

Texas Intellectual Property Law Journal
Winter 2011

Articles

**BEWARE THE SCRIVENER'S ERROR: CURING THE DRAFTING ERROR IN THE FEDERAL
REGISTRATION DEFENSE TO TRADEMARK DILUTION CLAIMS**

Timothy A. Lemper^{a1} Joshua R. Bruce^{d1}

Copyright (c) 2011 Intellectual Property Law Section of the State Bar of Texas; Timothy A. Lemper; Joshua R. Bruce

I.	Introduction	170
II.	The Past: Origin and Evolution of the Federal Registration Defense	172
	A. USTA Trademark Review Commission Report and Recommendations	172
	B. The Trademark Law Revision Act of 1988	173
	C. The Federal Trademark Dilution Act of 1995	175
	D. The Trademark Dilution Revision Act of 2006	176
III.	The Present: The Federal Registration Defense from 2006 to Present	179
IV.	The Future: Amending the Federal Registration Defense in § 43(c)(6).	183
	A. Fidelity to Legislative History and Intent	184
	B. Greater Protection for Famous Marks	185
	C. Greater Uniformity in Federal Trademark Law and Practice	188
	D. The Prophylactic Value of Proactive Legislation	189
V.	Conclusion	191

***170** If Congress enacted into law something different from what it intended, then it should amend the statute to conform it to its intent. “It is beyond our province to rescue Congress from its drafting errors, and to provide for what we might think is the preferred result.”¹

-- Justice Anthony Kennedy

I. Introduction

There is a popular proverb about a missing nail that brought down a kingdom.² The corollary among lawyers and legislators is the proverb of the “errant comma” that had a disastrous effect on a contract, pleading, or statute.³ This article examines one

such grammatical error in the Trademark Dilution Revision Act of 2006 (TDRA).⁴ It involves an error in organizing a statute's text rather than a misplaced comma, but the effects are still potentially devastating for trademark owners. The only thing that remains to be seen is whether the drafting error in the statute will be the subject of cautionary tales involving unlucky trademark owners, or whether Congress will cure the drafting error before any serious damage is done.

When Congress enacted the Federal Trademark Dilution Act of 1995⁵ (FTDA), it created a provision--§ 43(c)(3) of the Lanham Act⁶--that made ownership of a federal trademark registration a complete bar to dilution claims based on state law. By giving federal registrants immunity from state dilution claims, Congress sought to encourage federal registration of marks, ensure the supremacy of *171 the federal trademark registration system, and protect federal registrants' right to use their marks without interference from state laws.⁷

Congress sought to expand the scope of the federal registration defense in the TDRA by replacing § 43(c)(3) of the Lanham Act with a newly created provision--§ 43(c)(6)--making ownership of a federal registration a complete bar to a broader range of state dilution claims. As a result of a drafting error in the Senate version of the bill, however, the text of the statute now makes ownership of a federal registration a complete bar to all dilution-type claims under state and federal law--effectively giving federal registrants complete immunity from liability for dilution.

This article chronicles in Part II the origins of the drafting error in § 43(c)(6) of the Lanham Act. It begins by tracing the evolution of the federal registration defense, including the creation of § 43(c)(3) as part of the FTDA in 1995. It explores the meaning and intent of § 43(c)(3) by placing it in historical context and explaining the policy goals that the federal registration defense was meant to serve. Part II concludes by describing Congress's motives for expanding the federal registration defense in the TDRA, and explaining how--as a result of a drafting error--newly created § 43(c)(6) gives federal registrants immunity from liability for dilution under state and federal law, contrary to the legislative history and policy goals of the federal registration defense.

Part III surveys the impact of the drafting error in § 43(c)(6) since its enactment in 2006, including its treatment by courts, the United States Patent and Trademark Office (PTO), and trademark publications. Part III outlines the risks created by the drafting error in § 43(c)(6), including the threat that the error poses to the protection of famous trademarks and to the predictability and uniformity of federal trademark law and practice.

Part IV presents the most compelling arguments for amending § 43(c)(6) to cure the drafting error in the statute before problems arise and proposes language for such an amendment. It explains how the proposed amendment reflects the legislative history of the TDRA, furthers the policy goals of the federal registration defense, promotes greater uniformity in federal trademark law and practice, and ultimately, increases the protection of famous marks. Part IV concludes by drawing on the history of a similar drafting error in the FTDA to argue for the wisdom and prophylactic value of curing the drafting error in the statute by congressional amendment rather than trying to manage the error by judicial or administrative means, and for doing so before the risks created by the drafting error cause serious harm to trademark owners.

*172 II. The Past: Origin and Evolution of the Federal Registration Defense

A. USTA Trademark Review Commission Report and Recommendations

The federal registration defense in federal dilution law traces its origins to a 1987 report by the United States Trademark Association (USTA).⁸ In 1984, in anticipation of the fortieth anniversary of the Lanham Act of 1946, the USTA created a Trademark Review Commission to review and recommend changes to federal trademark law.⁹ After more than two years of review, the Commission submitted its "Report and Recommendations" on August 21, 1987.¹⁰

In its report, the Commission described "a trademark protection vacuum in the United States" created by the lack of protection against trademark dilution.¹¹ It noted that, although 23 states had dilution laws, the development of dilution law in the U.S. had been "fitful."¹² More than half the states still did not have dilution laws, and--in states with dilution laws--court decisions often relied on "inconsistent" and "illogical" reasoning that was "frequently . . . influenced by reputational factors" such as "tarnishment of good will" that are "unrelated to the classical Schechter concept of dilution."¹³

To fill this gap in trademark protection, the Commission urged Congress to add "a narrowly drawn dilution section to the

Lanham Act, protecting only registered marks which have become famous throughout a substantial part of the United States.”¹⁴ The proposed statute included provisions defining dilution, identifying factors to determine if a mark was famous, and prohibiting others from commencing use of marks that cause “dilution of the distinctive quality” of a registered mark after it has become famous.¹⁵

*173 The Commission recommended including a provision in the federal dilution law that would make ownership of a federal trademark registration a complete bar to dilution claims brought under state law. It proposed the following language for the provision: “The ownership of a valid registration . . . shall be a complete bar to an action brought by another person, under the common law or statute of a state, seeking to prevent dilution of the distinctiveness of a mark . . .”¹⁶

Importantly, the provision created a bar only to dilution claims based on state law but not dilution claims based on the proposed new federal law.

The Commission offered several justifications for including a federal registration defense. First, it would ensure the supremacy of the federal trademark registration system in cases of potential conflict with state dilution laws.¹⁷ Second, it would assure federal registrants the right to market their goods or services throughout the United States, subject only to trademark owners who have prior rights in confusingly similar marks.¹⁸ Third, it would encourage federal registration of marks by providing greater protection for registered marks.¹⁹ Finally, it would give effect to Congress’s stated intent in § 43 of the Lanham Act to protect registered marks from interference by state laws.²⁰

B. The Trademark Law Revision Act of 1988

The USTA Report became the basis for the Trademark Law Revision Act of 1988.²¹ As originally drafted, the legislation created a new federal cause of action for trademark dilution and included a federal registration defense that was virtually identical to the USTA’s proposal.²² The provision read: “Ownership of a valid registration . . . shall be a complete bar to an action brought by another person, under *174 the common law or statute of a State, seeking to prevent dilution of the distinctiveness of a mark . . .”²³

Like the USTA proposal, the federal registration defense in § 43(c)(3) was limited in two important respects. First, it was limited to state claims. It made ownership of a federal registration a defense to dilution claims based on state law,²⁴ but not claims based on federal law. USTA’s President testified before Congress that making ownership of a federal registration a defense to state dilution claims would ensure the supremacy of the federal registration system over state laws, assure federal registrants the right to use their marks throughout the United States without interference from state laws, and encourage federal registration of marks.²⁵ Other testimony explained the need to allow owners of famous marks to assert dilution claims under the new federal law as a basis for canceling federal registrations for marks that dilute their famous marks.²⁶

Second, the defense was limited to one type of dilution claim. Section 43(c)(3) barred only claims for “dilution of the distinctiveness of a mark,” commonly known as “dilution by blurring.”²⁷ But it did not bar claims for injury to the goodwill or reputation of a mark, commonly known as “dilution by tarnishment.”²⁸ In this respect, the bill reflected the view in the USTA Report that “tarnishment” *175 was “a separate form of legal wrong” that was “unrelated to the classical Schechter concept of dilution,” which defined “dilution” as the “blurring” of the distinctiveness of a mark without any reference to tarnishing or otherwise injuring the goodwill or reputation associated with a mark.²⁹

The dilution provisions were eventually removed³⁰ from the legislation ultimately enacted in 1988.³¹ Even so, the legislative history of the 1988 dilution legislation cannot be consigned to the dustbin of history because it provides valuable evidence of Congress’s intent when it enacted substantially similar dilution legislation seven years later.³²

C. The Federal Trademark Dilution Act of 1995

In 1995, Congress passed and President Clinton signed the Federal Trademark Dilution Act. The FTDA consisted almost entirely of the dilution legislation rejected seven years earlier, with few revisions. It created a federal cause of action for trademark dilution,³³ and included a federal registration defense--in the newly created § 43(c)(3) of the Lanham Act--that largely duplicated the language proposed in 1988. It read:

The ownership by a person of a valid registration . . . shall be a complete bar to an action against that

person, with respect to that mark, that is brought by another *176 person under the common law or a statute of a State and that seeks to prevent dilution of the distinctiveness of a mark³⁴

The federal registration defense in the FTDA was limited in the same two respects as it had been in the 1988 legislation.³⁵ It barred dilution claims based on state law but not federal law, and it barred claims for dilution by blurring but not dilution by tarnishment.

