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Article

**LIFE AFTER MOSELEY: THE TRADEMARK DILUTION REVISION ACT**

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I.	Legislative History of the Federal Trademark Dilution Act	126
	A. The Origins of Dilution Theory	126
	B. House Report 374 (1995)	128
II.	Subsequent Case Law and Questions Raised	129
	A. Actual Dilution vs. Likely Dilution: Ringling Bros. and Nabisco	130
	B. Protection of All Famous Marks vs. Only Inherently Distinctive Marks	133
	C. General Fame vs. Niche Market Fame	136
	D. Supreme Court's Decision in <i>Moseley v. V Secret Catalogue, Inc.</i>	137
	E. The Fall-Out from <i>Moseley</i>	139
III.	Trademark Dilution Revision Act	140
	A. Introduction	140
	B. The Impact of the TDRA	140
	1. Codifies "Likelihood of Dilution" Standard	140
	2. Explicitly Makes Dilution by Tarnishment Actionable	140
	3. Provides "New" Statutory Defenses	142
	4. Rejects Niche Fame	142
	5. Protects Famous Descriptive Marks	143
	6. Refines Definition of Dilution by Blurring	143
	C. Legislative History	144
	1. AIPLA Input	145

2. INTA Input	147
3. Opposing Views	149
D. Conclusion	150

### **\*126 I. Legislative History of the Federal Trademark Dilution Act**

The first federal dilution statute, the Federal Trademark Dilution Act (FTDA), became effective on January 16, 1996.<sup>1</sup> The FTDA amended the Trademark Act of 1946 and provided for a federal cause of action for dilution of a famous trademark.<sup>2</sup> The International Trademark Association (INTA), as well as the United States Patent and Trademark Office (USPTO), strongly supported the FTDA as promoting “nationwide uniformity and predictability in the application of the dilution doctrine.”<sup>3</sup>

#### **A. The Origins of Dilution Theory**

Trademark dilution theory is widely thought to have its origins in a 1927 Harvard Law Review article, in which Frank I. Schecter proposed that courts abandon trademark infringement theory and its likelihood-of-confusion standard and adopt a trademark protection model protecting “coined, arbitrary or fanciful words or phrases that have . . . from the very beginning, been associated in the public mind with a particular product” by preventing the use of similar junior marks.<sup>4</sup> The object of Schecter’s proposal was to prevent dilution: “the gradual whittling away or dispersion of the identity and hold upon the public mind of the mark or name by its use upon non-competing goods.”<sup>5</sup> Rather than preventing consumer confusion, dilution theory would protect the selling power of unique marks.<sup>6</sup>

In 1947, Massachusetts enacted the first state antidilution statute, which provided injunctive relief against “[l]ikelihood of injury to business reputation or of dilution of the distinctive quality of a trade name or trade-mark . . . notwithstanding the absence of competition between the parties or of confusion as to the source of \*127 goods or services.”<sup>7</sup> The Massachusetts law became the basis of the Model State Trademark Bill of 1964, which contained a dilution provision that stated:

Likelihood of injury to business reputation or of dilution of the distinctive quality of a mark registered under this Act, or a mark valid at common law, or a trade name valid at common law, shall be a ground for injunctive relief notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services.<sup>8</sup> The Model State Trademark Bill of 1964 served as the foundation of several subsequent state statutes.<sup>9</sup>

At the time the FTDA was being considered, approximately one-half of the states had enacted antidilution statutes.<sup>10</sup> Although most state statutes incorporated the language of the Model Bill, inconsistent interpretations were inevitable across jurisdictions.<sup>11</sup> Arguably, however, a larger problem in enforcing trademark rights under state dilution statutes developed because of the reluctance of state courts to issue nation-wide injunctions under state law, the effects of which would reach jurisdictions that did not recognize trademark dilution rights.<sup>12</sup> As a result, state courts tended to issue injunctions that were geographically limited, and hence largely ineffective. Even after the Second Circuit sanctioned nation-wide injunctions for trademark dilution claims, district courts were hesitant to impose such broad restrictions. One such district court concluded that, although a nation-wide injunction was allowed under the current case law, the “[i]nterests of comity . . . strongly favor a limited injunction” because, *inter alia*, only one-half of the states had antidilution statutes in place, and state antidilution statutes were inconsistent in the rights conferred.<sup>13</sup>

**\*128** While the FTDA had its roots in state dilution laws and the Model Bill, it went much further in standardizing and solidifying the rights of owners of famous marks.

#### **B. House Report 374 (1995)**

According to House Report 374 that accompanied the FTDA, the purpose of the FTDA was to protect “famous trademarks

from subsequent uses that blur the distinctiveness of the mark or tarnish or disparage it, even in the absence of a likelihood of confusion.”<sup>14</sup> This federal statute was intended to correct the “unpredictable and inadequate results” of the inconsistent and nonuniform application of state statutes.<sup>15</sup> In addition, it was intended to discourage forum-shopping and decrease litigation by standardizing the law, as well as allowing for nation-wide injunctions.<sup>16</sup>

Through passage of the FTDA, it was finally recognized on a federal level that there exists a distinct difference between the harm caused by trademark infringement and that caused by dilution. “Confusion leads to immediate injury, while dilution is an infection, which if allowed to spread, will inevitably destroy the advertising value of the mark.”<sup>17</sup> In passing the FTDA, Congress recognized the commercial value of famous trademarks and the significant investment made by owners in such marks. The FTDA was intended to protect owners’ property rights in famous marks against those who would attempt to trade on that value.<sup>18</sup>

Significantly, the FTDA provided the first federal definition of dilution: “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.”<sup>19</sup> Unfortunately, the phrase “the lessening of the capacity of a famous \*129 mark” led to a split among the circuits regarding whether actual dilution or mere likelihood of dilution was required to fall within the ambit of the FTDA. This issue is discussed in greater detail below.

Further observations in the House Report are interesting in the context of the circuit splits that developed over the interpretation of the FTDA. In its section-by-section analysis, the House Report emphasized several of the factors listed in the FTDA that may be considered in determining whether a mark is “distinctive and famous,” and thus qualifies for protection under the statute.<sup>20</sup> Among those factors was “the degree of inherent or acquired distinctiveness of the mark.”<sup>21</sup> This is notable, according to the House Report, because it “makes it clear that a mark may be deemed ‘famous’ even if not inherently distinctive.”<sup>22</sup> Even so, as discussed further below, the Second Circuit’s decision in *TCPIP Holding Co. v. Haar Communications, Inc.*,<sup>23</sup> created a split among the circuits with regard to whether inherent distinctiveness was a requirement for protection of a famous mark under the FTDA.

The House Report also clarifies that the “geographic fame of the mark must extend throughout a substantial portion of the U.S.”<sup>24</sup> This is interesting given the ultimate disagreement among the circuit courts as to whether niche fame was sufficient to prove dilution, as discussed below.<sup>25</sup>

Finally, the House Report specifically notes that the definition of blurring given in the FTDA was “designed to encompass all forms of dilution recognized by the courts, including dilution by blurring, by tarnishment and disparagement, and by diminishment.”<sup>26</sup> This appears at odds with the dicta found in the *Moseley v. V Secret Catalogue, Inc.*<sup>27</sup> case, which is discussed below.

## II. Subsequent Case Law and Questions Raised

After the enactment of the FTDA, splits developed among the circuits on three key issues concerning the scope of protection available under the statute: (1) whether the FTDA requires a showing of “actual” dilution, as opposed to the “likelihood of dilution” standard adopted by many state dilution statutes; \*130 (2) whether the FTDA protects only inherently distinctive marks, and not descriptive marks with acquired secondary meaning; and (3) whether the FTDA protects marks that are famous only within a specific industry or geographical territory.

