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Conflicting Interpretations of the Federal Trademark Dilution Act Create Inadequate Famous Mark Protection

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CONFLICTING INTERPRETATIONS OF THE FEDERAL TRADEMARK DILUTION ACT CREATE INADEQUATE FAMOUS MARK PROTECTION

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I. INTRODUCTION

In 1995, Congress passed the Federal Trademark Dilution Act (FTDA)[1] to provide an effective and uniform[2] remedy against the unauthorized use of "famous"[3] trademarks. The FTDA mended a gap in traditional trademark protection[4] by preventing the deterioration of a famous mark's reputation in the absence of consumer confusion.[5] In the past few years, however, conflicting interpretations of the FTDA have undermined its effectiveness as a reliable remedy for senior[6] trademark holders.[7] Some courts have limited injunctive relief for alleged trademark dilution to

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[1] Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, 109 Stat. 985 (codified as amended at 15 U.S.C. §§ 1125(c), 1127 (Supp. IV 1998), *amended by* 15 U.S.C.A. §§ 1125(c), 1127 (West Supp. 2000).

[2] *See* Andrew L. Deutsch, *Ruling Creates a Split in Dilution Jurisprudence*, NAT'L L.J., Oct. 25, 1999, at C22 & n.3. "The FTDA was intended to create a nationwide law of trademark dilution and allow trademark owners to bypass a patchwork of state anti-dilution statutes." *See id.* at C22. Although anti-dilution statutes had been adopted by more than half of the states, they provide neither a clear statutory definition of dilution, nor a consistent standard for the type of trademark use to which they are applied. *See id.* at C22 n.3.

[3] *See* 15 U.S.C. § 1125(c) (Supp. IV 1998), *amended by* 15 U.S.C.A. § 1125(c) (West Supp. 2000). The FTDA does not directly define the meaning of famous. *See id.* Instead, it lists eight factors that courts may consider to determine whether a mark is famous and therefore eligible for trademark dilution protection. *See id.* Famous generally means that a trademark name is so well known that its trademark significance is apparent when used outside of its own market and geographic region. *See* 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION §§ 24:92-24:92.2 (4th ed. 1996).

[4] *See* Kenneth L. Port, *The "Unnatural" Expansion of Trademark Rights: Is a Federal Dilution Statute Necessary?*, 85 TRADEMARK REP. 525, 528 (1995). Until the FTDA was enacted, the only cause of action available for trademark holders was for trademark infringement. *See* Trademark Act of 1946 (The Lanham Act) § 43, 15 U.S.C. § 1125(a)(1)-(a)(1)(A) (1994). Trademark infringement is found when there is a likelihood of consumer confusion between two competing trademarks. *See id.*

[5] *See* 15 U.S.C. §§ 1125(c), 1127 (Supp. IV 1998), *amended by* 15 U.S.C.A. §§ 1125(c), 1127 (West Supp. 2000). The FTDA states: "The owner of a famous mark shall be entitled . . . to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark . . . ." 15 U.S.C. § 1125(c)(1) (Supp. IV 1998). Dilution is statutorily defined as: "the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of—(1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake, or deception." 15 U.S.C. § 1127 (Supp. IV 1998), *amended by* 15 U.S.C.A. § 1127 (West Supp. 2000) (with the quoted language unaffected by the amendment).

[6] When two similar or identical marks are in use at the same time, but in different geographical regions of the United States, the courts identify the mark that was adopted and used first as the senior mark. *See* 4 MCCARTHY, *supra* note 3, § 26:1. The second mark used is designated as the junior mark. *See id.*

[7] *See* Deutsch, *supra* note 2, at C22.

plaintiffs who can show actual, consummated harm to their famous marks.[8] Other circuits have required plaintiffs to show only a likelihood of injury to their famous mark's reputation to gain an injunction.[9] The courts' interpretations create two distinctly different standards of harm, with two different and unequal burdens of proof. Consequently, the courts have created a disparity in the remedies available to plaintiffs based solely on the jurisdiction in which they bring suit. Thus, the courts' inconsistent interpretations have undermined the FTDA's purpose by creating inadequate protection for famous marks.

The expansion of trademark dilution protection to the unauthorized use of senior marks in cyberspace magnifies the impact of the courts' inconsistent interpretations of the FTDA.[10] Although the loosely defined nature of anti-dilution law makes it a malleable tool in the hands of the court, the courts' inconsistent interpretations prevent the FTDA from being effectively extended to protect famous marks in the cyberspace environment. Because consumers are exposed to a greater number of goods and services in cyberspace faster than in realspace,[11] an actual dilution standard inevitably allows a junior mark to completely destroy the advertising value of a famous mark before a famous mark holder can seek an injunction.[12] On the other hand, the likelihood of dilution standard would prevent uncompensable harm to a famous mark by precluding the unauthorized mark's use as early as its registration.[13]

Although Congress recently enacted the Anticybersquatting Consumer Protection Act (ACPA)[14] to remove "domain name"[15] cyber-dilution from

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[8] *See, e.g.*, Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449 (4th Cir. 1999).

[9] *See, e.g.*, Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208 (2d Cir. 1999).

[10] *See e.g.*, Panavision Int'l, L.P. v. Toeppen, 141 F.3d 1316 (9th Cir. 1998).

[11] *See* Gregory D. Phillips, *Necessary Protections for Famous Trademark Holders on the Internet*, 21 HASTINGS COMM. & ENT L.J. 635, 636 (1999). In the last four years use of online services has grown from three million to over 100 million users, with the amount of Internet traffic doubling every 100 days. *See id.*

[12] *See* Playboy Enters., Inc. v. Netscape Communications Corp., 55 F. Supp.2d 1070 (C.D. Cal. 1999), *aff'd*, 202 F.3d 278 (9th Cir. 1999) (holding that the use of the trademarks Playboy™ and Playmate™ by the operator of an Internet search engine, or the targeting of advertisements based on those terms, was not trademark dilution without a showing of actual harm to the marks' reputation).

[13] *See* Minnesota Mining and Mfg. v. Taylor, 21 F. Supp. 2d 1003 (D. Minn. 1998) (holding that the registration of the domain names <post-it.com>, <post-its.com>, and <ipost-it.com> were likely to dilute the plaintiff's famous mark; therefore, the issuance of an injunction was warranted).

[14] Anticybersquatting Consumer Protection Act, Pub. L. No. 106-113, Div. B. sec. § 1000(a)(9), 113 Stat. 1501, 1535-36 (1999) (enacting S. 1948, Title III, sec. 3002(a), § 43, 113 Stat. 1501A-545 to 548) (codified as amended at 15 U.S.C.A. § 1125(d) (West Supp. 2000) (amending Trademark Act of 1946 (The Lanham Act) § 43, 15 U.S.C. § 1125 (1994 & Supp. IV 1998)). President Clinton signed the Anticybersquatting Consumer Protection Act on November 29, 1999. Consolidated Appropriations Act, 2000, Pub. L. No. 106-113, 1999 U.S.C.C.A.N. 290; *see also* Ritchenya A. Shepherd,

the scope of the FTDA, famous mark holders are still faced with inconsistent interpretations of the FTDA for all remaining trademark dilution cases, both in cyberspace and in realspace. Because trademark dilution is a greater problem today than when Congress originally enacted the FTDA, Congress should amend the FTDA to include specific language allowing a court to issue an injunction upon a showing of a likelihood of dilution. Although the plain meaning of the FTDA suggests an actual dilution standard,[16] Congress' intent in establishing the FTDA is best illustrated through a showing of a likelihood of dilution. A likelihood of dilution standard affords the best possible protection for famous marks' established reputations both in realspace and in cyberspace.[17] By amending the statute, Congress can ensure its intent in creating the FTDA is clearly codified. All jurisdictions will be forced to use the same standard of dilution to determine the availability of injunctive relief under a federal dilution claim, restoring the FTDA to a uniform cause of action.

This Comment examines the ambiguous language of the FTDA that led to the courts' inconsistent standards of harm creating inadequate protection for famous trademarks. Part II of this Comment discusses the traditional theory of trademark dilution and the current legal response to trademark dilution claims.[18] Part III argues that the actual dilution standard does not provide adequate protection for trademark holders, and that a likelihood of dilution standard affords the best possible protection for famous marks.[19] Part III further illustrates how the adoption of a likelihood of dilution standard is essential in the age of electronic commerce to protect famous mark holders from instances of cyber-dilution not protected by the ACPA.[20] This Comment concludes by suggesting that Congress amend the FTDA to specifically include a likelihood of dilution standard in order to ensure the

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Cyberpirates Now May Have To Walk The Plank, 22 NAT. L.J. 17, Dec. 20, 1999 at B18 (discussing how the ACPA amends the FTDA by adding a section that deals solely with trademark cyberpiracy prevention).

[15] *See* 15 U.S.C. § 1125(d)(1)(A) (1994). A domain name is an address that quickly and easily enables an Internet user to locate a particular web site. *See* Panavision Int'l, L.P. v. Toeppen, 141 F.3d 1316, 1318 (9th Cir. 1998). "The domain name often consists of a person's name or a company's name or trademark." *Id.*

[16] *See* Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449, 460 (4th Cir. 1999).

[17] *See* Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 224 (2d Cir. 1999).

[18] *See infra* notes 22-130 and accompanying text.

[19] *See infra* notes 131-202 and accompanying text.

[20] *See infra* notes 203-223 and accompanying text.

best possible protection for famous marks under the FTDA, as well as to prevent future inadequate trademark dilution protection.[21]

I. BACKGROUND

Congress enacted the Federal Trademark Dilution Act to fill a perceived gap in federal trademark protection.[22] Trademark dilution, however, is a greater problem today than when the FTDA was originally enacted. The explosion of e-commerce has forced courts to extend trademark dilution protection beyond its traditional context to protect the use of famous marks in cyberspace.[23] Famous mark holders worry whether their trademarks will be adequately protected in this new commercial market where economic harm to trademarks is magnified by the speed and accessibility of Internet technology.[24] Although Congress recently enacted the Anticybersquatting Consumer Protection Act to remove some instances of cyber-dilution from the scope of the FTDA, famous mark holders still face inconsistent interpretations of the FTDA that ultimately create inadequate trademark dilution protection for famous mark holders.[25]

A. The History of Trademark Dilution Theory

A trademark is any "word, name, symbol, or device" used to identify and distinguish the source and quality of a good from those manufactured by others.[26] Because consumers rely on trademarks to quickly and easily ascertain the quality and source of a good, their role as source and quality identifiers renders them attractive targets for unauthorized users attempting to trade off the senior mark's established goodwill.[27] To protect the interests of both the public and the trademark holder, Congress passed the Trademark Act of 1946.[28] The public was to be protected from the concurrent use of two similar marks that caused confusion as to the source and quality of a good, while the trademark holder, who spent time and

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[21] *See infra* notes 224-229 and accompanying text.