D. The Trademark Dilution Revision Act of 2006

A decade after the FTDA was enacted, the TDRA was introduced in Congress.³⁶ The primary purpose of the TDRA was understood to be replacing the “actual dilution” standard applied by the U.S. Supreme Court³⁷ under the FTDA with a “likelihood of dilution” standard.³⁸ But, as part of the TDRA, Congress also sought to expand the scope of the federal registration defense.

The TDRA draft legislation proposed to replace the federal registration defense in § 43(c)(3) of the Lanham Act³⁹ with an amended provision in newly created § 43(c)(6) of the Lanham Act.⁴⁰ As originally introduced in the U.S. House of Representatives, the proposed revision in § 43(c)(6) read:

The ownership by a person of a valid registration . . . shall be a complete bar to an action against that person, with respect to that mark, that is brought by another person under the common law or a statute of a State and that seeks to prevent dilution by blurring or dilution by tarnishment, or that asserts any claim of actual or likely damage or harm to the distinctiveness or reputation of a mark⁴¹

The proposed amendment expanded the federal registration defense to include all types of dilution claims under state law. First, it replaced the FTDA’s language barring only claims for “dilution of the distinctiveness of a mark” (i.e., dilution by blurring) with broader language specifically barring claims for “dilution by blurring *177 or dilution by tarnishment.”⁴² Second, it included even broader, more general language barring “any claim of actual or likely damage or harm to the distinctiveness or reputation of a mark.”⁴³ This language served as a catch-all provision barring any state law claim--even if identified by a different name--that is the substantive equivalent of a claim for dilution by blurring (injury to the distinctiveness of a mark) or dilution by tarnishment (injury to the reputation of a mark).⁴⁴ The amendment thus reflected Congress’ attempt to expand the federal registration defense to bar all dilution-type claims under state law.

Importantly, the proposed legislation was not intended to expand the federal registration defense to include dilution claims based on federal law.⁴⁵ The amendment limited the federal registration defense to dilution claims based on state law. Its language indicated that the bar on dilution claims encompassed only claims “brought . . . under the common law or a statute of a State.”⁴⁶ Testimony during congressional hearings confirmed this understanding. The president of INTA⁴⁷ testified: “A valid federal registration should . . . be a complete bar to a state dilution claim. This is the current law under the FTDA and it would remain unchanged by H.R. 683.”⁴⁸ This interpretation is consistent with the legislative history of the federal registration defense proposed in 1988 and adopted in 1995, both of which barred only state dilution claims.⁴⁹ It is also consistent with *eiusdem generis*, the canon of statutory construction which dictates that the proposed amendment be read as barring only state law claims.⁵⁰

***178** On April 19, 2005, the House approved the legislation and sent it to the Senate.⁵¹ In the Senate, however, § 43(c)(6) suffered a damaging revision, apparently the unintended and unwitting result of a drafting error. The Senate Judiciary Committee adopted a substitute bill as an amendment to the House bill.⁵² In an apparent attempt to clarify the scope of the federal registration defense, the Senate version of the bill reorganized § 43(c)(6) by breaking it into two subsections. It read: The ownership by a person of a valid registration . . . shall be a complete bar to an action against that person, with respect to that mark, that --

(A)

- (i) is brought by another person under the common law or a statute of a State; and
- (ii) seeks to prevent dilution by blurring or dilution by tarnishment; or

(B) asserts any claim of actual or likely damage or harm to the distinctiveness or reputation of a mark . . .⁵³
The Senate bill made virtually no change to the wording in the statute. But by reorganizing the language of the statute as it did, the Senate version drastically changed the scope of the federal registration defense. As amended, it made ownership of a federal registration a complete bar to two separate, independent categories of claims:

[Subsection (A)] Any claim that (i) is brought by another person under the common law or a statute of a State; and (ii) seeks to prevent dilution by blurring or dilution by tarnishment;

or

[Subsection (B)] Any claim that asserts any claim of actual or likely damage or harm to the distinctiveness or reputation of a mark.

On its face, subsection (A) bars only claims brought under state law. But subsection (B) does not contain a similar limitation. Subsection (B) bars any claim of actual or likely harm to the distinctiveness or reputation of a mark, whether brought under state or federal law. Thus, unlike the House's version of the bill that *179 merely barred a broader range of state law claims, the Senate's version barred all dilution claims (i.e., all claims for "actual or likely damage or harm to the distinctiveness or reputation of a mark") brought under state or federal law.⁵⁴ Unfortunately, the Senate's version of the bill was ultimately enacted as the TDRA of 2006.⁵⁵

Disturbingly, nothing in the TDRA's legislative history indicates the reason for the Senate's revision to the federal registration defense.⁵⁶ There is no evidence that the members of Congress were aware of the substantive change to the federal registration defense in the Senate's version, let alone that they intended to make it. The Senate Judiciary Committee adopted the Senate's substitute bill, and both the Senate and the House approved the Senate bill without any testimony, discussion, or written report explaining the change to the federal registration defense in § 43(c)(6) of the Lanham Act.⁵⁷

III. The Present: The Federal Registration Defense from 2006 to Present

The historical evidence surveyed in Part II leaves little doubt that Congress did not intend to bar federal dilution claims when it amended the federal registration defense in 2006. Rather, the legislative history and statutory language of the legislation proposed in 1988, enacted in 1995, and amended in 2006 indicate that the bar on federal dilution claims in § 43(c)(6) of the TDRA was the unintended result of a simple drafting error.⁵⁸

***180** To date, the impact of the drafting error in § 43(c)(6) has been mercifully slight. In the four years since the TDRA was enacted, neither the courts nor the PTO have addressed the issue because litigants have failed to assert the defense even in the limited situations where it was available. The PTO's rules continue to allow parties to assert federal dilution claims as a basis for cancelling federal trademark registrations,⁵⁹ even though the language in § 43(c)(6)(B) bars such claims. Both the PTO and the courts have permitted litigants to continue asserting federal dilution claims against owners of federal registrations, apparently because registrants have failed to assert § 43(c)(6)(B) as a defense to such claims,⁶⁰ which may in part be due to the relative lack of attention given to the drafting error in § 43(c)(6) in scholarly and practitioner publications.⁶¹

The only reported decision applying § 43(c)(6) did not address whether § 43(c)(6)(B) bars federal dilution claims. In *Jada Toys, Inc. v. Mattel, Inc.*, Mattel asserted claims against Jada Toys for both dilution and infringement under state and federal law.⁶² Based on these claims, Mattel also sought cancellation of Jada's *181 registration under § 14 of the Lanham Act.⁶³ Jada moved to dismiss Mattel's state dilution claim under § 43(c)(6) on the ground that Jada owned a federal registration for its mark. Jada did not assert its federal registration as a defense to Mattel's federal dilution claim because the TDRA was not yet enacted. The trial court never reached the merits of Jada's federal registration defense to Mattel's state dilution claim because it held that the dissimilarity in the parties' marks precluded a finding of infringement or dilution.⁶⁴

On appeal, the U.S. Court of Appeals for the Ninth Circuit affirmed the trial court's holding in an initial opinion applying the FTDA,⁶⁵ and again in an amended opinion applying the TDRA.⁶⁶ In both opinions, the Ninth Circuit reasoned that Mattel's claim to cancel Jada's registration under § 14, if successful, would eliminate Jada's federal registration defense to Mattel's

state dilution claim.⁶⁷ But the court did not address whether the TDRA barred Mattel from asserting a federal dilution claim as a basis for cancelling Jada's registration. It did not specify which of Mattel's federal claims-- infringement or dilution--provided a basis for cancelling Jada's registration. It did not explicitly hold that Mattel could assert a federal dilution claim as a basis for cancelling Jada's registration, nor is such a holding implicit in the court's decision because Mattel's infringement claim provided an independent basis for cancellation. The court simply did not address the extent to which § 43(c)(6)(B) bars federal dilution claims.

