PREVENTING DILUTION OF THE FEDERAL TRADEMARK DILUTION ACT: WHY THE FTDA REQUIRES ACTUAL ECONOMIC HARM

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INTRODUCTION

Judicial interpretation of the Federal Trademark Dilution Act of 1995 (FTDA), which created a federal cause of action to afford famous marks protection against later, unauthorized uses that blur, tarnish, or harm these marks' distinctiveness, has been unnecessarily inconsistent. Courts have reached conflicting conclusions regarding a claimant's prima facie requirements under the FTDA ever since the statute's enactment, despite the FTDA's intended effect of providing "predictability and uniformity" to trademark dilution law. Not only has their analysis of what constitutes a famous trademark deserving of federal protection been incongruent, the judiciary has also split over what must be shown to prove actionable dilution. Specifically, the Fourth and Fifth Circuits have maintained that a claimant must show actual economic injury to its famous mark in order to prevail under

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3 Id. § 1125(c); see also H.R. REP. No. 104-374, at 2 (1995) (stating that the main reason Congress passed the FTDA was to "protect famous trademarks from subsequent uses that blur the distinctiveness of the mark or tarnish or disparage it").
5 See Adam Omar Shanti, Comment, Measuring Fame: The Use of Empirical Evidence in Dilution Actions, 5 MARQ. INTELL. PROP. L. REV. 177, 189 (2001) (observing that because dilution decisions have been based more on judicial intuition than on empirical evidence, current dilution jurisprudence has "produced an array of incongruent determinations as to whether a trademark is famous").
6 For purposes of this Comment, I will use the terms "actual harm," "actual economic harm," "actual economic loss," "actual economic injury," and "actual dilution" interchangeably.

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the FTDA, while the Second, Third, Sixth, and Seventh Circuits have held that a plaintiff need only demonstrate a likelihood of harm.\(^6\)

The Supreme Court has yet to resolve this "circus among the circuits,\(^7\) but if the high Court eventually grants certiorari for an FTDA claim, this Comment contends that the Court must adopt the actual economic harm standard; the FTDA requires nothing less. Part I of this Comment provides an overview of trademark law, mapping out in particular the history and origins of dilution theory and its culmination in the FTDA. Part II highlights the three ways in which a trademark can be diluted under the FTDA: cybersquatting, tarnishment, and blurring. Part III discusses current federal dilution jurisprudence and outlines two appellate decisions (and their progeny) representing ground zero of the actual harm versus likelihood of injury debate. The Comment concludes in Part IV by contending that the decisions that required an actual economic harm test to prove dilution are on the jurisprudential path most aligned with Congressional intent, the language of the FTDA, and the underlying purposes of trademark law. On the other hand, the circuits that follow the likelihood of dilution standard provide incentives for judicial irresponsibility, subjective intuition rather than law-based decision making, and statutory interpretative abuse, resulting in anticompetitive (and thus, anti-FTDA) effects.

I. THE HISTORY OF DILUTION THEORY AND ITS CULMINATION IN THE FTDA

A. Trademark Protection: A Brief Introduction\(^8\)

Trademarks are the distinctive names, slogans, devices, designs, or symbols used by companies or individuals to distinguish, identify, and advertise the source of their products and services to consumers.\(^9\) In

\(^6\) The terms "likelihood of harm," "likelihood of injury," and "likelihood of dilution" also will be used synonymously in this Comment.

\(^7\) Xuan-Thao N. Nguyen, A Circus Among the Circuits: Would the Truly Famous and Diluted Performer Please Stand Up? The Federal Trademark Dilution Act and Its Challenges, 1 J. INTELL. PROP. 158, 158 (2000) (noting that each circuit court that has addressed the FTDA has "its own idea about dilution . . . , the meaning of dilution, . . . and how to prove dilution" and that it may be time for the Supreme Court to clarify the meaning of the Act).

\(^8\) For a primer on trademark law, see SHELDON W. HALPERN ET AL., FUNDAMENTALS OF UNITED STATES INTELLECTUAL PROPERTY LAW: COPYRIGHT, PATENT, AND TRADEMARK 275-358 (1999).