[22] *See infra* notes 26-62 and accompanying text.

[23] *See infra* notes 63-76 and accompanying text.

[24] *See infra* notes 63-76 and accompanying text.

[25] *See infra* notes 77-130 and accompanying text.

[26] 15 U.S.C.A. § 1127 (West Supp. 2000).

[27] *See* 1 MCCARTHY, *supra* note 3, at § 3.2 (describing the functions of a trademark as identifying symbol, source indicator, quality signifier, and advertising agent).

[28] *See* 15 U.S.C. §§ 1051-1128 (1994 & Supp IV 1998) (amended 1999).

money establishing the reputation of their mark, was to be protected from unauthorized users trading off the mark's established goodwill.[29] While trademark infringement laws eliminated the use of junior marks likely to confuse consumers about the source of a good,[30] it was not until Congress enacted trademark dilution laws that a trademark holder's investment in the mark itself would be protected.[31]

1. The Origin of Trademark Dilution Theory

Professor Frank I. Schechter introduced the theory of trademark dilution to the United States in 1927 with a persuasive article advocating for the broadening of trademark protection.[32] Traditionally, trademark protection enjoined the use of a junior mark, identical or similar to a senior mark, if the junior mark's concurrent use with the senior mark was likely to cause confusion as to the origin of a good.[33] The likelihood of confusion standard effectively protected trademark holders against competitors in the same market with like products.[34] The likelihood of confusion standard, however, cannot protect a trademark holder in instances where similar trademarks are used on different products.[35] Schechter proposed expanding traditional trademark protection to allow protection against harm to the mark itself, in addition to its ability to signify goods or services.[36] Thus, trademark dilution theory protects senior users from unauthorized use of similar trademarks on dissimilar products that cause a gradually whittling away of the senior mark's ability to distinguish its goods.[37]

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[29] *See* S. REP. NO. 79-1333, at 3 (1946), *reprinted in* 1946 U.S. Code Congressional Service 1274, 1274.

[30] *See* 15 U.S.C. § 1125(a)(1) (1994).

[31] *See* 15 U.S.C. § 1125(c) (Supp. IV 1998), *amended by* 15 U.S.C.A. § 1125(c)(2) (West Supp. 2000) (effective 1996).

[32] *See* Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 813 (1927).

[33] *See* Robert N. Klieger, *Trademark Dilution: The Whittling Away of the Rationale Basis for Trademark Protection*, 58 U. PITT. L. REV. 789, 799 (1997) (discussing the evolution of trademark infringement and the concept of consumer confusion); *see, e.g.*, AMF, Inc. v. Sleekcraft Boats, 599 F.2d 341 (9th Cir. 1979) (finding trademark infringement when a company founded Sleekcraft boats and sold their product in an area where Slickcraft boats was originated).

[34] *See* Klieger, *supra* note 33, at 799-801.

[35] *See id.* at 803.

[36] *See* Schechter, *supra* note 32, at 825.

[37] *See id.*

"[T]he harm identified in Schechter's article began influencing trademark jurisprudence almost immediately."[38] Although the first anti-dilution statute did not appear until 1947,[39] state courts began applying the dilution rationale as little as one year after Schechter's article was published.[40] The theory of trademark dilution continued to develop as more states recognized dilution causes of action.[41] The type of protection afforded by these statutes, however, did not fit the injury against which they were directed. Many state courts were reluctant to issue nationwide injunctions, recognizing the problems inherent in applying such injunctions in states that had not made dilution unlawful.[42] In addition, there was neither a clear statutory definition of dilution, nor did a consistent standard exist, defining the type of trademark use to which a dilution statute applied.[43]

Because the patchwork of state anti-dilution statutes was often unpredictable and unavailing, it was difficult for plaintiffs to obtain adequate relief on the basis of state anti-dilution law.[44] Although Congress refused to include the doctrine of trademark dilution in the 1946 Trademark Act,[45] by 1995 there was a clear need for a uniform national remedy to surpass the growing patchwork of state anti-dilution statutes.

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[38] Patrick M. Bible, Comment, *Defining and Quantifying Dilution Under the Federal Trademark Dilution Act of 1995: Using Survey Evidence to Show Actual Dilution*, 70 U. COLO. L. REV. 295, 298 (1999).

[39] *See* JEROME GILSON, TRADEMARK DILUTION NOW A FEDERAL WRONG: AN ANALYSIS OF THE FEDERAL TRADEMARK DILUTION ACT OF 1995 3 (1996). Massachusetts adopted the first anti-dilution statute in 1947. *Id.*

[40] In *Yale Elec. Corp. v. Robertson*, 26 F.2d 972 (2d Cir. 1928), Judge Learned Hand's opinion indirectly enveloped a similar concept to Schechter's dilution theory. Further, in 1932 a New York State court applied the dilution rationale in *Tiffany & Co. v. Tiffany Prods.*, 264 N.Y.S. 459 (N.Y. Sup. Ct. 1932), without so naming it.

[41] *See* Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449, 455 (4th Cir. 1999). By the time Congress enacted the FTDA in 1995, over half of the states had enacted anti-dilution statutes. *See* Gilson, *supra* note 39, at 3-4. In addition, several states have either judicially created dilution doctrines or recognize trademark dilution as part of their common law. *See* Bible, *supra* note 38, at 300.

[42] *See Ringling Bros.-Barnum & Bailey Combined Shows*, 170 F.3d at 455.

[43] *See id.*

[44] *See* S. REP. NO. J-103-44 at 52, 58-59 (1994) (statement of Richard M. Berman, Chairman of the Board and President of the International Trademark Association, in his testimony before the Subcommittee on Patents, Copyrights and Trademarks of the Senate Judiciary Committee, 103rd Congress).

[45] *See* 15 U.S.C. §§ 1051-1128 (1994).

Thus, Congress was finally compelled to enact the Federal Trademark Dilution Act.[46]

2. Dilution as Defined by the Federal Trademark Dilution Act[47]

The FTDA created an avenue of injunctive relief completely separate from trademark infringement's traditional benchmark requirement of likelihood of consumer confusion.[48] Now unauthorized users that attempted to trade upon a famous mark's established goodwill could be enjoined from diluting the mark's source-identifying function, even in the absence of consumer confusion.[49] The FTDA protects a senior mark holder's famous mark by allowing the courts to enjoin any use of a junior mark that lessens the capacity of the senior mark to identify or distinguish its goods or services.[50]

To prevail on a federal dilution claim a plaintiff must show that: (1) the mark is famous; (2) the mark was famous before the defendant made subsequent use of the mark; (3) there was a commercial use of the mark in commerce; and (4) such use resulted in the dilution of the distinctive quality of the mark.[51] To find dilution, courts traditionally rely on two

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[46] Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, 109 Stat. 985 (codified as amended at 15 U.S.C. §§ 1125(c), 1127 (Supp. IV 1998), *amended by* 15 U.S.C.A. §§ 1125(c), 1127 (West Supp. 2000).

[47] 15 U.S.C. § 1125(c)(1) (Supp. IV 1998).

[48] *See* Trademark Act of 1946 (The Lanham Act) § 43, 15 U.S.C. § 1125(a)(1)-(a)(1)(A) (1994). Until the FTDA was enacted the only cause of action available for trademark holders was a cause of action for trademark infringement. *See id.* Trademark infringement is found when there is a likelihood of consumer confusion between two competing trademarks. *See id.*

[49] *See* 15 U.S.C. § 1125(c) (Supp. IV 1998), *amended by* 15 U.S.C.A. § 1125(c)(2) (West Supp. 2000).

[50] *See* 15 U.S.C.A. § 1127 (West Supp. 2000).

[51] *See* 15 U.S.C. § 1125(c)(1) (Supp. IV 1998). The degree of distinctiveness of a mark governs the amount of protection it is afforded under trademark law. *See* Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 215 (2d Cir. 1999). There are four categories of distinctiveness. *See id.* The lowest category is generic words. *See id.* Generic words have no distinctive quality and are not afforded trademark protection. *See* Zatarain's, Inc. v. Oak Grove Smokehouse, Inc., 698 F.2d 786, 790 (5th Cir. 1983). The category offered the least amount of protection is descriptive marks. *See id.* at 790-91. Descriptive marks identify a characteristic or quality of an article or service. *See id.* They have very little distinctiveness and are only afforded protection if they acquire a secondary meaning. *See id.* A mark acquires a secondary meaning after consumers associate the word with a particular product. *See id.* Descriptive marks that have acquired a secondary meaning include: Fish-Fry™ and Alo™. *See id.* The next degree of distinctiveness is suggestive marks. *See id.* at 791. "A *suggestive* term suggests, rather than describes, some particular characteristic of the goods or services to which it applies and requires the consumer to exercise the imagination in order to draw a conclusion as to the nature of the goods and services." *Id.* An example of a suggestive mark is Coppertone™ in regard to tanning products. *See id.* The highest level of protection is afforded to marks that are arbitrary or fanciful. *See id.* These marks are very distinct in that there is no logical relationship between the mark and the

theories adopted from state court interpretation: (1) tarnishment of the senior mark by junior use; or (2) blurring of the senior mark by junior use.[52]

"Tarnishment occurs when a famous mark is improperly associated with an inferior or offensive product or service."[53] "[B]y linking the mark to poor quality products or by portraying the mark in an unwholesome manner," the famous mark loses its established goodwill.[54] Blurring occurs when a junior mark is used with goods or services different from those originally associated with the senior mark, such as Hershey™ garage doors or Chevy™ cough syrup.[55] Because the marks are sufficiently similar or identical, a person viewing the two marks instinctively will make a mental association between the two.[56] "As consumers come to identify the mark with a number of different products, it loses its value as a unique source identifier for the trademark owner's original product."[57]

3. Remedies Available Under the FTDA[58]

Under the FTDA, a plaintiff can be entitled to both monetary damages and injunctive relief.[59] The FTDA provides that "the owner of the famous

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product or service on which it is used. *See id.* Arbitrary and fanciful marks include: Crayola,™ Kodak,™ and Ivory™ soap. *See id.*

[52] *See* Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449, 452 (4th Cir. 1999). The FTDA's legislative history also indicates that Congress understood dilution to be a result from "uses that blur the distinctiveness of the mark or tarnish or disparage it." H.R. REP. NO. 104-374, at 2 (1995).