### A. Actual Dilution vs. Likely Dilution: *Ringling Bros. and Nabisco*

In 1999, the Fourth Circuit departed from the then-prevalent view that the FTDA required the owner of a famous mark to show a likelihood of dilution caused by a junior mark. In *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development*, the Fourth Circuit held that the FTDA “proscribes and provides remedy only for actual, consummated dilution and not for the mere ‘likelihood of dilution’ proscribed by the state [antidilution] statutes.”<sup>28</sup>

Ringling Bros. concerned the mark GREATEST SHOW ON EARTH. Ringling Bros.-Barnum & Bailey Combined Shows, Inc. (Ringling Bros.) had used the mark since 1872 to advertise circus performances.<sup>29</sup> Ringling Bros. brought an FTDA claim against the Utah Division of Travel Development (Utah) in federal district court seeking to enjoin Utah from using

GREATEST SNOW ON EARTH in connection with tourism services.<sup>30</sup> The evidence that GREATEST SHOW ON EARTH was a famous mark was “essentially undisputed.”<sup>31</sup> Further, the parties agreed that only dilution by blurring, and not tarnishment, was at issue.<sup>32</sup>

Ringling Bros. took the position that dilution by blurring occurs when a junior mark is similar enough to a famous mark that “persons viewing the two instinctively will make a ‘mental association’ between the two.”<sup>33</sup> Thus, Ringling Bros. argued that the similarity between GREATEST SNOW ON EARTH and GREATEST SHOW ON EARTH compelled the conclusion that the required mental association was evident as a matter of law, and no other evidence was needed to show blurring.<sup>34</sup> As a “back up” plan, Ringling Bros. presented survey evidence demonstrating that GREATEST SNOW ON EARTH did, in fact, evoke the requisite association among consumers with GREATEST SHOW ON EARTH.<sup>35</sup> The district court rejected the survey evidence as insufficient to establish blurring, holding that consumers’ mental association between a famous \*131 mark and a junior mark is merely a threshold element of the FTDA.<sup>36</sup> The court held that, to support a federal dilution claim, a consumer survey must also show that consumers mistakenly associate the famous mark with the goods and services of the junior mark, and thereby demonstrate that the junior mark has harmed the capacity of the senior mark to identify and distinguish the owner’s goods and services.<sup>37</sup> While Ringling Bros.’ survey evidence showed that within Utah only 25% of respondents, compared with 41% of respondents nationwide, associate “THE GREATEST \_\_\_\_ ON EARTH” exclusively with Ringling Bros., the court felt this did not demonstrate Utah’s mark lessened the ability of GREATEST SHOW ON EARTH to distinguish Ringling Bros.’ goods and services.<sup>38</sup> As a result, the district court ruled in Utah’s favor.<sup>39</sup>

Ringling Bros. appealed to the Fourth Circuit, challenging the district court’s interpretation of the FTDA and its rejection of Ringling Bros.’ survey evidence.<sup>40</sup> The Fourth Circuit affirmed the decision of the district court, rejecting Ringling Bros.’ position that survey evidence showing a “mere association of the marks” among consumers is enough to prove dilution under the FTDA.<sup>41</sup> Rather, the court held:

[Establishing] dilution of a famous mark under the federal Act requires proof that (1) a defendant has made use of a junior mark sufficiently similar to the famous mark to evoke in a relevant universe of consumers a mental association of the two that (2) has caused (3) actual economic harm to the famous mark’s economic value by lessening its former selling power as an advertising agent for its goods or services.<sup>42</sup>

The court stated that, while its interpretation of the FTDA “surely does not leap fully and immediately from the statutory text,” it was “necessary . . . when read in light of the Act’s legislative history.”<sup>43</sup> In its detailed review of the history of trademark dilution law, the court did not confine its analysis to the legislative history of the FTDA, which the court characterized as “sparse.”<sup>44</sup> The court discussed the reactions to state dilution statutes in existence prior to enactment of \*132 the FTDA, noting that courts and commentators had “expressed fear that the uncertain limits of the antidilution cause of action would unduly expand the ability of trademark owners to monopolize language and inhibit free competition,” and create “property rights in gross” in the admittedly narrow category of famous marks protected by the statute.<sup>45</sup> Despite the difficulty of proving that the junior mark has caused actual harm to the selling power of a famous mark,<sup>46</sup> the Fourth Circuit concluded that Congress could not have intended, through the FTDA, to grant injunctive relief to the owners of famous marks without “independent proof either that the senior mark has sustained . . . actual harm to its economic value or that use of the junior mark is the effective cause of any harm shown.”<sup>47</sup> Thus, the court disapproved the use of multi-factor tests, such as that enunciated in *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*,<sup>48</sup> as incapable of assessing actual harm to a famous mark.<sup>49</sup>

The Second Circuit disagreed. In *Nabisco, Inc. v. PF Brands, Inc.*,<sup>50</sup> the court held that the “likelihood of dilution” standard is applicable under the FTDA. Nabisco involved an appeal of an order granting to PF Brands a preliminary injunction requiring Nabisco to recall and cease selling an orange, fish-shaped cracker that PF Brands contended infringed and diluted its popular Goldfish crackers.<sup>51</sup> The district court held that PF Brands was likely to prevail on the merits of its dilution claim: In essence, [PF Brands] has taken a unique and fanciful idea-- creating a cheese cracker in the shape of a goldfish--and turned this idea into its signature. Nabisco’s inclusion of this signature element as part of [its] product strikes at the heart of what dilution law is intended to prevent: the ‘gradual diminution or whittling away of the value of the famous mark by blurring uses by others.’ Over time, the presence of Nabisco’s goldfish-shaped cracker . . . is likely to weaken the focus of consumers on the true source of the Goldfish.<sup>52</sup> \*133 On appeal, Nabisco relied on Ringling Bros. to argue that the district court erred because PF Brands had not shown that its mark had suffered an actual reduction of selling power.<sup>53</sup> The Second Circuit disagreed with the Fourth Circuit’s interpretation of the FTDA as requiring proof of an actual, consummated harm:

To require proof of actual loss of revenue seems inappropriate. If 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 . . . . [W]e see 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 . . . . Plaintiffs are ordinarily free to make their case through circumstantial evidence that will justify an ultimate inference of injury.<sup>54</sup>

The Second Circuit further noted that the Fourth Circuit's interpretation was contrary to the intent of the statute because it would make it impossible to prevent harm before it occurred or for a potential junior user to obtain declaratory relief before establishing itself in the market.<sup>55</sup>

## **B. Protection of All Famous Marks vs. Only Inherently Distinctive Marks**

The circuits also split on whether the FTDA protects all famous distinctive marks--whether inherently distinctive or distinctive by virtue of acquired secondary meaning--or only famous, inherently distinctive marks. The Second and Sixth Circuits held that a plaintiff bringing a claim under the FTDA must, in addition to demonstrating that its mark is famous, make a separate showing that the mark is inherently distinctive. In contrast, the Third and Ninth Circuits treated fame and distinctiveness as one in the same, requiring no separate showing of inherent distinctiveness.

In *TCPIP Holding Co. v. Haar Communications, Inc.*, the Second Circuit overruled a district court's order granting TCPIP Holding, the owner of the mark THE CHILDREN's PLACE, preliminary injunctive relief against Haar Communications under the FTDA.<sup>56</sup> TCPIP used THE CHILDREN's PLACE on children's clothing and accessories, and as the name of retail stores selling its products for children.<sup>57</sup> Haar had registered multiple domain names using variants \*134 of TCPIP's mark.<sup>58</sup> The district court granted TCPIP's motion for preliminary injunction, holding that TCPIP was likely to prevail on its claims that the domain names infringed and were likely to dilute its mark in violation of the FTDA.<sup>59</sup> On appeal, the Second Circuit vacated the portion of the district court's ruling based on the FTDA on the grounds that: (1) TCPIP had not shown that its mark was famous; and (2) THE CHILDREN's PLACE lacked inherent distinctiveness, and thus was not protected by the FTDA.<sup>60</sup>

The Second Circuit based its holding that the FTDA did not protect descriptive marks on the statute's provision for relief against the use of a mark or trade name that "causes dilution of the distinctive quality" of a famous mark.<sup>61</sup> "Because the Act protects against the dilution of the mark's 'distinctive quality,' trademark owners seeking protection under the Act must establish that their marks possess a 'distinctive quality' in order to state a claim for dilution."<sup>62</sup> The court also reasoned that the "minimum protection" against infringement accorded to descriptive marks under the Lanham Act, and the invitation in the FTDA for courts to consider "the degree of inherent or acquired distinctiveness of the mark," suggested that it was highly unlikely that Congress meant to extend the broad rights conferred by the FTDA to marks lacking inherent distinctiveness.<sup>63</sup>

Like the court in *Ringling Bros.*, the Second Circuit in *TCPIP* seemed uncomfortable with the scope of protection granted by the FTDA to famous marks. The court commented that the ability to enjoin the use of similar marks across areas of commerce, regardless of the presence or absence of confusion, gave trademark owners "rights in gross" in famous marks, and such rights must be limited to a very narrow class of famous, inherently distinctive marks.<sup>64</sup> The court concluded that the FTDA's invitation for courts to consider both inherent and acquired distinctiveness of a mark served two distinct and separate purposes. The degree of the mark's secondary meaning, the court reasoned, went to the determination of whether the mark is famous, whereas the degree of the mark's inherent \*135 distinctiveness was to be considered to determine whether the famous mark has a "distinctive quality" capable of being diluted by the junior mark.<sup>65</sup>

