courts expressed initial fascination with dilution theory, intrigue quickly turned to hostility."). *See also* Note, *supra* note 21, at 526-28 (describing the very narrow reading given to the Massachusetts and New York dilution statutes).

58. *See* Polaroid Corp. v. Polaraid, Inc., 319 F.2d 830, 836 (7th Cir. 1963) (describing the antidilution protection under the Illinois statute to "lay[] a heavy hand upon one who adopts the trade name or mark of another").

59. *Cf.* Precision Instrument Mfg. Co. v. Automotive Maintenance Mach. Co., 324 U.S. 806, 816 (1945) (observing that Patent Clause constitutes an "exception to the general rule against monopolies and to the right to access to a free and open market").

60. *See* Cue Publ'g Co. v. Colgate-Palmolive Co., 256 N.Y.S.2d 239, 245 (N.Y. Sup. Ct. 1965) ("While the right has been recognized the [dilution] doctrine has been sparingly applied."), *aff'd*, 259 N.Y.S.2d 377 (N.Y. App. Div. 1965); *see also* Beverly W. Pattishall, *The Dilution Rationale for Trademark – Trade Identity Protection, Its Progress and Prospects*, 67 TRADEMARK REP. 607, 610-11 (1977) ("As packaged and presented to date, the concept seemingly has remained so misunderstood or unpalatable to the judicial taste that it largely has been ignored by the courts despite the plain dictates of the statutes and the voluminous urgings of the academics.").

61. *See* Pattishall, *supra* note 60, at 611 ("Only a few courts during the three decades of anti-dilution statutes have taken the provisions at their word and applied them without reliance on the traditional confusions doctrine.").

62. *See, e.g.*, Esquire, Inc. v. Esquire Slipper Mfg. Co., 139 F. Supp. 228, 233 (D. Mass. 1956) (holding that for dilution to apply, "there must be at least some 'likely confusion,'" despite the language of MASS. GEN. LAWS ch. 110, § 7A to the contrary), *vacated on other grounds*, 243 F.2d 540 (1st Cir. 1957).

ignored, and the dilution cause of action thoroughly 'emasculated,' in case after case."[63] As one commentator noted, under the state anti-dilution statutes, "there were no undiluted cases of dilution."[64]

As a result, past judicial decisions interpreting state anti-dilution statutes offer only limited help in deciphering dilution under the federal statute; the decisions are suspect as either attempts to evade legislative mandates or as indications of widespread confusion regarding the concept of dilution. Nonetheless, despite the judicial reluctance to actually find dilution in a given case, these decisions do contain generalized discussions of the concept that indicate a consensus that dilution was more or less as Professor Schechter described in 1927.

For example, many courts have adopted the metaphor used by Schechter, describing dilution as a "gradual whittling away."[65] Another court referred to the effect of dilution as "a cancer-like growth of dissimilar products or services which feeds upon the business reputation of an established distinctive trade-mark or name."[66] Others have employed alternate descriptions, but the descriptions are no less in keeping with Schechter's concept. For example, the Supreme Court of Oregon described dilution as follows:

> Where trade[mark] owners have created a favorable association between their [mark] and their product, they possess a valuable marketing tool. This aura of recognition enhances the value of [the mark]. Subsequent use of the [mark] with a nonrelated product broadens the associations linking [the mark] and the product in the minds of consumers of [the senior user's] product and diminishes the specific association [the senior user] seeks to foster.[67]

Even where courts have restated the concept of dilution, it often remains understandable within Schechter's framework. For example, a New York court stated that the purpose of the New York anti-dilution statute was to protect "the selling power that a distinctive mark or name with favorable associations has engendered for a product in the mind of the consuming public."[68] This formulation, despite its different shape, is merely one step removed from Schechter's for-

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63. Klieger, *supra* note 35, at 818 (citations omitted); *accord* Allied Maintenance Corp. v. Allied Mechanical Trades, Inc., 42 N.Y.2d 538, 543, 369 N.E.2d 1162, 1165, 399 N.Y.S.2d 628, 631 (1977) ("Generally, courts which have had the opportunity to interpret an anti-dilution statute have refused to apply its provisions literally.").

64. George E. Middleton, *Some Aspects of Trademark Dilution*, 47 TRADEMARK REP. 1023, 1026 (1957) (noting that a finding of dilution invariably followed a finding of likelihood of confusion).

65. *See* Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Celozzi-Ettelson Chevrolet, Inc., 855 F.2d 480, 482 (7th Cir. 1988) (observing that the Illinois Anti-Dilution Act "grants protection to trademarks beyond that provided by the classic 'likelihood of confusion' test under the Lanham Act" and finding that "[t]he additional protection prevents the gradual whittling away of trademarks' distinctiveness through use by third parties on non-confusing, non-competing products") (citations omitted); Mortellito v. Nina of Cal., Inc., 335 F. Supp. 1288, 1296 (S.D.N.Y. 1972) ("Here we find . . . a 'whittling down [of] the identity and reputation of plaintiffs' names.'") (quoting Renofab Process Corp. v. Renotex Corp., 158 N.Y.S.2d 70, 77 (N.Y. Sup. Ct. 1956)); Lady Esther, Ltd. v. Lady Esther Corsette Shoppe, Inc., 317 Ill. App. 451, 453, 46 N.E.2d 165, 169 (1943) ("And the good-will of plaintiff, which it had built up at great expense over a period of years, would be whittled away.").

66. *Allied*, 42 N.Y.2d at 544, 369 N.E.2d at 1185 (1977).

67. Wedgwood Homes, Inc. v. Lund, 659 P.2d 377, 382 (Or. 1983).

68. Sally Gee, Inc. v. Myra Hogan, Inc., 699 F.2d 621, 624-25 (2d Cir. 1983).

mulation; at the heart of his conception of dilution was that the unique relationship between the trademark and the products that the public consumed acted as a selling agent itself.[69] Accordingly, the "selling power of a distinctive mark" depends upon the uniqueness of the relationship between that mark and the product.[70]

Definitions of dilution by commentators even more clearly reaffirm a commitment to Schechter's original conception of the dilution theory as protecting the unique relationship between a trademark and the products to which it is affixed. For example, one commentator, critical of the use of dilution within the field of trademarks, has defined dilution as that "which makes the sign banal, and lose its caste."[71] This reaffirms the concept that it is the uniqueness of the sign that is at issue. It is the repetition of marks that makes them broad and against which dilution protects. Others have noted the importance of protecting the mental association of a product and its sign from other mental associations,[72] or described dilution as the "dispersion of consumers' association of a particular trademark with a particular product or service."[73]

In short, despite a strong reluctance to apply dilution in a given case,[74] most courts have espoused varying versions of Schechter's core concept of dilution in interpreting state anti-dilution statutes—that is, the protection of the unique mental association between a trademark and the products to which its owner affixes the mark against gradual incursions by a variety of junior users. When the use of another mark may impinge upon that association, despite a lack of likelihood of confusion, protection against dilution will forbid the junior use.

II. THE FEDERAL TRADEMARK DILUTION ACT

As previously noted, only about one-half of the states had enacted an anti-dilution statute by 1995.[75] Moreover, courts in the states where dilution protection

69. Schechter, *supra* note 38, at 831 ("[T]his selling power [of a trademark] depends for its psychological hold upon the public, . . . but equally upon its own uniqueness and singularity."). *But see Ringling Bros.*, 170 F.3d at 456 (stating that "it is clear that none of the original or following statutes purported to enact [Schechter's] specific form" and noting that the typical formulation under the state antidilution statutes, such as that examined in *Sally Gee*, used the formulation of "likelihood of . . . dilution") (citation omitted)).

70. Schechter, *supra* note 38, at 831.

71. Middleton, *supra* note 64, at 176.

72. *See* RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25 cmt. f (1995) ("In order for such dilution to occur, prospective purchasers must make a mental connection between the plaintiff's mark and the designation used by the defendant.").

73. Klieger, *supra* note 35, at 823.

74. *See, e.g.*, Sally Gee, Inc. v. Myra Hogan, Inc., 699 F.2d 621, 625 (2d Cir. 1983) ("Dilution . . . remains a somewhat nebulous concept in New York decisions").

