Mississippi College Law Review

Volume 20
Issue 2 *Vol. 20 Iss. 2*

Article 5

2000

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Custom Citation
20 Miss. C. L. Rev. 245 (1999-2000)

# 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] which 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 protect famous marks under a single, national system,[3] which 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]

Despite Congress's goal of standardizing dilution protection throughout the country, judicial construction of the Act in the scant few years since its enactment is strangling the hope for a single, national standard of dilution. As cases applying the Dilution Act wend their way through the federal judicial system, courts have interpreted the Act in dramatically disparate ways. For example,

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1. Pub. L. No. 104-98, 109 Stat. 985 (1996) (codified at 15 U.S.C. §§ 1125(c), 1127 (Supp. IV 1998)).

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. IV 1998).

3. H.R. REP. NO. 104-374, at 4 (1995), *reprinted in* 1996 U.S.C.C.A.N. 1029, 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, *reprinted in* 1996 U.S.C.C.A.N. 1029, 1030. As of January 1996, twenty-eight states had enacted dilution statutes (current codification listed unless otherwise noted). *See* ALA. CODE § 8-12-17 (1999); ARK. CODE ANN. § 4-71-113 (Michie 1995) (amended 1998); CAL. BUS. & PROF. CODE § 14330 (West 1999); CONN. GEN. STAT. ANN. § 35-11i(c) (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 (1995) (amended 1997); 765 ILL. COMP. STAT. 1036/15 (1993) (codified as amended at 765 Ill. Comp. Stat. 1036/65 (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) (superseded by 2000 NEB. LAWS L.B. 626); N.H. REV. STAT. ANN. § 350-A:12 (1998); N.J. STAT. ANN. § 56:3-13.20 (West 1999); N.M. STAT. ANN. § 57-3-10 (Michie 1996) (codified as amended at N.M. STAT. ANN. § 57-3B-15 (Michie 1999)); N.Y. GEN. BUS. LAW § 360-l (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) (superseded by TENN. CODE ANN. § 47-25-513 (West 2000)); TEX. BUS. & COM. CODE ANN. § 16.29 (Vernon 1999); WASH. REV. CODE ANN. § 19.77.160 (West 1999).

Since that time, six other states have enacted dilution statutes, bringing the total count of states with dilution protection, as of October 2000, to thirty-four. *See* ALASKA STAT. § 45.50.180(d) (Michie 1998); ARIZ. REV. STAT. § 44-1448.01 (1999); KAN. STAT. ANN. § 81-214 (1999); MISS. CODE ANN. § 75-25-25 (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* 1996 U.S.C.C.A.N. 1029, 1031 (observing that lack of a single national standard encourages forum shopping and increases the amount of litigation).

courts disagree about the showing necessary to satisfy the fame requirement of the Act,[6] including the extent of geographic renown necessary to trigger application of the Act[7] and whether fame must be proved in the general marketplace as opposed to the specific sub-market of the trademark owner.[8] Because the Act sets forth a non-exclusive list of eight factors for courts to consider when making determinations of fame,[9] however, courts at least have 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 a six-factor test developed by Judge Sweet[11] in his concurring opinion in *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*,[12] which interpreted New York's anti-dilution statute. The Fourth Circuit has developed a second test in *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development*,[13] which requires, inter alia, that the plaintiff prove actual economic harm caused by the defendant before the protection of the Dilution Act is triggered.[14] The Second Circuit has created a third open-ended test in *Nabisco, Inc. v. PF Brands, Inc.*,[15] which combines a few of the factors listed in the Sweet test with some new ones.[16] Finally, in *I.P. Lund Trading ApS v. Kohler Co.*,[17] the First Circuit outlined

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6. *See* 15 U.S.C. § 1125(c) (Supp. IV 1998).

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 constitutes sufficient geographic fame for purposes of the Dilution Act).

8. *Compare* Washington Speakers Bureau, Inc. v. Leading Authorities, Inc., 33 F. Supp. 2d 488, 503-04 (E.D. Va. 1999) (criticizing theory that fame within a niche market meets the fame requirements of the Dilution Act), *aff'd*, 217 F.3d 843 (4th Cir. 2000), *with* Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C., 212 F.3d 157, 164-65 (3d Cir. 2000) (observing that niche market fame meets fame requirements of Dilution Act), Syndicate Sales, Inc. v. Hampshire Paper Corp., 192 F.3d 633, 640-41 (7th Cir. 1999) (same), *and* Teletech Customer Care Mgmt., Inc. v. Tele-Tech Co., 977 F. Supp. 1407, 1413 (C.D. Cal. 1997) (same).

9. *See* 15 U.S.C. § 1125(c) (Supp. IV 1998).

10. *Id.* § 1127.

11. *See infra* note 99.