\(^9\) See 15 U.S.C. § 1127 (1994) ("The term 'trademark' includes any word, name,
identifying and differentiating products, trademarks facilitate advertising and marketing by efficiently conveying to the minds of consumers positive associations between goods and the company that is the source of those goods.\textsuperscript{10} Trademarks compactly inform buyers that they will receive the same quality of products that they previously purchased from a company, ensuring them a consistent level of quality in the goods and services provided by that company.\textsuperscript{11} Thus, as consumer recognition of the mark and its associated product or service line increases, the trademark’s value increases: it “comes to embody the goodwill built up in consumers based on their experience with [that] product.”\textsuperscript{12}

If two or more trademarks in the marketplace are the same or very similar, they are likely to cause consumer confusion, especially if the marks are present in the same product or service market. Trademark

\textsuperscript{10} Lynda J. Oswald, “Turnishment” and “Blurring” Under the Federal Trademark Dilution Act of 1995, 36 AM. BUS. L.J. 255, 255-56 (1999); see also Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co., 316 U.S. 203, 205 (1942) (defining trademarks as “merchandising short-cut[s]” and stating that the purpose of such marks is “to convey through the mark, in the minds of potential customers, the desirability of the commodity upon which it appears”).

\textsuperscript{11} See Qualitex Co. v. Jacobson Prods. Co., 514 U.S. 159, 163-64 (1995) ("[T]rademark law, by preventing others from copying a source-identifying mark, reduces the customer’s costs of shopping and making purchasing decisions [because a] potential customer [is assured] that this item—the item with this mark—is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past." (citations and internal quotation marks omitted)); 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 2:3, at 2-3 (4th ed. 1996) ("[A] trademark is merely a symbol that allows a purchaser to identify goods or services that have been satisfactory in the past and reject goods or services that have failed to give satisfaction."); FRANK I. SCHECHTER, THE HISTORICAL FOUNDATIONS OF THE LAW RELATING TO TRADE-MARKS 166 (1925) (stating that "the public is concerned with the trade-mark not so much as an indication of origin but as a guaranty of quality").

\textsuperscript{12} Courtland L. Reichman, State and Federal Trademark Dilution, 17 FRANCHISE L.J. 111, 111 (1998); see also Yale Elec. Corp. v. Robertson, 26 F.2d 972, 974 (2d Cir. 1928) (Hand, J.) (stating that "[a merchant’s] mark is his authentic seal; by it he vouches for the goods which bear it; it carries his name for good or ill. If another uses it, he borrows the owner’s reputation, whose quality no longer lies within his own control"); Gerard N. Magliocca, One and Inseparable: Dilution and Infringement in Trademark Law, 85 MINN. L. REV. 949, 958 (2001) ("Marks also encourage producers to invest in quality by ensuring that they will reap the benefit of a fine reputation. Without trademark protection, competitors could poach on the goodwill of a firm by putting that firm’s mark on their own goods." (citation omitted)).
infringement is designed to remedy this situation by protecting purchasers from being confused by the concurrent uses of the marks on the goods as well as the relationship between the companies that produce and sell the goods. Every infringement suit is thus centered on the likelihood of consumer confusion. The laws proscribing trademark infringement therefore serve to protect consumers in their purchasing decisions and to prevent company injury manifested in diverted customers due to free-riding on the more famous marks.

Trademark dilution laws, on the other hand, are not designed to protect consumers per se but the trademarks themselves and their owners. Dilution seeks to safeguard the advertising power of marks—their persuasive ability to sell products. In this regard, dilution differs from traditional infringement in that infringement concerns competing parties' trademarks, while dilution concerns competing as well as noncompeting parties' trademarks.

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13 See E. & J. Gallo Winery v. Gallo Cattle Co., 967 F.2d 1280, 1290 (9th Cir. 1992) ("The core element of trademark infringement is the likelihood of confusion, i.e., whether the similarity of the marks is likely to confuse customers about the source of the products."); Christopher R. Perry, Note, Trademarks as Commodities: The "Famous" Roadblock to Applying Trademark Dilution Law in Cyberspace, 32 CONN. L. REV. 1127, 1130 (2000) (stating that trademark infringement was created to "protect consumers from confusing products"). The Lanham Act codified this theory of trademark infringement, offering protection against uses that are "likely to cause confusion, or to cause mistake, or to deceive." 15 U.S.C. § 1114(1) (1994).