75. *See* ALA. CODE § 8-12-17 (1999); ARK. CODE ANN. §§ 4-71-113 (Michie 1995); CAL. BUS. & PROF. CODE § 14330 (West 1999); CONN. GEN. STAT. ANN. § 35-111 (West 1999); DEL. CODE ANN. tit. 6, § 3313 (1998); FLA. STAT. ANN. § 495.151 (West 1999); GA. CODE ANN. § 10-1-451 (1994); IDAHO CODE § 48-512 (1997); 765 ILL. COMP. STAT. 1036/16 (West 1999); IOWA CODE ANN. § 548.113 (West 1998); LA. REV. STAT. ANN. § 51:223.1 (West 1999); MASS. GEN. LAWS ANN. ch. 110B, § 12 (West 1999); ME. REV. STAT. ANN. tit. 10, § 1530 (West 1997); MINN. STAT. ANN. § 333.285 (West 1999); MO. ANN. STAT. § 417.061 (West 1998); MONT. CODE ANN. § 30-13-334 (1997); NEB. REV. STAT. § 87-122 (1998); N.H. REV. STAT. ANN. § 350-A:12 (1998); N.J. STAT. ANN. § 56:3-13.20 (West 1999); N.M. STAT. ANN. § 57-B-10 (Michie 1999); N.Y. GEN. BUS. LAW § 360-1 (McKinney 1999); OR. REV. STAT. § 647.107 (1998); 54 PA. CONS. STAT. ANN. § 1124 (West. 1999); R.I. GEN. LAWS § 6-2-12 (1998); S.C. CODE ANN. § 39-15-1165 (Law. Co-op. 1998); TENN. CODE ANN. § 47-25-512 (1998); TEX. BUS. & COM. CODE ANN. § 16.29 (West 1999); WASH. REV. CODE ANN. § 19.77.160 (West 1998).

did exist were reluctant to grant nationwide injunctions against the unauthorized use of a famous trademark in the absence of confusion since such use was not unlawful in one-half of the country.[76] This spotty system of protection made it difficult for trademark owners to preserve the cachet of their mark on a nationwide basis. To remedy this problem, Congress enacted the Dilution Act which created a nationwide, uniform scheme of dilution protection for famous trademarks.[77]

According to the House Report accompanying the Dilution Act, the Act created a "federal cause of action to protect famous marks from unauthorized users that attempt to trade upon the goodwill and established renown of such marks and, thereby, dilute their distinctive quality."[78] Specifically, the Dilution Act entitles the owner of a famous mark "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 [the Act]."[79]

Congress went to great lengths to define the level of fame necessary for a trademark to qualify for protection against dilution. For example, it included in the Act itself the following eight nonexclusive factors that are relevant to determining whether the plaintiff's mark is "distinctive and famous" enough to qualify for protection from dilution:

(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.[80]

76. H.R. REP. NO. 104-374, at 3-4 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1030-31 ("[S]ome courts are reluctant to grant nationwide injuctions [sic] for violation [sic] state law where half of the states have no dilution law.").

77. Federal Trademark Dilution Act, Pub. L. No. 104-98, 109 Stat. 985 (1996) (codified at 15 U.S.C. § 1125(c) (Supp. III 1997)).

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

79. 15 U.S.C. § 1125(c) (Supp. III 1997).

80. *Id.*

Similarly, Congress specified in the accompanying House Report that in order to qualify for protection, the mark generally "will have been in use for some time . . . [and the] . . . geographic fame of the mark must extend throughout a substantial portion of the [United States]."[81] Congress even provided examples of marks that it considered sufficiently famous to merit protection—i.e., BUICK, KODAK, and DUPONT.[82]

While Congress paid careful attention to the "fame" requirement of the Act, it did not define the concept of dilution itself in nearly as much detail.[83] Nevertheless, some indication of Congress's notion of dilution is discernible from the language of the Act and its legislative history. Those signals demonstrate that Congress conceived of dilution in essentially the same manner as Schechter: dilution denotes the erosion of the unique consumer association between a famous trademark and the products to which the trademark owner affixes that mark.[84]

The Dilution Act defines dilution as "the lessening of the capacity of a famous mark to identify and distinguish goods or services," regardless of whether there is competition between the two products at issue, or a likelihood of confusion as to their source.[85] The accompanying House Report clarified that "[t]he protection of marks from dilution differs from the protection accorded marks from trademark infringement."[86] Unlike the traditional trademark regime, which aims to prevent consumer confusion as to the source of the goods bearing the mark, the express aim of dilution law specified in the House Report is to recognize the "substantial investment the owner has made in the mark" and consequently to protect "the commercial value and aura of the mark itself."[87]

Perhaps the most enlightening statement in the accompanying House Report concerning the nature of dilution is Congress's statement that dilution exists whenever "the unauthorized use of a famous mark reduces the public's perception that the mark signifies something unique, singular, or particular."[88] As self-explanatory examples of this phenomenon, Congress stated that "the use of

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81. H.R. REP. NO. 104-374, at 7 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1034.

82. *Id.* at 3.

83. *See* Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Celozzi-Ettleson Chevrolet, Inc., 855 F. 2d 480 (7th Cir. 1988); *Madrid Protocol Implementation of Federal Trademark of 1995: Hearing on H.R. 1270 and 1295 before the Subcomm. On Courts and Intellectual Property of the Judiciary*, 104th Cong. 158, (1995) (statement of J.E. Moskin, Partner, Penny & Edmonds) (the bill . . . contains insufficient guidance for the practical implementation of protection against dilution), (quoted in Klieger, *supra* note 35, at 32).

84. *See generally*, 15 U.S.C. § 1125 (Supp. III 1997).

85. *Id.* § 1127.

86. H.R. REP. NO. 104-374, at 3 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1030. *Accord* I.P. Lund Trading ApS v. Kohler, 163 F.3d 27, 35 (10th Cir. 1998) (recognizing that distinctions between trademark infringement and dilution laws are "particularly pertinent" to whether "dilution protection of trade dress of product design amounts to an unconstitutional perpetual monopoly under the Patent Clause of the Constitution"); Stephen K. Marsh, *Patents Are Forever: Construing the Federal Trademark Dilution Act to Apply to Product Configurations in* Sunbeam Products., Inc. v. The West Bend. Co., 4. J. INTELL. PROP. L. 421, 424 (1997) ("The dilution doctrine differs fundamentally from the doctrines of trademark and trade dress protection.").

87. H.R. REP. NO. 104-374, at 3. *Accord* MCCARTHY, *supra* note 38, § 24:90, at 24-138 ("While traditional trademark law rests primarily on a policy of protection of customers from mistake and deception, anti-dilution law more closely resembles an absolute property right in a trademark.").

88. H.R. REP. NO. 104-374, at 3.

DUPONT shoes, BUICK aspirin, and KODAK pianos would be actionable under this legislation."[89] In citing to these classic examples of dilution by blurring, Congress acknowledged that dilution, at its core, occurs "where the same or very similar marks are being used on vastly different products, [thus creating] 'the risk of an erosion of the public's identification of [a] very strong mark'" with the mark's owner and his or her product line alone.[90] Nevertheless, Congress did not confine dilution to these typical scenarios, but rather extended that concept to encompass *any* unauthorized use of a famous mark on either noncompeting or competing goods.[91]

The above discussion demonstrates that Congress intended dilution to encompass all unauthorized uses of a famous mark—or variants so similar that consumers would associate the junior mark with the famous mark. Moreover, whether the products bearing the marks competed with each other was irrelevant, as was whether consumers were confused about the source of the product bearing the junior mark.[92] *Any* unauthorized use will reduce the capacity of the famous mark to distinguish goods and to signify "something unique, singular, or particular."[93] Previously consumers associated the famous mark only with products originating from the famous mark owner, consumers faced with an unauthorized use of that mark will begin to associate the famous mark with the products originating from the unauthorized user as well. In other words, Congress intended that the use of a junior mark that is identical or substantially similar to a famous mark, without more, would trigger the dilution protection provided by the federal Act.

The examples of dilution cited by Congress confirm this conclusion. Congress's reference to KODAK pianos, for example, as dilution, without more, shows that Congress intended to grant the owner of the famous KODAK mark the exclusive right to use KODAK on its goods, and to prevent *any and all unauthorized uses* of that mark on pianos or any other product. Moreover, Congress's decision to provide a multi-factored analysis for determining fame, but no concomitant test for determining dilution, further indicates that Congress intended a straightforward, Schechterian conception of dilution—*i.e.*, nothing need be tested but the uniqueness of the connection between the mark and the goods marketed by its owner to which the mark is affixed. Under such a test, there are very few factors to consider. Either the junior mark is sufficiently similar to the famous mark as to evoke a consumer mental association between the two marks, or it is not.

Despite judicial confusion concerning the dilution doctrine and a reluctance to apply it faithfully, an examination of actual case results nevertheless reveals that the similarity of the marks at issue is often the key determining factor, regardless

89. *Id.*

90. Jordache Enters. v. Hogg Wyld, Ltd., 625 F. Supp. 48, 56 (D.N.M. 1985) (quoting Tiffany & Co. v. Boston Club, Inc., 231 F. Supp. 836, 844 (D. Mass. 1964)), *aff'd*, 828 F.2d 1482 (10th Cir. 1987).