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. The Fifth Circuit recently adopted the Fourth Circuit's test. *See* Westchester Media v. PRL USA Holdings, Inc., 214 F.3d 658, 670-71 (5th Cir. 2000).

15. 191 F.3d 208, 217-22 (2d Cir. 1999).

16. *Id.* The Third Circuit recently adopted the Second Circuit's test. *See* Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C., 212 F.3d 157, 169 (3d Cir. 2000).

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

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 foreign to the bedrock of trademark protection, 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 historically 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 proved sufficiently vague to give birth to a multiplicity of understandings of dilution.

Nonetheless, there are better and worse tests for dilution. Most importantly, a proper dilution 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 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, with particular importance placed on Congress's intent in enacting the Dilution Act, that this Article measures the four tests announced by

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18. *Id.* at 50.

19. *Compare* 15 U.S.C. § 1125(a) (1994 & Supp. IV 1998) (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) ("[T]here is no accepted statutory or case law definition of the concept [of dilution] . . . .").

24. This is not unlike the practice of reading a statute narrowly when the statute is in derogation of common law. *See* Reed Dickerson, THE INTERPRETATION AND APPLICATION OF STATUTES 206-08, 228 (1975).

courts in applying the Act. Part I of the Article discusses the pre-dilution regime of trademark protection under the 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 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, which provided an initial analytical framework that 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 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" and "open-ended" tests 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 suggesting that the First Circuit's "virtual identity" test is most consistent with congressional intent and the core concept of dilution and therefore is the test that courts should follow. Otherwise, the Act, instead of "bring[ing] uniformity and consistency to the protection of famous marks,"[25] will merely provide trademark owners with a second patch-work quilt system of protection overlaying the varying state regimes.

## I. THE EARLY DEVELOPMENT OF DILUTION

### *A. Pre-Dilution Trademark Protection*

Until well into the twentieth century, trademark law consisted solely of protection from trademark infringement.[26] Unlike patent and copyright laws, which 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:

25. *See* H.R. REP. NO. 104-374, at 3 (1995), *reprinted in* 1996 U.S.C.C.A.N. 1029, 1030.

26. *See* 15 U.S.C. §§ 1114, 1125(a) (1994 & Supp. IV 1998).

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. 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 trade-mark 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, 97 (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").

> 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]

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 for a limited time.[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] This information signaling function of trademarks encourages companies to produce quality products on a consistent basis and reduces consumer search costs in locating those products.[33]

Because the public usefulness of a trademark lies entirely in the mark's ability to signal source information[34] to consumers, it is this ability—and only this ability—that must be protected. Without such protection, a trademark 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 the trademark as a useful signal of source information. Eventually, the trademark's usefulness as a signal to consumers would disappear altogether.

To preserve this source-signaling ability of a trademark, the trademark infringement regime guards against only those uses of a trademark on a product

29. Kenneth L. Port, *The "Unnatural" Expansion of Trademark Rights: Is a Federal Dilution Statute Necessary?*, 18 SETON HALL LEGIS. J. 433, 466-67 (1994).

30. *See* U.S. CONST. art. I, § 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. *See* James Burrough Ltd. v. Sign of Beefeater, Inc., 540 F.2d 266, 276 (7th Cir. 1976) (observing that 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).

33. *See* 1 *id.* § 2:4 ("[T]rademarks create an incentive to keep up a good reputation for a predictable quality of goods."); 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."); 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").

34. As used in this Article, "source" refers broadly to the origin, affiliation and/or sponsorship of a good or service.

that are likely to confuse consumers about the source of the product.[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 to be 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 source and nature of a product based on the trademark it bears.[37]

### *B. Dilution*

#### 1. Origins

Professor Frank Schechter dramatically altered the perceived trademark 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 prevented con-

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."); 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 . . . ."); 1 MCCARTHY, *supra* note 32, § 2:1 ("The interest of the public in not being deceived has been called the basic policy [of trademark law]."); 1 *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).

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

37. Industrial Rayon Corp. v. Dutchess Underwear Corp., 92 F.2d 33, 35 (2d Cir. 1937) ("The owner of a mark acquires the 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 MCCARTHY, *supra* note 32, § 24:67 ("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 437 (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).

travened 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 good will," 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 absent consumer confusion is "an archaic notion" that "ignores the fact that the *creation and retention of custom*, rather than the designation of source, is the primary purpose of the trademark today, and that the preservation of the uniqueness or individuality of the trademark is of paramount importance to its owner").

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. Unlike trademark infringement law, the theory of dilution primarily 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 January 1996, twenty-eight states had adopted such statutes.[54] The vast majority of those states used very similar language to describe anti-dilution protection, which guarded against the "[l]ikelihood of injury to business reputation or of dilution of the distinctive quality of a mark . . . notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services."[55] Each state law provided injunctive relief.[56]

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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* 1996 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 the commercial value and aura of the mark itself").