The decision in *TCPIP* diverged from the Third Circuit's holding in *Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C.* that the FTDA protects famous, descriptive marks.<sup>66</sup> In that case, Las Vegas Sports News (LVSN) appealed a district court order granting Times Mirror Magazines (TMM), the owner of the mark THE SPORTING NEWS, a preliminary injunction against LVSN's use of LAS VEGAS SPORTING NEWS under the FTDA.<sup>67</sup> The district court found that THE SPORTING NEWS was famous, treating the inherent or acquired distinctiveness of the mark as merely one of the eight statutory factors to be considered in the fame determination.<sup>68</sup> The lower court noted that, while THE SPORTING NEWS did not have a high degree of inherent distinctiveness, it had acquired secondary meaning in the sports periodicals market through TMM's long use of the mark and substantial advertising expenditures.<sup>69</sup> Moreover, TMM's federal trademark

registration for THE SPORTING NEWS, went “a long way toward proving that the mark has inherent or acquired distinctiveness.”<sup>70</sup>

On appeal, LVSN argued that the lower court erred because THE SPORTING NEWS mark was not famous because it was merely descriptive and did not satisfy the eight statutory fame factors.<sup>71</sup> The Third Circuit disagreed with LVSN, stating that “[t]he degree of acquired or inherent distinctiveness of a mark bears directly upon the issue of whether the mark is famous.”<sup>72</sup> The court found that although TMM’s mark did not have a high degree of inherent distinctiveness, the district \*136 court did not err by concluding that THE SPORTING NEWS had acquired significant secondary meaning and a high degree of distinctiveness and fame in the sports periodicals market.<sup>73</sup>

LVSN also argued that the lower court erred by failing to subject THE SPORTING NEWS to a separate test for distinctiveness.<sup>74</sup> Again, the Third Circuit disagreed:

“Distinctiveness” is used here only as a synonym for “fame.” Even if “distinctiveness” is regarded as a separate requirement, it would . . . be redundant. To be a “mark” eligible in the first place for protection under [the FTDA], basic trademark principles dictate that a designation has to be “distinctive” either inherently or through acquisition of secondary meaning.<sup>75</sup>

### **C. General Fame vs. Niche Market Fame**

Finally, the circuits split on whether marks with only niche fame—fame within a limited geographical territory or within a particular industry—were protected by the FTDA. The Second Circuit took the position that only marks with “general fame” were protected by the FTDA: “It seems most unlikely that Congress intended to confer on marks that have enjoyed only brief fame in a small part of the country, or among a small segment of the population, the power to enjoin all other users throughout the nation in all realms of commerce.”<sup>76</sup>

The Seventh and Third Circuits, on the other hand, held that niche fame within an industry was sufficient to invoke the protections of the FTDA so long as the parties operated within the same industry. The Seventh Circuit addressed the issue in *Syndicate Sales, Inc. v. Hampshire Paper Corp.*<sup>77</sup> In that case, the producer of plastic baskets used for floral bouquets at funerals sued a competing \*137 company for trade dress infringement and dilution.<sup>78</sup> The district court rejected the plaintiff’s dilution claim, finding that, at most, the plaintiff’s trade dress was famous among wholesalers and retail florists.<sup>79</sup> On appeal, the Seventh Circuit reversed, holding that niche industry fame was sufficient where the parties’ marks existed in the same niche:

At an initial glance, there appears to be a wide variation of authority on this issue. . . . Cases holding that niche-market fame is insufficient generally address the context in which the plaintiff and defendant are using the mark in separate markets. On the other hand, cases stating that niche-market renown is a factor indicating fame address a context . . . in which the plaintiff and defendant are using the mark in the same or related markets.<sup>80</sup>

### **D. Supreme Court’s Decision in Moseley v. V Secret Catalogue, Inc.**

In *Moseley v. V Secret Catalogue, Inc.*, the Supreme Court addressed the split between the Second and Fourth Circuits over whether the FTDA requires a showing of actual economic harm to a famous mark.<sup>81</sup> Petitioners Victor and Cathy Moseley (Moseley) ran a newspaper advertisement publicizing the grand opening of the store “Victor’s Secret” which sold, among other things, women’s lingerie and “Adult Novelties/Gifts.”<sup>82</sup> Respondents V Secret Catalogue, Inc., (Victoria’s Secret), which owned the VICTORIA’S SECRET trademark and operated over 750 Victoria’s Secret lingerie stores, learned of the advertisement from an individual who saw the advertisement and was offended by Moseley’s use of a variation on the VICTORIA’S SECRET mark to promote the sale of “unwholesome, tawdry merchandise.”<sup>83</sup> Although Moseley changed the name of the store to “Victor’s Little Secret,” Victoria’s Secret filed claims, including a claim under the FTDA, in district court alleging that VICTOR’S LITTLE SECRET was “likely to blur and erode the distinctiveness” and “tarnish the reputation” of the VICTORIA’S SECRET trademark.<sup>84</sup>

\*138 After discovery, the parties filed cross-motions for summary judgment.<sup>85</sup> The district court granted Victoria’s Secret’s

motion on its FTDA claim, and enjoined Moseley from using the VICTOR's LITTLE SECRET mark.<sup>86</sup> Moseley appealed to the Sixth Circuit, which adopted the "likelihood of dilution" standard enunciated by the Second Circuit in Nabisco, and affirmed the ruling of the district court, holding that VICTOR's LITTLE SECRET was likely to blur and tarnish VICTORIA's SECRET.<sup>87</sup> In doing so, the Sixth Circuit relied on the House Report stating that, while trademark infringement leads to "immediate injury, . . . dilution is an infection, which if allowed to spread, will inevitably destroy the advertising value of the mark" as evidence of legislative intent to allow a remedy for dilution before it has actually caused economic harm to a famous mark.<sup>88</sup> Moseley appealed to the Supreme Court, which granted certiorari to resolve the issue of "whether objective proof of actual injury to the economic value of a famous mark (as opposed to a presumption of harm arising from a subjective 'likelihood of dilution' standard) is a requisite for relief under the FTDA."<sup>89</sup>

The Supreme Court reversed the Sixth Circuit, agreeing, at least in principle, with the Fourth Circuit's conclusion in Ringling Bros. that the FTDA requires proof of an actual, consummated harm.<sup>90</sup> The Supreme Court found direct support for its conclusion in the language of the FTDA. Specifically, the Court stated that the language granting relief against the use of a mark that "causes dilution" of the distinctive quality of a famous mark "unambiguously requires a showing of actual dilution, rather than a likelihood of dilution."<sup>91</sup> The Court further stated that its conclusion also was supported by the FTDA's definition of dilution as "the lessening of the capacity of a famous mark to identify and distinguish goods or services," as contrasted with the statute's reference to the "likelihood of confusion" standard for trademark infringement and with state statutes explicitly requiring only a showing of a "likelihood" of dilution.<sup>92</sup>

The Court provided little practical guidance as to the quantum and type of proof necessary to show actual dilution by blurring. The Court stated that, contrary to the holding in Ringling Bros., actual economic harm, as evidenced by a loss of \*139 sales or profits, need not be proved.<sup>93</sup> Moreover, the Court stated, while consumer surveys could provide direct evidence of dilution, surveys demonstrating nothing more than "the mere fact that consumers mentally associate the junior user's mark with a famous mark" would be insufficient to establish actionable dilution, at least where the marks at issue are not identical: "[S]uch mental association will not necessarily reduce the capacity of the famous mark to identify the goods of its owner . . .".<sup>94</sup>

In dicta, the Court questioned whether a claim of dilution by tarnishment was actionable under the FTDA.<sup>95</sup> The Court noted that state statutes tend to prohibit both "injury to business reputation" (tarnishment) and "dilution" (the lessening of the senior mark's ability to designate the source of goods or services, i.e., blurring), whereas the FTDA prohibited only "dilution."<sup>96</sup> Although the legislative history of the FTDA reflected the intent to prevent tarnishment, the Court opined that the text of the statute arguably did not embrace that concept.<sup>97</sup>

## **E. The Fall-Out from Moseley**

In several respects, Moseley increased confusion among courts about how to apply the FTDA, and uncertainty among litigants about the likely outcome of claims brought under the statute. After Moseley, the type of evidence that could be used to prove "actual dilution" was manifestly unclear. The bar for survey evidence had been set very high, requiring a showing that consumers associate the plaintiff's goods or services with the defendant, or, at a minimum, that consumers' association between the plaintiff's mark and its goods and services had been weakened as a result of a defendant's use of its mark.<sup>98</sup> Such evidence would seem to cut against the requirement of the FTDA that a plaintiff demonstrate that its mark is famous, and perhaps even create the need for owners of famous marks to constantly monitor and measure the strength of consumers' association of the mark with the owner's goods and services as a point of comparison in the event that it became necessary to prove that a similar junior mark had lessened that association. The Moseley decision also created uncertainty among litigants as to whether the FTDA could be used to prevent tarnishing uses of a junior mark, and did nothing to \*140 resolve the split among the Circuits over whether marks with niche fame were protected by the FTDA.<sup>99</sup>

## **III. Trademark Dilution Revision Act**

### **A. Introduction**

After the Supreme Court's decision in Moseley, trademark interest groups mobilized to revise the FTDA to reflect what they believed to be the true legislative intent behind the statute. The ultimate result was the enactment of the Trademark Dilution Revision Act<sup>100</sup> (TDRA), on October 6, 2006.