91. *See* 15 U.S.C. § 1127 (Supp. III 1997).

92. *See id.*

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

of the professed test applied. Specifically, dilution of a famous or well-known mark often is found by the use of an identical or substantially similar junior mark.[94] Conversely, even where the senior mark is famous or well-known, dilution is not normally found if the junior mark is not identical or substantially similar to the senior mark.[95]

Careful analysis of this scheme reveals that not only is it eminently logical, but it effectively guards against converting the trademark laws into monopolistic restrictions on language and swallowing up traditional trademark protection, long-standing concerns of courts and commentators alike.[96] Congress's scrupulous attention to the fame requirement and the rigor with which it intends that the requirement be enforced ensures that only a tiny fraction of all trademarks will qualify for protection from dilution. Indeed, Congress's statement that only well-

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94. *See, e.g.*, Nikon, Inc. v. Ikon Corp., 987 F.2d 91, 96 (2d Cir. 1993) (finding dilution under New York statute where Nikon mark was well-known and defendant's mark was similar); Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Celozzi-Ettleson Chevrolet, Inc., 855 F.2d at 480, 482-83 (7th Cir. 1988) (finding dilution by blurring under Illinois statute where plaintiffs' "Greatest Show On Earth" slogan was famous and defendant's "Greatest Used Car Show On Earth" slogan in bold, red, circus-style lettering was similar); Sunbeam Prods., Inc. v. West Bend Co., 39 U.S.P.Q.2d 1545, 1552-53 (S.D. Miss. 1996) (granting preliminary injunction under FTDA for both infringement and dilution when plaintiff's blender design was famous and defendant's blender was "almost identical in shape, size and appearance"), *aff'd on other grounds*, 123 F.3d 246 (5th Cir. 1997), *cert. denied*, 118 S. Ct. 1795 (1998); Clinique Labs., Inc. v. DEP Corp., 945 F. Supp. 547, 562-63 (S.D.N.Y. 1996) (finding dilution by blurring under Federal Trademark Dilution Act where Clinique's mark and trade dress were renowned and defendant's mark and trade dress were similar); Stern's Miracle-Gro Prods., Inc. v. Shark Prods., Inc., 823 F. Supp. 1077, 1090-92 (S.D.N.Y. 1993) (finding dilution by blurring under New York statute where plaintiff's mark was widely known and defendant's mark was "virtually identical"); American Express Co. v. American Express Limousine Serv., Ltd., 772 F. Supp. 729, 736 (E.D.N.Y. 1991) (finding dilution by blurring under New York statute where plaintiff's mark was strong and defendants incorporated "American Express" in their name); Eastman Kodak Co. v. Rakow, 739 F. Supp. 116, 118-20 (W.D.N.Y. 1989) (finding dilution by blurring under New York statute where "Kodak" mark was "truly distinctive" and defendant used the "Kodak" name); *Tiffany & Co.*, 231 F. Supp. at 842-43 (finding dilution by blurring under Massachusetts statute because Tiffany was a widely known name and defendant used "Tiffany's" as its restaurant name).

95. *See, e.g.*, Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., Inc., 875 F.2d 1026, 1034-37 (2d Cir. 1989) (finding no dilution under New York statute where "Lexis" was only well-known in narrow market of attorneys and accountants and "Lexus" and "Lexis" were not "very" or "substantially" similar); Universal City Studios, Inc. v. Nintendo Co., 746 F.2d 112, 120 (2d Cir. 1984) (finding no dilution under New York statute where "King Kong" mark was well-known but "Donkey Kong" was "so different that no reasonable question of fact was raised on the issue of blurring"); Astra Pharm. Prods., Inc. v. Beckman Instruments, Inc., 718 F.2d 1201, 1210 (1st Cir. 1983) (finding no dilution by blurring under Massachusetts statute where plaintiff's mark was well-known in its field but marks were dissimilar); Warner Bros. v. ABC, 720 F.2d 231, 246-48 (2d Cir. 1983) (finding no dilution by blurring under New York statute where Superman character was well-known but defendants' accused superhero character was not substantially similar); *Clinique Labs.*, 945 F. Supp. at 563 (finding no dilution by blurring under FTDA where "Clinique" mark was famous but defendant's "Basique simplified skin care" marks, without the trade dress, were dissimilar); Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. B.E. Windows Corp., 937 F. Supp. 204, 214 (S.D.N.Y. 1996) (finding no dilution by blurring under FTDA or New York statute where plaintiff's slogan was famous but "The Greatest Bar On Earth" was not sufficiently similar); Black Dog Tavern Co. v. Hall, 823 F. Supp. 48, 55-59 (D. Mass. 1993) (finding no dilution by blurring under Massachusetts statute where plaintiff's Black Dog mark was strong and distinctive but defendant's mark was not similar).

96. *See, e.g.*, Coffee Dan's Inc. v. Coffee Don's Charcoal Broiler, 305 F. Supp. 1210, 1217 n.13 (N.D. Cal. 1969) (noting that it regarded the anti-dilution doctrine with some concern "lest it swallow up all competition in the claim of protection against trade name infringement"); MCCARTHY, *supra* note 38, at § 24:100 ("Many judges view [dilution theory] with distaste because they see a plaintiff who uses the dilution theory as asking for too much of a zone of exclusivity for the trademark.");Welkowitz, *supra* note 20, at 536 & 546 n.82 ("Courts have expressed reservations that a stringent application of antidilution statutes would swallow up much of the law of trademark and unfair competition and would foster unwanted monopolies."); Note, *supra* note 21, at 522 ("impoverishment of the available supply of marks").

established marks with substantially nationwide fame should generally qualify for dilution protection[97] as well as its examples of eligible trademarks—KODAK, BUICK, and DUPONT— demonstrate that Congress intended the Act to cover only trademarks that are essentially household names.

Once over the rigorous "fame" hurdle, however, Congress intended the famous mark owner to have the exclusive right to prevent all unauthorized uses of its trademark and sufficiently similar variants thereof, much like the monopolistic rights enjoyed by the owner of a patent or a copyright.[98] In other words, Congress intended to enable the owner of the KODAK mark to prohibit *any and all unauthorized uses* of the KODAK mark, whether on pianos or any other product. Congress also intended to empower the KODAK owner to prevent unauthorized uses of marks sufficiently similar to the KODAK mark so that consumers would not associate the unauthorized mark with the famous mark—perhaps KODAC, for example. This two-tiered scheme—with the "fame" requirement ensuring sufficient consumer recognition of the protected mark and the "similarity" requirement ensuring that consumers will, indeed, associate the junior mark with the famous mark—greatly simplified the dilution inquiry.

In short, the intent of Congress in enacting the Dilution Act appears to have been to provide trademark owners with protection of the unique relationship between their mark and their products to which that mark is affixed.

III. THE SWEET FACTORS: EARLY DILUTION ANALYSIS UNDER THE FEDERAL ACT

The streamlining of the dilution inquiry is perhaps best appreciated by examining the predominant dilution test employed by courts prior to the passage of the Dilution Act: Judge Sweet's balancing test popularized in his concurring opinion in *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*[99] That test requires courts to examine the following six factors to determine whether each of them points toward or against dilution under the facts of the given case: "(1) the similarity of the marks; (2) the similarity of the products covered by the marks; (3) the sophistication of the consumers; (4) predatory intent; (5) renown of the senior mark; and (6) renown of the junior mark."[100] According to Judge Sweet, "the more similar the marks the higher the likelihood of dilution," presumably because dilution requires at least some degree of consumer mental association

97. *See* H.R. REP. NO. 104-374, at 7 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1034.

98. *See* 35 U.S.C. § 154 (1994) (granting patentee "the right to exclude others from making, using, offering for sale, or selling the invention throughout the United States"); 17 U.S.C. § 106 (1994) (granting "owner of copyright . . . the exclusive rights to do and to authorize any of the following" acts, including the right to reproduce, distribute, and publicly perform or display the copyrighted work); Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225, 229 (1964) ("The grant of a patent is the grant of a statutory monopoly . . . .").

99. 875 F.2d 1026 (2d Cir. 1989) (Sweet, J., concurring). *See, e.g.*, Conopco, Inc. v. Cosmair, Inc., 49 F. Supp. 2d 242, 258 n.23 (S.D.N.Y. 1999) (holding that likelihood of dilution is determined by application of the Sweet factors); Hershey Foods Corp. v. Mars, Inc., 998 F. Supp. 500, 504 (M.D. Pa. 1998) ("In deciding whether the defendant's mark dilutes the plaintiff's by blurring, federal courts interpreting § 1125(c) have started from the framework first set forth in Judge Sweet's concurring opinion in *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026 (2d Cir. 1989), which Judge Sweet used for interpreting the New York antidilution statute.").