49. *See* Schechter, *supra* note 38, at 822 (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."); Johnston, *supra* note 33, 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. . . ."); 4 MCCARTHY, *supra* note 32, § 24:90 ("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."); 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 supra* note 4.

55. CAL BUS. & PROF. CODE §14330 (West 1999); *see also, e.g.*, MASS. GEN. LAWS ANN. ch. 110B, § 12 (West 1999); N.Y. GEN. BUS. LAW § 360-1 (McKinney 1999).

56. *See supra* note 4.

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 severely restricted the scope of dilution protection by imposing prerequisites that were 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 ignored, and the dilution cause of action thoroughly 'emasculated,' in case after case."[63] Such judicial

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, e.g.*, Polaroid Corp. v. Polaraid, Inc., 319 F.2d 830, 836 (7th Cir. 1963) (describing the anti-dilution protection under the Illinois statute as "lay[ing] a heavy hand upon one who adopts the trade name or mark of another").

59. *See, e.g.*, Coffee Dan's Inc. v. Coffee Don's Charcoal Broiler, 305 F. Supp. 1210, 1217 n.13 (N.D. Cal. 1969) (expressing concern over anti-dilution doctrine "lest it swallow up all competition in the claim of protection against trade name infringement"); Anti-Defamation League of B'Nai B'Rith v. Arab Anti-Defamation League, 340 N.Y.S.2d 532, 548 n.7 (N.Y. Sup. Ct. 1972) ("Caution and restraint in [dilution theory's] application should be exercised except in special situations involving fanciful and unique marks, lest it be deemed by Stare decisis effect to establish a Per se rule [of absolute property rights in a trade name]."). *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.) ("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); 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."); *supra* Part I.B.1.

61. *See, e.g.*, Filter Dynamics Int'l, Inc. v. Astron Battery, Inc., 311 N.E.2d 386, 398-99 (Ill. App. Ct. 1974) ("[W]here the parties are in competition and the plaintiff could not obtain relief under the traditional laws of infringement and unfair competition, he will not be able to obtain relief under the Anti-Dilution Statute."); Allied Maintenance Corp. v. Allied Mechanical Trades, Inc., 369 N.E.2d 1162, 1165 (N.Y. 1977) ("New York courts, State and Federal, have read into the [anti-dilution] statute a requirement of some showing of confusion, fraud or deception."); *id.* ("In Illinois . . . some courts have gone so far as to declare the statute inapplicable where the parties are competitors and a likelihood of confusion does exist."); *Cue Publ'g*, 256 N.Y.S.2d at 245 ("It would appear therefore, and the cases have so held, that to give effect to the dilution doctrine some measure of confusion must be present . . . ."); 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 confusion doctrine . . . .").

62. *See, e.g.*, *Filter Dynamics Int'l*, 311 N.E.2d at 398-99; 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); *Allied Maintenance*, 369 N.E.2d at 1165 (observing that New York courts require confusion to uphold dilution claim); *Cue Publ'g*, 256 N.Y.S.2d at 245 (requiring confusion as element of dilution claim).

63. Klieger, *supra* note 35, at 818 (citations omitted); *accord Allied Maintenance*, 369 N.E.2d at 1165 ("Generally, courts which have had the opportunity to interpret an anti-dilution statute have refused to apply its provisions literally.").

resistance led one commentator to observe that, under the state anti-dilution statutes then in existence, there were no findings of "undiluted 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 actually to 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 reworked the definition of dilution, it often remains understandable within Schechter's framework. For example, one 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 formulation; 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] In other words, the "selling power" of a distinctive mark

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 Corset Shoppe, Inc., 46 N.E.2d 165, 169 (Ill. App. Ct. 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 Maintenance Corp.*, 369 N.E.2d at 1165.

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).

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)).

depended upon the uniqueness of the relationship between that mark and the mark owner's products on which the mark is affixed.[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] Another noted the importance of protecting the strength of the unique mental association between a product and an identifying mark from being weakened by other mental associations.[72] Still another has 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 find dilution,[74] most courts, in interpreting state anti-dilution statutes, have espoused varying versions of Schechter's core concept of dilution—that is, the protection of the unique mental association between a trademark and the products on which it is affixed against gradual incursions by a variety of junior users. When the use of another mark may impinge upon that association, despite the absence of a 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 did exist were reluctant to grant nationwide injunctions against the unauthorized use of a trademark in the absence of confusion because 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 to create 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 com-

70. Schechter, *supra* note 38, at 831.
71. George E. Middleton, *Some Reflections on Dilution*, 42 TRADEMARK REP. 175, 176 (1952).
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 supra* notes 57-64 and accompanying text.
75. *See supra* note 4.
76. H.R. REP. NO. 104-374, at 3-4 (1995), *reprinted in* 1996 U.S.C.C.A.N. 1029, 1030-31 ("[S]ome courts are reluctant to grant nationwide injuctions [sic] for violation of 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. IV 1998)).
78. H.R. REP. NO. 104-374, at 3 (1995), *reprinted in* 1996 U.S.C.C.A.N. 1029, 1030.