Despite its seemingly limited impact, however, the drafting error in § 43(c)(6) is far from harmless. By making federal registration a complete defense to federal dilution claims, § 43(c)(6) already creates conflicts with PTO procedures and §§ 14 and 24 of the Lanham Act, which allow parties to assert dilution claims as a basis ***182** for cancelling existing federal registrations.⁶⁸ These conflicts pose an inherent risk to the uniformity and certainty of federal trademark law and practice.

The drafting error in § 43(c)(6) also poses a very real threat to the protection of famous marks. Within a year after the TDRA was enacted, the federal registration defense in § 43(c)(6) threatened the protection of one of the most famous retail clothing marks in the United States. In January 2006, WP IP LLC (WP) filed an intent-to-use application to register the mark GP KIDS for home products.⁶⁹ Its application passed the PTO's ex parte examination and was published for opposition in August 2006.⁷⁰ Gap Apparel LLC (Gap)--owner of the federally registered and famous mark GAP for clothing apparel and home products⁷¹--requested and received an extension of time to oppose WP's application.⁷² But Gap failed to file its ***183** opposition before the deadline.⁷³ As a result, WP's application was allowed for registration,⁷⁴ and WP was free to begin using the GP KIDS mark with immunity under § 43(c)(6) for any dilution it might cause to the famous GAP mark. In the end, Gap was fortunate because WP never used its mark and abandoned its application.⁷⁵ Owners of famous marks may not always be so lucky.

IV. The Future: Amending the Federal Registration Defense in § 43(c)(6)

The legislative history and policy rationales for the federal registration defense suggest that Congress intended to draft § 43(c)(6) as reflected below:

Actual §43(c)(6)

The ownership by a person of a valid registration . . . shall be a complete bar to an action against that person, with respect to that mark, that--(A) (i) is brought by another person under the common law or a statute of a State; and (ii) seeks to prevent dilution by blurring or dilution by tarnishment; or (B) asserts any claim of actual or likely damage or harm to the distinctiveness or reputation of a mark . . .⁷⁶

Intended §43(c)(6)

The ownership by a person of a valid registration . . . shall be a complete bar to an action against that person, with respect to that mark, that--(A) is brought by another person under the common law or a statute of a State; and (B) (i) seeks to prevent dilution by blurring or dilution by tarnishment; or (ii) asserts any claim of actual or likely damage or harm to the distinctiveness or reputation of a mark . . .

***184** Drafted in the latter way, the federal registration defense would serve as a bar only to state law dilution claims, as intended by Congress. As in the current statute, subsection (B) would maintain the broad bar on all types of dilution claims, including claims for dilution by blurring, dilution by tarnishment, and any other claim for damage or harm to the distinctiveness or reputation of a mark. Unlike the current statute, however, subsection (A) would limit the bar in subsection (B) to only state law claims, thereby ensuring that the statute does not bar dilution claims brought under federal law. There are compelling reasons for amending § 43(c) as reflected above.

A. Fidelity to Legislative History and Intent

From its inception, the federal registration defense was intended to be a bar only to dilution claims based on state law, as reflected in the legislative history and statutory language of the federal registration defense first proposed in 1988 and later adopted in 1995. The legislative history of the TDRA suggests that Congress had no intention of expanding the federal registration defense to bar dilution claims based on federal law as well.⁷⁷ Yet this is precisely what the text of the current statute does. The legislative history thus provides perhaps the most immediate and compelling reason for amending the federal registration defense in § 43(c)(6): to reflect the intent of Congress.

By barring only state dilution claims, the amendment proposed above would more accurately reflect Congress's intent in enacting the TDRA and more closely follow the history and purpose of the federal registration defense in federal trademark law. The amendment would also be more consistent with Frank Schechter's original conception of dilution. In his 1927 article introducing the concept of dilution in the U.S., Schechter relied on German cases where owners of famous marks asserted dilution claims as a basis for cancelling existing German trademark registrations.⁷⁸ As currently drafted, however, § 43(c)(6) bars trademark owners from asserting dilution claims as a basis for cancelling existing federal registrations. By allowing such claims under federal law, the proposed amendment would bring federal dilution law in line with Schechter's vision.

The proposed amendment is also consistent with the policy goals that the federal registration defense was intended to serve.⁷⁹ The bar on federal dilution claims does not provide registered marks with any additional protection from state laws, *185 and does not further the supremacy of the federal registration system over state laws. Although it encourages federal registration of marks, it provides an even stronger incentive for unscrupulous actors to register marks that dilute famous marks in order to get immunity from liability for dilution. Once registered, those marks can be used with impunity to exploit famous marks or to extort money from the owners of famous marks in exchange for abandoning their registrations of the diluting marks, refraining from using--or licensing others to use--the marks, or both. Worst of all, as discussed in the next section, the current statute threatens the protection of famous marks--the ultimate goal of the federal dilution statute--by limiting their owners' ability to police the use and registration of diluting marks. The proposed amendment would cure these problems in the current statute and further these policy goals.

B. Greater Protection for Famous Marks

The drafting error in § 43(c)(6) creates new and unintended risks to the protection of famous marks. As discussed above, the current statute--by giving federal registrants immunity from liability for dilution--encourages unscrupulous actors to register diluting marks in order to exploit famous marks or to extract money from their owners. A registration for a diluting mark could even prevent registration of a famous mark where the owner of the diluting mark actually beats the owner of the famous mark in the race for federal registration. Testimony during congressional hearings on § 43(c)(3) specifically highlighted this risk as a reason for making federal registration a bar only to state law claims.⁸⁰

Current trademark law and practice make it less risky, less expensive, and more feasible for unscrupulous actors to pursue such a strategy. First, federal law and PTO procedures allow parties to file applications to register diluting marks based on a mere intent to use a mark,⁸¹ thereby eliminating the cost and risk of actually using a diluting mark in commerce.

Second, the PTO's ex parte examination process is designed to identify and reject applications for potentially infringing marks but not potentially diluting marks, thereby making it more likely that applications for diluting marks will be approved for registration.⁸² Thus, a party can apply to register a diluting mark-- *186 such as DUPONT for shoes, BUICK for aspirin, or KODAK for pianos⁸³--without committing any resources or exposing itself to liability by using the mark. The differences in the goods associated with the diluting mark and the famous mark--e.g., BUICK cars versus BUICK aspirin, KODAK cameras versus KODAK pianos--make it more likely that the PTO will find no likelihood of confusion between the marks and will approve the diluting mark for registration.

The TDRA gives owners of famous marks limited time and opportunity to prevent the registration of diluting marks. Trademark owners must continuously monitor the PTO's Official Gazette for marks that may be likely to dilute their famous marks.⁸⁴ When an application for a potentially diluting mark is published, the owner of the famous mark must file an opposition to the application within 30 days, or request additional extensions of time to do so (up to 180 days from the date of publication).⁸⁵ If the owner of the famous mark fails to file an opposition by the deadline,⁸⁶ the application will proceed to registration and the owner of the famous mark will have lost its only opportunity to prevent the applicant from getting a registration for its mark, and with it a defense to all dilution claims.