100. *Mead Data*, 875 F.2d at 1035.

between the two marks at issue.[101] Product similarity also supports a dilution finding under this test because a mark's selling power, which anti-dilution statutes aimed to protect, was at greatest risk from competing products.[102] Consumer sophistication, by contrast, cuts against a dilution finding under Judge Sweet's analysis, because sophisticated consumers were less likely to allow the use of a similar junior mark to "blur the senior mark's selling power."[103] Predatory intent of the junior user enhances the likelihood of dilution because it evidences a belief of the junior user that "it can benefit commercially from copying the senior user's trademark," thereby harming the senior mark's selling power.[104] Finally, renown of both the senior and the junior marks points toward a dilution finding, because such renown increases the likelihood that consumers will make the requisite mental association between the two marks.[105] After analyzing each of the factors, a court must then determine whether, on balance, the factors support a finding of dilution.[106]

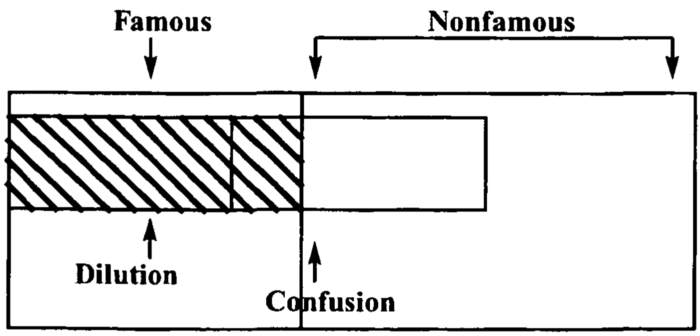
Despite the test's initial popularity, the factors offered are, on the whole, inappropriate for determining dilution, particularly in light of the analytical framework that Congress established in the Dilution Act. For example, the "product similarity" factor aims to measure the degree of competition between the two products to determine whether the junior mark user's product lessens the selling power of the senior markholder's product—the greater the competition between the two products, the more likely dilution becomes, according to Judge Sweet. Yet this analysis contravenes the core concept of dilution, which initially aimed to prevent the use of a distinctive senior mark on *unrelated* goods and services and only later was expanded to apply to the unauthorized use of a mark on competing goods and/or services.[107] Moreover, Congress has expressly rendered the degree of competition between the products at issue irrelevant to the dilution analysis by declaring that dilution may exist "regardless of the presence or absence of . . . competition between the owner of the famous mark and other parties."[108] The paradigmatic examples of dilution proffered by Congress—KODAK pianos, BUICK aspirin, and DUPONT shoes, all of which constitute use of a famous mark on *noncompeting*, dissimilar products—also refute the use of this factor in any dilution analysis. In light of Congress's unequivocal intent that the Act apply as much, if not more, to unauthorized mark uses on *noncompeting* products as opposed to competing products, it is wholly inappropriate for courts to consider the similarity of the products at issue in determining dilution under the Dilution Act.

101. *Id.*
102. *See id.* at 1036.
103. *Id.*
104. *Id.* at 1037.
105. *See id.* at 1038-39.
106. *See id.* at 1039-40.
107. *See* I.P. Lund Trading ApS v. Kohler Co., 163 F.3d 27, 45 (1st Cir. 1998) (noting that "the archetypal [dilution] problems involved non-competing products," but that "[t]he language of the FTDA itself is, however, not limited to addressing these archetypal problems."); Nikon, Inc. v. Ikon Corp., 987 F.2d 91, 96 (2d Cir. 1993) (holding that the New York anti-dilution statute applies to competitors as well as non-competitors).
108. 15 U.S.C. § 1127 (Supp. III 1997).

Likewise, consumer sophistication, while highly relevant to whether consumers will be confused over the source of a product bearing an unauthorized junior mark,[109] has very little to do with dilution. As defined by the Dilution Act, dilution signifies "the lessening of the capacity of a famous mark to identify and distinguish goods or services."[110] This phenomenon can occur with respect to either less sophisticated or more sophisticated consumers. Less sophisticated consumers viewing a product that bears a junior trademark that is identical or substantially similar to the senior mark are likely to believe mistakenly that the goods emanate from, or are sponsored by, the senior mark holder. This mistaken association dilutes the ability of the senior mark to identify and distinguish the specific goods and services marketed by the senior markholder because the mark now appears on goods and/or services other than those originating from the senior markholder.

Dilution can also occur with respect to more sophisticated consumers, however. Sophisticated consumers viewing a product that bears a junior trademark that is identical or substantially similar to a senior mark may correctly recognize that the junior markholder is an independent company from the senior markholder and that the goods therefore do *not* originate from the senior markholder. Nevertheless, those consumers, even though they correctly distinguish between the two companies and associate the unauthorized mark with the junior company rather than the senior, will still associate the mark with more goods and services than those marketed by the senior mark holder alone. Once again, this association of the mark with not only the senior markholder's goods and services, but the junior markholder's as well, diminishes the ability of the senior mark to identify and distinguish those goods and services marketed solely by the senior markholder.

An illustration of the interaction between dilution protection and infringement protection will demonstrate why confusion is irrelevant to whether dilution has occurred:



109. *See* Pignons S.A. de Mechanique de Precision v. Polaroid Corp., 657 F.2d 482, 489 (1st Cir. 1981) (noting that sophistication of consumers helps with determinations of likelihood of confusion because, "[s]ophisticated consumers may be expected to exercise greater care"); AMF, Inc. v. Sleekcraft Boats, 599 F.2d 341, 353 (9th Cir. 1979) (noting that the sophistication of consumers can help determine the likelihood of confusion); Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492, 495 (2d Cir. 1961) (holding that sophistication of the buyers is a factor to be taken into account when determining likelihood of confusion).

110. 15 U.S.C. § 1127 (Supp. III 1997).

Consider, for example, the unauthorized use of the KODAK trademark on televisions. Unsophisticated consumers may believe mistakenly that Eastman Kodak is marketing the televisions, and dilution occurs because the ability of the KODAK trademark to signify a certain type of cameras has been lessened through the use of the mark on televisions and the consumers' mistaken association of that mark with Eastman Kodak. Sophisticated consumers, by contrast, may recognize that an independent company—not Eastman Kodak—is marketing the televisions bearing the KODAK mark. Nevertheless, they now will associate KODAK with televisions in addition to cameras, thus lessening the ability of the KODAK mark to identify the cameras marketed by Eastman Kodak.

In short, it is the mental connection that consumers make between the unauthorized junior mark and the senior markholder, not the consumers' belief as to the source of the goods bearing the unauthorized mark, that determines whether dilution is occurring. Thus, the degree of consumer sophistication, which measures consumer source confusion, is irrelevant to a dilution analysis.[111]

Predatory intent is similarly unimportant to determine whether a junior user has subverted the uniqueness of the senior mark. As demonstrated above, that inquiry hinges upon the state of mind of consumers viewing the junior product, not on the state of mind of the junior markholder in using the mark.[112] The only effect of a plaintiff's demonstration of predatory intent under the Dilution Act is to allow the plaintiff to recover monetary damages in addition to the standard injunctive relief.[113]

The renown of the junior user's mark is also irrelevant to a determination of dilution. The concept of dilution is based upon the general "whittling away" of the capacity of a senior mark to identify the products of the markholder. Greater renown of a junior mark merely increases the rate of this whittling away. Yet "[n]o matter how small the dilution, the harm has been done . . . . Just one whittle taken from a stick destroys the possibility that the stick can ever be made whole."[114] Thus, a lesser known mark still dilutes the uniqueness of the famous senior mark; it is impossible to believe that Congress intended a renown floor under which insubstantial, diluting uses of a mark, if sufficiently obscure, could not be prohibited.[115]

The two remaining factors set forth by Judge Sweet—renown of the senior mark and the similarity of the marks—are, in fact, relevant to the dilution

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111. This conclusion is borne out by the Dilution Act that expressly renders consumer source confusion irrelevant to the dilution inquiry. *See id.*

112. *See* MCCARTHY, *supra* note 38, at § 24.94.1, at 24-166 ("The predatory intent of factor (4) has little predictive power as to the likelihood of blurring, which occurs in customers' minds regardless of the junior user's intent.").

113. 15 U.S.C. § 1125(c)(2) (Supp. III 1997) (allowing monetary and other damages provided for by Lanham Act to be awarded where plaintiff demonstrates that defendant "willfully intended to trade on the owner's reputation or to cause dilution of the famous mark").

114. Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. B.E. Windows Corp., 937 F. Supp. 204, 209 (S.D.N.Y. 1996).

115. Notably, Congress made no reference in the Dilution Act to a balancing of the relative strength of the competing marks in determining dilution.

inquiry. Under the Dilution Act, however, renown of the senior mark is treated as a threshold eligibility determination for protection from dilution.[116] Thus, once the threshold has been satisfied, renown of the senior mark has no more bearing on the actual dilution finding. Accordingly, the only relevant factor from the Sweet test is the similarity of the marks. Substantial similarity will result in a dilution of uniqueness, as explained in further detail below.[117] With the exception of the fame factor, the remaining Sweet factors are imported from the likelihood of confusion test and adopted with little careful thought into their applicability in the dilution context.[118]

IV. DEFINING DILUTION UNDER THE FEDERAL ACT: STRUGGLE IN THE CIRCUITS

Following Congress's enactment of the Dilution Act, which establishes a different analytical framework than that supported by Judge Sweet's test, courts have increasingly rejected the Sweet factors as an appropriate analytical tool for determining dilution. In particular, the three circuit courts of appeals that have analyzed the Dilution Act all have declined to apply the Sweet factors in reaching their dilution determination.

The appropriate substitute for the Sweet test, however, remains very much open to debate. Of the three federal appellate courts rejecting the Sweet factors, as many replacement tests have emerged, each differing substantially from the other two. Analysis of the three tests reveals that only one court—the First Circuit—has devised a test that adheres to Congress's concept of dilution as expressed in the Dilution Act. The other courts—the Fourth Circuit and the Second Circuit—have improperly imported additional considerations for a dilution claim that Congress arguably never intended.

A. The Fourth Circuit's Economic Harm Test In Ringling Brothers

In *Ringling Bros.-Barnum & Bailey Combined Shows Inc. v. Utah Division of Travel Development*,[119] the plaintiff asked the Fourth Circuit to reverse a lower court decision that the Utah Division of Travel's mark, "The Greatest Snow on Earth," did not dilute its mark "The Greatest Show on Earth."[120] In support of its request, Ringling relied on survey results based upon consumer perceptions concerning the statement "The Greatest ___ on Earth," conducted both within and outside of Utah. While 41% of those surveyed associated that statement exclusively with Ringling's mark outside of Utah, only 25% found such a unique association within Utah.[121] Moreover, fewer than 0.5% outside of Utah associated the

116. *See* 15 U.S.C. § 1125(c)(1) (Supp. III 1997) (providing relief to famous mark owner "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").
117. See *infra* notes 132 and 133.
118. *See* MCCARTHY, *supra* note 38, at § 24.94.1, at 24-165 to 24-166 (arguing that Sweet "factors are the offspring of classical likelihood of confusion analysis and are not particularly relevant or helpful in resolving the issues of dilution by blurring").
119. 170 F.3d 449 (4th Cir. 1999), *cert denied*, 120 S. Ct. 286 (1999).
120. *Id.*
121. *Id.*

statement with both Ringling's and Utah's mark, while 21% within Utah associated the statement with both marks.[122] Finally, 0% outside of Utah associated the statement exclusively with Utah's mark, whereas 24% within Utah connected the statement only to Utah's mark.[123] Such evidence shows that when consumers are exposed to Utah's junior mark, a substantial proportion of them no longer associate "The Greatest ___ on Earth" exclusively with Ringling's mark. Rather, many associate the statement with *both* Ringling's and Utah's mark, and some even associate the statement with Utah's mark alone. Thus, Ringling appears to have made precisely the type of showing necessary to substantiate a dilution claim under the federal Dilution Act.

The Fourth Circuit, however, rejected Ringling's claim of dilution based on its own concept of dilution.[124] After determining that the oft-used Sweet test was inappropriate for determining dilution claims, the court enunciated a different test: "the federal Act requires proof that (1) [the] 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."[125]

Although the court recognized that such a standard was "a stringent interpretation of 'dilution' under the federal Act,"[126] the court identified two key features of the Act that supported its interpretation. First, the court noted that the Act did not proscribe a mere "likelihood of dilution," language that often appeared in state dilution statutes.[127] From this omission, the court concluded that the Dilution Act required actual dilution to trigger its protection.[128] Second, the court relied upon the definition of dilution under the Act: "[B]y specifically defining dilution as 'the lessening of the capacity of a famous mark to identify and distinguish goods and services,' the federal Act makes plain what the state statutes arguably [did] not: that the end harm at which it is aimed is a mark's selling power, not its 'distinctiveness' as such."[129] From these two points, the court extracted requirements that the plaintiff in any Dilution Act proceeding demonstrate that (1) the selling power of its mark had decreased, and (2) the defendant's use of its mark had caused that decrease.[130]

The Fourth Circuit's interpretation of the Dilution Act flies in the face of Congress's understanding of dilution. In its opinion, the Fourth Circuit expressly rejected a dilution test based solely on the degree of similarity between the two

122. *Id.*
123. *Id.*
124. *See id.* at 462-63.
125. *Id.* at 461.
126. *Id.* at 458. In reaching this "stringent interpretation" of the Act, the Fourth Circuit extensively relied upon state dilution cases as establishing that dilution has always been addressed to the lessening of sales power. *See id.* ("[A] general agreement has emerged that 'dilution' under the state statutes involves as an essential element some form of harm to the protected mark's selling power—its economic value—resulting otherwise than by consumer confusion from the junior mark's use."). Such heavy reliance, however, is suspect in light of the unremitting hostility toward the concept of dilution evidenced by those courts.
127. *Id.*
128. *See id.*
129. *Id.* (citation omitted).
130. *See id.*

marks at issue (i.e., the first prong of its three-part test) by holding that "we simply cannot believe that, as a general proposition, Congress could have intended, without making its intention to do so perfectly clear, to create property rights in gross, unlimited in time (via injunction), even in 'famous' trademarks."[131] Such a test would have implemented Schechter's original concept of dilution as protecting the value of a mark's "uniqueness" as such without further demonstration of economic harm,[132] a concept the court deemed too radical for Congress to have intended.[133] Yet in reaching this conclusion, the Fourth Circuit ignored portions of the Act and its legislative history which reveal that that is precisely what Congress envisioned the Dilution Act to accomplish.

First, Congress explicitly characterized dilution as the loss of a mark's uniqueness as such. As the House Report explains, dilution "applies when the unauthorized use of a famous mark reduces the public's perception that the mark signifies something unique, singular, or particular."[134] The definition of dilution found in the Act itself likewise confirms Congress's perception of dilution as the diminishment of a mark's uniqueness. The Act defines dilution as "the lessening of the capacity of a famous mark to identify and distinguish goods or services."[135] The capacity of a famous mark to distinguish goods, however, will *always* be lessened by the use of an identical—or sufficiently similar—junior mark on other products because the famous mark will now be associated with more products than it had been prior to the use of the junior mark. In other words, no additional showing of economic harm is necessary to satisfy Congress's definition of dilution, which is met upon proof of an unauthorized use or substantial replication of a famous mark.

Second, Congress recognized that proof of economic harm is neither required nor feasible to establish dilution because unlike trademark infringement, dilution does not lead to immediate economic injury. Rather, the harm arising from dilution is more insidious and undetectable in its early stages: "Dilution is an injury that differs materially from that arising out of the orthodox confusion . . . . Confusion leads to *immediate injury*, while dilution is an infection which, if allowed to spread, will *inevitably* destroy the advertising value of the mark."[136] Only after irreparable damage had occurred would the harm be discernible. Thus, proof of economic harm would be an exercise in futility, and requiring such proof would render the Dilution Act inoperable until precisely the type of harm that Congress intended to prevent had already occurred.

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131. *Id.* at 459; *see also id.* at 457-48 ("As is obvious, by requiring no proof of 'likely' dilution of a senior mark but the identity or sufficient similarity of a junior mark, this approach effectively interprets the state statutes as creating property rights in gross in the senior mark.").

132. *See id.* at 456 ("As proposed by Schechter, the interest was easily identified as simply the mark's 'uniqueness' . . . and the harm, as a loss of that uniqueness.").

133. *See id.* at 454 ("This radical dilution proposal, whose practical effect if fully adopted would be to create as the whole of trademark-protection law property rights in gross in suitably 'unique' marks, never has been legislatively adopted by any jurisdiction in anything approaching that extreme form.").

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

135. 15 U.S.C. § 1127 (Supp. III 1997).