mercial 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 federal 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 sufficiently "distinctive and famous" 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 mark's owner and the person against whom the injunction is sought;
> (G) the nature and extent of use of the same or similar marks by third parties; and
> (H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.[80]

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: 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

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79. 15 U.S.C. § 1125(c) (Supp. IV 1998).
80. *Id.*
81. H.R. REP. NO. 104-374, at 7 (1995), *reprinted in* 1996 U.S.C.C.A.N. 1029, 1034.
82. *Id.* at 3, *reprinted in* 1996 U.S.C.C.A.N. 1029, 1030.
83. *Compare* 15 U.S.C. § 1125(c) (Supp. IV 1998) (defining fame), *with id.* § 1127 (defining dilution).
84. *See id.* § 1127.

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 infringement 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]

The relationship between dilution and infringement may be illustrated by the following chart:

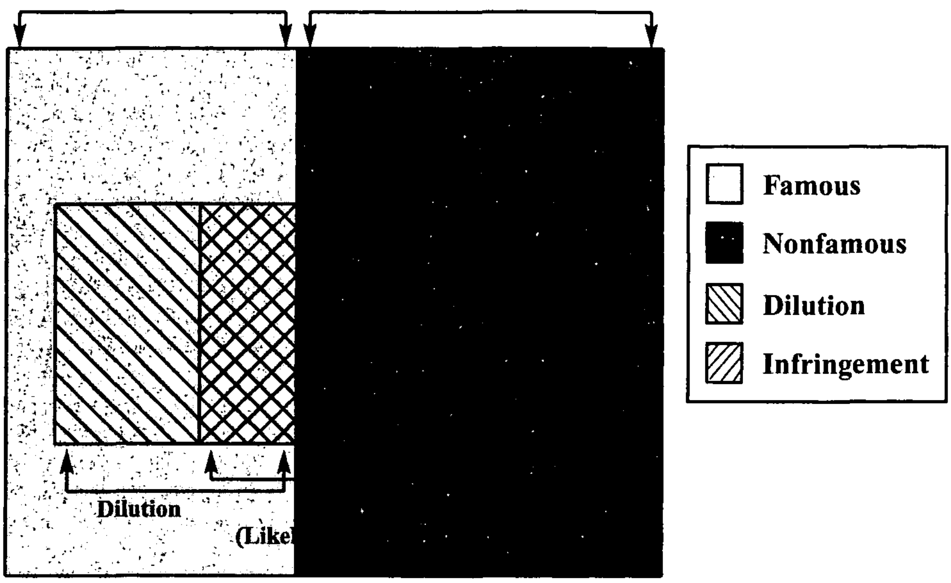


**Figure 1**

As the chart shows, dilution, depicted by diagonally descending lines, may only occur with respect to famous marks. Infringement, by contrast, may occur with respect to either famous or nonfamous marks, as the diagonally ascending lines illustrate. Moreover, dilution occurs with respect to all confusing uses of famous marks (because the mental association necessary for dilution is present), as the overlapping area between dilution and infringement depicts. Because the

85. *Id.*

86. H.R. REP. NO. 104-374, at 3 (1995), *reprinted in* 1996 U.S.C.C.A.N. 1029, 1030; *accord* I.P. Lund Trading ApS v. Kohler, 163 F.3d 27, 35 (1st 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, *reprinted in* 1996 U.S.C.C.A.N. 1029, 1030; *accord* 4 MCCARTHY, *supra* note 32, § 24:90 ("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.").

Act expressly refuses to limit dilution to confusing uses of a mark, however, dilution may occur with respect to nonconfusing uses of a famous mark as well, as shown by the non-overlapping region of the diagonally descending lines.

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 DUPONT shoes, BUICK aspirin, and KODAK pianos would be actionable under this legislation."[89] In citing to these 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]

In short, Congress intended dilution to encompass all unauthorized uses of a famous mark and variants so similar that consumers would associate the similar 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—regardless of competition and confusion—will reduce the capacity of the famous mark to distinguish goods and to signify "something unique, singular, or particular."[93] Dilution will result as consumers who once associated the famous mark only with products originating from the famous mark owner begin to associate the famous mark with the products originating from the unauthorized user as well. To prevent this harm from occurring, Congress intended that the unauthorized 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 Congress's intent to apply the Act broadly, once a mark has been shown to be famous. For example, Congress's reference to KODAK pianos as a *per se* example of dilution 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

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

89. *Id.*, *reprinted in* 1996 U.S.C.C.A.N. 1029, 1030.