*187 The TDRA also makes it less likely that trademark owners will be able to successfully cancel the registration or prevent the use of a diluting mark once it has been registered. Before the TDRA, users of diluting marks found little refuge in federal trademark law. Owners of famous marks could challenge the registration and use of marks at any time by asserting claims of dilution under federal law, even after the diluting mark had been federally registered.⁸⁷ Under the TDRA, however, trademark owners are less likely to be successful in cancelling the registration or preventing the use of a diluting mark. The most

effective tool, a claim for dilution, is barred by § 43(c)(6). The next most likely tool, a claim for infringement,⁸⁸ is less likely to be successful against a mark that the PTO has already determined is not likely to cause confusion with other marks on the federal register.⁸⁹ A third claim, that the diluting mark has become generic, provides a ground for cancelling its registration,⁹⁰ but is rarely successful and could be taken as evidence that the famous mark itself has become generic.⁹¹ Barring evidence of a procedural defect in the registration process, trademark owners lack other means of successfully attacking the registration and use of federally registered diluting marks. The only remaining option for owners of famous marks is to pay the registrant of a diluting mark to abandon its registration and use of the diluting mark. As noted above, however, this strategy--even if effective--creates a strong incentive for even more unscrupulous actors to register even more diluting marks.⁹²

***188** In the end, as the Gap example in Part III illustrates, the drafting error in § 43(c)(6) has created significant risks to the protection of famous marks. While it encourages the registration of federal marks, it also creates significant risks to the protection of famous marks. The error effectively requires owners of famous marks to continuously monitor PTO filings and oppose applications to register potentially diluting marks, or risk losing protection for their famous marks. The need to police the PTO drives up the cost of protecting famous marks. In addition to policing the actual use of diluting marks in the marketplace, owners of famous marks must now monitor filings and oppose applications to register marks that have not even been used in commerce yet. Section 43(c)(6) also increases the risk and difficulty of protecting famous marks by creating potentially devastating consequences for failing to prevent registration of a diluting mark. Because registration confers immunity from liability for dilution, any error in opposing an application, no matter how slight (in Gap's case, missing a filing deadline), may effectively forfeit a party's ability to prevent the dilution of its famous mark. Given the limited tools available to trademark owners to cancel the registration and prevent the use of a diluting mark once it is registered, trademark owners may ultimately find themselves forced to enter into costly agreements with unscrupulous actors to prevent the dilution and protect the value of their famous marks.

C. Greater Uniformity in Federal Trademark Law and Practice

The proposed amendment would further Congress's overarching goal of creating a uniform, harmonious federal trademark law.⁹³ Section 43(c)(6) ensures the supremacy of federal law by preempting state laws that might interfere with the federal registration and nationwide use of famous marks. But, as noted above, it conflicts with other provisions in the Lanham Act that authorize parties to assert federal dilution claims as a basis for canceling federal registrations. The amendment proposed above would resolve these conflicts by limiting the federal registration defense to state law claims, ensuring the continued availability of federal dilution claims as a basis for cancelling federal registrations under §§ 14 and 24 of the Lanham Act and PTO procedures based thereon.⁹⁴ It would also achieve greater parity between federal claims for trademark infringement and trademark dilution by ***189** ensuring that both claims can be asserted against the owners of even federally registered marks.

The amendment would also ensure greater uniformity among courts when applying § 43(c)(6). Courts guided by the plain language of the statute are likely to interpret it as barring claims for dilution under federal law. But courts guided by the legislative history of the statute may be tempted to apply the defense only to state dilution claims. The resulting split of authority would undermine the uniformity of trademark law and practice unless and until Congress or the U.S. Supreme Court intervenes. If Congress acts now to fix its own drafting error, it will provide a more effective and permanent means of unifying federal trademark law and practice than relying on the courts to attempt to reconcile the conflicts in the current statute.

D. The Prophylactic Value of Proactive Legislation

The history of the FTDA provides an example of the risks inherent in a statute whose intended meaning differs from the plain meaning of its text, and by extension an argument for the prophylactic value of proactive legislation to fix such drafting errors.

When it was enacted in 1995, the FTDA prohibited the use of a mark that "causes dilution" of a famous mark.⁹⁵ Congress intended to create a statute prohibiting the use of a mark that is "likely to cause dilution."⁹⁶ But, as a result of "sloppy drafting,"⁹⁷ the actual language of the FTDA required proof that a mark "causes dilution."⁹⁸ When asked to apply that provision, some courts interpreted the plain meaning of the statute's text to require proof of actual dilution, while others interpreted the legislative history of the statute to require proof of only a likelihood ***190** of dilution.⁹⁹ In *Moseley v. V Secret Catalogue*, the U.S. Supreme Court resolved the split of judicial authority by holding that the text of the statute

“unambiguously requires a showing of actual dilution, rather than a likelihood of dilution.”¹⁰⁰ The Supreme Court’s decision finally prompted Congress to pass the TDRA in 2006--a decade after the FTDA’s enactment--to correct the sloppy drafting in the FTDA and adopt statutory language clearly reflecting its intent to prohibit the use of a mark that is “likely to cause dilution.”¹⁰¹ For a decade prior, however, trademark owners were left to navigate an unpredictable landscape of legal protection under federal dilution law, which injected an unnecessary degree of risk and uncertainty in the protection of famous marks. The TDRA increased the level of certainty and predictability in federal dilution law, but it did nothing to offset or recoup the increased costs for trademark owners, their competitors, and consumers of operating for a decade in an uncertain legal environment.

The handling of the “sloppy drafting” in the FTDA by Congress and the courts serves as both a cautionary tale and an instructive example for dealing with the drafting error in § 43(c)(6). It teaches us not to underestimate or ignore such drafting errors. Imprudent observers may dismiss the drafting error § 43(c)(6) as inconsequential or non-existent because it has not had an impact on trademark practice in the four years since the TDRA was enacted. But it was not until two to four years after the FTDA was enacted that the first cases emerged to challenge the meaning of the “causes dilution” standard in the statute.¹⁰² The federal registration defense may be a less significant issue than the standard of proof in dilution cases because it arises less frequently, but this also explains why the drafting error in the federal registration defense has not emerged in court or PTO proceedings--at least not yet.¹⁰³ This does not mean that the issue will never arise, or that when it does arise its impact will be insignificant.

***191** The FTDA example also teaches us not to rely on courts and the PTO to follow the legislative intent of a statute and ignore the plain meaning of its text. Thus far, the PTO seems to be pursuing this approach in an apparent attempt to reconcile conflicting provisions in the Lanham Act and PTO procedures;¹⁰⁴ and some may argue that courts should do the same. They may even attempt to reconcile the text of the statute and its legislative history--by arguing, for example, that subsection (B)’s bar on claims for “damage or harm to the distinctiveness or reputation of a mark” does not expressly include claims for “dilution by blurring” and “dilution by tarnishment” under federal law, and should not be interpreted as such. But the statute expressly defines “dilution by blurring” as an association that “impairs the distinctiveness” of a mark, and defines “dilution by tarnishment” as an association that “harms the reputation” of a mark.¹⁰⁵ As such, there is no question that subsection (B)’s bar on claims for injury to “the distinctiveness or reputation of a mark” includes any claim for dilution by blurring or dilution by tarnishment, under state or federal law. Like the unsuccessful efforts to reconcile the FTDA’s “causes dilution” language with its legislative history in *Moseley*, attempts to reconcile the TDRA’s unambiguous text with its conflicting legislative history are doomed to fail. Reliance on courts to correct the drafting error is sorely misplaced. Justice Kennedy’s statement for a unanimous U.S. Supreme Court in *Lamie v. U.S. Trustee*, quoted at the outset of this article,¹⁰⁶ is a stern reminder that courts will not rescue Congress from its drafting errors. It therefore falls to Congress to fix its own errors.

Finally, the FTDA example teaches us that an ounce of prevention is worth a pound of cure. Some may acknowledge the drafting error in § 43(c)(6) but argue against amending the statute until problems arise. But the decade-long effort to fix the “sloppy drafting” in the FTDA teaches us that Congress should act to cure the scrivener’s error in § 43(c)(6) before its risks become a reality for trademark owners.

V. Conclusion

As the above discussion illustrates, there are compelling reasons for Congress to cure the drafting error in § 43(c)(6) of the Lanham Act. The bar on federal dilution claims in the current statute does little to further the legislative objectives of the federal registration defense, and actually undermines other important policy goals. It undermines the uniformity and predictability of federal trademark law and practice by creating conflicts with other provisions in the Lanham Act. Worst of all, it threatens the protection of famous marks--the very reason for the existence ***192** of dilution law--by limiting their owners’ ability to police the registration and subsequent use of diluting marks, and even prevent the registration of famous marks themselves.

In the end, as Justice Kennedy tells us, it falls to Congress to fix its own drafting error in § 43(c)(6) of the Lanham Act. It is beyond the power of the courts or the PTO to do so, even if they were inclined to make the attempt. The longer Congress waits to do so, the more it tempts fate that the error will be a harmless one, and that the risks it has created will not come to pass. But history teaches us that prevention is the best medicine because some harms--like the added burden of operating in an uncertain legal environment--are irreparable. The best cure for what ails the federal registration defense is swift congressional action to amend § 43(c)(6) of the Lanham Act.