## B. The Impact of the TDRA

### 1. Codifies “Likelihood of Dilution” Standard

The TDRA codifies the “likelihood of dilution” standard enunciated in *Nabisco*. Specifically, the federal dilution act now provides that the owner of a famous mark “shall be entitled to an injunction against another person who, at any time after the owner’s mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.”<sup>101</sup>

This is by far the most significant revision to the FTDA. The revision allows owners of famous marks to prevent diluting uses of similar marks before irreparable damage to the mark has occurred, and junior users accused of diluting a famous mark to obtain declaratory relief before making significant expenditures marketing goods and services under a new mark that may or may not be dilutive. Courts and plaintiffs no longer face the uncertainty of attempting to prove “actual dilution” and likely will be able to rely on the well-developed body of case law interpreting both the federal and state statutes applying the “likelihood of dilution” standard.

### 2. Explicitly Makes Dilution by Tarnishment Actionable

The TDRA puts to rest any question concerning whether the federal dilution act prevents dilution by tarnishment. The new statute defines tarnishment as \*141 “association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.”<sup>102</sup>

The statutory definition of “dilution by tarnishment,” though broad, is not likely to reach beyond the scope of pre-TDRA cases. Courts have found tarnishment where the junior mark was linked to goods of shoddy quality, and where the image of the junior mark was not in keeping with the famous mark’s high-quality image. Such uses included the use of a junior mark on cheap knock-off products,<sup>103</sup> products that by their very nature would be viewed as low-quality,<sup>104</sup> and products authorized to bear the famous mark that fail to meet the plaintiff’s quality-control standards.<sup>105</sup> Dilution by tarnishment also has been found where the junior mark was used in an “unsavory” or degrading context.<sup>106</sup> Still other cases expanded the tarnishment doctrine to encompass uses of a junior mark that are likely to cause consumers to associate negative traits with the famous mark, even where the goods and services of the junior user were not of low quality and the junior mark was not used in an unsavory context.<sup>107</sup>

The new language of the TDRA makes any harm to the reputation of the famous, senior mark actionable. Thus, the TDRA is likely to encompass uses \*142 found to be tarnishing in the past and is not likely to broaden the reach of tarnishment doctrine.<sup>108</sup>

### 3. Provides “New” Statutory Defenses

Although the TDRA appears to expand the available statutory defenses to a cause of action under the federal dilution statute, no truly new defenses have been added. The pre-TDRA statutory exemptions for “comparative commercial advertising or promotion to identify the competing goods or services of the owner of famous mark,” “noncommercial use of a mark,” and “all forms of news reporting and news commentary,” arguably encompass the new exemptions for “descriptive fair use” and use “identifying and parodying, criticizing, or commenting upon the famous mark owner or goods or services of the famous mark owner.”<sup>109</sup> For example, in *Mattel, Inc. v. Walking Mountain Productions*, the Ninth Circuit held that the defendant’s artistic, noncommercial photographs parodying plaintiff’s BARBIE doll were protected by the “noncommercial use” exception under the old statute.<sup>110</sup> Thus, the parody/commentary exemption of the TDRA may only protect expression that was protected prior to the revisions.<sup>111</sup>

### 4. Rejects Niche Fame

Under the TDRA, a mark is famous only “if it is widely recognized by the general consuming public of the United States.”<sup>112</sup> This language effectively excludes marks with niche fame from the protection of the federal dilution statute. \*143 The requirement that the mark be “widely recognized by the general consuming public” precludes fame in a particular product

market or industry, while the definition of the relevant consuming public as the “general consuming public of the United States” effectively precludes federal dilution actions where the senior mark is famous only in a particular geographical territory.<sup>113</sup> This revision responds to the concerns of courts about the broad remedies of the Act.<sup>114</sup> By specifically narrowing the class of marks protected by the Act to nationally famous marks known to the general public, the TDRA confirms that the federal dilution act creates protection only for “a limited group of marks that are genuinely famous.”<sup>115</sup>

## 5. Protects Famous Descriptive Marks

The TDRA protects famous marks that are “distinctive, inherently or through acquired distinctiveness.”<sup>116</sup> The likely impact of this revision is two-fold. First, a separate showing of distinctiveness should not be required. The requirement of fame, coupled with the provision protecting marks with acquired distinctiveness makes such a separate showing redundant, as all famous marks must have acquired significant secondary meaning. Second, this revision does nothing to narrow the field of marks protected by the Act. It allows owners of famous, descriptive marks to protect their investment in building the goodwill of marks that, without significant secondary meaning, would be weak.

## 6. Refines Definition of Dilution by Blurring

Prior to the TDRA, the federal antidilution statute defined dilution as “the lessening of the capacity of a famous mark to identify and distinguish goods and services.”<sup>117</sup> The TDRA reworks this general definition of dilution, and applies it specifically to dilution by blurring: “dilution by blurring” is association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark.<sup>118</sup> This revision clarifies the distinction between “blurring” and “tarnishment,” and thus should ameliorate some of the \*144 confusion over the dilution doctrine evidenced in pre-TDRA case law. Moreover, the TDRA provides the following non-inclusive list of factors that courts may consider in determining whether a mark or trade name is likely to cause dilution by blurring:

- (i) The degree of similarity between the mark or trade name and the famous mark;
- (ii) The degree of inherent or acquired distinctiveness of the famous mark;
- (iii) The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark;
- (iv) The degree of recognition of the famous mark;
- (v) Whether the user of the mark or trade name intended to create an association with the famous mark;
- (vi) Any actual association between the mark or trade name and the famous mark.<sup>119</sup>

The emphasis on the concept of “association” between the famous mark and the junior mark contained in the definition of blurring and in the six blurring factors might increase the acceptance of surveys of the type specifically rejected in Ringling Bros., and impliedly rejected in Moseley--surveys designed to measure consumer association between the marks, rather than some specific effect of the junior mark on the senior mark. It is also interesting to note that the “degree of inherent or acquired distinctiveness” factor was, in the prior incarnation of the federal dilution statute, used to determine whether the plaintiff’s mark was famous. This revision further clarifies the meaning of the statute and, more specifically, the showing necessary for dilution by tarnishment, as this factor presumably will not be relevant to tarnishment claims.

## C. Legislative History

According to the House Report accompanying the final version of the TDRA, the TDRA is based on the FTDA, with several substantial differences.<sup>120</sup> These changes were necessitated by the fact that the Moseley decision created an “undue burden for trademark holders who contest diluting uses,” as well as by the “forum shopping and unnecessarily costly lawsuits” caused by the “lack of clarity in the law.”<sup>121</sup> The TDRA is the legislature’s attempt to clarify the law in the area of trademark dilution.<sup>122</sup>

Prior to the passage of the final version of the TDRA, two major forces in the area of intellectual property law, the American Intellectual Property Law Association (AIPLA) and the International Trademark Association (INTA), presented testimony on February 17, 2005 before the House Committee considering \*145 the original version of the TDRA introduced to the House on February 9, 2005.<sup>123</sup> While both organizations had very strong and distinct views of what the final Act should include, they agreed on most of the provisions, and ultimately proposed a joint amendment that was substantially accepted by the House.<sup>124</sup> However, the Honorable David Wu of Oregon and the American Civil Liberties Union (ACLU) opposed the TDRA revisions.<sup>125</sup>