136. H.R. REP. No. 104-374, at 3 (quoting Mortellito v. Nina of Cal., Inc., 335 F. Supp. 1288, 1296 (S.D.N.Y. 1972) (emphasis added).

Third, Congress perceived dilution as a prospective harm that should be prevented at the outset rather than a completed harm for which the famous mark owner should receive compensation. To forestall dilution before it irreparably eroded the distinctiveness of a famous mark, Congress provided injunctive relief as the exclusive remedy for dilution in the absence of willfulness on the part of the accused junior user.[137] The fact that Congress provided prospective relief and expressly excluded retrospective relief as a remedy for dilution further demonstrates the nonsensical nature of importing an economic harm requirement into the Act.

Finally, and of most practical importance, the Fourth Circuit's economic harm test eviscerates the Act by rendering it virtually impossible for any owner of a famous mark ever to establish dilution.[138] As the court itself noted, "'marks can lose their distinctiveness or power to identify goods and services for various reasons other than the use of a junior mark,'" which would make the causation requirement of the court's test difficult to meet.[139] Moreover, courts have long recognized that the harm that results from dilution is extraordinarily difficult to establish.[140]

Ironically, it would be most difficult, if not impossible, to satisfy the Fourth Circuit's test with respect to precisely those cases to which Congress most adamantly intended the Dilution Act to apply—i.e., the unauthorized use or substantial replication of a famous mark on dissimilar products or services. For example, despite Congress's clear intent to prohibit the sale of KODAK pianos pursuant to the Act,[141] it would be extraordinarily difficult for Eastman Kodak to establish that the sale of KODAK pianos somehow harmed its camera sales, as pianos are noncompeting and wholly dissimilar products in relation to cameras.[142]

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137. *See* 15 U.S.C. § 1125(c)(2) (Supp. III 1997) ("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.").

138. *See* Klieger, *supra* note 35, at 840 ("Of course, Congress did not intend to require, nor do courts interpret the Act to require, a showing of actual dilution.").

139. Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. Travel Dev., 170 F.3d at 460 (quoting District Court opinion, 955 F. Supp. 605, 615 (E.D. Va. 1997)).

140. *See, e.g.*, Hyatt Corp. v. Hyatt Legal Servs., 736 F.2d 1153, 1158 (7th Cir. 1984) (holding that "it is the very nature of dilution to gnaw away insidiously at the value of a mark" and that "[s]uch an injury would be remarkably difficult to convert into damages"). For that reason, courts faced with a preliminary injunction motion based on trademark dilution presume that the famous mark owner will be irreparably harmed from the unauthorized junior use of its mark. *See, e.g.*, American Dairy Queen Corp. v. New Line Prods., Inc., 35 F. Supp. 2d 727, 729 (D. Minn. 1998) ("For trademark dilution, proof of a likelihood of dilution of a mark will support a presumption of irreparable harm."); Hyatt Corp. v. Club Regency Int'l, No. 85 C 7540, 1986 WL 8029, at *3 (N.D. Ill. Jul. 14, 1986) ("In infringement-unfair competition and dilution claims, irreparable harm to the plaintiff's presumed, because the injury complained of is the kind for which pecuniary damages cannot be easily calculated.").

141. See H.R. REP. No. 104-374, at 3 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1030 (stating that the sale of "KODAK pianos would be actionable under this legislation").

142. In response to Ringling's identification of this conundrum, the Fourth Circuit unsatisfactorily responded that it would "express no view on the significance of this excerpt from legislative history in that circumstance." *Ringling Bros.*, 170 F.3d at 459 n.5. It then attempted to distinguish those cases from the instant case by noting that the congressional statement "speaks directly only to the effect of an *identical replication* which is not involved in this case." *Id.* (emphasis added). If the Fourth Circuit's test is to have any logical coherence at all, at a minimum it must apply to the cases identified by Congress as meriting protection under the Act.

In short, the Fourth Circuit's three-part test is inconsistent with congressional intent and unworkable.[143] Although the first prong—i.e., sufficient similarity between the famous and junior marks to evoke a consumer mental association between the two—properly reflects Congress's concept of dilution, the latter two prongs—causation and actual economic harm—eviscerate the Act. Indeed, the Second Circuit, which analyzed the Dilution Act on the heels of the Fourth Circuit's opinion, expressly rejected the Fourth Circuit's test for dilution.[144] As demonstrated below, however, the Second Circuit's consideration of the Act, which followed neither the Fourth Circuit's test nor the Sweet factors originating from its own court, only injected further judicial confusion concerning the appropriate analytical framework for determining dilution.

B. The Second Circuit's Open-Ended Test In Nabisco

In *Nabisco, Inc. v. PF Brands, Inc.*,[145] the Court of Appeals for the Second Circuit reviewed the district court's determination that "Nabisco's use of an orange, bite-sized, cheddar cheese-flavored, goldfish-shaped cracker . . . would dilute the distinctive quality of Pepperidge Farm's mark consisting of an orange, bite-sized, cheddar cheese-flavored, goldfish-shaped cracker, in violation of the Federal Trademark Dilution Act."[146] In examining whether Nabisco's use of a goldfish-shaped cracker diluted Pepperidge Farm's trade dress in that same shape and color of cracker, the court rejected all prior judicial tests for dilution, opting instead to devise its own test, consisting of an open-ended analysis of "the factors that appear[ed] pertinent on these particular facts."[147] Those factors were:

(a) the degree of distinctiveness of the mark,
(b) the similarity of the marks,
(c) the proximity of the products and the likelihood of bridging the gap,
(d) the interrelationship among the distinctiveness of the senior mark, the similarity of the junior mark, and the proximity of the products,
(e) shared consumers and geographic limitations,
(f) consumer sophistication,
(g) actual confusion,
(h) adjectival or referential quality of the junior use,
(i) harm to the junior user and delay by the senior user, and
(j) effect of the senior mark holder's prior laxity in protecting the mark.[148]

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143. On October 4, 1999, the Supreme Court denied certiorari in *Ringling Bros. See* 120 S. Ct. 286 (1999). Although the Court is bound to resolve the conflict in the circuits concerning the appropriate dilution test at some time or another, denial of certiorari in this instance was advisable in light of the Court's ruling earlier this year that states are immune from suit under the Lanham Act absent a waiver of such immunity. See College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd., 119 S. Ct. 2219 (1999).

144. *See* Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 223-24 (2d Cir. 1999) (holding that "[t]o require proof of actual loss of revenue seems inappropriate" and that "[t]o read the statute as suggested by the *Ringling* opinion would subject the senior user to uncompensable injury").

145. 191 F.3d 208 (2d Cir. 1999).

146. *Id.* at 212.

147. *Id.* at 217.

148. *See id.* at 217-22.

The court opted for an open-ended test because it believed that it was better to not limit the important factors courts consider when they interpret and apply the Dilution Act.[149] While this is a good general principle to use when approaching novel statutes, it is both unnecessary and inappropriate in the context of the Dilution Act. Dilution is a straightforward concept of the uniqueness and strength of the link between a famous mark and the goods and services to which it is affixed. When other factors are included, the courts will stray from this simple protection, and may continue to obfuscate the concept of dilution, as evidenced by the Second Circuit's analysis. Indeed, an examination of the ten factors that the Second Circuit applies reveals that it has erroneously folded into the dilution analysis considerations regarding fame, which already have a separate place within the framework of the Dilution Act, as well as fair use and estoppel by laches, which are affirmative defenses to dilution rather than relevant to the dilution analysis itself. The court also has improperly included considerations relevant to consumer source confusion, which, by Congress's express directive, have no place in a dilution analysis under the federal Act.[150]

1. Fame

With respect to the "degree of distinctiveness" factor, for example, the *Nabisco* court held that this factor "plays a dual role" in that it is relevant not only to the distinctiveness requirement of the Dilution Act but also to the dilution inquiry itself because "the more distinctiveness the mark possesses, the greater the interest to be protected."[151] In so holding, the court engaged in inappropriate double-counting of this factor and ignored the explicit analytical structure that Congress established in the Dilution Act. As a prerequisite to obtaining any protection from dilution, a mark must first be found to be "distinctive and famous."[152] Congress set forth a nonexclusive list of factors to be considered in determining whether the mark met that demanding standard; the first of these factors was "the degree of inherent or acquired distinctiveness of the mark."[153] In other words, the degree of distinctiveness of a mark is highly relevant to whether the mark should receive dilution protection at all and serves to weed out those marks that do not possess that requisite level of distinctiveness. Once that stringent threshold is met, however, it is inappropriate to consider a mark's distinctiveness as a factor informing the dilution analysis, as the determination has already been made that the mark is distinctive enough to merit protection from dilution.