Footnotes

^{a1} Professor Lemper is Clinical Associate Professor of Business Law and Ethics at Indiana University, a former intellectual property litigator at Finnegan, Henderson, Farabow, Garrett & Dunner, LLP in Washington, D.C., and a 2001 graduate of Harvard Law School. Zachary D. Bailey and Frank Odar III contributed to this article as research assistants.

^{d1} Candidate for B.A. in Political Science, Indiana University (expected 2012).

¹ *Lamie v. U.S. Tr.*, 540 U.S. 526, 542 (2004) (citation omitted) (discussing a legislative drafting error in U.S. Bankruptcy Code).

² See *For Want of a Nail* (Proverb), Wikipedia, [http://en.wikipedia.org/wiki/For_Want_of_a_Nail_\(proverb\)](http://en.wikipedia.org/wiki/For_Want_of_a_Nail_(proverb)) (last modified Nov. 12, 2010) (“For want of a nail the shoe was lost. For want of a shoe the horse was lost. For want of a horse the rider was lost. For want of a rider the battle was lost. For want of a battle the kingdom was lost. And all for the want of a horseshoe nail.”).

³ For examples of such tales, see Barbara Mikkelson, Million Dollar Comma, Snopes.com, <http://www.snopes.com/legal/comma.asp> (last updated Sep. 22, 2010) (describing how the U.S. government lost one million dollars in revenue because of a misplaced comma in the Tariff Act of 1872, which was intended to exempt “fruit plants” from import duty fees but instead exempted “fruit, plants”), and Grant Robertson, Comma Quirk Irks Rogers, *The Globe and Mail* (Toronto), Aug. 6, 2006, <http://www.theglobeandmail.com/report-on-business/article838561.ece> (explaining how a misplaced comma in a contract cost a company \$2.13 million in Canadian dollars).

⁴ Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, 120 Stat. 1730 (2006) (codified as amended in scattered sections of 15 U.S.C.).

⁵ Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, 109 Stat. 985 (1996) amended by Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, 120 Stat. 1730, 15 U.S.C. §§1125, 1127 (2006).

⁶ Lanham Act, 15 U.S.C. §§1051-1127 (2006).

⁷ See *infra* Part II.A-C. (tracing the evolution of the federal registration defense).

⁸ The USTA changed its name to the International Trademark Association (INTA) in 1993. History, INTA, http://www.inta.org/index.php?option=com_content&task=view&id=26&Itemid=122&getcontent=4 (last visited Sept. 12, 2010).

⁹ The United States Trademark Association Trademark Review Commission Report and Recommendations to USTA President and Board of Directors, 77 Trademark Rep. 375, 380 (1987) [hereinafter USTA Report].

¹⁰ Id. at 375. The USTA’s President and Board of Directors adopted the Commission’s report in its entirety on September 13, 1987. Id.

¹¹ Id. at 455.

¹² Id. at 454.

¹³ USTA Report, *supra* note 9, at 454-55, 455 n.134. The Commission noted that the origins of dilution law in the United States could

be traced back to “the seminal article by Frank Schechter.” *Id.* at 454 n.132 (citing Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 Harv. L. Rev. 813 (1927)).

¹⁴ USTA Report, *supra* note 9, at 456.

¹⁵ *Id.* at 458-59. The Commission considered but ultimately declined to recommend the creation of a “strong mark register” for famous marks that would be protected against dilution. See *id.* at 412-13 (discussing the possibility of a strong mark register).

¹⁶ *Id.* at 459. The full text of the proposed statute read:

The ownership of a valid registration under the Acts of 1881 or 1905 or on the principal register shall be a complete bar to an action brought by another person, under the common law or statute of a state, seeking to prevent dilution of the distinctiveness of a mark, label, or form of advertisement.

¹⁷ *Id.* at 459.

¹⁸ *Id.* at 462.

¹⁹ USTA Report, *supra* note 9, at 462.

²⁰ *Id.* at 458.

²¹ H.R. Rep. No. 100-1028, at 2 (1988), available at http://ipmall.info/hosted_resources/lipa/trademarks/PreLanhamAct_080_A_Report_07.htm (“Both bills were based on recommendations of the United States Trademark Association, which, through its Trademark Review Commission, reviewed the status of the current law, and concluded that Congress should revise and update that law.”).

²² See *supra* note 16 and accompanying text (providing the full text of the statute).

²³ S. 1883, 100th Cong. (1987), reprinted in 10 Jerome Gilson et al., *Gilson on Trademarks* VI-26 (2007). The full text of the provision read:

Ownership of a valid registration under the Act of 1881 or the Act of 1905 or on the principal register established herein shall be a complete bar to an action brought by another person, under the common law or statute of a State, seeking to prevent dilution of the distinctiveness of a mark, label, or form of advertisement.

²⁴ 100 Cong. Rec. S16546 (daily ed. Nov. 19, 1987) (remarks of Senator DeConcini on introduction of S. 1883), reprinted in Gilson et al., *supra* note 23, at VI-54 (“It would ... make a federal registration a complete defense to an action under state dilution law.”); see also The Trademark Law Revision Act of 1988: Hearing on S. 1883 Before the Subcomm. on Patents, Copyrights and Trademarks of the Senate Comm. on the Judiciary, 100th Cong. (1988) [hereinafter Hearing on S. 1883] (statement of John K. Uilkema, Chairman of Patent, Trademark, and Copyright Law Section, Am. Bar Ass’n) (“[T]he provision [§43(c)(3)] does not preclude dilution actions from being brought against the owner of a registration if the plaintiff owns a federal registration of its own mark. Such an action would be available under Section 43(a), as amended.”).

²⁵ See Hearing on S. 1883, *supra* note 24 (statement of Robert J. Eck, USTA President) (explaining why federal registration should bar state claims of dilution).

²⁶ See *id.* (statement of Michael A. Grow, Law Firm of Ward, Lazarus & Grow, Washington, D.C.) (testifying that dilution should be a ground for canceling a federal registration). Grow’s testimony pointed out the risk that an unscrupulous person could beat the owner of a “suddenly famous” mark in the race for a federal registration for the mark. In such circumstances, the owner of the famous mark would be barred from attacking the unscrupulous person’s registration (or use) of the mark based on dilution if

ownership of a federal registration were a defense to all dilution claims (under state and federal law). See *id.*

²⁷ 15 U.S.C. §1125(c)(2) (1996).

²⁸ *Id.*

²⁹ USTA Report, *supra* note 9, at 455, 455 n.134. The Commission noted that the concept of dilution in the United States had historically focused on “the gradual whittling away or dispersion of the identity and hold upon the public mind of [a] mark or name by its use upon noncompeting goods.” *Id.* at 453 n.132 (quoting Schechter, *supra* note 13, at 825). During Senate hearings, legislators were urged to amend the legislation to include injury to business reputation (i.e., tarnishment) in the definition of dilution, but declined to do so. See Hearing on S. 1883, *supra* note 24 (statement of Michael A. Grow, Law Firm of Ward, Lazarus & Grow, Washington, D.C.). Congress also declined to follow the USTA’s recommendation that Congress add a separate statutory provision in §43(a) of the Lanham Act to address tarnishment and disparagement. See USTA Report, *supra* note 9, at 426-27, 434 (setting forth recommendations).

³⁰ The Senate approved the proposed dilution legislation on May 13, 1988, but the House removed the dilution provisions, including the federal registration defense, from the Senate bill. See H.R. Rep. No. 100-1028, at 2 (1988), available at http://www.ipmall.info/hosted_resources/lipa/trademarks/PreLanhamAct_080_A_Report_07.htm (last visited Sept. 12, 2010); S. Rep. No. 100-515 (1988); 134 Cong. Rec. S5864 (daily ed. May 13, 1988), 134 Cong. Rec. S 5864, at *5867 (LEXIS); Bill Summary & Status, The Library of Congress, <http://thomas.loc.gov/cgi-bin/bdquery/z?d100:HR05372:@@CCC@@L&summ2=m&> (last visited Sept. 12, 2010) (detailing the legislative history of H.R. 5372).

³¹ Trademark Law Revision Act of 1988, Pub. L. No. 100-667, Title I, §118, 102 Stat. 3935 (1988), (codified as amended at 15 U.S.C. §1068 (1988)).

³² See, e.g., *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 430-31 (2003) (discussing the history of the 1988 dilution legislation as part of its analysis of the meaning of the dilution legislation enacted in 1995).

³³ Lanham Act §43(c), 15 U.S.C. §1125(c) (2006) (codified as amended).

³⁴ Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, 109 Stat. 985 (1996) (current version at 15 U.S.C. §1125 (2006)).