[53] Panavision Int'l, L.P. v. Toeppen, 141 F.3d 1316, 1326 n.7 (9th Cir. 1998).

[54] Jennifer Golinveaux, *What's In a Domain Name: Is "Cybersquatting" Trademark Dilution?*, 33 U.S.F.L. REV. 641, 656 (1999). For example, in *NBA Properties v. Untertainment Records, LLC*, No. 99 Civ. 2933, 1999 U.S. Dist. LEXIS 7780 (S.D. N.Y. May 25, 1999), the Court found trademark dilution by tarnishment when the producer of a rap album published a magazine advertisement using an NBA basketball player logo altered by placing a gun in the player's right hand alongside the words "Sports, Drugs, and Entertainment." In Internet cases, dilution by tarnishment is most commonly found when a web site is sexual in nature. In *Toys "R" Us, Inc. v. Akkaoui*, 40 U.S.P.Q.2d 1836 (N.D. Cal. 1996), the defendant was enjoined from use of the Web site <adultsrus.com>, because the selling of adult sexual products at the site was found to tarnish the plaintiff's famous mark.

[55] *See Panavision.*, 141 F.3d at 1326 n.7.

[56] *See Ringling Bros.-Barnum & Bailey Combined Show*, 170 F.3d at 453.

[57] Golinveaux, *supra* note 54, at 656. For instance, in *Nabisco, Inc. v. PF Brands, Inc.*, 191F.3d 208 (2d Cir. 1999), the court found dilution by blurring when Nabisco planned to release a goldfish cracker significantly similar to Pepperidge Farm's Goldfish. The court held that there was a high likelihood that another goldfish cracker would dilute the distinctive character of Pepperidge Farm's famous mark. *See id.* at 226.

[58] 15 U.S.C. § 1125(c) (Supp. IV 1998), *amended by* 15 U.S.C.A. § 1125(c)(2) (West Supp. 2000).

[59] *See id.* at § 1125(c)(2).

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."[60] If the owner of the famous mark shows willful intent by the defendant to trade on the owner's reputation or to dilute the mark, then the plaintiff is entitled to monetary damages,[61] and in some instances, the destruction of infringing articles.[62]

B. Courts Define the FTDA Outside of Its Traditional Context to Prevent Dilution of Famous Marks in Cyberspace

As the amount of online users continues to increase, "[t]he Internet is being catapulted to the forefront of commerce and will soon become one of the largest players in the commercial world."[63] In order to compete in the online environment, businesses have erected web sites and registered domain names that strategically use familiar trademarks to draw web surfers to their sites.[64] This type of brand name abuse is particularly acute in the online environment, where traditional indicators of source, quality, and authenticity take little more than Internet access and basic computer skills to erect and to access.[65] When a user locates a site by the use of a trade name, there is normally no indication of source or authenticity.[66] If the site is not valid, then the trademark's established goodwill can be diluted either by frustrated users who give up on trying to locate the trademarked good or service and cannot find the proper cite, or by the association of the trademark with an altogether different good or service that could tarnish the mark's reputation.

As instances of trademark dilution began to surface in the world of electronic commerce, courts were forced to define the FTDA outside the

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[60] *Id.* (language amended by 15 U.S.C.A. § 1125(c)(2) (West Supp. 2000)).

[61] *See* 15 U.S.C. § 1117(a) (1994), *amended by* 15 U.S.C.A. § 1117(a) (West Supp. 2000). Monetary remedies can include recovery of lost profits, damages sustained by the plaintiff, court costs, and attorney fees. *See id.*

[62] *See* 15 U.S.C. § 1118 (1994), *amended by* 15 U.S.C.A. § 1118 (West Supp. 2000).

[63] Phillips, *supra* note 11, at 636. "A March 1999 survey shows that e-commerce websites [sic] dominated the top fifteen websites of 1998 in comparison to zero in 1996." David Yan, Note, *Virtual Reality: Can We Ride Trademark Law to Surf Cyberspace?*, 10 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 773, 776 (2000).

[64] *See* Phillips, *supra* note 11, at 636.

[65] *See* Orrin Hatch, *Markup of S. 1255 the "Anticybersquatting Consumer Protection Act"* (visited Jan. 27, 2000) <http://www.senate.gov/~hatch/state101.html> (statement of Senator Orrin G. Hatch before the Committee on the Judiciary, July 29, 1999).

[66] *See id.*

scope of its traditional context.[67] Courts expanded existing trademark law to stop dilution of famous marks in domain names,[68] site links,[69] metatags,[70] and online advertising.[71] Because consumers are exposed to a greater number of goods and services in cyberspace faster then in realspace,[72] dilution of a famous trademark can occur virtually overnight.[73] Cyberspace not only allows one person to access many unauthorized marks in a short

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[67] *See, e.g.*, Panavision Int'l, L.P. v. Toeppen, 141 F.3d 1316 (9th Cir. 1998) (expanding the FTDA to include dilution by elimination); *see also* Phillips, *supra* note 11, at 647 ("As various forms of cyberabuse raise their ugly heads on the Internet, courts must be quick to recognize new causes of actions and new procedures to remedy such problems.").

[68] A domain name is an address that quickly and easily enables an Internet user to locate a particular web site. *See Panavision*, 141 F.3d at 1318. "The domain name often consists of a person's name or a company's name or trademark." *Id.* One example of a domain name is <Pepsi.com>. *See id.* There are two types of domain name dilution. *See* Golinveaux, *supra* note 54, at 650-51. The first type of domain name dilution is commonly referred to as cybersquatting. *See id.* Cybersquatting occurs when an individual registers a domain name with the sole intent to profit from the registration of the mark by selling the domain name back to the mark's owner. *See id.* The mark is never used in commerce, but is merely held by the cybersquatter. *See id.* at 651. The second type of domain name dilution occurs when a competitor registers a domain name containing a well-known trademark in order to divert users to their site. *See* Phillips, *supra* note 11, at 636, 640. When a user is taken to a web page other than one sponsored by the trademark owner, not only will they become frustrated, but they will associate the trademark with a different, and sometimes offensive, product. *See generally id.* at 640.

[69] A site link is an Internet link that references another document. *See Webopaedia*, AOL WEBOPAEDIA (visited Feb. 22, 2000) <http://aol.pcwebopedia.com/TERM/l/link.html>. When clicked on, the link will take the Internet user to another document on the same web page or on a different web page. *See id.* These links are sometimes called "hot links." *Id.*

[70] Metatags are words contained in a website's programming that are not visible to a viewer of the site, but are read by the viewer's computer to find sites with information related to a search request. *See* Jonathan Wilson, *How Metatags can Infringe Trademarks Without a Trace*, 14 No. 10 COMPUTER LAW STRATEGIST 1, Feb. 1998, at 1. For example, an Internet user wanting to locate the ESPN homepage would enter the term ESPN and run a search. *See* Terrell W. Mills, *Metatags: Seeking to Evade User Detection and the Lanham Act*, 6 RICH. J. L. & TECH. 22, *1-4 (2000). A list appears providing the results from the user's search request. *See id.* The results, however, do not list ESPN as any of the initial sites. *See id.* Instead, the user is confronted with a listing of sites that not only have nothing to do with ESPN, but also have nothing to do with sports. *See id.* This is just one example of how metatags can frustrate Internet users. The courts have been forced to stretch existing trademark law to combat the harm done to a trademark by metatag misuse. *See id.*; *see, e.g.*, Playboy Enters., Inc. v. Welles, 7 F. Supp. 2d 1098 (S.D. Cal. 1998) (denying preliminary injunction to enjoin metatag user).

[71] *See, e.g.*, Playboy Enters., Inc. v. Netscape Communications Corp., 55 F. Supp.2d 1070 (C.D. Cal. 1999), *aff'd*, 202 F.3d 278 (9th Cir. 1999) (finding no trademark dilution when providers of an Internet search engine arranged for certain advertisements to appear on screen when a user selected "playboy" or "playmate" as search terms); America Online, Inc. v. IMS, 24 F. Supp.2d 548 (E.D. Va. 1998) (finding dilution by tarnishment when defendants sent spam e-mail messages to the plaintiff's customers containing <aol.com> as the return address).

[72] *See* Phillips, *supra* note 11, at 636. In the last four years use of online services has grown from three million to over 100 million users, with the amount of Internet traffic doubling every 100 days. *See id.* Further, current figures show that there are over 320 million pages of content on the Web, with an expected growth rate of more than 1000 percent in the next three years. *See id.*

[73] *See* Deutsch, *supra* note 2, at C23.

time, but also increases the amount of people who can access one site, thereby speeding up the dilution process.

The new breed of dilution created by the exploitation of famous marks in cyberspace no longer fits into Schechter's traditional theory of trademark dilution. Cyber-dilution is not a gradual whittling away of a famous mark's source identifying power,[74] but rather "sap[s] the commercial strength of a famous mark practically overnight."[75] As the amount of cases concerning the misuse of trademarks continues to multiply, courts have interpreted the FTDA to include instances of cyber-dilution, recognizing that dilution is a greater problem today than when Congress originally enacted the FTDA.[76]

C. Current Legal Response to Federal Trademark Dilution Claims

As courts face the growing challenges posed by dilution claims, they continue to shape the FTDA in ways that afford the best possible protection for famous mark holders.[77] Sometimes it is difficult, however, to mold the statute in a way that adequately protects the harm the FTDA was intended to address. Not only are courts in disagreement as to the application of the FTDA in cases of cyber-dilution,[78] but courts are also divided as to the standard of harm a plaintiff must assert in order to obtain injunctive relief.[79] Although Congress has addressed a small portion of these problems by removing them from the context of the FTDA, the interpretation of the FTDA still remains in the hands of the court.[80]

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[74] *See* Schechter, *supra* note 32, at 825.

[75] Deutsch, *supra* note 2, at C23.

[76] *See generally* Dan L. Burk, *Trademark Doctrines for Global Electronic Commerce*, 49 S.C. L. REV. 695, 696 & n.1 (1998).

[77] *See* Klieger, *supra* note 33, at 814 ("Whatever the antidilution statutes meant on their face, the scope of the dilution cause of action would ultimately be shaped by the courts.").

[78] *See, e.g.*, Panavision Int'l., L.P. v. Toeppen, 141 F.3d 1316 (9th Cir. 1998).

[79] *See* Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208 (2d Cir. 1999) (requiring a showing of a likelihood of dilution for an injunction to issue); *see also* Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449 (4th Cir. 1999) (requiring a showing of actual dilution for an injunction to issue).