90. Jordache Enters., Inc. 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. IV 1998).

92. *See id.*

93. H.R. REP. No. 104-374, at 3 (1995), *reprinted in* 1996 U.S.C.C.A.N. 1029, 1030.

straightforward, Schechterian concept of dilution—*i.e.*, nothing need be tested but the uniqueness of the connection between the mark and the goods 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 of the professed test applied. Specifically, dilution of a famous or well-known mark often is found from 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]

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,

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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.*, 855 F.2d at 482-83 (finding dilution by blurring under Illinois statute where plaintiff's "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 federal Act for both infringement and dilution where 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*, 523 U.S. 1118 (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 federal Act 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 federal Act 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).

long-standing concerns of courts and commentators alike.[96] Congress's scrupulous attention to the fame requirement and the rigor with which it intends the requirement to be enforced ensures that only a tiny fraction of all trademarks will qualify for protection from dilution. Indeed, Congress's statement that only well-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] This two-tiered scheme—with the "fame" requirement ensuring sufficient consumer recognition of the protected mark and the "similarity" requirement ensuring that consumers will make the requisite mental association between the junior mark and the famous mark—provided for a seemingly straightforward dilution inquiry.

In sum, the intent of Congress in enacting the Dilution Act appears to have been to provide trademark owners with protection of the unique and immediate consumer mental association 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 accomplished by the federal Dilution Act is perhaps best appreciated by contrasting the Act with the predominant dilution test employed by courts *prior* to the Act's passage: 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

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96. *See, e.g.*, 4 McCarthy, *supra* note 32, § 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 (referring to "impoverishment of the available supply of marks"); *supra* note 59 and accompanying text.

97. *See* H.R. Rep. No. 104-374, at 7 (1995), *reprinted in* 1996 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). Even after the passage of the Act, many courts continue to apply this test. *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*], which Judge Sweet used for interpreting the New York antidilution statute."); Star Mkts., Ltd. v. Texaco, Inc., 950 F. Supp. 1030, 1035 (D. Haw. 1996) (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).

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 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, is at greatest risk from competing products.[102] Consumer sophistication, by contrast, cuts against a dilution finding under Judge Sweet's analysis because sophisticated consumers are 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] According to Judge Sweet, a court must then balance these factors to determine whether they support a finding of dilution.[106]

Despite the Sweet 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 mark holder'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] Indeed, the paradigmatic examples of dilution proffered by Congress—KODAK pianos, BUICK aspirin, and DUPONT shoes, all of which constitute

100. *Mead Data*, 875 F.2d at 1035.
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. IV 1998).

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 inappropriate for courts to consider the similarity of the products at issue in determining dilution under the Dilution Act.

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 more likely to believe mistakenly that the goods emanate from, or are sponsored by, the senior mark holder. For these confused consumers, this unauthorized use has diluted the unique mental association between the senior mark and the mark owner's goods because the mark now appears on goods and/or services other than those originating from the senior mark holder. It does not matter that consumers may mistakenly associate both uses of the mark with a single source (the senior owner)—all that matters is that the strength of the mental link between the mark and the senior owner's products has been diminished by the mark's use on other products not associated with the senior owner.

Dilution can also occur with respect to more sophisticated consumers. Sophisticated consumers viewing a product that bears a junior trademark that is identical or substantially similar to a senior mark may notice the similarity or identity of the two marks yet correctly recognize that the junior and senior mark holders are independent companies and that the junior mark holder's goods therefore do *not* originate from the senior mark holder. Nevertheless, those consumers, even though they correctly distinguish between the two companies and their products, still will associate the senior mark itself with not only the senior mark holder's goods and services, but the junior mark holder's products as well.[111] This more diffuse mark association (despite correct company recognition) will diminish the ability of the senior mark to identify and distinguish those goods and services marketed solely by the senior mark holder.

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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 is relevant to 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 consumer sophistication is relevant to likelihood of confusion analysis); Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492, 495 (2d Cir. 1961) (holding that sophistication of the buyers is a factor to consider when determining likelihood of confusion).

110. 15 *U.S.C.* § *1127 (Supp. IV 1998).*

111. 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 camera has been lessened through the use of the mark on televisions and consumers' mistaken association of that mark with Eastman Kodak. Sophisticated consumers, by contrast, may recognize that an independent company 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.

Simply put, it is the mental connection that consumers make between the unauthorized junior mark and the senior mark holder, 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 the dilution analysis.[112]

Predatory intent is similarly unimportant in determining 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 mark holder in using the mark.[113] 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.[114] Thus, Judge Sweet's characterization of predatory intent as relevant to the dilution analysis is suspect.