³⁵ See *supra* notes 24-26, 29 and accompanying text (detailing the limitations in the 1988 legislation).

³⁶ H.R. Rep. No. 109-23 (2005), reprinted in 2006 U.S.C.C.A.N. 1091.

³⁷ See *Moseley*, 537 U.S. at 432-33 (holding that the text of the FTDA “unambiguously requires a showing of actual dilution, rather than a likelihood of dilution”).

³⁸ See 4 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* §24:101 (4th ed. 2009) (“One of the key reasons for the 2006 revisions to the FTDA was to replace the actual dilution requirement with a softened requirement that only a ‘likelihood of dilution’ need be proven.”) (citing House Judiciary Committee Report, H.R. 109-23 on H.R. 683, 109th Cong. 1st. Sess., at 5 (2006)).

³⁹ Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, 109 Stat. 985 (1996) (current version at 15 U.S.C. §1125(c)(3) (2006)).

⁴⁰ 15 U.S.C. §1125(c)(6) (2006).

⁴¹ H.R. 683, 109th Cong. §2 (2005).

⁴² See *id.* (emphasis added); see also *supra* note 29 and accompanying text (noting that the FTDA made ownership of a federal registration a complete bar to claims for dilution by blurring, but not claims for dilution by tarnishment).

⁴³ H.R. 683, 109th Cong. §2 (2005).

⁴⁴ *Id.* (defining “dilution by blurring” as an association “that impairs the distinctiveness” of a famous mark, and defining “dilution by tarnishment” as an association “that harms the reputation” of a famous mark).

⁴⁵ See 4 McCarthy, *supra* note 38, §24:101 (“The intent was that federal registration was to be no defense to a charge of dilution under the [TDRA].”) (emphasis added).

⁴⁶ H.R. 683, 109th Cong. §2 (2005).

⁴⁷ See *supra* note 8 (explaining that the USTA changed its name to INTA in 1993).

⁴⁸ Trademark Dilution Revision Act of 2006: Hearing on H.R. 683 Before the Subcommittee on Courts, the Internet, and Intellectual Property of the House Committee of the Judiciary, 109th Cong. 17 (2005) (testimony of Anne Gundelfinger, President of INTA); see also 4 McCarthy, *supra* note 38, §24:101 (relying on Gundelfinger’s testimony as evidence of the legislative intent behind the TDRA because INTA was the “drafter and primary sponsor” of the legislation) (citation omitted).

⁴⁹ See *supra* Parts II.B.-C.

⁵⁰ See Black’s Law Dictionary 594 (9th ed. 2009) (defining *ejusdem generis* as a “canon of construction holding that when a general word or phrase follows a list of specifics, the general word or phrase will be interpreted to include only items of the same class as those listed.”). As applied to the originally drafted House version of the TDRA, *ejusdem generis* dictates that the broader, more general language referring to “any claim of actual or likely damage or harm to the distinctiveness or reputation of a mark” should be interpreted as including only state law claims of the sort specifically listed immediately before it (i.e., claims brought under state law that seek to prevent dilution by blurring or dilution by tarnishment).

⁵¹ See Bill Summary & Status, The Library of Congress, [http://thomas.loc.gov/cgi-bin/bdquery/z?d109:HR00683:@@CCC@L&summ2=m&\[hereinafter H.R. 683 History\]](http://thomas.loc.gov/cgi-bin/bdquery/z?d109:HR00683:@@CCC@L&summ2=m&[hereinafter H.R. 683 History]) (last visited Sep. 12, 2010) (detailing the legislative history of H.R. 683).

⁵² *Id.*

⁵³ H.R. 683, 109th Cong. (as reported by S. Comm. on the Judiciary, Feb. 27, 2006), available at http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=109_cong_bills&docid=f:h683rs.txt.pdf.

⁵⁴ See 4 McCarthy, *supra* note 38, §§24:101, 24:129 (noting that the text of the statute can be viewed as barring dilution claims under both state and federal law).

⁵⁵ See Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, 120 Stat. 1730 (2006) (codified as amended in scattered sections of 15 U.S.C.); see also H.R. 683 History, *supra* note 51 (noting that the House passed the Senate version).

⁵⁶ See 4 McCarthy, *supra* note 38, §24:101 (“The 2006 TDRA must largely speak from the text of the statute itself. There is very little legislative history.”).

⁵⁷ See 152 Cong. Rec. S1504 (daily ed. Feb. 27, 2006) (omitting any discussion of the change); 152 Cong. Rec. S1921-23 (daily ed. Mar. 8, 2006) (same); 152 Cong. Rec. H6963-65 (daily ed. Sep. 25, 2006) (same); H.R. 683 History, *supra* note 51 (same).

⁵⁸ The only other commentators to address the drafting error in §43(c)(6) in the academic literature have reached the same conclusion, with little discussion. See 4 McCarthy, *supra* note 38, §§24:129, 24-400 to 24-401 (citations omitted): The original 1996 FTDA provided a federal registrant a defense only to claims under state, not federal, antidilution law. The 2006 revision was intended to continue the same defense. However, due to the awkward wording and arrangement of the statute, it could be viewed as broader in scope. That is, the word “or” following §43(c)(6)(A)(ii) could be read to mean that the paragraph of §43(c)(6)(B) stands as an independent defense for a federal registrant as against a claim that “asserts any claim of actual or likely damage or harm to the distinctiveness or reputation of a mark, label, or form of advertisement.” This could include both state and federal antidilution claims.

Stacey L. Dogan & Mark A. Lemley, *Symposium Review: The Trademark Use Requirement in Dilution Cases*, 24 Santa Clara Computer & High Tech. L.J. 541, 548-49 & n.42 (2007) (citations omitted):

[The TDRA] may have substantially expanded the preemption of state and perhaps even federal laws by expanding a defense for the owners of registered marks, though it is not clear Congress intended this result.... While the plain language of this provision would appear to bar all federal dilution claims against owners of registered marks, the language almost certainly resulted from a drafting error.... The apparent preemption of all claims (federal and state) appeared later [in the Senate version], and presumably inadvertently, as a result of the reorganization of the section.

⁵⁹ See U.S. Patent & Trademark Office, *Trademark Trial and Appeal Board Manual of Procedure* §303.01 (2d ed., Rev. 1, 2004) [*hereinafter TBMP*], available at <http://www.uspto.gov/web/offices/dcom/ttab/tbtmp/> (including damage by dilution under 43(c) as a valid ground to “oppose or petition to cancel”).

⁶⁰ For examples of court cases, see *Argus Research Group, Inc. v. Argus Media, Inc.*, 562 F. Supp. 2d 260, 266, 281-82 (D. Conn. 2008) (analyzing plaintiff’s federal dilution claim against defendant’s use of its mark ENERGY ARGUS, without discussing defendant’s ownership of federal registrations for the marks as a defense under §43(c)(6)) and *Pan Am. World Airways, Inc. v. Flight 001, Inc.*, No. 06 Civ. 14442, 2007 U.S. Dist. Lexis 51012, at *53-56 (S.D.N.Y. July 13, 2007) (analyzing plaintiff’s likelihood of success on its federal dilution claim based on defendant’s use of its mark FLIGHT 001, without discussing defendant’s ownership of federal registrations for the mark as a defense under §43(c)(6)).

For examples of cases before the PTO’s Trademark Trial and Appeal Board (TTAB), see *Outdoor Kids, Inc. v. Parris Mfg. Co., Inc.*, Cancellation Nos. 92045687 and 92046943, 2009 TTAB LEXIS 75, at *1-2, 31-32 (T.T.A.B. Mar. 9, 2009) (stating that “Section 14 [of the Lanham Act] provides that dilution by blurring or by tarnishment under Section 1125(c) is a basis for bringing a cancellation action,” but denying petition to cancel federal registration on the ground that petitioner failed to prove that its mark was famous), *aff’d*, 2010 U.S. App. LEXIS 14092 (Fed. Cir. July 9, 2010); *Asics Corp. v. Chase Ergonomics Inc.*, Cancellation No. 92043354, 2006 TTAB LEXIS 488, at *2-5 (T.T.A.B. Dec. 15, 2006) (denying federal registrant’s motion for summary judgment on petitioner’s claim for cancellation based on dilution).

⁶¹ The drafting error garnered little more than a footnote in the academic literature. See *supra* note 58 (discussing the lack of attention).