[80] *See* Anticybersquatting Consumer Protection Act, Pub. L. No. 106-113, Div. B. sec. § 1000(a)(9), 113 Stat. 1501, 1535-36 (1999) (enacting S. 1948, Title III, sec. 3002(a), § 43, 113 Stat. 1501A-545 to 548) (codified as amended at 15 U.S.C.A. § 1125(d) (West Supp. 2000) (amending Trademark Act of 1946 (The Lanham Act) § 43, 15 U.S.C. § 1125 (1994 & Supp. IV 1998)). The ACPA removes cybersquatting as a cause of action under the FTDA. *See id.*

1. Enacting the Anticybersquatting Consumer Protection Act [81]

As the courts expanded the scope of the FTDA in an attempt to gain control over cyber-dilution, both the House of Representatives and the Senate took affirmative steps to correct a fraction of the existing problem.[82] "Bills to curb the practice of registering internet [sic] domain names which are identical to trademarks owned by others, often with the sole objective of selling the registration back to the owner of the mark, moved quickly through both the Senate (S. 1255) and the House (H.R. 3028)."[83] The two bills were later combined, and became a "must-pass" bill included in a larger intellectual property law package.[84] The entire package, entitled the Intellectual Property and Communications Omnibus Reform Act (IPCORA), was signed into law on November 29, 1999.[85]

Title III of the IPCORA is titled the Anticybersquatting Consumer Protection Act (ACPA).[86] The ACPA amended the Lanham Act by adding a new section to the FTDA that provides protection for senior mark holders from the bad faith registration or use of a domain name that utilizes their

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[81] *Id.* Section 1125 of the Trademark Act was amended by inserting the following language at the end:

> (d)(1)(A) A person shall be liable in a civil action by the owner of a mark, including a personal name which is protected as a mark under this section, if, without regard to the goods or services of the parties, that person–(i) has a bad faith intent to profit from that mark, including a personal name which is protected as a mark under this section; and (ii) registers, traffics in, or uses a domain name that–(I) in the case of a mark that is distinctive at the time of registration of the domain name, is identical or confusingly similar to that mark; (II) in the case of a famous mark that is famous at the time of registration of the domain name, is identical or confusingly similar to or dilutive of that mark; or (III) is a trademark word or name . . . .

Id.

[82] *See* Hayden Gregory, *IP Bills Packaged, Passed, and Signed Into Law*, II J. MARSHALL CENTER FOR IP L. NEWS SOURCE 1, Winter 2000, at 3.

[83] *Id.*

[84] *See id.*

[85] *See* S. 1948, 106th Congress (1999), *reprinted in* 1999 U.S.C.C.A.N. 113 Stat. 1501A-521.

[86] S. 1948, Title III, Sec. 3001(a), *reprinted in* 1999 U.S.C.C.A.N. 113 Stat. 1501A-545. The ACPA addresses causes of action for trademark dilution through the use of a domain name with the following language:

> A person shall be liable in a civil action by the owner of a mark, including a personal name which is protected as a mark under this section, if, without regard to the goods or services of the parties, that person–(i) has a bad faith intent to profit from that mark, including a personal name which is protected as a mark under this section; and . . . in the case of a famous mark that is famous at the time of registration of the domain name, is identical or confusingly similar to or dilutive of that mark . . . .

15 U.S.C.A. § 1125(d)(1)(A) (West Supp. 2000). Similar to the language of the FTDA, the language of the ACPA does not include an express standard indicating when an injunction will be granted. *See id.* at § 1125(d).

distinctive or famous trademark.[87] Under the ACPA, senior trademark holders can bring a legal cause of action against "cybersquatters"[88] for dilutive domain name registration.[89] The Act also protects against the domain name registration of the name of living persons without their consent if there is a specific intent to profit from the selling of that name.[90]

To prevail on a claim under the ACPA,[91] a plaintiff must show that: (1) the mark used in the domain name is distinctive[92] or famous;[93] (2) at the time of registration the domain name is identical, confusingly similar, or dilutive of the mark;[94] and (3) the defendant had a bad faith intent to profit from the ownership or use of the mark.[95] The amount of protection

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[87] *See id; see also* Gregory, *supra* note 82, at 8.

[88] *See* Debra Baker, *Standing up to Cybersquatters*, ABA JOURNAL, March 2000, at 19. Cybersquatters, otherwise known as cyberpirates, register Internet domain names that include famous marks to either sell the name to the senior mark holder or try to profit from the mark's famous name by diverting consumers to their sight. *See id.*

[89] *See* 15 U.S.C.A. § 1125(d)(1)(A) (West Supp. 2000).

[90] *See* 15 U.S.C.A. § 1129 (West Supp. 2000); *see also* Gregory, *supra* note 82, at 8.

[91] The remedies available under the ACPA include injunctive relief and monetary damages. *See* 15 U.S.C.A. §§ 1125(d)(1)(C), 1117(d) (West Supp. 2000). The ACPA permits a court to "order the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark" for all domain names registered before, on, or after the enactment of the ACPA. 15 U.S.C.A. § 1125(d)(1)(C) (West Supp. 2000); Anticybersquatting Consumer Protection Act, Pub. L. No. 106-113, 113 Stat. 1501A-552, sec. 3010 (1999). The injured plaintiff is also entitled to statutory damages under the ACPA ranging from $1000 to $100,000 per domain name, but only if the defendant registered the domain name after the enactment of the amendment. *See* 15 U.S.C.A. § 1117(d) (West Supp. 2000); Pub. L. No. 106-113, 113 Stat. 1501A-552, sec. 3010 (1999). Otherwise, the plaintiff is only entitled to monetary damages under pre-existing law, which, in this case, is the FTDA. *See* 15 U.S.C.A. § 1125(d)(3) (West Supp. 2000) (providing that any remedies created by the new act are "in addition to any other civil action or remedy otherwise applicable").

[92] *See* 15 U.S.C.A. § 1125(d)(1)(A)(ii)(I) (West Supp. 2000).

[93] *See id.* at § 1125(d)(1)(A)(ii)(II).

[94] *See id.* at § 1125(d)(1)(A)(ii)(I)-(II).

[95] *See id.* at § 1125(d)(1)(A)(i). Section 1125(d)(1)(B)(i)(I)-(d)(1)(B)(i)(IX) lists nine factors a court may consider to determine whether a person has a bad faith intent to profit from the mark:

> (I) the trademark or other intellectual property rights of the person, if any, in the domain name; (II) the extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person; (III) the person's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services; (IV) the person's bona fide noncommercial or fair use of the mark in a site accessible under the domain name; (V) the person's intent to divert consumers from the mark owner's online location to a site accessible under the domain name that *could* harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site; (VI) the person's offer to transfer, sell, or otherwise assign the domain name to the mark owner or any third party for financial gain without having used, or having an intent to use, the domain name in the bona fide offering of any goods or services, or the person's prior conduct indicating a pattern of such conduct; (VII) the person's provision of material and misleading false contact information when applying for the registration of the domain name, the person's intentional failure to maintain accurate contact information, or the person's prior

provided by the newly enacted ACPA is greater than that of the expansion of the scope of the FTDA by the courts.[96] Not only does the ACPA protect famous marks from domain name dilution, but it also protects against bad-faith use of domain names that are confusingly similar or identical to distinctive, non-famous marks. Because a mark might be distinctive before it has been used, distinctiveness is a completely different concept from fame.[97] Distinctiveness refers to the inherent qualities of a mark, whereas fame occurs after a mark has been received and accepted by a large geographical distribution of the public.[98]

2. Ruling Creates a Split in Trademark Dilution Jurisprudence

All trademark dilution claims, including cyber-dilution claims, that are not related to domain name dilution must still be brought under the FTDA.[99] The language of the FTDA does not explicitly set-out a standard upon which a court shall issue an injunction.[100] The Second Circuit has interpreted the FTDA as requiring a likelihood of dilution standard, analogous to state anti-dilution statutes[101] and causes of action for trademark infringement.[102] The Fourth Circuit,[103] however, rejected the

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conduct indicating a pattern of such conduct; (VIII) the person's registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others that are distinctive at the time of registration of such domain names, or dilutive of famous marks of others that are famous at the time of registration of such domain names, without regard to the goods or services of the parties; and (IX) the extent to which the mark incorporated in the person's domain name registration is or is not distinctive and famous within the meaning of subsection (c)(1) of this section. . . .

15 U.S.C. § 1125(d)(1)(B)(i)(I)-(d)(1)(B)(i)(IX) (emphasis added).

[96] *See, e.g.*, Panavision Int'l., L.P. v. Toeppen, 141 F.3d 1316 (9th Cir. 1998).

[97] *See* Sporty's Farm v. Sportsman's Market, Inc., 202 F.3d 489, 497 (2d Cir. 2000). *Sporty's Farm* is one of the first appellate court interpretations of the ACPA. *See id.*

[98] *See id.* at 497.

[99] *See, e.g.*, Mattel Inc. v. Internet Dimensions Inc., 55 U.S.P.Q.2d 1620 (S.D. N.Y. 2000) (finding dilution by tarnishment when plaintiff's Barbie™ dolls were depicted engaging in unwholesome activity on defendant's web site).

[100] *See* 15 U.S.C. §§ 1125(c), 1127 (Supp. IV 1998), *amended by* 15 U.S.C.A. §§ 1125(c), 1127 (West Supp. 2000).

[101] *See* Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208 (2d Cir. 1999). The first state anti-dilution statute required a likelihood of dilution as grounds for injunctive relief. *See* Klieger, *supra* note 33, at 811. Subsequent states adopted similar language to establish a trademark dilution cause of action. *See id.*

[102] *See* 15 U.S.C. § 1125(a)(1)-(a)(1)(A) (1994). Traditional trademark infringement is found upon a showing of a likelihood of confusion between two trademarks. *See id.*

[103] 170 F.3d 449 (4th Cir. 1999).

likelihood of dilution standard and required the plaintiff to show actual, consummated harm to their mark before allowing an injunction to issue.[104] This inconsistent approach to the interpretation of the FTDA creates a gross disparity in the burden a plaintiff must face in a given jurisdiction. As courts continue to disagree as to the appropriate standard for injunctive relief, a battle has ensued over the proper interpretation of the FTDA.[105]

a. Fourth Circuit Rejects Likelihood of Dilution Standard

The Fourth Circuit interpreted the language of the FTDA as requiring an actual dilution standard. In *Ringling Bros.-Barnum & Bailey Combined Shows, Inc.*,[106] Plaintiff claimed that the State of Utah's subsequent use of an advertisement for "The Greatest Snow on Earth" blurred Plaintiff's famous circus trademark slogan, "The Greatest Show on Earth."[107] Plaintiff alleged that the State of Utah's use of the mark evoked in consumers a mental association between the two slogans that lessens the famous mark's economic value as a source identifier.[108] Plaintiff relied on the results of a consumer survey as evidence of dilution of their famous mark.[109] The Fourth Circuit found that the survey neither showed that the Defendant's mark lessened the ability of Plaintiff's mark to identify or distinguish the circus as its subject, nor that Plaintiff suffered a loss of revenue by Utah's junior use of the mark.[110] Because Plaintiff failed to show evidence of actual economic harm to their famous mark, the court

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[104] *See id.* at 461.