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 mark holder. 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."[115] Thus, a lesser known mark still dilutes the uniqueness of the famous senior mark, only at a slower rate. It is unlikely that Congress intended a "renown floor" for the *junior* mark under which insubstantial, diluting uses of a mark, if sufficiently obscure, could not be prohibited.[116]

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 inquiry. Under the Dilution Act, however, renown of the senior mark is treated as a threshold eligibility determination for protection from dilution.[117] Once the threshold has been satisfied, renown of the senior mark has no more bearing on the actual dilution analysis. Thus, the only factor from the Sweet test that is relevant to a determination of dilution under the federal Act is the degree of similarity between the junior and senior marks. With the exception of the fame factor, the remaining Sweet factors are imported from the likelihood of confusion test

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112. This conclusion is borne out by the Dilution Act, which expressly renders consumer source confusion irrelevant to the dilution inquiry. *See* 15 U.S.C. § 1127 (Supp. IV 1998).

113. *See supra* text accompanying notes 109-12; 4 McCARTHY, *supra* note 32, § 24.94.2 ("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.").

114. 15 U.S.C. § 1125(c)(2) (Supp. IV 1998) (allowing monetary and other damages provided for by the 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").

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

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

117. *See* 15 U.S.C. § 1125(c)(1) (Supp. IV 1998) (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").

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 in analyzing dilution 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 United States Court of Appeals for 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," both within and outside of Utah. While 41% of those surveyed outside of Utah associated that statement exclusively with Ringling's mark, only 25% within Utah found such a unique association.[121] Moreover, fewer than 0.5% outside of Utah associated the 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 a substantial proportion of consumers who are exposed to Utah's junior mark 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.

118. *See* 4 MCCARTHY, *supra* note 32, § 24.94.2 (asserting 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.), *cert denied*, 120 S. Ct. 286 (1999).

120. *Id.* at 452.

121. *Id.* at 462.

122. *Id.*

123. *Id.*

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 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 may 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 marks at issue (*i.e.*, the first prong of its three-part test), 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

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. *See supra* notes 57-64 and accompanying text.

127. *Ringling Bros.*, 170 F.3d at 458.

128. *See id.*

129. *Id.* (citation omitted).

130. *See id.*

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.").

economic harm,[132] a concept that 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—"the lessening of the capacity of a famous mark to identify and distinguish goods or services"[135]—likewise confirms Congress's perception of dilution as the diminution of a mark's uniqueness. The capacity of a famous mark to distinguish goods 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, requiring proof of economic harm perversely would render the Dilution Act inoperable until precisely the type of harm that Congress intended to prevent had already occurred.

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

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* 1996 U.S.C.C.A.N. 1029, 1030.

135. 15 U.S.C. § 1127 (Supp. IV 1998).

136. H.R. REP. NO. 104-374, at 3, *reprinted in* 1996 U.S.C.C.A.N. 1029, 1030 (quoting Mortellito v. Nina of Cal., Inc., 335 F. Supp. 1288, 1296 (S.D.N.Y. 1972) (emphasis added)).

137. *See* 15 U.S.C. § 1125(c)(2) (Supp. IV 1998) ("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.").

expressly excluded retrospective relief as a remedy for dilution in most cases 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 unequivocally 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]

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

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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. of Travel Dev., 170 F.3d 449, 460 (4th Cir.) (quoting District Court opinion, 955 F. Supp. 605, 615 (E.D. Va. 1997)), *cert.denied*, 120 S. Ct. 286 (1999).

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. July 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* 1996 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.

143. On October 4, 1999, the Supreme Court denied certiorari in *Ringling Bros. See* 120 S. Ct. 286 (1999). Although the Supreme Court likely will 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 in 1999 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).

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 nor Judge Sweet's test,[145] 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.*,[146] the United States 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."[147] 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, which consisted of an open-ended analysis of "the factors that appear[ed] pertinent on these particular facts."[148] 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.[149]

The court opted for an open-ended test because it believed that it was better not to limit the important factors that courts consider when they interpret and apply the Dilution Act.[150] While this may be a good general principle to follow when approaching novel statutes with little interpretive guidance, an examination of

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. Ironically, Judge Sweet's test originated from a concurrence in one of the Second Circuit's own opinions. *See supra* note 12.
146. 191 F.3d 208 (2d Cir. 1999).
147. *Id.* at 212.
148. *Id.* at 217.
149. *See id.* at 217-22.
150. *See id.* at 227.

the ten factors that the Second Circuit applied in this case reveals that the court has improperly included a number of factors that have no bearing on the dilution analysis itself. That analysis is a straightforward inquiry measuring the effect of an identical or substantially similar junior mark on the uniqueness and strength of the link between a famous mark and the goods and services to which it is affixed. Disregarding this straightforward inquiry, the Second Circuit has erroneously folded into the dilution analysis considerations regarding (1) fame, which already has a separate place within the framework of the Dilution Act, (2) consumer source confusion, which, by Congress's express directive, is not relevant to a dilution analysis under the federal Act,[151] and (3) fair use and estoppel by laches, which are affirmative defenses to dilution.

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."[152] 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."[153] 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."[154] 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.