## 1. AIPLA Input

The American Intellectual Property Law Association (AIPLA) strongly endorsed those key aspects of the proposed Bill which addressed what it perceived as major flaws in the FTDA and the case law interpreting it.<sup>126</sup> First, the organization approved of amending the statute to allow it to provide relief without the need for the plaintiff to prove actual dilution.<sup>127</sup> Second, the AIPLA approved of the amended statute's clarification that famous marks with acquired distinctiveness through use were potentially protectable under the statute.<sup>128</sup> Third, dilution by tarnishment is actionable under the amended statute.<sup>129</sup> And, fourth, the term "famous" would be defined in such a way as to clarify that protection is not available to marks known only in a niche market.<sup>130</sup>

The AIPLA had two major objections to the proposed Bill as introduced on February 9, 2005.<sup>131</sup> First, the Bill introduced a proposed limitation to the cause of action created by the statute, which, to be actionable, required that any use by a defendant of a famous mark must be as a "designation of source of the goods or services of the mark's owner."<sup>132</sup> The AIPLA considered this limitation severely overbroad because it potentially restricted use of the dilution statute to combat such uses as: 1) domain name use that does not fall under the Anti-Cybersquatting Consumer Protection Act because no bad faith exists or cannot be proven; \*146 2) dilution by tarnishment where the defendant's commercial use is not as a designation of source; and 3) in cases of generic misuses.<sup>133</sup> The AIPLA argued that the "designation of source" limitation was not necessary to address cases in which the mark is used in a descriptive or nominative fair use manner, or to address First Amendment issues; these situations, the AIPLA argued, could be addressed in the exclusions provision.<sup>134</sup> Finally, the AIPLA argued that this limitation unfairly shifted the burden of proof onto the plaintiff to show trademark use, rather than the traditional situation in which the defendant must show fair use.<sup>135</sup> The AIPLA was successful in having this limitation removed from the statute.<sup>136</sup>

The second objection made by the AIPLA concerned the definition and factors for determining "dilution by blurring" as proposed by the Bill. The AIPLA disagreed with the Legislature's inclusion of the term "distinctiveness" in the definition of dilution by blurring and advocated its replacement.<sup>137</sup> At the heart of this objection is a fundamental belief that dilution, at its core, is an impairment of a mark's uniqueness rather than its distinctiveness.<sup>138</sup>

Distinctiveness, in trademark law, is a term of art which denotes the minimal amount of source-identifying capability of a word, name, symbol, or device, or any combination thereof, necessary in order for that element to be protectable as a mark.<sup>139</sup> The AIPLA was concerned that use of the word "distinctiveness" in the definition of dilution by blurring could lead to improper results by the courts and do nothing to combat the confusion caused by the term "dilution of the distinctive quality of the [famous] mark" found in the FTDA and in many state statutes.<sup>140</sup> Rather than clarify this term, the proposed amendment to the TDRA used the phrase "impairs the distinctiveness of the famous mark" to define dilution by \*147 blurring.<sup>141</sup> As previously noted, this is an objection that did not result in any changes in the proposed bill and thus the term "distinctiveness" is found in the final version of the definition of dilution by blurring.<sup>142</sup> It may be significant to note, however, that the House Report accompanying the final version of the TDRA explains that the harm caused by dilution "reduces the public's perception that the mark signifies something unique, singular, or particular."<sup>143</sup>

First Amendment concerns were addressed by the AIPLA by suggesting further exclusions to be added to the proposed bill to include such defenses as commentary, criticism, or parody.<sup>144</sup> These defenses were added in the final version.<sup>145</sup>

## 2. INTA Input

INTA had been a leading proponent of the FTDA.<sup>146</sup> However, the interpretations given by various courts in the years since its passage created several problems with the Act and, according to INTA, necessitated the changes incorporated in the TDRA.<sup>147</sup> The major problems with the FTDA and its interpretation seen by INTA were: 1) the "actual dilution" standard imposed by the Supreme Court in *Moseley* seemed to require that measurable dilutive harm had already occurred before relief could be sought rather than following the original intent of the FTDA that dilution be stopped "at its incipiency, before measurable damage to the mark has occurred;" 2) the circuit split regarding exactly what constitutes a "famous mark" and whether niche fame can satisfy that standard; 3) the circuit split regarding whether famous marks with acquired distinctiveness are capable of protection under the dilution act; and 4) whether dilution by tarnishment is covered under the FTDA.<sup>148</sup>

With the passage of the proposed TDRA, INTA believed that "America's trademark dilution law [would] be narrower, clearer, and more focused on addressing the specific harm of dilution."<sup>149</sup> Specifically, INTA agreed with the \*148 TDRA's proposed standard for fame that defined it as "widely recognized by the general consuming public" and clarified that niche

fame was not enough to fall within the ambit of the Act.<sup>150</sup> According to INTA, the factors proposed under the bill to determine fame were more narrowly focused to reflect this standard.<sup>151</sup> In particular, INTA approved of the third factor proposed by the bill, “the extent of actual recognition of the mark,”<sup>152</sup> which “is meant to incorporate survey evidence, market research such as brand awareness studies, and unsolicited media coverage.”<sup>153</sup> INTA further approved of the TDRA’s clarification that marks with acquired distinctiveness, as well as inherent distinctiveness, are covered by the Act.<sup>154</sup> And, INTA approved of the express inclusion of blurring by tarnishment as an actionable cause of action under the TDRA.<sup>155</sup> In addition, INTA strongly endorsed the TDRA’s proposed “likelihood of dilution” standard.<sup>156</sup>

Unlike the AIPLA, INTA approved of the bill’s test for dilution by blurring that requires the famous mark’s owner to prove that the defendant’s mark “impairs the distinctiveness” of the famous mark.<sup>157</sup> This use of the term “distinctiveness” was not seen as problematic to INTA; in fact, INTA further defined this factor as “marketplace distinctiveness,” which included such factors as the “mark’s degree of inherent distinctiveness, its degree of fame, and the degree to which it has been substantially exclusively used.”<sup>158</sup> INTA specifically rejected the AIPLA’s proposal that the standard for blurring be impairment of a famous mark’s “uniqueness,” fearing that the courts could interpret this as a requirement that the famous mark be arbitrary or coined in order to qualify for protection under the TDRA, or that any use by a third party of the famous mark could negate such protection.<sup>159</sup>

Another area of disagreement between INTA and the AIPLA is found in the way that First Amendment concerns are addressed in the bill. INTA approved of the proposed bill’s use of “designation of source” as a limitation to dilution causes of action.<sup>160</sup> The fact that the burden would be placed upon the plaintiff to show \*149 defendant’s use of its mark was as a designation of source before proving up a claim of dilution was consistent with the policies behind dilution law, according to INTA, and would allay fears that dilution claims would impair First Amendment rights.<sup>161</sup> The TDRA was eventually revised to remove this “designation of source” limitation and the exclusions provision was beefed up to further address First Amendment concerns per the AIPLA’s suggestion.<sup>162</sup>

INTA also favorably commented on the fact that the proposed bill would “continue to rely on an injunction as the principal form of relief” offered and would require willful intent on the part of a defendant in order to entitle a plaintiff to economic remedies.<sup>163</sup> INTA further approved of the fact that the proposed bill explicitly addressed the issue of retroactivity, unlike its predecessor, permitting only injunctive relief in cases when the defendant has used the dilutive mark in commerce prior to the enactment of the TDRA.<sup>164</sup>

### 3. Opposing Views

The Honorable David Wu of the state of Oregon provided opposing testimony to the House regarding the proposed TDRA.<sup>165</sup> He strongly opposed the passage of the TDRA.<sup>166</sup> In his remarks, the Hon. Wu objected to the fact that antililution laws, as represented by the FTDA and as proposed by the TDRA, appear to be focused on property protection rather than on the more traditional consumer protection of other trademark laws.<sup>167</sup> He blamed this change for the nearly 100% increase in trademark dilution lawsuits between 1990 and 2000.<sup>168</sup> Congressman Wu supported the Supreme Court’s holding in Moseley, which made it more difficult for mark owners to prove dilution.<sup>169</sup> The danger, according to Congressman Wu, was that the TDRA would give large companies too much of an advantage in stopping small companies from using certain marks even when no likelihood of confusion results.<sup>170</sup>

\*150 Marvin Johnson, Legislative Counsel to the ACLU also presented testimony opposing the TDRA.<sup>171</sup> The ACLU’s objections to the TDRA were founded in concerns that the act would impinge on speech protected by the First Amendment.<sup>172</sup> Specifically, the organization was concerned that antililution law would be used to chill speech critical of the owners of famous marks as tarnishing.<sup>173</sup> The ACLU proposed the adoption of Moseley’s “actual dilution” standard in order to protect speech that, while critical of owners of famous marks, has not caused actual harm.<sup>174</sup> The TDRA addressed such free speech concerns, not by requiring a showing of actual harm, but by explicitly excluding from liability any fair use of a famous mark, including in connection with “identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods and services of the famous mark owner.”<sup>175</sup>

### D. Conclusion

The TDRA restores federal trademark dilution law to the pre-Moseley status quo, and in large part appears to reflect congressional intent as expressed in the legislative history of the FTDA. At the same time, the TDRA refines the statutory

language of the FTDA, creating greater clarity on a number of key issues. With any luck, this clarity will prevent future decisions that, like Moseley, call the purpose and utility of the statute into question.