[105] The Fourth Circuit's holding is expressly rejected by the Second Circuit in *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208 (2d Cir. 1999). Meanwhile, several district courts in the Third and Ninth Circuits have adopted the Fourth Circuit's view and have imposed actual-dilution standards on FTDA plaintiffs. *See, e.g.*, American Cyanamid v. Nutraceutical Corp., 54 F. Supp. 2d 379 (D. N.J. 1999) (holding that plaintiff must show actual dilution by blurring of its famous color spectrum for the court to issue an injunction against its competitor); Playboy Enters., Inc. v. Netscape Communications Corp., 55 F. Supp.2d 1070 (C.D. Cal. 1999), *aff'd*, 202 F.3d 278 (9th Cir. 1999) (finding no trademark dilution without a showing of actual harm when providers of an Internet search engine arranged for certain advertisements to appear on screen when a user selected "playboy" or "playmate" as search terms).

[106] 170 F.3d 449 (4th Cir. 1999).

[107] *Id.* at 451-52.

[108] *See id.* at 453.

[109] *See id.* at 463. The survey asked consumers to fill in the following phrase: "The Greatest ____ on Earth," and then to indicate what they associated with the completed phrase. *Id.* at 462-63.

[110] *See id.* Of the consumers who completed the phrase with "The Greatest Show on Earth," virtually all consumers, inside and outside of Utah, indicated that they associated the mark solely with Plaintiff's circus. *Id.* Of the consumers who completed the phrase with "The Greatest Snow on Earth," every consumer, inside and outside of Utah, indicated that they associated the mark solely with Utah. *Id.* No consumers indicated that the two phrases were associated with each other. *See id.*

denied Plaintiff's request for injunctive relief and affirmed the dismissal of the claim.[111]

The Fourth Circuit interpreted the plain meaning of the FTDA to require actual, consummated harm to the famous mark's economic value as a source identifier before allowing an injunction to issue.[112] While acknowledging that an actual dilution standard would be difficult for a plaintiff to meet, the court suggested two possible means of proving actual dilution that would assist famous mark holders in asserting a valid claim.[113] A plaintiff could prove actual dilution by: (1) showing actual loss of revenue traceable to the dilutive use; or (2) illustrating through a consumer survey that the senior mark has lost selling power due to the junior mark's use.[114] Because Congress did not affirmatively adopt an express likelihood standard or the likelihood standard found in many state anti-dilution statutes, the Fourth Circuit found that Congress must have intended the FTDA to be interpreted in a stringent manner.[115] Thus, absent evidence to the contrary, the plain meaning of the statute must govern, and an actual dilution standard must prevail.[116]

b. Second Circuit Upholds Likelihood of Dilution Standard

The Second Circuit expressly rejected the Fourth Circuit's interpretation of the FTDA and upholds a likelihood of dilution standard in cases of trademark dilution.[117] In *Nabisco, Inc. v. PF Brands, Inc.*,[118] the Second Circuit found dilution by blurring when Nabisco planned to release a goldfish cracker that made up one-fourth of a package of cheddar cheese crackers also containing a CatDog cracker and a bone cracker.[119] Pepperidge Farm had been producing cheddar cheese goldfish crackers continuously since 1962.[120] The company had received numerous trademark registrations and had focused its advertising toward children,

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[111] *See id.* at 452, 466.

[112] *See id.* at 453.

[113] *See id.* at 464-65.

[114] *See id.*

[115] *See id.* at 458-59.

[116] *See id.* at 461 n.6.

[117] *See* Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 223-24 (2d Cir. 1999).

[118] *Id.* at 208.

[119] *See id.* at 213. The CatDog cracker was based on a two-headed cartoon creature that was one-half cat and one-half dog. *See id.*

[120] *See id.* at 212.

who comprised half of the consumers of their goldfish crackers.[121] Because Nabisco's fish-shaped cracker resembled Pepperidge Farm's cracker in color, size, taste, and shape, and because Nabisco planned on marketing their crackers toward children, Nabisco's fish-shaped cracker was found to be substantially similar to Pepperidge Farm's Goldfish.[122] Based on these facts, the Second Circuit held that there was a high likelihood that another cheddar cheese goldfish cracker would dilute the distinctive character of Pepperidge Farm's famous mark by blurring.[123] The court enjoined the defendant from making and selling its fish-shaped crackers, agreeing with the district court's assertion that allowing a significantly similar cheddar cheese cracker to invade the market would inevitably whittle away the distinctive quality of Pepperidge Farm's Goldfish reputation.[124]

While the actual dilution standard would have denied injunctive relief to the plaintiff until harm occurred to their famous mark, the likelihood of dilution standard enabled the Second Circuit to enjoin the use of the junior mark before any harm to the senior mark occurred.[125] The Second Circuit found that to require a plaintiff to show actual harm to their mark places an "arbitrary and unwarranted limitation on the methods of proof."[126] Not only would such diminished revenues be difficult to show, but "it would be extraordinarily speculative and difficult to prove that the loss was due to the dilution of the mark."[127] Since no court has successfully determined how to measure actual loss,[128] the Second Circuit expressly rejected the Fourth Circuit's interpretation of the FTDA.[129] A plain meaning interpretation of the statute not only undermines the intent of Congress in enacting the FTDA, but it also creates an insurmountable standard of proof that enables uncompensable injury to occur to a mark's source identifying function before an injunction will issue.[130]

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[121] *See id.* at 212-13.

[122] *See id.* at 218, 220, 226. Nabisco's crackers were designed from the characters of a Nickelodeon cartoon, and were thus also to be marketed toward children. *See id.* at 213.

[123] *See id.* at 222.

[124] *See id.* at 214, 228-29.

[125] *See id.* at 223-25.

[126] *Id.* at 223.

[127] *Id.* at 224.

[128] *See* Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449, 464 (4th Cir. 1999) ("The difficulties of proving actual dilution by practically available means is evident . . .").

[129] *See Nabisco*, 191 F.3d at 223-24. The second circuit finds the Fourth Circuit's use of consumer surveys to be "expensive, time consuming and not immune to manipulation." *Id.* at 224.

[130] *See id.* at 224.

II. ANALYSIS

The courts' conflicting interpretations of the FTDA create inadequate trademark dilution protection that present a growing challenge to trademark holders who seek to protect their famous marks. As courts continue to be divided on the appropriate standard for injunctive relief, famous mark holders are faced with unequal burdens of proof and inadequate remedies based on the jurisdiction in which they bring suit. Although the plain meaning of the FTDA supports an actual dilution standard,[131] Congress intended the FTDA to provide adequate protection to famous marks that only a likelihood of dilution standard can effectively provide.[132] The explosion of trademark use in cyberspace magnifies the inadequacies of the protection afforded by the FTDA. In order to provide the best possible protection for famous marks in realspace and in cyberspace, Congress should amend the FTDA to include an express likelihood of dilution standard. A uniform standard will return the FTDA to an effective and uniform remedy that adequately protects all famous trademarks and will prevent future conflicting interpretations of the dilution standard under the ACPA.[133]

A. The Language of the FTDA Supports an Actual Dilution Standard

The Fourth Circuit took a fundamentally different approach to the interpretation of the FTDA when it required proof of actual dilution to sustain a plaintiff's claim. In *Ringling Bros.-Barnum & Bailey Combined Shows, Inc.*,[134] the Fourth Circuit departed from the prevalent likelihood of dilution standard adopted by federal and state courts and required a plaintiff to show actual, consummated harm to their famous mark.[135] Although the Fourth Circuit acknowledged that leading commentary on dilution law supports a likelihood of dilution standard, it found that the plain meaning of the federal statute requires an actual dilution interpretation.[136] In remaining faithful to the language of the statute, the

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[131] *See infra* notes 134-156 and accompanying text.

[132] *See infra* notes 157-202 and accompanying text.

[133] *See infra* notes 203-223 and accompanying text.

[134] 170 F.3d 449 (4th Cir. 1999).

[135] *See id.* at 461.

[136] *See id.* at 461 n.6 (citing McCarthy and Klieger, two leading trademark scholars who admit that the language of the FTDA implies an actual dilution standard, but who support the view that a claimant only needs to show a likelihood of dilution).

Fourth Circuit ultimately raised the bar on the level of proof required to assert a successful claim under the FTDA.

1. The Plain Meaning of the FTDA is Clear on Its Face

On its face, the FTDA appears to support a standard of actual dilution. The FTDA allows injunctive relief when junior use of a mark "causes dilution of the distinctive quality of the [famous, senior] mark."[137] The Trademark Act defines dilution as: "the lessening of the capacity of a famous mark to identify and distinguish goods or services."[138] The word "capacity" is neutral if it is not given a specific temporal meaning.[139] Because the Act does not expressly indicate whether the capacity is "present capacity," "future capacity," or "former capacity," the word must be given its intrinsic meaning by its use in the context of the sentence.[140] The context indicates that the statute refers to a "former capacity."[141] "The verb of which [capacity] is the object is the clear indicator; the conduct proscribed is that which 'lessens' capacity, not that which 'will' or 'may' lessen."[142] The definition of dilution does not support an argument for the possibility of future dilution or the likelihood of dilution. Therefore, the language of the Act supports an actual dilution standard because to show actual harm, the mark's capacity as a source identifier must have already been diluted or is presently being diluted. If the plain meaning supported a likelihood of dilution, then "capacity" would be read in a futuristic context. The language of the FTDA, as enacted by Congress, does not support such an interpretation.

There are other contextual indicators that support the Fourth Circuit's holding. For example, section 1125(c)(1) states that "[t]he owner of a famous mark shall be entitled . . . to an injunction against another person's commercial use . . . if such use . . . causes dilution of the distinctive quality of the mark . . . ."[143] The conduct proscribed by the Act is "another person's commercial use," not merely the threatened use of the famous mark.[144] Furthermore, the "use" itself "causes" dilution to the mark.[145]

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[137] 15 U.S.C. § 1125(c)(1) (Supp. IV 1998).