The "shared consumers and geographic limitations"[154] factor that the Second Circuit considered also is more appropriately considered as part of the fame analysis mandated by the federal Act. The court held that fewer shared con-

149. *See id.* at 227.
150. 15 U.S.C. § 1127 (Supp. III 1997) (defining dilution as "the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of . . . [the] likelihood of confusion, mistake, or deception").
151. *Nabisco*, 191 F.3d at 217.
152. 15 U.S.C. § 1125(c) (Supp. III 1997).
153. *Id.*
154. *Nabisco*, 191 F.3d at 220.

sumers and greater geographic limitations of the mark signified a lower likelihood of dilution because "[i]f consumers who buy the products of the senior user never see the junior user's products or publicity, then those consumers will continue to perceive the senior user's mark as unique, notwithstanding the junior use."[155] Again, however, this concern has more to do with consumer recognition of the senior mark among those exposed to the junior mark, a concern that Congress already addressed in the fame inquiry of the Dilution Act.[156] The Second Circuit's test would allow a mark—with sufficient fame to meet the fame requirement, yet, all other factors being equal, without sufficient geographic fame to meet this factor—to defeat a dilution claim, which is a counterintuitive and nonsensical result. Moreover, it might act merely to delay resolution of the use of two conflicting marks or even stymie later courts as to what that resolution should be. Suppose, for example, that the marks are used in different geographic spheres and, as a result, no dilution is found to have occurred under the Second Circuit's test. Later, when the two marks encounter each other geographically, courts will be left in a conundrum. Should each maintain a geographic zone of dilution into which the other cannot proceed?[157] Yet, if the senior user is given priority, the equity concerns with halting the junior use of the mark, which may have been minimal when the junior use was first challenged, likely will have grown with the passage of time and the reliance of the junior user.[158]

In short, the Second Circuit's inclusion of the "degree of distinctiveness" and "shared consumers and geographic limitations" factors in its dilution test was improper. While both of these factors are highly informative of the fame inquiry, neither should play any further role in determining dilution claims once a mark has met the stringent fame threshold established by the Dilution Act.

2. Confusion

Just as the Second Circuit improperly double-counted factors that were considered separately under the Dilution Act, so, too, did it erroneously import factors—i.e., the proximity of the products and likelihood of bridging the gap, the evidence of actual confusion, and the sophistication of consumers—that are remnants of a likelihood of confusion analysis in trademark infringement actions, but have no place in a dilution inquiry under the federal Act. With respect to the "proximity of the products and likelihood of bridging the gap" factor, for example, the court held that "[t]he closer the junior user comes to the senior's area of

155. *Id.*

156. Indeed, Congress explicitly listed "the geographical extent of the trading area in which the mark is used" and "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" as relevant factors to the fame analysis. 15 U.S.C. § 1125(c)(1)(D) & (F) (Supp. III 1997).

157. In *Dawn Donut Co. v. Hart Food Stores, Inc.*, 267 F.2d 358 (2d Cir. 1959), the Second Circuit refused to grant injunctive relief to the owner of a federally registered trademark because the owner of that mark did not use that mark, nor seemed likely to use that mark in the future, in the same market in which the junior user used the potentially infringing mark. *Id.* at 365. However, the court said that such an injunction would be appropriate if the owner of the mark made an appropriate showing that it intended to use the mark in the relevant market. *Id.*

158. *See infra* note 174.

commerce, the more likely it is that dilution will result."[159] While this factor is relevant to a determination of "likelihood of confusion" under a trademark *infringement* analysis,[160] Congress, however, explicitly rendered "competition between the owner of the famous mark and other parties" irrelevant to the dilution analysis.[161] Moreover, it is precisely the use of a famous mark on *noncompeting* products that constitutes the classic example of dilution.[162] Thus, the difference in the fields of commerce between the respective marks should play no part in its determination.[163]

With respect to the "actual confusion" factor, the court found that actual consumer confusion between the two marks would increase the likelihood of dilution because "[c]onfusion lessens distinction."[164] Similarly, the court held that greater consumer sophistication lessens the likelihood of dilution because "[c]onsumers who are highly familiar with the particular market segment are less likely to be confused by similar marks and may discern quite subtle distinctions."[165] These comments illustrate that despite Congress's clear mandate that consumer confusion should be irrelevant to the dilution analysis, the Second Circuit has nevertheless considered consumer confusion in determining dilution. While the Second Circuit is correct that "confusion lessens distinction,"[166] it is not correct that no dilution occurs when consumers are "not confused by similar marks" but rather "discern quite subtle distinctions" between two such marks.[167] As previously explained, it is the mental connection that consumers make between the unauthorized junior mark and the senior markholder, not the consumers' belief as to the source of the goods bearing the unauthorized mark, that determines whether dilution is occurring.[168] This mental association may exist regardless of whether consumers (1) mistakenly believe that products bearing the junior mark are made by the senior mark owner, or (2) correctly conclude that the products bearing the junior mark come from a different source than the senior mark owner.[169] Therefore, the Second Circuit's importation of factors from the likelihood of confusion analysis was inappropriate.

3. Affirmative Defenses

Finally, the court improperly included three factors that constitute affirmative defenses to dilution rather than relevant considerations to the dilution analysis

159. *Nabisco*, 191 F.3d at 219.

160. *See* Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492, 495 (2d Cir. 1961) (holding that "the proximity of the products" and "the likelihood that the prior owner will bridge the gap" are relevant factors to infringement analysis).

161. 15 U.S.C. § 1127 (Supp. III 1997).

162. H.R. REP. NO. 104-374, at 3 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1030 (listing KODAK pianos, BUICK aspirin, and DUPONT shoes as examples of dilution).

163. For the same reasons that consideration of the distinctiveness of the senior mark and the proximity of the products is improper, the court's consideration of the interrelationship among the distinctiveness of the senior mark, the similarity of the junior mark, and the proximity of the products was also improper.

164. *Nabisco*, 191 F.3d at 221.

165. *Id.* at 220.

166. *Id.* at 221.

167. *See id.* at 220.

168. *Id.* at 218-21; see Fig. 1, *supra*.

169. *See* Fig. 1 and the following discussion.

itself. First, the court found that the adjectival or referential (i.e., descriptive) quality of a junior use would lessen the likelihood of dilution because descriptive uses of a mark are less likely to lead consumers to associate the mark with the source of the product rather than with the product itself.[170] This factor, however, merely describes the fair use defense. That defense allows a defendant to avoid liability under the Lanham Act even if its conduct otherwise would violate the Act.[171] Specifically, the fair use defense "permits others to use protected marks in descriptive ways, but not as marks identifying their own products."[172] Thus, contrary to the Second Circuit's view in *Nabisco*, the adjectival quality of the junior use of a mark is more appropriately treated as an affirmative defense to dilution rather than as an element of dilution itself.

Similarly, the court improperly considered the delay by the senior user and resulting harm to the junior user, as well as the effect of the senior user's prior laxity in protecting the mark as part of its dilution analysis.[173] Although it is true that a senior user's laxity and delay in enforcing its mark and resulting harm to a junior user will diminish the likelihood that a junior user will be held liable for dilution, these factors have nothing to do with whether dilution has actually occurred. Rather, these factors describe the equitable defense of estoppel by laches,[174] which prevents a senior user from enforcing its mark against a junior user—even if dilution will otherwise occur—to protect the goodwill in a mark that the junior user has accumulated during the senior mark holder's laxity and delay in enforcing its trademark.[175] Accordingly, the Second Circuit's consideration of both of these factors in the initial dilution analysis was improper.

After stripping away the irrelevant factors from the Second Circuit's dilution analysis, only one factor remains: the similarity of the marks. As was true of the Fourth Circuit's dilution test enunciated in *Ringling Bros.*,[176] scrutiny of the test in light of the federal Act reveals that this is the only pertinent consideration to the dilution analysis.

170. *Nabisco*, 191 F.3d at 221-22.

171. *See, e.g.*, Cosmetically Sealed Indus., Inc. v. Chesebrough-Pond's USA Co., 125 F.3d 28, 30 (2d Cir. 1997) ("Fair use is a defense to liability under the Lanham Act even if a defendant's conduct would otherwise constitute infringement of another's trademark.").

172. *Id.* See also Sugar Busters LLC v. Brennan, 177 F.3d 258, 270-71 (5th Cir. 1999) ("The fair-use defense allows a party to use a term in good faith to describe its goods or services, but only in actions involving descriptive terms and only when the term is used in its descriptive sense rather than in its trademark sense.").

173. *Nabisco*, 191 F.3d at 222.