14 Without a remedy for trademark infringement, "cheap knockoffs" would be able to use the marks of more famous, blue-chip companies, making it hard for the well-known companies to distinguish their items, thereby "reduc[ing] the incentive for [such] companies to pursue quality," leaving "consumers worse off." Magliocca, supra note 12, at 958.

15 See Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 955 F. Supp. 605, 615 (E.D. Va. 1997) ("Dilution is concerned not with protecting consumers, but with protecting a property interest held by the owner of a famous mark."); aff'd, 170 F.3d 449 (4th Cir. 1999); Magliocca, supra note 12, at 961 ("Since dilution focuses on the marks themselves rather than on consumers, the concept is characterized as more akin to trespass than to consumer protection law."); Eric A. Prager, The Federal Trademark Dilution Act of 1995: Substantial Likelihood of Confusion, 7 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 121, 123 (1996) (distinguishing trademark infringement and dilution by stating that damage due to dilution is "manifested not in diverted customers, but in harm to the mark itself"). Dilution seeks to protect trademark owners who have "gone to great lengths" to develop marks that are commercially marketable and distinct. Id. at 965; see also H.R. REP. NO. 104-374, at 3 (1995) ("The concept of dilution recognizes the substantial investment the owner has made in the mark and the commercial value and aura of the mark itself, protecting both from those who would appropriate the mark for their own gain."). reprinted in 1995 U.S.C.C.A.N. 1029, 1030.

16 Magliocca, supra note 12, at 960.

17 Bidlingmaier, supra note 3, at 283. Dilution also differs from infringement in
Dilution is the diminishment of the capacity of a distinctive trademark to identify and distinguish the source of goods and services bearing that mark.\(^8\) This is "serious injury" to a trademark's essence since identifying and distinguishing the source of products is the very function of a company's mark.\(^9\) Laws proscribing dilution are therefore directed to protect the distinct nature of a trademark and its associated selling power from being destroyed by those who appropriate the mark for their own gain, whether or not there is consumer confusion.\(^20\)

The addition of trademark dilution to the Lanham Act is "vital" in that it "fills a void [that exists for owners of] famous trademarks unable to sustain an infringement claim against the user of their mark on a non-competing product or service."\(^21\) In other words, dilution begins where infringement and its likelihood of confusion test reach their doctrinal limits.\(^22\)

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\(^9\) Prager, supra note 14, at 123 ("[A] mark's capacity to identify a particular source is its raison d'être . . . .").

\(^20\) The absence of consumer confusion would occur when a trademark is used on noncompeting, unrelated goods or services. For example, the presence in the marketplace of Microsoft shoes may dilute the Microsoft trademark for computer software as consumers would cease to think exclusively of software products when they hear the name of Microsoft or see its logo. A proliferation of a Microsoft footwear line unaffiliated with the software company would harm the mark's commercial attractiveness. See Hearings on H.R. 11,592 Before the House Comm. on Patents, 72d Cong. 15 (1932) (statement of Frank I. Schechter) ("If you allow Rolls Royce restaurants, and Rolls Royce cafeterias, and Rolls Royce pants, and Rolls Royce candy, in 10 years you will not have the Rolls Royce mark anymore."); Madrid Protocol Implementation Act and Federal Trademark Dilution Act of 1995: Hearing on H.R. 1270 and H.R. 1295 Before the Subcomm. on Courts and Intellectual Prop. of the House Comm. on the Judiciary, 104th Cong. 124 (1996) [hereinafter Madrid Protocol] (statement of Thomas E. Smith, Chair, Section of Intellectual Property Law, American Bar Association) (reiterating Schechter's Rolls-Royce example).


\(^22\) Some commentators go so far as to contend that dilution necessarily follows infringement and consumer confusion. See Magliocca, supra note 12, at 966 ("[I]t is more accurate to say that infringement follows a fortiori from dilution.").
B. Professor Schechter and the Birth of Dilution Theory

Professor Frank Schechter is generally credited with originating the theory of trademark dilution in his 1927 article *The Rational Basis of Trademark Protection*. His historical account and criticism of early twentieth-century trademark protection in *The Historical Foundations of the Law Relating to Trade-Marks*, written just two years before his seminal article, highlighted trademark law's inability to keep pace with modern commercial trade and the post-Industrial Revolution explosion. Schechter's critique of trademark law's "stagnation" was the "launching point" for his 1927 article.