[138] 15 U.S.C. § 1127 (Supp. IV 1998), *amended by* 15 U.S.C.A. § 1127 (West Supp. 2000).

[139] *See Ringling Bros.-Barnum & Bailey Combined Shows*, 170 F.3d at 460.

[140] *See id.*

[141] *See id.*

[142] *Id.* at 460-61.

[143] 15 U.S.C. § 1125(c)(1) (Supp. IV 1998).

[144] *Id.*; *see also Ringling Bros.-Barnum & Bailey Combined Shows*, 170 F.3d at 461.

[145] *See* 15 U.S.C. § 1125(c)(1) (Supp. IV 1998).

The Act does not state that it "will cause" or "may cause" dilution to the mark.[146] Thus, the language of the Act supports a showing of actual harm to the distinctive quality of the famous mark by past or present use of the junior mark as a source identifier. Because the language does not include future use of the mark, the Fourth Circuit concluded that Congress did not intend for the Act to include a likelihood of dilution standard.

2. FTDA Language Provides Adequate Protection

A plain meaning interpretation of the FTDA provides adequate protection for senior mark holders' famous marks. When Congress drafted the FTDA, it chose not to include an express standard of a "likelihood of dilution."[147] Congress neither adopted the "likelihood of dilution" provisions contained in the language, interpretation and application of state anti-dilution law,[148] nor reiterated the likelihood standard contained in the federal trademark infringement statute.[149] Congress also made the remedies available under the FTDA broader and more specific than the remedies available under state anti-dilution statutes. Unlike state anti-dilution statutes that only provide injunctive relief,[150] the FTDA provides compensatory and restitutionary relief when a junior user's conduct is shown to be willful.[151] These damages are only available for consummated economic harm. Thus, the state anti-dilution statutes focus solely on the prevention of future harm, while the FTDA focuses on remedying past and present harm.

Since the FTDA does not preempt existing state anti-dilution statutes, an actual dilution standard at the federal level creates a narrow scope of protection for famous mark holders that supplements existing state dilution laws.[152] This narrow scope of protection prevents the creation of gross property rights. The history of federal dilution law shows hesitation in

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[146] *See Ringling Bros.-Barnum & Bailey Combined Shows*, 170 F.3d at 460-61.

[147] *See* 15 U.S.C. §§ 1125(c), 1127 (Supp. IV 1998), *amended by* 15 U.S.C.A. §§ 1125(c), 1127 (West Supp. 2000).

[148] *See Ringling Bros.-Barnum & Bailey Combined Shows*, 170 F.3d at 460. *See also* Klieger, *supra* note 33, at 840 (stating that "[i]n place of the 'likelihood of dilution' language of the state antidilution statutes, the Federal Trademark Dilution Act thus creates an *actual* dilution requirement").

[149] *See* 15 U.S.C. § 1125(a)(1)-(a)(1)(A) (1994). In an action for trademark infringement, a senior mark holder is entitled to relief upon a showing that the junior use of the mark "is likely to cause confusion." *Id.*

[150] *See Ringling Bros.-Barnum & Bailey Combined Shows*, 170 F.3d at 461.

[151] *See* 15 U.S.C. §§ 1125(c)(2) (Supp. IV 1998), *amended by* 15 U.S.C.A. § 1125(c)(2) (West Supp. 2000) (both referring to sections 1117(a) and 1118 of Title 15).

[152] *See* H.R. REP. NO. 104-374, at 4 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029.

enacting a statute that would create a monopoly right in the words and images used to identify products.[153] The actual dilution standard prevents a famous mark holder from acquiring a gross property right by forcing senior mark holders to produce evidence that a junior use actually harms their mark before allowing the junior mark to be removed from commerce.

The likelihood of dilution standard increases the property interest of senior mark holders because it allows courts to enjoin a junior user's concurrent use of a mark through a judicial presumption that harm is likely to occur to the senior mark.[154] Not only is the likelihood of harm hard to predict, but "[i]t is not at all improbable that some junior uses will have no effect at all upon a senior mark's economic value, whether for lack of exposure, general consumer disinterest in both marks' products, or other reasons."[155] An actual dilution standard will inevitably limit the amount of protection afforded famous mark holders by requiring a higher standard for protection. By imposing a higher standard on famous mark holders in dilution claims, the Fourth Circuit is suppressing the legislature's initial fears in enacting the FTDA.

The plain language of the FTDA supports an actual dilution standard. Because the words of the FTDA convey a definite meaning, which involve no absurdity or contradiction with any other parts of the instrument, the Act is to be read as it appears on its face.[156] By remaining faithful to the language of the statute, the Fourth Circuit created a stringent requirement to ensure that dilution claims are not asserted without proof of quantifiable injury. A stringent interpretation of the language of the FTDA clearly supports an actual dilution standard.

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[153] *See* Klieger, *supra* note 33, at 835-40. The implementation of federal dilution law was a long and tedious process. *See id.* At first the Trademark Review Commission of the United States Trademark Association was deadlocked on the implementation of a broad dilution statute. *See id.* at 836-37. When the Commission, however, shifted their approach toward a narrower dilution provision, the Commission overwhelmingly approved the measure. *See id.* The House ultimately rejected the proposal from the Trademark Law Revision Act of 1988, refusing to implement such a radical change in federal trademark law. *See id.* at 837-38. It was not until 1995 that the initial proposal was finally passed. *See id.* at 839.

[154] *See Ringling Bros.-Barnum & Bailey Combined Shows*, 170 F.3d at 459-60.

[155] *Id.* at 460.

[156] *See* Lake County v. Rollins, 130 U.S. 662, 670 (1889) (stating that the plain meaning rule requires an instrument to be interpreted as it appears on its face, unless there is an absurdity or contradiction of that meaning).

B. A Plain Meaning Interpretation of the FTDA Creates Results Manifestly at Odds with the Intent of Congress

According to the Supreme Court, a federal statute should be interpreted by its plain meaning, unless the plain meaning produces results manifestly at odds with Congress' intent.[157] Congress did not intend to require a showing of actual dilution.[158] "Instead, the Act's actual dilution language reveals the degree to which dilution and misappropriation have become virtually indistinguishable in result if not in aim."[159] Congress enacted the FTDA to protect the substantial investment that a famous mark holder has made in their mark by protecting the mark's source and quality identifying functions from those who would appropriate the mark for their own gain.[160] To read the statute as containing an actual dilution standard "would subject the senior user to uncompensable injury."[161] Not only could the statute not be invoked until after irreparable harm occurred to the famous mark's reputation, but a junior user would also be unable to obtain a declaratory judgment before investing a substantial amount of time and money into the development of a mark.[162] Because an actual dilution standard undermines Congress' intent in enacting federal dilution law, the FTDA should be read to include a likelihood of dilution standard.

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[157] *See* Park 'N Fly, Inc. v. Dollar Park & Fly, Inc., 469 U.S. 189, 194, 197-98 (1985) (finding that the plain meaning of the Trademark Act governs, unless the language produces a result contrary to the intent of Congress in enacting the statute).

[158] *See* Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 224-25 (2d Cir. 1999). While acknowledging that the use of the words "causes dilution" rather than "likelihood of dilution" gives some support to an actual dilution standard, the Second Circuit interpreted the FTDA as requiring the senior holder to show a likelihood of injury to the reputation of the senior holder's mark before issuing injunctive relief. *Id.* at 224.

[159] Klieger, *supra* note 33, at 840.

[160] *See* H.R. REP. NO. 104-374, at 3 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029 ("The concept of dilution recognizes the substantial investment the owner has made in the mark and the commercial value and aura of the mark itself, protecting both from those who would appropriate the mark for their own gain.").

[161] *Nabisco*, 191 F.3d at 224.

[162] *See id.*; *see also* Deutsch, *supra* note 2, at C23.

1. Congress Enacted the FTDA to Protect the Economic Value of Famous Marks

The economic value of a famous mark is measured by its ability to identify the source and quality of a good or service.[163] The FTDA was enacted to protect the property interest held by the owner of a famous mark by preventing the diminishment of its economic value by an unauthorized junior use that blurs or tarnishes the mark's identifying function.[164] Because it can take decades for a famous mark's source-identifying function to reflect the corrosive effects of dilution, the actual dilution standard enables a junior user to become established in the marketplace before enabling the senior user to seek injunctive relief.[165] Famous mark holders are therefore required to watch their investment deteriorate until they can prove that the junior use diminishes the value of their mark.[166] By allowing harm to occur to the mark before enjoining junior use, the actual dilution standard allows unauthorized users to trade off of a famous mark's established goodwill until the effects of the subsequent use are measurable in a court of law.[167]

Congress could not have intended for the FTDA to allow an unauthorized junior user to reap the benefits of a famous mark's well-earned reputation while diminishing its economic value. Although enjoining junior use of a mark after years of use in the marketplace may take the junior mark out of commerce, an injunction cannot erase the association consumers have made between the junior mark and the senior mark in their minds.[168] This type of damage is not only difficult to compensate, but also causes irreparable harm to the identifying function of a trademark. The mark itself is the most effective agent for the creation of

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[163] *See generally* 1 MCCARTHY, *supra* note 3, at § 3.2. Other factors that determine a trademark's economic value include its ability to act as an identifying symbol, source indicator, quality signifier, and advertising agent. *See id.*

[164] *See* H.R. REP. NO. 104-374, at 3 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029 (stating that the FTDA was to prevent junior use that blurs the distinctiveness of a senior mark, tarnishes or disparages it, even in the absence of a likelihood of confusion).

[165] *See* Deutsch, *supra* note 2, at C23. Unlike dilution that occurs on the Internet, where damage to a famous mark can occur virtually overnight, dilution in realspace can take years to occur, depending on factors such as the extent of the exposure of the mark to the public and the geographical distance between the two marks. *See* Schechter, *supra* note 32, at 825.

[166] *See Nabisco*, 191 F.3d at 223-24.

[167] *See* Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449, 460-61 (4th Cir. 1999) (requiring a famous mark holder to show actual dilution to the mark before issuing injunctive relief).