174. *See* Lightnin Chem. Co. v. Royal Home Prods., 197 F.2d 668, 670 (C.C.P.A. 1952) (holding that the defense of laches applies to infringement actions); Tustin Community Hosp., Inc. v. Santa Ana Community Hosp. Ass'n, 89 Cal. App. 3d 889, 894, 896, 153 Cal. Rptr. 76 (1979) (defining "estoppel by laches [as] that type or degree of delay or inattention to duty which, when weighed with all other equitable considerations, results in a bar to relief" and holding that "laches can be an injunction case based on [trademark infringement]").

175. *See Nabisco*, 191 F.3d at 222 (noting that junior user "may already have accumulated substantial goodwill").

176. *See supra* Part IV. A.

C. *The First Circuit's Virtual Identity Test in* Lund

Interestingly, neither the Fourth Circuit's nor the Second Circuit's dilution opinions discussed in any detail the dilution test set forth in an earlier First Circuit opinion, *I.P. Lund Trading ApS v. Kohler Co.*[177] In that case, the United States Court of Appeals for the First Circuit considered whether the district court had properly issued a preliminary injunction barring Kohler from selling a single-control wall-mounted faucet, based on the plaintiff's claim that the faucet diluted the trade dress of its own faucet under the Dilution Act.[178] The First Circuit vacated the injunction, holding that the plaintiff had failed to establish (1) that the design of its faucet was sufficiently famous to qualify for protection under the Dilution Act, and (2) that the defendant's "largely dissimilar" faucet design diluted the plaintiff's faucet design.[179]

With respect to the fame requirement of the Dilution Act, the court found that the fame standard was difficult to satisfy. The court first observed that the legislative history for predecessor bills, in addition to the Act itself, "indicate[d] a congressional intent that courts should be discriminating and selective in categorizing a mark as famous."[180] Similarly, the court found that "[b]oth the Restatement (Third) of Unfair Competition and the state anti-dilution statutes against the background of which Congress enacted the [Act] make clear that the standard for fame and distinctiveness required to obtain anti-dilution protection is more rigorous than that required to seek infringement protection."[181] Further, it held that "national renown is an important factor in determining whether a mark qualifies as famous," although no "explicit finding" of national renown is required.[182] The court then concluded that the plaintiff had failed to satisfy this exacting standard.[183]

The court then turned to the dilution inquiry, taking particular effort not to confound the dilution analysis with the likelihood of confusion analysis used in straightforward infringement proceedings. The court began by observing that dilution protection is not "mere fallback protection for trademark owners unable to prove trademark infringement" but rather a remedy for a distinct type of harm.[184] The court next dismissed the Sweet factors as "'the offspring of classical likelihood of confusion analysis and . . . not particularly relevant or helpful in

177. 163 F.3d 27 (1st Cir. 1998).

178. *Id.* at 32. Courts have applied the Dilution Act to trade dress consisting of a product's design in addition to the more familiar word marks. *See, e.g., id.* at 45 ("[T]he Act applies to all types of marks recognized by the Lanham Act, including marks derived from product designs."); Sunbeam Prods. v. West Bend Co., 39 U.S.P.Q.2d 1545, 49-54 (S.D. Miss. 1996) (applying Dilution Act to design of a mixer), *aff'd*, 123 F.3d 246 (5th Cir. 1997).

179. *Lund*, 163 F.3d at 47, 50.

180. *Id.* at 46.

181. *Id.* at 47.

182. *Id.* at 47 & n.11.

183. *See id.* at 47.

184. *Id.* at 48.

resolving the issues of dilution by blurring.'"[185] The court then devised a dilution test that focused exclusively on the similarity of the marks, holding that the appropriate inquiry was "whether target customers are likely to view the products [i.e., their trade dress] 'as essentially the same.'"[186]

Of all the tests for dilution that courts have applied, the *Lund* test best accords with both the Schechterian concept of dilution and congressional intent to protect the unique bond between a famous mark and the products that it identifies.[187] By protecting a famous mark from near imitations, the test preserves the strength of the mark and its ability uniquely to identify the products to which its owner chooses to affix it. Moreover, by restricting protection against dilution to cases in which (1) the protected mark has achieved a high degree of fame and (2) the junior mark is essentially identical to the famous mark, the test addresses significant concerns surrounding a broader application of dilution. Because only a few highly elite trademarks will qualify for protection under the *Lund* test and only virtually identical junior uses will be enjoined, the test ensures that trademark law is not transformed into the absolute property right protection offered by the patent and copyright laws, but is rather largely ceded back to the well-developed purpose of infringement laws to guard against consumer source confusion.

V. CONCLUSION

Coming to terms with dilution under the Dilution Act is understandably difficult. The definition of dilution under the Act, in its comparative minimalism, laid itself open to perverse interpretation. Exercise of this potential misinterpretation was, perhaps, a foregone conclusion.

Dilution, as originally proposed by Schechter, represented a dramatically different sort of protection for trademarks than that offered by traditional trademark infringement law, and courts confronted with this legislative *fait accompli* embodied in state anti-dilution statutes reacted with antipathy and confusion. Judicial decisions rendering state dilution protection subservient to the traditional likelihood of confusion analysis may have resulted from (1) an attempt to reconcile two visions of trademark law in an incompatible way, or (2) the effect of a series of judicial attempts to limit the effect of a judicially disfavored doctrine. While the motivations are uncertain, this much is clear: far more often than not, state dilution statutes were woefully misapplied.

Thus, it should not come as a shock to see similar judicial obstacles trip up the federal Dilution Act. If one carefully examines the language of the Act and its

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185. *Id.* at 49 (quoting MCCARTHY, *supra* note 49, at § 24.94.1). The court also dismissed the test applied by the district court in *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. Travel Dev.*—i.e., whether the junior mark had "'caused a lessening of demand for the product or services bearing the famous mark'"—observing that "demand for one product is almost always lessened whenever a competing product achieves a measurable degree of success." *Id.* at 49 (quoting Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 955 F. Supp. 605, 616 (E.D. Va. 1997), *aff'd*, 170 F.3d 449 (4th Cir. 1999)).

186. *Id.* at 50 (citation omitted). In trade dress claims, the products are the marks.

187. *See generally* H.R. REP. NO. 104-374, at 3-4 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1030-31; Schechter, *supra* note 38, at 813.

legislative history, one finds a simple protection. Dilution, the Act says, is the disruption of the mental association between a famous mark and a product by use of the same or a substantially similar mark. This concept of dilution is essentially equivalent to that proposed by Schechter in his original exposition of dilution. In the words of the Fourth Circuit, "[a]s proposed by Schechter, the interest was easily identified as simply the mark's 'uniqueness' . . . and the harm, as [the] loss of that uniqueness."[188]

Yet courts continued to misapply the Act, just as they had misapplied state antidilution statutes. In the case of the Sweet test, the obstacles are equivalent; a test guided by likelihood of confusion analysis and inimical to the core concept of dilution before the passage of the Dilution Act became no more appropriate afterwards. Nor are the failings of the *Ringling-Bros.* economic harm test and the *Nabisco* open-ended test very different from those of the Sweet test. Each suffers from a misapprehension of dilution. The economic harm test, at base, rejects the gradual nature of dilution and the impossibility of the concept making sense where actual harm need be shown. The open-ended test, in making a laudable attempt at further exploration of the contours of dilution doctrine before any decisive rule is laid down, misunderstands the essential simplicity of the doctrine. Where there is use of the same mark or a substantially similar mark on any product, there is dilution. No analysis outside the boundaries of such a definition should occur.

Only the *Lund* court, in adopting the virtual identity test, appears to have understood both the simplicity of the doctrine and its differentiation from likelihood of confusion analysis. In enforcing a rigorous fame requirement and limiting dilution analysis to a determination of whether there is virtual identity of the senior and junior marks, the court appropriately recognized the simplicity of the doctrine and resisted the urge to embellish the doctrine with unnecessary, irrelevant, and unjustifiably restrictive factors, although discussion of what ought to be considered in determining virtual identity would also have been helpful. But ultimately, the *Lund* court is to be congratulated for applying the Dilution Act as Congress intended, without embellishing its application with likelihood of confusion analysis or avoiding its application by a contrary interpretation of the Act that must result in its emasculation. Although substantial judicial controversy currently still exists concerning the appropriate dilution test under the federal Act, perhaps a judicial consensus will soon form around the First Circuit's test, which remains faithful to both Schechter's and Congress's concept of dilution. For in the apt (and ironic) words of the Fourth Circuit, "once the dilution concept is sought to be given any form other than that of Schechter's simple original proposal it begins to lose its coherence as a legally enforceable norm."[189]

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188. *Ringling Bros.*, 170 F.3d at 456.
189. *Id.* at 455-56.