## Footnotes

<sup>a1</sup> Marc L. Delflache is a partner at Fulbright & Jaworski L.L.P., Sarah Silbert is a senior associate at Fulbright & Jaworski L.L.P., and Christina Hillson is a former associate at Fulbright & Jaworski L.L.P. The contents of this article were the subject of a presentation delivered at the Texas Intellectual Property Law Symposium, February 9, 2007, at the University of Texas School of Law. The opinions and views expressed in this paper are those of the authors and are not necessarily the views or opinions of Fulbright & Jaworski L.L.P. or any of its clients. © 2007 Fulbright & Jaworski L.L.P.

<sup>1</sup> Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, §3(a), 109 Stat. 985 (1996) (codified as amended at 15 U.S.C. §1125(c) (2006)).

<sup>2</sup> *Id.*

<sup>3</sup> Federal Trademark Dilution Act of 1995: Hearing on H.R. 1270 and H.R. 1295 Before the Subcomm. on Courts and Intellectual Property of the H. Comm. on the Judiciary, 104th Cong. 29-121 (1995), available at 1995 WL 435750 (F.D.C.H. June 19 1995) and 1995 WL 435751 (F.D.C.H. June 19, 1995) (statements of Philip G. Hampton II, Assistant Commissioner for Trademarks, U.S. Patent and Trademark Office and Mary Ann Alford, Executive Vice President, International Trademark Association).

<sup>4</sup> Frank I. Schecter, *The Rational Basis of Trademark Protection*, 40 Harv. L. Rev. 813, 829 (1927).

<sup>5</sup> *Id.* at 825.

<sup>6</sup> *Id.* at 823.

<sup>7</sup> See Act of May 2, 1947, ch. 307, §7a, 1947 Mass. Acts 300 (codified as amended at Mass. Gen. Laws Ann. ch. 110B, §12 (West 1996)).

<sup>8</sup> United States Trademark Association, *State Trademark Manual* 63 (1966)) (on file with Journal); see also 4 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* §24:80 (4th ed. 2007).

<sup>9</sup> 4 McCarthy, *supra* note 8, §24:78.

<sup>10</sup> 4 McCarthy, *supra* note 8, §24:77.

<sup>11</sup> Compare, e.g., *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.* (Ringling Bros. II), 170 F.3d 449 (4th Cir. 1999), and *Nabisco, Inc. v. PF Brands, Inc.* (Nabisco II), 191 F.3d 208 (2d Cir. 1999), with *TCPIP Holding Co., Inc. v. Haar Commc'nns Inc.*, 244 F.3d 88 (2d Cir. 2001), and *Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C.*, 212 F.3d 157 (3d Cir. 2000).

<sup>12</sup> See, e.g., *Deere & Co. v. MTD Prods. Inc.*, 34 U.S.P.Q.2d 1706, 1710-11 (S.D.N.Y. 1995); *Blue Ribbon Feed Co., Inc. v. Farmers Union Cent. Exch., Inc.*, 731 F.2d 415, 422 (7th Cir. 1984).

<sup>13</sup> *Deere & Co.*, 34 U.S.P.Q.2d at 1710.

<sup>14</sup> H.R. Rep. No. 104-374, at 2 (1995), reprinted in 1996 U.S.C.C.A.N. 1029, 1029.

<sup>15</sup> *Id.* at 3.

<sup>16</sup> *Id.* at 3-4.

<sup>17</sup> *Id.* at 3 (quoting *Mortellito v. Nina of Cal., Inc.*, 335 F. Supp. 1288, 1296 (S.D.N.Y. 1972)).

<sup>18</sup> H.R. Rep. No. 104-374, at 3 (1995), reprinted in 1996 U.S.C.C.A.N. 1029, 1029.

<sup>19</sup> 15 U.S.C. §1127 (2000) (prior to passage of the Trademark Dilution Revision Act of 2006, Pub.L. 109-312, 120 Stat. 1730 (Oct. 6, 2006)). The Trademark Law Revision Act of 1988, as originally proposed by the Trademark Review Commission of the United States Trademark Association, included antidilution provisions that were substantially identical to those of the FTDA. See Jerome Gilson, *A Federal Dilution Statute: Is It Time?*, 83 Trademark Rep. 108, 113 n.11 (1993) (quoting text of original proposal). The antidilution provisions were ultimately deleted due to concerns that they violated the free-speech guarantees of the First Amendment. See H.R. Rep. No. 100-1028, at 5-7 (1988) (accompanying H.R. 5372); 134 Cong. Rec. S16972-73 (statement of Sen. DeConcini).

<sup>20</sup> H.R. Rep. No. 104-374, at 2.

<sup>21</sup> See Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, 109 Stat. 985, 985 (1996).

<sup>22</sup> H.R. Rep. No. 104-374, at 7.

<sup>23</sup> *TCPIP Holding Co., Inc. v. Haar Commc’ns Inc.*, 244 F.3d 88 (2d Cir. 2001).

<sup>24</sup> H.R. Rep. No. 104-374, at 7.

<sup>25</sup> Compare *TCPIP Holding Co., Inc. v. Haar Commc’ns Inc.*, 244 F.3d 88 (2d Cir. 2001) with *Syndicate Sales, Inc. v. Hampshire Paper Corp.*, 192 F.3d 633 (7th Cir. 1999).

<sup>26</sup> H.R. Rep. No. 104-374, at 8.

<sup>27</sup> *Moseley v. V Secret Catalogue, Inc.* (*Moseley II*), 537 U.S. 418 (2003).

<sup>28</sup> *Ringling Bros. II*, 170 F.3d 449, 458 (4th Cir. 1999) (emphasis added).

<sup>29</sup> *Id.* at 451.

<sup>30</sup> *Id.* at 452.

<sup>31</sup> *Id.*

<sup>32</sup> *Id.*

<sup>33</sup> *Id.* at 452.

<sup>34</sup> *Ringling Bros. II*, 170 F.3d 449, 452 (4th Cir. 1999).

<sup>35</sup> *Id.* at 452-53.

<sup>36</sup> *Ringling Bros.-Barnum & Bailey Combined Shows v. Utah Div. of Travel Dev. (Ringling Bros. I)*, 955 F. Supp. 605, 615-16 (E.D. Va. 1997) (emphasis added).

<sup>37</sup> *Id.* at 616 (E.D. Va. 1997) (stating that dilution by blurring may also be shown by proof that the junior mark has caused a lessening of demand for the products and services of the owner of the senior mark or for the use of the famous mark in joint promotions).

<sup>38</sup> *Id.* at 616-17.

<sup>39</sup> *Id.* at 622.

<sup>40</sup> *Ringling Bros. II*, 170 F.3d at 453.

<sup>41</sup> *Id.* at 463.

<sup>42</sup> *Id.* at 461.

<sup>43</sup> *Id.* at 453.

<sup>44</sup> *Id.* at 454-55.

<sup>45</sup> *Ringling Bros. II*, 170 F.3d 449, 456 (4th Cir. 1999).

<sup>46</sup> *Id.* at 460.

<sup>47</sup> *Id.* at 459.

<sup>48</sup> *Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026, 1035 (2d Cir. 1989) (Sweet, J., concurring).

<sup>49</sup> See *Ringling Bros. II*, 170 F.3d at 464. The court did note, however, that the so-called Mead-factor analysis “has obvious utility in making the long leaps of inference that can be used to find a mere ‘likelihood of dilution.’” *Id.*

<sup>50</sup> *Nabisco II*, 191 F.3d 208, 224 (2d Cir. 1999).

<sup>51</sup> Id. at 212.

<sup>52</sup> Nabisco, Inc. v. PF Brands, Inc. (Nabisco I), 50 F. Supp. 2d 188, 209-10 (S.D.N.Y. 1999) (citation omitted).

<sup>53</sup> Nabisco II, 191 F.3d at 214, 223.

<sup>54</sup> Id. at 223-24.