[168] *See* Panavision Int'l., L.P. v. Toeppen, 141 F.3d 1316, 1326 n.7 (9th Cir. 1998). Dilution occurs when a consumer mentally associates the famous mark with another mark that blurs or tarnishes the famous mark's well-earned reputation. *See id.*

goodwill.[169] The tarnishment or blurring of a mark inevitably destroys the mark's goodwill, and thus its economic value. Famous mark holders should therefore be able to stop junior use of an identical or similar mark that could harm their mark before it becomes established in commerce.[170] By allowing a junior user to trade off of and harm a mark's economic value before allowing an injunction to issue, the actual dilution standard undermines the very harm that federal trademark dilution law was enacted to prevent.

2. Congress Enacted the FTDA to Protect the Investment Made in the Mark

Congress intended the Trademark Act to protect the product of a trademark owner's investment by enjoining misappropriation that undermines the mark holder's investment of energy, time, and money in presenting a mark to the public.[171] Trademark owners invest millions of dollars to develop a mark that will generate a commercial magnetism that draws consumers to their products.[172] It takes time, energy, and even more money to build-up their product's goodwill.[173] Under the actual dilution standard, famous mark holders cannot collect damages when a junior user unwillfully dilutes the economic value of their senior mark.[174] Further, junior users are unable to seek declaratory judgments before making an investment in a proposed mark.[175] Because Congress intended the Trademark Act to protect a trademark owner's investments in marks, forcing both junior and senior users to expend gross amounts of money without compensation for their losses is not only contrary to public policy, but also undermines the protection afforded by the FTDA.

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[169] *See* Schechter, *supra* note 32, at 819, 829-30.

[170] *See id.* Trademark dilution recognizes that a famous mark holder, who has spent the time and the investment needed to create and maintain a trademark, should be able to determine how that mark is to be used in commerce. *See id.*

[171] *See* S. REP. NO. 79-1333, at 3 (1946), *reprinted in* 1946 U.S. Code Congressional Service 1274, 1274.

[172] *See generally* Klieger, *supra* note 33, at 852. "By the early 1990s, the cost to a company of introducing a new consumer product had grown to as much as $100 million, with the odds of success no greater than one in ten." *Id.* A product's trademark can ultimately determine its success or failure. *See id.*

[173] *See id.*

[174] *See* Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 224 (2d Cir. 1999).

[175] *See id.*

a. An Actual Dilution Standard Limits the Availability of Damages Enacted by Congress

An actual dilution interpretation of the FTDA does not provide an equitable remedy for famous mark holders. Under the FTDA, a famous mark holder can only receive monetary damages for willful dilution of their marks.[176] In jurisdictions applying an actual dilution standard, a senior mark holder can bring a cause of action only after harm to their mark has already occurred. When a plaintiff is required to show actual dilution, and there is no evidence of willful intent, the only remedy available is an injunction.[177] The plaintiff will not be compensated for damage the junior use has caused the mark or for any lost revenues that may have occurred as a result of dilution.[178] Given that Congress intended the FTDA to protect a famous mark holder's investment in their mark, allowing a junior user to appropriate a mark for their own personal gain and not requiring them to reimburse the mark holder for the economic value supplied by their mark creates an inconsistency in the application of protection.[179]

b. An Actual Dilution Standard Imposes a Higher Investment Risk on Junior Users

An actual dilution interpretation of the FTDA eliminates the availability of declaratory judgments for junior users seeking to ascertain the standing of their marks.[180] Junior users seek declaratory judgments to determine if their mark is capable of co-existing with a senior mark without causing dilution or infringement. If the law prohibits junior users from seeking declaratory judgments before the introduction of their marks to consumers, junior users will not be able to seek judicial assurance that their mark is not dilutive in nature.[181] In fact, junior users will never be able to feel secure that their mark is not affecting a senior mark because years could pass

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[176] *See* 15 U.S.C. § 1125(c)(2) (Supp. IV 1998), *amended by* 15 U.S.C.A. § 1125(c)(2) (West Supp. 2000). The FTDA states: "the owner of the famous mark shall be entitled only to injunctive relief unless the person against whom the injunction is sought willfully intended to trade on the owner's reputation or to cause dilution of the famous mark." *Id.* "If such willful intent is proven, the owner of the famous mark shall also be entitled to . . ." damages. *Id.*

[177] *See Nabisco*, 191 F.3d at 224.

[178] *See* 15 U.S.C. § 1117(a) (1994), *amended by* 15 U.S.C.A. § 1117(a) (West Supp. 2000) (stating the recovery for violation of rights).

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

[180] *See Nabisco*, 191 F.3d at 224.

[181] *See id.*

before evidence exists that the junior mark has caused dilution.[182] Instead, a junior user would have to first spend millions of dollars to launch a trademarked product before it could obtain a court ruling as to whether the trademark use violated the law.[183]

Since junior users can never be assured that the time and money they invest in their marks will not be ripped away years later by an injunction, junior users will be hesitant to introduce new marks into commerce. Junior users will fear suits that could arise because they improperly researched a mark or simply made a bad judgment call. If junior users refrain from introducing new marks for fear of injunction, the actual dilution standard creates the very gross property right that its advocates feared.[184] Free market competition will dwindle and famous marks will grow more dominant in the marketplace. Thus, although the likelihood of dilution standard does not exist in the plain language of the FTDA, Congress must have intended a likelihood of dilution standard to apply in cases of trademark dilution. A likelihood of dilution standard not only enables the remedies provided for by the FTDA to be effective, but it also protects the investment of senior and junior mark holders alike.

3. Congress Enacted the FTDA to Enjoin the Misappropriation of Famous Marks

Congress enacted the FTDA to protect famous marks from those who would appropriate the mark for their own gain.[185] An actual dilution standard creates a high bar to surpass in order to enjoin misappropriation of a famous mark by an unauthorized junior use. Requiring a senior user to show actual loss of revenue places an unjustifiable burden on the senior user. Unless a senior mark owner has the foresight to conduct a baseline survey before dilution begins, they may be unable to show that a loss of selling power has occurred or that dilution was not merely a result of changing market conditions.[186] Furthermore, "[i]f the famous senior mark were being exploited with continually growing success, the senior user might never be able to show diminished revenues, no matter how obvious it was that the junior use diluted the distinctiveness of the senior."[187] Even

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[182] *See* Deutsch, *supra* note 2, at C23.

[183] *See* Klieger, *supra* note 33, at 852.

[184] *See* Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449, 459 (4th Cir. 1999).

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

[186] *See* Bible, *supra* note 38, at 332.

[187] Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 223-24 (2d Cir. 1999).

if diminished revenues could be shown, it is extremely difficult and speculative to prove that the loss of revenues occurred from the dilution of the mark and not merely because of a lack of exposure or consumer disinterest.[188]

The Fourth Circuit suggested the use of consumer surveys as a way to show actual dilution.[189] Surveys, however, are not only expensive and extremely time consuming, but they are also unreliable and easy to manipulate.[190] Not only do geographical location and age distributions greatly affect the outcome of consumer surveys, but litigants must also be careful to select a representative sample of the population and phrase questions in a non-leading manner.[191] Because of the "methodological difficulties that arise when assembling a meaningful, accurate, and admissible study[,] . . . courts tend to view survey evidence with a fair amount of skepticism."[192] Further, courts inconsistently interpret data collected from the performance of surveys.[193] Surveys, therefore, are not only unreliable, but a senior mark user cannot predict how much weight the court will actually give the actual results.

The better standard for determining injunctive relief is the likelihood of dilution standard. Under this standard, courts consider the close proximity of the products, the degree of similarity between the products, the age and the sophistication of the consumers, and the occurrence of prior adjudication to determine if junior use is likely to cause dilution.[194] The Fourth Circuit rejected a likelihood of dilution standard because it forced courts to predict whether a junior user's mark will have a dilutive effect on a senior mark.[195] Judicial presumptions, however, are neither necessary, nor involved. "If a junior user began to market Buick aspirin or Schlitz shellac, [the Second Circuit] see[s] no reason why the senior users could not rely on persuasive circumstantial evidence of dilution of the distinctiveness of their marks without being obligated to show lost revenue or engage in an expensive battle of surveys."[196] In trademark infringement

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[188] *See id.* at 224. *See also Ringling Bros.-Barnum & Bailey Combined Shows*, 170 F.3d at 460.

[189] *See Ringling Bros.-Barnum & Bailey Combined Shows*, 170 F.3d at 462-63.

[190] *See Nabisco*, 191 F.3d at 224.

[191] *See* Bible, *supra* note 38, at 324-27.

[192] *Id.* at 316.

[193] *See, e.g.*, Wawa, Inc. v. Haaf, 40 U.S.P.Q.2d 1629 (E.D. Pa. 1996) (finding actual dilution, in part, from a survey showing that only 29% of the people interviewed associated the junior mark with the senior mark).

[194] *See Nabisco*, 191 F.3d at 222.

[195] *See* Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449, 460 (4th Cir. 1999).

[196] *Nabisco*, 191 F.3d at 224.

actions, as well as virtually all other areas of law, facts may be found by drawing logical inferences from other established facts.[197] For example, "[i]n stark contrast to general common law standards requiring a showing of irreparable harm, courts presume harm in copyright and other intellectual property contexts once a movant establishes a likelihood of success on the merits."[198] This rule holds true for cases involving violations of a right involving a patent,[199] copyright,[200] or trademark.[201] Courts will assume irreparable harm will occur to the intellectual property if the famous mark holder shows a likelihood of infringement, thereby granting injunctive relief after a showing of a likelihood of harm.

Causes of action for trademark dilution should not be any different than any other legal claims. If the senior mark holder presents enough circumstantial evidence to show a likelihood of dilution, then the court should issue an injunction based upon the ultimate inference of injury.[202] The courts will thereby prevent irreparable injury to the famous holder's mark. Without a reliable method to show actual harm to their marks, senior users have an unreasonably high burden of proof to meet under the actual dilution standard. Accordingly, Congress could not have intended an actual harm interpretation of the FTDA. Instead, Congress must have intended a likelihood of dilution standard that would enable senior users to successfully seek injunctive relief before irreparable harm occurs to their famous marks.

C. Amending the FTDA to Include an Express Likelihood of Dilution Standard Will Return the Act to an Effective and Uniform Remedy

Since Congress enacted the FTDA to mend a gap left in trademark protection by infringement law,[203] the effective and uniform relief intended

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[197] *See id.* at 224 n.5.

[198] K.J. Greene, *Motion Picture Copyright Infringement and the Presumption of Irreparable Harm: Toward a Reevaluation of the Standard for Preliminary Injunctive Relief*, 31 RUTGERS L.J. 173, 193 (1999).