⁶² *Jada Toys, Inc. v. Mattel, Inc.*, 518 F.3d 628, 632-34 (9th Cir. 2008). The Ninth Circuit’s decision applying §43(c)(6) of the TDRA was an amended version of its earlier opinion applying its statutory predecessor, §43(c)(3) of the FTDA. See *Jada Toys Inc. v. Mattel Inc.*, 496 F.3d 974 (9th Cir. 2007) amended and superseded by 518 F.3d 628 (9th Cir. 2008).

⁶³ See *Jada Toys*, 518 F.3d at 634-35 & n.4 (citing Lanham Act §14, 15 U.S.C. §1064 (2006)). Section 14 states that a petition to cancel a registration on the principal register may be filed “by any person who believes that he is or will be damaged, including as a result of a likelihood of dilution by blurring or dilution by tarnishment under section 1125(c) of this title [§43(c)(6) of the Lanham Act], by the registration of a mark on the principal register.” This includes both a claim that a mark is likely to cause confusion and a claim that a mark is likely to cause dilution. See Lanham Act §43(a)(1)(A), 15 U.S.C. §1125(a)(1)(A) (2006) (prohibiting use of a mark that is “likely to cause confusion”); Lanham Act §43(c)(1), 15 U.S.C. §1125(c)(1) (2006) (prohibiting use of a mark that is “likely to cause dilution by blurring or dilution by tarnishment”); TBMP, *supra* note 59, §307.02 (stating that §14 claims can be based on likelihood of confusion and/or dilution).

⁶⁴ Jada Toys, Inc. v. Mattel, Inc., No. 2:04-cv-02755-RGK-FMO, 4 (C.D. Cal. Mar. 28, 2005).

⁶⁵ Jada Toys, 496 F.3d at 981 & n.4 (applying Lanham Act §43(c)(3), 15 U.S.C. §1125(c)(3) (1994)).

⁶⁶ Jada Toys, 518 F.3d at 634 n.2.

⁶⁷ Jada Toys, 518 F.3d at 634-36 (discussing Mattel's dilution claim); Jada Toys, 496 F.3d at 980-82 (same).

⁶⁸ Section 14 of the Lanham Act permits a party to petition to cancel a registration on the Principal Register, and §24 of the Lanham Act permits a party to petition to cancel a registration on the Supplemental Register. See Lanham Act §§14, 24, 15 U.S.C. §§1064, 1092 (2006). Both sections permit such petitions to be based on the party's assertion that the registered mark is likely to cause dilution of the party's mark in violation of §43(c) of the Lanham Act. See Lanham Act §§14, 24, 15 U.S.C. §§1064, 1092 (2006) (citing Lanham Act §43(c), 15 U.S.C. §1125(c) (2006)). The PTO's procedures follow this approach. See TBMP, *supra* note 59, §303.01 (permitting petitions to cancel existing federal registrations based on claims for dilution under §43(c) of the Lanham Act).

⁶⁹ U.S. Trademark Application Serial No. 78,788,349 (filed Jan. 10, 2006). The application covered decorative pillows, tumblers, soap dishes, toothbrush holders, wastebaskets, bed sheets, pillow cases, comforters, bedspreads, quilts, pillow shams, dust ruffles, bed skirts, duvet covers, bath towels, wash cloths, and shower curtains. *Id.*

⁷⁰ *Id.*

⁷¹ Gap owns several federal registrations for a family of GAP-formative marks. E.g., THE GAP, Registration No. 0,944,941; BABY GAP, Registration No. 1,675,154; GAP ATHLETIC, Registration No. 1,950,476; GAP OUTLET, Registration No. 2,020,323, GAP BODY, Registration No. 2,356,121; GAP SCENTS, Registration No. 2,006,270; GAP SILVER, Registration No. 3,535,001; GAP.COM, Registration No. 2,540,610; GAP SELECT, Registration No. 3,105,229; and GAP KIDS, Registration No. 1,416,059. The TTAB has held that Gap's mark GAP is famous for dilution purposes. See *Gap (Apparel) LLC v. Gap One Enters. LLC*, Opposition No. 91172505, 2008 TTAB LEXIS 621, at *16 (T.T.A.B. July 28, 2008) ("In view of the foregoing, [Gap] has established that its GAP trademarks are famous and thus entitled to a broad scope of protection.").

⁷² See File History for U.S. Trademark Application Serial No. 78,788,349 (filed Jan. 10, 2006), available at <http://tarr.uspto.gov/servlet/tarr?regser=serial&entry=78788349> (last visited Nov. 13, 2010) (noting that "Extension Of Time To Oppose Received" on Sept. 20, 2006); Gap's First 30 Day Request for Extension of Time to Oppose, U.S. Trademark Serial Application No. 78,788,349 (filed Sep. 20, 2006), available at <http://ttabvue.uspto.gov/ttabvue/v?pno=78788349&pty=EXT&eno=1> (last visited Nov. 13, 2010) (requesting extension of time to oppose); TTAB's Grant of Extension of Time to Oppose, U.S. Trademark Serial Application No. 78,788,349 (filed Sept. 20, 2006), available at <http://ttabvue.uspto.gov/ttabvue/v?pno=78788349&pty=EXT&eno=2> (last visited Nov. 13, 2010) (noting that the extension of time was granted). Gap's request for extension of time did not specify the nature of its opposition, but there are some likely possibilities: Gap may have believed that WP's mark would dilute its famous GAP mark or infringe its GAP KIDS mark.

⁷³ See File History for U.S. Trademark Application Serial No. 78,788,349 (filed Jan. 10, 2006), available at <http://tarr.uspto.gov/servlet/tarr?regser=serial&entry=78788349> (last visited Nov. 13, 2010) (noting that "Extension Of Time To Oppose Process - Terminated" on Dec. 4, 2006).

⁷⁴ See *id.* (noting that a notice of allowance was issued).

⁷⁵ See *id.* (noting that the application was abandoned). Gap was also lucky because it still could have asserted a claim against WP for infringement of its GAP KIDS mark, even though the PTO's examining attorney found no likelihood of confusion between the parties' marks. See Office Action, U.S. Trademark Application Serial No. 78,788,349 (filed May 9, 2006) ("The examining

attorney has searched the Office records and has found no similar registered or pending mark which would bar registration under Trademark Act Section 2(d), 15 U.S.C. §1052(d). TMEP §704.02.”). It is unclear if WP’s decision was the result of a settlement agreement with Gap, fear of litigation, or other business factors.

⁷⁶ 15 U.S.C. §1125(c)(6) (2006).

⁷⁷ See *supra* Part II.

⁷⁸ See Schechter, *supra* note 13, at 831-33 (“Our conclusion that the preservation of the uniqueness of a trademark should constitute the only rational basis for its protection is fortified by the doctrine that has developed within recent years in German law on this same point.”); see also *supra* note 13 (noting that the origins of dilution law in the United States can be traced back to Schechter’s article).

⁷⁹ See *supra* notes 20 and 25 and accompanying text (listing the goals of the federal registration defense).

⁸⁰ See Hearing on S. 1883, *supra* note 24 (statement of Michael A. Grow) (discussing the risk that a person could beat the owner of a “suddenly famous” mark in the race for federal registration, which—if federal registration were a defense to federal dilution claims—would prevent the owner of the famous mark from attacking the registration based on dilution).

⁸¹ See Lanham Act §1(b), 15 U.S.C. §1051(b) (2006) (allowing applications for federal registration of marks based on a bona fide intention to use the marks in interstate commerce); 37 C.F.R. §2.34(a)(2) (2009) (PTO Rules of Practice in Trademark Cases) (same).

⁸² Apart from ensuring that applications comply with PTO filing requirements, the PTO’s examining attorneys review applications only to determine if applied-for marks are likely to cause confusion with other marks that are the subject of existing federal registrations or pending applications. See TBMP, *supra* 59, §702.03(b) (requiring PTO examining attorneys to review use-based applications for likelihood of confusion with other marks); *Id.* §1102.01 (requiring PTO examining attorneys to review intent-to-use applications for likelihood of confusion with other marks). The PTO’s examining attorneys do not review applications to determine if the applied-for mark is likely to cause dilution of a famous mark, even if the applied-for mark is similar or identical to a mark that a court or the TTAB has previously found to be famous. As a result, marks that proceed to registration are less likely to be cancelled based on infringement than on dilution because the marks have already been screened by the PTO for likelihood of confusion (i.e., infringement).

⁸³ See *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 431 (2003) (discussing Congress’s use of DUPONT shoes, BUICK aspirin, and KODAK pianos as examples of dilution that would be actionable under the FTDA) (citing H.R. Rep. No. 104-374, at 3 (1995); 141 Cong. Rec. 38559-61 (daily ed. Jan. 11, 1995)).