<sup>55</sup> Id. at 224.

<sup>56</sup> TCPIP Holding Co., Inc. v. Haar Commc'ns Inc., 244 F.3d 88, 90 (2d Cir. 2001).

<sup>57</sup> Id. at 90.

<sup>58</sup> Id. at 90-91.

<sup>59</sup> Id. at 92.

<sup>60</sup> Id. at 93-100.

<sup>61</sup> Id. at 93 (emphasis added).

<sup>62</sup> TCPIP Holding Co., Inc. v. Haar Commc'ns Inc., 244 F.3d 88, 93 (2d Cir. 2001).

<sup>63</sup> Id. at 93-95.

<sup>64</sup> Id. at 95; see also V Secret Catalogue, Inc. v. Moseley, (Moseley I) 259 F.3d 464, 469-70 (6th Cir. 2001), rev'd on other grounds, 537 U.S. 418, 428 (2003) (making a separate findings that the VICTORIA's SECRET mark was both famous and inherently distinctive).

<sup>65</sup> TCPIP, 244 F.3d at 95; see also Nabisco II, 191 F.3d 208, 216 (2d Cir. 1999) ("There can be no dilution of a mark's distinctive quality unless the mark is [inherently] distinctive.").

<sup>66</sup> Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C., 212 F.3d 157, 167 (3d Cir. 2000).

<sup>67</sup> Id. at 160.

<sup>68</sup> Id. at 165. The FTDA delineated eight fame factors: (A) the degree of inherent or acquired distinctiveness of the mark; (B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used; (C) the duration and extent of advertising and publicity of the mark; (D) the geographical extent of the trading area in which the mark is used; (E) the channels of trade for goods and services with which the mark is used; (F) the degree of recognition of the mark in the trading areas and channels of trade of the mark's owner and the person against whom the injunction is sought; (G) the nature and extent of use of the same or similar marks by third parties; and (H) whether the mark was registered under the Act of March 3, 1881, or the Act of

February 20, 1905, or on the principal register. Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, §3, 109 Stat. 985, 985-86 (1996) (codified at 15 U.S.C. §1125 (1996), amended by the Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, §2, 120 Stat. 1730, 1730 (2006)).

<sup>69</sup> Times, 212 F.3d at 165-66.

<sup>70</sup> Id. at 165.

<sup>71</sup> Id.

<sup>72</sup> Id.

<sup>73</sup> Id. at 165-66.

<sup>74</sup> Id. at 166.

<sup>75</sup> Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C., 212 F.3d 157, 167 (3d Cir. 2000) (quoting 4 McCarthy, *supra* note 8, §24:91). The court noted that the legislative history of the FTDA reflects that its language directing courts to determine whether the plaintiff's mark is "distinctive and famous" was not meant to require a separate showing of distinctiveness, but merely "to emphasize the policy goal" that only "truly prominent and renowned" marks are to be protected by the FTDA and, in fact, was a vestige of a proposed, but ultimately rejected, requirement that marks be "distinctive, as determined by federal registration at a minimum." *Id.*; see also Panavision Int'l, L.P. v. Toeppen, 141 F.3d 1316, 1324 (9th Cir. 1998) (fame not contested and distinctiveness assumed without discussion).

<sup>76</sup> TCPIP Holding Co., Inc. v. Haar Commc'ns Inc., 244 F.3d 88, 99-100 (2d Cir. 2001) (holding that TCPIP failed to submit evidence sufficient to allow the court "to determine the extent or dimension of public recognition of [TCPIP's] mark and whether it has fame sufficient to meet the requirement of the act.").

<sup>77</sup> Syndicate Sales, Inc. v. Hampshire Paper Corp., 192 F.3d 633 (7th Cir. 1999).

<sup>78</sup> Id. at 635.

<sup>79</sup> Id. at 640.

<sup>80</sup> Id. at 640-41 (citations omitted); see also Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C., 212 F.3d 157, 164 (3d Cir. 2000) ("We are persuaded that a mark not famous to the general public is nevertheless entitled to protection from dilution where both the plaintiff and defendant are operating in the same or related markets, so long as the plaintiff's mark possesses a high degree of fame in its niche market.").

<sup>81</sup> Moseley II, 537 U.S. 418 (2003).

<sup>82</sup> Id. at 423.

<sup>83</sup> Id. at 423-24.

84       Id.

85       Id. at 434.

86       Id. at 425.

87       Moseley II, 537 U.S. 418, 425 (2003).

88       Moseley I, 259 F.3d 464, 475 (6th Cir. 2001), rev'd, 537 U.S. 418, 423 (2003) (quoting H.R. Rep. No. 104-374, at 3 (1995), reprinted in 1996 U.S.C.C.A.N. 1029, 1032); see *supra* Part I.B.

89       Moseley II, 537 U.S. at 422, 428.

90       Id. at 432-34.

91       Id. at 432.

92       Id. at 432-33 (emphasis added).

93       Id. at 433.

94       Id.

95       Moseley II, 537 U.S. 418, 432 (2003).

96       Id.

97       Id.

98       Id. at 433-34.

99       See, e.g., *Caterpillar Inc. v. Walt Disney Co.*, 287 F. Supp. 2d 913, 922 (C.D. Ill. 2003) (questioning the impact of Moseley on tarnishment claims under the FTDA).

100      Trademark Dilution Revision Act, Pub. L. No. 109-312, 120 Stat. 1730 (2006).

101      15 U.S.C. §1125(c)(1) (2006) (emphasis added).

102      15 U.S.C. §1125(c)(2)(C) (2006).

103      See *Acad. of Motion Picture Arts & Scis. v. Creative House Promotions, Inc.*, 944 F.2d 1446, 1457 (9th Cir. 1991) (stating, in

dicta, that plaintiff's OSCAR statuettes would be tarnished by defendant's look-alike statuettes if they were "cheap or shoddy").

<sup>104</sup> See Steinway & Sons v. Demars, 210 U.S.P.Q. 954, 964 (C.D. Cal. 1981) (finding that use of STEIN-WAY on clip-on beer can handles diluted STEINWAY for pianos and that defendant's product was "incompatible with the quality and prestige" of plaintiff's mark (citing Tiffany & Co. v. Boston Club, Inc., 231 F. Supp. 836, 844 (D. Mass. 1964))).

<sup>105</sup> See Warner-Lambert Co. v. Northside Dev. Corp., 86 F.3d 3, 8 (2d Cir. 1996) (granting preliminary injunction against sale of HALLS cough drops past their expiration date).

<sup>106</sup> See Coca-Cola Co. v. Gemini Rising, Inc., 346 F. Supp. 1183, 1190-91 (E.D.N.Y. 1972) (granting preliminary injunction against sale of posters using phrase "ENJOY COCAINE" on grounds that such use tarnished COCA-COLA mark); Hasbro Inc. v. Internet Entm't Group Ltd., 40 U.S.P.Q.2d 1479, 1480 (W.D. Wash 1996) (finding that the use of the "candyland.com" domain name as URL for adult Web site tarnished plaintiff's mark CANDY LAND for a childrens' board game); Original Appalachian Artworks, Inc. v. Topps Chewing Gum, Inc., 642 F. Supp. 1031, 1039-41 (N.D. Ga. 1986) (granting preliminary injunction against sale of GARBAGE PAIL KIDS novelty cards on ground that they tarnished CABBAGE PATCH KIDS mark for dolls: defendant's mark "create[d] an undesirable, unwholesome, or unsavory mental association with the plaintiff's mark.").

<sup>107</sup> See Deere & Co. v. MTD Prods., Inc., 41 F.3d 39, 42-47 (2d Cir. 1994) (holding that animated alteration of plaintiff's deer logo was likely to cause consumers to attribute unfavorable characteristics to mark); New York Stock Exch., Inc. v. New York, New York Hotel, LLC, 293 F.3d 550, 558 (2d Cir. 2002) (reversing grant of summary judgment, holding that casino's use of NEW YORK NEW YORK SLOT EXCHANGE on replica of New York Stock Exchange Building might damage reputation of New York Stock Exchange by associating the NEW YORK STOCK EXCHANGE mark with games of chance).

<sup>108</sup> See Sony Computer Entm't, Inc. v. Connectix Corp., 203 F.3d 596, 599, 609 (9th Cir 2000) (determining that evidence that the Connectix software emulator, which was designed to work with plaintiff's games and compete with plaintiff's game console, did not function well "fail[ed] to show or suggest that Sony's mark or product was regarded or was likely to be regarded negatively."); Hormel Foods Corp. v. Jim Henson Prods., Inc., 73 F.3d 497, 507-08 (2d Cir. 1996) (finding the use of "Spa'am" in Muppets movie not likely to tarnish SPAM trademark because character not presented in a negative light likely to harm the reputation of plaintiff's mark).