[199] *See* 35 U.S.C. § 283 (1994). Federal patent law explicitly gives broad equitable discretion for judges to "grant injunctions in accordance with the principles of equity to prevent the violation of any right secured by patent, on such terms as the court deems reasonable." *Id.*

[200] *See* 17 U.S.C. § 502 (1994). The Copyright Act provides that a district court *may* issue a preliminary injunction "to prevent or restrain infringement of a copyright." *Id.*

[201] *See* 15 U.S.C. § 1116(a) (1994), *amended by* 15 U.S.C.A. § 1116(a) (West Supp. 2000). Under the Trademark Act, courts have the "power to grant injunctions . . . to prevent the violation of any right of the registrant of a mark." *Id.*

[202] *See Nabisco*, 191 F.3d at 224.

[203] *See* Schechter, *supra* note 32, at 813-24 (discussing the shortcomings of early twentieth century trademark law).

for trademark holders was not meant to be judicially undermined.[204] Not only have the courts' conflicting interpretations of the Act created two distinctly different standards of harm which require two different and unequal burdens of proof, but the courts have created a gross disparity in the available remedies based on the jurisdiction in which a senior user brings suit. Consequently, the courts have returned the Trademark Act to the same state that the FTDA was enacted to amend. The initial purpose for enacting the FTDA was to "bring uniformity and consistency to the protection of famous marks" by creating a uniform national remedy that fixed the unpredictable and inadequate protection afforded by the states.[205] Before the FTDA, relief for state trademark dilution varied from state to state. Now relief for federal trademark dilution claims varies by jurisdiction.

Until one uniform standard is adopted, famous mark holders will not be able to adequately protect their marks. Congress should amend the FTDA to include an express likelihood of dilution standard. By amending the FTDA to include a likelihood of dilution standard, Congress will not only return the FTDA to an effective and uniform remedy for trademark holders, but it will also afford the best possible protection for famous marks in realspace and in cyberspace, as well as prevent future misinterpretation of dilution standards.

1. A Likelihood of Dilution Standard Affords Famous Mark Holders the Best Protection Against Cyber-Dilution

"The rapid emergence of Internet technologies and cyberspace's exponential growth have spawned a variety of novel issues involving trademark rights that will have profound impact on the application of trademark law in cyberspace."[206] Unlike traditional cases of trademark dilution that gradually whittle away at a senior mark, cyber-dilution is a rapid deterioration of the identifying functions of a mark.[207] Because hundreds of individuals can access a web site in a matter of minutes, a junior use can deteriorate the established reputation of a senior mark virtually overnight.[208] "These cases pose unique challenges for the courts

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

[205] *Id.*

[206] *See* Yan, *supra* note 63, at 778.

[207] *See* Phillips, *supra* note 11, at 636.

[208] *See* Deutsch, *supra* note 2, at C23.

because no tangible, real world counterpart[s] . . . exist[], providing no analogy or paradigm for the court to use in analyzing the claims."[209]

As courts have moved beyond traditional application of trademark dilution law to protect famous marks in cyberspace, not only are senior users subject to the unpredictable outcomes these new cases have to offer, but they are also still subject to the conflicting standards of the FTDA.[210] Since cyberspace magnifies a junior mark's ability to dilute a senior mark, the likelihood of dilution standard is the best way to protect famous marks from cyber-dilution. A likelihood of dilution standard enables a famous mark holder to enjoin junior use as early as the mark's first use in commerce. Since dilution occurs rapidly in cyberspace, a court could access the facts of the case and determine if there is a likelihood of dilution before irreparable harm occurs. Although actual dilution could be shown after a shorter period of time in cyberspace than in realspace, the burden of proof on the senior user is still excessive.[211] Proving dilution through surveys or other means not only takes time, but also produces unreliable results.[212] The surveys would also be more complex in cyberspace, where use of marks on the World Wide Web would make it difficult to survey a specific age group, class, or geographical population.[213] Therefore, even though actual dilution has occurred, a senior user plaintiff still has a heavy burden to meet before the courts will issue an injunction. A likelihood of dilution standard, however, enables effective relief for the senior user by allowing the court to determine whether dilution is likely to occur before a junior use diminishes the famous mark's economic value for personal gain.

2. A Likelihood of Dilution Standard Will Prevent Future Conflicting Interpretation of Dilution Law

Congress enacted the Anticybersquatting Protection Act to remove cybersquatting and bad faith domain name registration of a trademark from under the scope of the FTDA.[214] The ACPA was an addition to the FTDA,

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[209] Mills, *supra* note 70, at *4 (referring specifically to metatag trademark dilution actions).

[210] *See, e.g.*, Panavision Int'l., L.P. v. Toeppen, 141 F.3d 1316 (9th Cir. 1998) (extending the FTDA to domain name dilution and finding dilution per se).

[211] *See* Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449, 464-65 (4th Cir. 1999).

[212] *See* Bible, *supra* note 38, at 332-34.

[213] *See id.* at 324-27.

[214] *See* Anticybersquatting Consumer Protection Act, Pub. L. No. 106-113, Div. B. sec. § 1000(a)(9), 113 Stat. 1501, 1535-36 (1999) (enacting S. 1948, Title III, sec. 3002(a), § 43, 113 Stat. 1501A-545 to 548) (codified as amended at 15 U.S.C.A. § 1125(d) (West Supp. 2000) (amending

and both now comprise section 1125 of the Trademark Act.[215] Under the ACPA, the essential element in a domain name dilution cause of action is showing "a bad faith intent to profit" from the alleged ownership or use of a domain name that contains a famous mark, and which domain name, at the time of registration, "is identical or confusingly similar to or dilutive of that mark."[216] When comparing the language of the ACPA to the rest of the language of section 1125 of the Trademark Act, there are distinct similarities in the language chosen by Congress to describe dilution. Under section 1125, Congress did not specifically include the words "likelihood of harm" as a standard for trademark dilution, but it did include that standard when it discussed the injunctive relief available for a cause of action for trademark infringement.[217] Similarly in the ACPA, Congress uses the words "likelihood of confusion"[218] to describe bad faith domain name registration, a claim that is similar to trademark infringement, and places no standard on dilutive actions.[219] In addition, Congress states that bad faith can be found when domain names are dilutive at the time of registration.[220] This language suggests that the domain name must already be dilutive, not just likely to be dilutive, of the senior holder's mark.

Similar to the FTDA, the plain meaning of the ACPA and Congress' intent are mismatched. Congress sought to provide immediate and effective relief to senior mark holders as evidenced by the speed at which the ACPA passed through Congress and was signed into law.[221] The ACPA quickly moved through both the Senate and the House because of the urgency in preventing continued cyberabuse.[222] Congress wanted to provide a remedy to trademark holders before harm occurred to the holder's famous marks. Congress therefore intended that a likelihood of dilution standard be followed under the ACPA and the FTDA in dilution causes of action.

To prevent the ACPA from being subject to the same inconsistent interpretation as the FTDA, Congress should amend the FTDA to include an express likelihood of dilution standard. Otherwise, courts could split as

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Trademark Act of 1946 (The Lanham Act) § 43, 15 U.S.C. § 1125 (1994 & Supp. IV 1998)). The ACPA removes cybersquatting as a cause of action under the FTDA. *See id.*

[215] 15 U.S.C.A. § 1125(d)(1)(A)-(d)(1)(A)(ii)(II) (West Supp. 2000).

[216] *Id.*

[217] *See* 15 U.S.C. § 1125(a) (1994).

[218] *See* 15 U.S.C.A. § 1125(d)(1)(B)(i)(V) (West Supp. 2000).

[219] *See* 15 U.S.C.A. § 1125(d)(1)(B)(i)(VIII) (West Supp. 2000).

[220] *See id.*

[221] *See* Gregory, *supra* note 82, at 3.

[222] *See id.*

to whether an injunction should occur if a domain name cause of action contains all the elements required under the ACPA, but has not actually been dilutive of another mark.[223] As a result, both the FTDA and the ACPA will become inadequate remedies for trademark holders.

III. CONCLUSION

When Congress enacted the Federal Trademark Dilution Act in 1995, it created a nationwide expansion in the scope of trademark protection.[224] The FTDA provided consistent protection to famous trademark holders, ensuring that their marks would not be whittled away by junior use. In the past few years, however, differing judicial interpretations of the Act have undermined the effectiveness of the FTDA. Some courts have limited the availability of injunctive relief to situations in which senior user plaintiffs can show actual harm to their marks, while other courts only require such plaintiffs to show a likelihood of harm before allowing an injunction to issue.[225]

Congress and the Supreme Court have continually ignored the judicial split in the interpretation of the FTDA, thereby causing the FTDA to become an unreliable remedy for senior trademark holders. With the scope of trademark law quickly evolving into the realm of cyberspace, a uniform standard of dilution is needed to protect the source identifying function of famous marks from being deteriorated virtually overnight.[226] Although Congress enacted the Anticybersquatting Consumer Protection Act[227] to quash cybersquatting and provide a remedy for "bad faith" cyber-dilution, there remains no consistent standard for the issuance of an injunction for dilution that occurs outside of the domain name context.[228]

In order to restore the FTDA as a dependable national remedy against trademark dilution and to prevent future conflicting standards under the ACPA, Congress should amend the FTDA to include an express likelihood

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[223] *See* 15 U.S.C.A. § 1125(d)(1)(A) (West Supp. 2000). To prevail on a claim under the ACPA, a plaintiff must show that: (1) the mark used in the domain name is distinctive or famous; (2) at the time of registration the domain name is identical, confusingly similar, or dilutive of the mark; and (3) the defendant had a bad faith intent to profit from the ownership or use of the mark. *See id.*

[224] *See supra* notes 22-62 and accompanying text.

[225] *See supra* notes 99-130 and accompanying text.

[226] *See supra* notes 63-76 and accompanying text.

[227] Anticybersquatting Consumer Protection Act, Pub. L. No. 106-113, Div. B. sec. § 1000(a)(9), 113 Stat. 1501, 1535-36 (1999) (enacting S. 1948, Title III, sec. 3002(a), § 43, 113 Stat. 1501A-545 to 548) (codified as amended at 15 U.S.C.A. § 1125(d) (West Supp. 2000) (amending Trademark Act of 1946 (The Lanham Act) § 43, 15 U.S.C. § 1125 (1994 & Supp. IV 1998)).

[228] *See supra* notes 77-98 and accompanying text.

of dilution standard.[229] A likelihood of dilution standard not only affords famous mark holders the best possible protection from unauthorized use of their marks in realspace and in cyberspace, but reinstates the FTDA as an effective and uniform remedy.

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[229] *See supra* notes 131-223 and accompanying text.