The "shared consumers and geographic limitations"[155] factor that the Second Circuit relied upon also is more appropriately considered as part of the fame analysis mandated by the federal Act. The court held that fewer shared consumers 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

151. 15 U.S.C. § 1127 (Supp. IV 1998) (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").
152. *Nabisco*, 191 F.3d at 217.
153. 15 U.S.C. § 1125(c) (Supp. IV 1998).
154. *Id.*
155. *Nabisco*, 191 F. 3d at 220.

use."[156] Again, however, this factor 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.[157]

Carried to its logical conclusion, the Second Circuit's inclusion of the "shared consumers and geographic limitations" factor in its test for dilution would mean that a mark with sufficient nationwide renown to meet the rigorous fame requirement yet without sufficient geographic fame in the junior user's limited territory to satisfy this factor would fail to qualify for dilution protection, all other factors being neutral. This is a counterintuitive result. Moreover, if these two marks eventually did risk encountering each other geographically, courts would face a conundrum. Should the senior mark maintain a geographic zone of dilution limited to the area where it had achieved fame, into which the junior cannot proceed?[158] This outcome would appear to contravene Congress's intent to protect marks that had achieved substantially nationwide fame, on a nationwide basis.[159] Yet, if courts give the senior user nationwide priority at this later juncture, the equity concerns with halting the junior use of the mark altogether, 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.[160]

In short, the Second Circuit's inclusion of the "degree of distinctiveness" and "shared consumers and geographic limitations" factors in its dilution test is inappropriate. 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 are 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

156. *Id.*

157. 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. IV 1998).

158. *Cf.* Dawn Donut Co. v. Hart Food Stores, Inc., 267 F.2d 358 (2d Cir. 1959). In *Dawn Donut*, the Second Circuit refused to grant injunctive relief for trademark infringement 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. The court stated, however, 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.*

159. *See supra* notes 75-82 and accompanying text.

160. *See infra* note 176. Of course, the senior mark will be entitled to no dilution protection at all under the Act if it is not already famous at the time that the junior mark is first used. *See* 15 U.S.C. § 1125(c) (Supp. IV 1998).

commerce, the more likely it is that dilution will result."[161] While this factor is relevant to a determination of "likelihood of confusion" under a trademark *infringement* analysis,[162] Congress explicitly rendered "competition between the owner of the famous mark and other parties" irrelevant to the dilution analysis.[163] Moreover, it is precisely the use of a famous mark on *noncompeting* products that constitutes the classic example of dilution.[164] Thus, the difference in the fields of commerce between the respective marks should play no part in a dilution analysis.[165]

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."[166] 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."[167] These comments illustrate that despite the Act's clear language rendering consumer confusion irrelevant to the dilution analysis, the Second Circuit has nonetheless inappropriately considered the extent of consumer confusion in determining dilution. While the Second Circuit is correct that "confusion lessens distinction,"[168] the court 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.[169] As previously explained, it is the mental connection that consumers make between the unauthorized junior mark and the senior mark holder, not the consumers' belief as to the source of the goods bearing the unauthorized mark, that determines whether dilution is occurring.[170] 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. Therefore, the Second Circuit's importation of factors from the likelihood of confusion analysis is inappropriate.

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

162. *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).

163. 15 U.S.C. § 1127 (Supp. IV 1998).

164. *See supra* note 89 and accompanying text; *see also* H.R. REP. NO. 104-374, at 3 (1995), *reprinted in* 1996 U.S.C.C.A.N. 1029, 1030 (listing KODAK pianos, BUICK aspirin, and DUPONT shoes as examples of dilution).

165. 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 is also improper. *See supra* text accompanying notes 152-54, 161-65.

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

167. *Id.* at 220.

168. *Id.* at 221.

169. *See id.* at 220.

170. *See supra* notes 109-12 and accompanying text; *supra* Figure 1 accompanying notes 87-88.

### 3. Affirmative Defenses

Finally, the court improperly included three factors that are more appropriately considered as affirmative defenses to dilution rather than relevant considerations to the dilution analysis 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.[171] This factor, however, appears to be aimed at the same concerns as the fair use defense, which, like all affirmative defenses, concerns itself not with the liability of the defendant in the first instance but whether the defendant should nonetheless be entitled to avoid that liability.[172] Specifically, the fair use defense "permits others to use protected marks in descriptive ways, but not as marks identifying their own products."[173] 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.[174] 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,[175] which prevents a senior user from enforcing its mark against a junior user—even if dilution would 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.[176] Accordingly, the Second Circuit's consideration of both of these factors in the initial dilution analysis is 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

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

172. *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.").

173. *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."). To the extent that this factor concerns the distinctiveness of the mark, it should be considered as part of the threshold "fame and distinctiveness" inquiry rather than the dilution inquiry itself. *See supra* text accompanying notes 152-54.

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

175. *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 & n.1, 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 observing that "laches can be a defense to an injunction case based on unfair competition [grounded in trademark infringement]").