⁸⁴ After the PTO’s examining attorney finds that an application is entitled to registration, notice of the PTO’s approval of the application is published in the weekly edition of the Official Gazette. See Lanham Act §12, 15 U.S.C. §1062 (1995) (current version at 15 U.S.C. §1062 (2006)). Anyone who believes that they will be damaged by registration of the applied-for mark can file a notice of opposition with the TTAB. See Lanham Act §13(a), 15 U.S.C. §1063(a) (2006); 37 C.F.R. §2.101(b) (2009).

⁸⁵ 37 C.F.R. §2.102(c) (2009).

⁸⁶ If an opposition is filed, the TTAB adjudicates the opposition in an inter partes administrative proceeding similar to civil litigation in court. See generally TBMP, *supra* note 59, §102 (detailing the nature of TTAB proceedings). If an opposition is not filed or is filed but fails, the application proceeds to registration. See Lanham Act §13(b), 15 U.S.C. §1063(b) (2006). If the application was filed based on an intent to use the mark, the PTO will issue a “notice of allowance” for registration but will not issue the actual registration until the applicant submits a “Statement to Allege Use” and accompanying evidence with the PTO demonstrating that it has begun using the mark in commerce. See Lanham Act §1(d), 15 U.S.C. §1051(d) (2006) (describing the verified statement that trademark is used in commerce); Lanham Act §13(b)(2), 15 U.S.C. §1063(b)(2) (2006) (stating that a notice of allowance

should be issued unless registration is successfully appealed); TBMP, *supra* note 59, §901.02(b) (describing the process). The applicant has six months to file the statement of use and submit evidence of use to the PTO, but it can request additional extensions of time to file the statement of use (up to three years from the date that the application was approved for registration). Lanham Act §1(d), 15 U.S.C. §1051(d) (2006).

⁸⁷ See Lanham Act §43(c), 15 U.S.C. §1125(c) (1995) (current version at 15 U.S.C. §1125(c) (2006)) (providing owners of famous trademarks with a civil cause of action for trademark dilution); see also *supra* note 68 and accompanying text (discussing §§14 and 24 of the Lanham Act and PTO procedures allowing parties to assert dilution claims under federal law as a basis for cancelling existing federal registrations).

⁸⁸ The Lanham Act defines trademark infringement as the use of a mark that is likely to cause confusion, mistake, or deception about the origin, sponsorship, or approval of a person's goods or about the person's affiliation, connection, or association with another person. Lanham Act §43(A)(1)(a), 15 U.S.C. §1125(A)(1)(a) (2006).

⁸⁹ As explained above, the registration of a diluting mark reflects the PTO's determination that the mark is not likely to cause confusion with (i.e., infringe) any mark on the Principal Register. See *supra* note 82 and accompanying text (describing the review process). The ex parte determinations of the PTO's examining attorneys are not binding on courts or the TTAB, but some courts give them weight. 6 McCarthy, *supra* note 38, §32:95.

⁹⁰ Lanham Act §14(3), 15 U.S.C. §1064(3) (2006).

⁹¹ To cause dilution, a diluting mark must be "identical or nearly identical" to the famous mark. See, e.g., *Thane Int'l, Inc. v. Trek Bicycle Corp.*, 305 F.3d 894, 906 (9th Cir. 2002) (citations omitted) (applying the "identical or nearly identical" standard); *Toro Co. v. ToroHead, Inc.*, 61 U.S.P.Q.2d 1164, 1183 (T.T.A.B. 2001) (citations omitted) (noting that marks need to be identical or substantially similar). If a diluting mark has become generic, it is highly likely that the famous mark it allegedly dilutes has also become generic.

⁹² Consider, for example, how much the owners of famous marks like DUPONT, BUICK, and KODAK might pay a party to abandon a federal registration for the mark DUPONT for shoes, BUICK for aspirin, or KODAK for pianos-- especially if it was the only way to cancel the registration and prevent the use of the mark. See *supra* note 83 (noting Congress's use of DUPONT, BUICK, and KODAK as examples).

⁹³ See, e.g., *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 170 F.3d 449, 455 (4th Cir. 1999) (taking notice of the suggestion that "a state cause of action for dilution might interfere with the federal policy of uniform, national trademark protection implemented under the Lanham Act" (citation omitted)); *Transgo, Inc. v. AJAC Transmission Parts Corp.*, 768 F.2d 1001, 1025 (9th Cir. 1985) (recognizing the "congressional purpose of uniformity and simplicity in trademark laws"); *Rickard v. Auto Publisher, Inc.*, 735 F.2d 450, 457 (11th Cir. 1984) ("[W]e guide ourselves generally by the purposes of the Lanham Act and the intent of Congress in enacting it. As a general rule, the cardinal purpose, intent or purport of the whole act shall control, and all parts shall be interpreted as subsidiary and harmonious." (citation omitted)).

⁹⁴ See *supra* note 68 and accompanying text (discussing the process).

⁹⁵ 15 U.S.C. §1125(c)(1) (1995) (current version at 15 U.S.C. §1125(c)(1) (2006)).

⁹⁶ See *Oversight Hearing on the Federal Trademark Dilution Act Before the H. Subcomm. on Courts, the Internet, and Intellectual Property*, 107th Cong. (Feb. 14, 2002) (statement of Kathryn Park, INTA Executive Vice President), available at http://www.inta.org/index.php?option=com_content&task=view&id=557&Itemid=152&getcontent=3 (last visited Sep. 12, 2010) (testifying as to Congress's intent to adopt a "likelihood of dilution" standard in the FTDA); *Stacey Dogan, What Is Dilution, Anyway?*, 105 Mich. L. Rev. First Impressions 103, 103 (2006), available at <http://www.michiganlawreview.org/articles/what-is-dilution-anyway> ("Congress almost certainly meant to adopt a 'likelihood of dilution' standard"); *Matthew C. Oesterle, It's As Clear As Mud: A Call to Amend the Federal Trademark Dilution Act of 1995*, 81 Chi.-Kent L. Rev. 235, 261-62 (2006) (discussing the "likelihood of dilution" standard in the USTA Report that served as the

basis for the FTDA).

⁹⁷ Dogan, *supra* note 96, at 103 (explaining that the TDRA corrected “sloppy drafting” in the FTDA by clarifying that the statute requires only proof that a mark is “likely to cause dilution,” in response to court rulings interpreting the FTDA as requiring proof of “actual dilution”).

⁹⁸ *Id.* (“[T]he 2006 revisions correct [Congress’s] sloppy drafting.... Congress had good reason to correct its drafting error and restore a likelihood of dilution standard to the FTDA.”); see also Oesterle, *supra* note 96, at 260 (concluding that Congress’s use of the phrase “causes dilution” was “the result of poor drafting”).

⁹⁹ See Oesterle, *supra* note 96, at 260-62 (discussing the split between courts interpreting the FTDA to require proof of “likelihood of dilution” based on the legislative history of the Act and courts interpreting the FTDA to require proof of “actual dilution” based on the plain meaning of the statute’s text).

¹⁰⁰ *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 433 (2003).

¹⁰¹ See *V Secret Catalogue, Inc. v. Moseley*, 558 F. Supp. 2d 734, 737-39 (W.D. Ky. 2008) (recounting the split among courts over whether the FTDA required proof of actual dilution, the Supreme Court’s holding in *Moseley* that it does, and Congress’s passage of the TDRA amending the FTDA to adopt a “likelihood of dilution” standard).

¹⁰² See, e.g., *Westchester Media Co. v. PRL USA Holdings, Inc.*, No. H-97-3278, 1999 U.S. Dist. LEXIS 12369 (S.D. Tex. Aug. 4, 1999) (noting a defense that sought relief under anti-dilution statute); *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Devel.*, 955 F. Supp. 605 (E.D. Va. 1997) (noting that Ringling sought relief under the Lanham Act), aff’d, 170 F.3d 449 (4th Cir. 1999).

¹⁰³ The relative absence of scholarly and practitioner articles discussing the drafting error in §43(c)(6) also helps to explain why litigants have not yet raised the issue in court or PTO proceedings. See *supra* notes 58 and 60.

¹⁰⁴ See *supra* notes 59-60 and accompanying text.

¹⁰⁵ See *supra* note 44 (citing Lanham Act §§43(c)(2)(B)-(C), 15 U.S.C. §1125 (c)(2)(B)-(C) (2006)).

¹⁰⁶ See *supra* note 1 and accompanying text.