<sup>109</sup> Compare 15 U.S.C. §1125(c)(4) (2000) (prior to TDRA), with 15 U.S.C. §1125(c)(3) (2006) (after TDRA codification).

<sup>110</sup> Mattel Inc. v. Walking Mountain Prods., 353 F.3d 792, 812 (9th Cir. 2003).

<sup>111</sup> See also L.L. Bean, Inc. v. Drake Publishers, Inc., 811 F.2d 26, 33 (1st Cir. 1987) ("If the anti-dilution statute were construed as permitting a trademark owner to enjoin the use of his mark in a noncommercial context found to be negative or offensive, then a corporation could shield itself from criticism by forbidding the use of its name in commentaries critical of its conduct."); Mattel, Inc. v. MCA Records, Inc., 296 F.3d 894, 902 (9th Cir. 2002) (holding that song using the BARBIE mark consisted of protected speech under noncommercial use statutory exception as parody); 4 McCarthy, *supra* note 8, §24:103 (positing that the FTDA's requirement that a defendant's use be of a "mark or trade name" excludes liability from the use of plaintiff's mark "in a solely descriptive, non-trademark sense").

<sup>112</sup> 15 U.S.C. §1125(c)(2)(A) (2006).

<sup>113</sup> Trademark Dilution Revision Act of 2005: Hearing on H.R. 683 Before the Subcomm. on Courts, the Internet, and Intellectual Property of the H. Comm. on the Judiciary, 109th Cong. 10-11 (2005) [hereinafter TDRA Hearing], available at <http://judiciary.house.gov/media/pdfs/printers/109th/98924.pdf> (statement of Anne Gundelfinger, International Trademark Association) (emphasis added).

<sup>114</sup> *Id.* at 10.

<sup>115</sup> *Id.*

<sup>116</sup> 15 U.S.C. §1125(c)(1) (2006).

<sup>117</sup> 15 U.S.C. §1127 (2000) (prior to passage of the Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, 120 Stat 1730 (2006)).

<sup>118</sup> 15 U.S.C. §1125(c)(2)(B) (2006).

<sup>119</sup> *Id.* §1125 (c)(2)(B).

<sup>120</sup> H.R. Rep. No. 109-23, at 8 (2005), reprinted in 2006 U.S.C.C.A.N. 1091, 1096.

<sup>121</sup> *Id.* at 5-6.

<sup>122</sup> See *id.*

<sup>123</sup> TDRA Hearing, *supra* note 113, at 6-29 (statements of Anne Gundelfinger, International Trademark Association and William G. Barber, American Intellectual Property Law Association, discussing H.R. 683 as introduced on Feb. 9, 2005).

<sup>124</sup> TDRA Hearing, *supra* note 113, at 53-58 (proposed amendment by INTA and AIPLA).

<sup>125</sup> 151 Cong. Rec. E763-64 (daily ed. April 19, 2005), available at 2005 WL 954810 [hereinafter Wu Opposition] (statement of Hon. David Wu); TDRA Hearing, *supra* note 113, at 30-37 (statement of Marvin J. Johnson, Legislative Counsel to the American Civil Liberties Union).

<sup>126</sup> TDRA Hearing, *supra* note 113, at 21.

<sup>127</sup> TDRA Hearing, *supra* note 113, at 23.

<sup>128</sup> TDRA Hearing, *supra* note 113, at 24.

<sup>129</sup> TDRA Hearing, *supra* note 113, at 24.

<sup>130</sup> TDRA Hearing, *supra* note 113, at 24.

<sup>131</sup> TDRA Hearing, *supra* note 113, at 24, 27.

<sup>132</sup> TDRA Hearing, *supra* note 113, at 24 (citing the original H.R. 683, 109th Cong. §2 (2005)).

<sup>133</sup> TDRA Hearing, *supra* note 113, at 24-26.

<sup>134</sup> TDRA Hearing, *supra* note 113, at 24.

<sup>135</sup> TDRA Hearing, *supra* note 113, at 26.

<sup>136</sup> See 15 U.S.C. §1125(c) (2006). However, it is interesting to note that in the House Report accompanying the final Bill, the “designation of source” limitation crept back in. In the analysis and discussion section, the first relevant factor in determining the presence of dilution by blurring is noted as “the degree of similarity between the source designation and the famous mark” rather than as provided for in the Bill itself as “the degree of similarity between the mark or trade name and the famous mark.” Compare H.R. Rep. No. 109-23, at 8 (2005) (analysis and discussion), with H.R. Rep. No. 109-23, at 2 (amended statutory language).

<sup>137</sup> TDRA Hearing, *supra* note 113, at 27.

<sup>138</sup> TDRA Hearing, *supra* note 113, at 28.

<sup>139</sup> Nabisco II, 191 F.3d 208, 215 (2d Cir. 1999).

<sup>140</sup> TDRA Hearing, *supra* note 113, at 28; see Ringling Bros. II, 170 F.3d 449, 455 (4th Cir. 1999) (noting the “sheer difficulty that courts have had in getting a firm handle on the basic concept of ‘dilution’ as cryptically expressed in the typical state statute in an unelaborated reference to ‘dilution of the distinctive quality of a mark’”).

<sup>141</sup> H.R. Rep. No. 109-23, at 2 (2005).

<sup>142</sup> 15 U.S.C. §1125(c)(2)(B) (2006).

<sup>143</sup> H.R. Rep. No. 109-23, at 4 (2005) (quoting H.R. Rep. No. 104-364 (1995), which accompanied the FTDA).

<sup>144</sup> TDRA Hearing, *supra* note 113, at 29.

<sup>145</sup> Trademark Dilution Revision Act, Pub. L. No. 109-312 (2006), 120 Stat 1730 (2005) (codified in pertinent part at 15 U.S.C. §1125 (c)(3) (2006)).

<sup>146</sup> TDRA Hearing, *supra* note 113, at 8.

<sup>147</sup> TDRA Hearing, *supra* note 113, at 9.

<sup>148</sup> TDRA Hearing, *supra* note 113, at 9-10.

<sup>149</sup> TDRA Hearing, *supra* note 113, at 10.

<sup>150</sup> TDRA Hearing, *supra* note 113, at 10-11.

<sup>151</sup> TDRA Hearing, *supra* note 113, at 11.

<sup>152</sup> TDRA Hearing, *supra* note 113, at 11 (quoting H.R. 683, 109th Cong. (2005)).

<sup>153</sup> TDRA Hearing, *supra* note 113, at 11.

<sup>154</sup> TDRA Hearing, *supra* note 113, at 11.

<sup>155</sup> TDRA Hearing, *supra* note 113, at 11-12.

<sup>156</sup> TDRA Hearing, *supra* note 113, at 12.

<sup>157</sup> TDRA Hearing, *supra* note 113, at 12.

<sup>158</sup> TDRA Hearing, *supra* note 113, at 13.

<sup>159</sup> TDRA Hearing, *supra* note 113, at 13.

<sup>160</sup> TDRA Hearing, *supra* note 113, at 15.

<sup>161</sup> TDRA Hearing, *supra* note 113, at 15.

<sup>162</sup> Trademark Dilution Revision Act, Pub. L. No. 109-312 (2006), 120 Stat 1730 (2005) (codified in pertinent part at 15 U.S.C. §1125 (c) (2006)).

<sup>163</sup> TDRA Hearing, *supra* note 113, at 17.

<sup>164</sup> TDRA Hearing, *supra* note 113, at 17.

<sup>165</sup> Wu Opposition, *supra* note 125, at E763-64.

<sup>166</sup> Wu Opposition, *supra* note 125, at E763-64.

<sup>167</sup> Wu Opposition, *supra* note 125, at E763-64.

<sup>168</sup> Wu Opposition, *supra* note 125, at E764.

<sup>169</sup> Wu Opposition, *supra* note 125, at E764.

<sup>170</sup> Wu Opposition, *supra* note 125, at E764.

<sup>171</sup> TDRA Hearing, *supra* note 113, at 30-37.

<sup>172</sup> TDRA Hearing, *supra* note 113, at 31.

<sup>173</sup> TDRA Hearing, *supra* note 113, at 33.

<sup>174</sup> TDRA Hearing, *supra* note 113, at 33.

<sup>175</sup> 15 U.S.C. §1125(c)(3) (2006) (after TDRA codification).