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

Fourth Circuit's dilution test enunciated in *Ringling Bros.*,[177] scrutiny of the test in light of the federal Act reveals that this is the only pertinent consideration to the dilution analysis.

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

Curiously, 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.*[178] 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 the defendants from selling a single-control wall-mounted faucet that allegedly diluted the trade dress of the plaintiffs' own faucet under the Dilution Act.[179] The First Circuit vacated the injunction, holding that the plaintiffs had failed to establish (1) that the design of their faucet was sufficiently famous to qualify for protection under the Dilution Act, and (2) that the defendants' "largely dissimilar" faucet design diluted the plaintiffs' faucet design.[180]

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 a congressional intent that courts should be discriminating and selective in categorizing a mark as famous."[181] 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."[182] 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.[183] The court then concluded that the plaintiff had failed to satisfy this exacting standard.[184]

The court then turned to the dilution inquiry, exerting 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.[185] The court next dismissed the Sweet factors as "'the offspring of classi-

177. *See supra* Part IV.A.

178. 163 F.3d 27 (1st Cir. 1998).

179. *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).

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

181. *Id.* at 46.

182. *Id.* at 47.

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

184. *See id.* at 47.

185. *Id.* at 48.

cal likelihood of confusion analysis and . . . not particularly relevant or helpful in resolving the issues of dilution by blurring.'"[186] 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.'"[187]

Of all the tests for dilution that courts have applied, the *Lund* "virtual identity" test best accords with both the Schechterian concept of dilution and congressional intent to protect the unique bond between a famous mark and the product(s) that it identifies, while at the same time guarding against an overly broad application of dilution.[188] By protecting (1) only truly famous marks from (2) only near imitations and exact replications, the test properly captures the essence of the dilution analysis: dilution occurs only where the senior mark is sufficiently well-known, and the junior mark sufficiently similar, that consumers form the requisite mental association between the two marks, which weakens the ability of the senior mark to identify the product(s) to which it is affixed. Moreover, the strict *Lund* test ensures that trademark law is not transformed into the absolute property right protection offered by the patent and copyright laws, but rather primarily guards against consumer source confusion, the goal of the traditional trademark infringement regime.

## 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 multifarious interpretations. Thus, the current disagreement among the circuit courts on the proper test for dilution 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.

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186. *Id.* at 49 (quoting [4] MCCARTHY, *supra* note 32, § 24.94.1). The court also dismissed the test applied by the district court in Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development—*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)).

187. *Id.* at 50 (citation omitted). In a trade dress case involving a product configuration, the product's design constitutes the mark.

188. *See generally* H.R. REP. No. 104-374, at 3-4 (1995), *reprinted in* 1996 U.S.C.C.A.N. 1029, 1030-31; Schechter, *supra* note 38, at 825-26, 830-31.

It should not come as a shock, then, to see similar judicial obstacles trip up the federal Dilution Act. If one carefully examines the language of the Act and its legislative history, one finds a simple protection. Dilution, the Act says, is the attenuation of the mental association between a famous mark and the products to which it is affixed by the unauthorized use of the same or a substantially similar mark on other products—a concept that 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."[189]

Yet courts continue to misapply the concept under the federal Act, as they had done under state anti-dilution statutes. Just as Judge Sweet's test for dilution inappropriately considers irrelevant factors to the dilution analysis under state law, so, too, do the *Ringling-Bros.* "economic harm" test and the *Nabisco* "open-ended" test improperly examine factors that have no bearing on dilution under federal law. The "economic harm" test inappropriately disregards the preemptive, rather than remedial, nature of the Act and ironically renders it most difficult for a mark owner to demonstrate dilution in precisely those cases where Congress most clearly intended dilution protection to apply—the use of identical or similar marks on dissimilar, noncompeting products. 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, provided that the senior mark is sufficiently famous to trigger the requisite consumer mental association between the two marks. 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 the 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 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. Still, the First Circuit in *Lund* has been the most faithful appellate court thus far to apply the Dilution Act as Congress intended (and Schechter envisioned), without tainting its application with likelihood of confusion or other irrelevant or redundant considerations (like the Second Circuit) or emasculating its protection altogether (like the Fourth Circuit). Although substantial judicial controversy currently exists concerning the appropriate dilution test under the federal Act, perhaps a judicial consensus will soon form around the First Circuit's test.[190] Otherwise, in the apt words of

189. *Ringling Bros.*, 170 F.3d at 456.

190. Early results in this regard are not promising. As previously noted, the Fifth Circuit recently adopted the Fourth Circuit's erroneous test, while the Third Circuit chose to follow the Second Circuit's misguided analysis. *See supra* notes 14, 16.

the Fourth Circuit (which ironically did not heed its own warning), "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."[191]

191. *Ringling Bros.*, 170 F.3d at 455-56.