Schechter described dilution as 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." This "whittling away" was the injury Schechter believed needed legal protection. He argued that certain trademark uses on noncompeting goods, while not creating any buyer confusion as to the source of such goods, nev-
ertheless constituted a wrong against the trademark's owner.\footnote{Schechter, \textit{supra} note 22, at 825.}

Therefore, according to Schechter, "the preservation of the uniqueness of a trademark" was the only rational basis for the mark's protection.\footnote{\textit{Id.} at 831. Schechter was concerned that a diluted trademark would lose its "effectiveness and unique distinctiveness," thereby eroding the goodwill and capital a company had invested in the trademark. \textit{Id.} at 830. He argued:}

\begin{quote}
The owner of a trade-mark who expends large sums of money in making his mark known to the public as a symbol and guarantee of the excellence of the quality of his product should receive the same protection from the courts for his investment... that he would undoubtedly be entitled to receive for investment in plant or materials.
\end{quote}

\textit{Schechter, \textit{supra} note 11, at 171.}

\footnotetext{Schechter, \textit{supra} note 23, at 830. Although Schechter did not specifically describe his proposal as giving rise to trademark rights in gross, such rights would be apparent in Schechter's own search for trademark rights no more limited than rights in the physical assets of a business. \textit{Id.} This notion of dilution theory creating an in-gross property right in a trademark is the anticompetitive fear that concerns this Comment and is the centerpiece of most dilution theory criticism. \textit{See Klieger, \textit{supra} note 25, at 851-64} (arguing that dilution law gives rise to trademark rights in gross, which poses an anticompetitive threat to market efficiency and consumer welfare); Kenneth L. Port, \textit{The "Unnatural" Expansion of Trademark Rights: Is a Federal Dilution Statute Necessary?}, 18 \textit{SETON HALL LEGIS. J.} 433, 486-87 (1994) (opining that dilution theory not only protects a mark as if "copyrightable subject matter," but also protects how a mark is perceived in the minds of the consumer, thereby creating "monopolies in ideas in the abstract" and thus enhancing the barrier to new competition in related and unrelated markets); Brian Lerner, Note, \textit{Sneaking Through the Back Door with Pepperidge Farm: The Monopoly Advantage of Dilution}, 20 \textit{LOY. L.A. ENT. L. REV.} 429, 455 (2000) (contending that overbroad interpretations of dilution law creating trademark rights in gross, akin to copyright and patent law, may lead to perpetual monopolies over common words and generic shapes undeserving of legal protection); Jonathan Mermin, Note, \textit{Interpreting the Federal Trademark Dilution Act of 1995: The Logic of the Actual Dilution Requirement}, 42 \textit{B.C. L. REV.} 207, 210 (2000) (commenting that the property-right-in-gross view of trademark ownership is "in tension with the traditional justification for trademark protection in the United States, which is based not on the interests of the trademark owner, but on the interests of consumers in the marketplace").}

\footnotetext{Schechter's thesis was called "radical" by one commentator. Beverly W. Pattishall, \textit{The Dilution Rationale for Trademark—Trade Identity Protection, Its Progress and Prospects}, 71 \textit{NW. U. L. REV.} 618, 619 (1976).}
In 1947, Massachusetts became the first state to codify the theory of trademark dilution. The state's antidilution statute provided: "Likelihood of injury to business reputation or of dilution of the distinctive quality of a trade name or trade-mark shall be a ground for injunctive relief... notwithstanding the absence of competition between the parties or of confusion as to the source of goods or services."

Other states followed Massachusetts's lead and by January 1996, when the FTDA was signed into law, a total of twenty-eight states had adopted similar antidilution statutes.

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Despite the majority of states including antidilution provisions in their statutes, however, the application of these laws created problems. In particular, state dilution laws lacked uniformity and consistency in their application which led to an uneven "patch-quilt system" of state dilution jurisprudence. This lack of harmonization and the forum shopping it encouraged created calls to nationalize dilution protection and to provide judicial uniformity.

D. The Scope and Provisions of the FTDA

"Under increasing pressure to provide uniform protection for trademarks throughout the United States in order to facilitate [domestic commerce and international trade]," Congress amended the
Lanham Act of 1946 to provide a federal cause of action for trademark dilution. With overwhelming approval and little debate, the Federal Trademark Dilution Act was passed by the House of Representatives on December 16, 1995, by the Senate on December 29, 1995, and was signed into law on January 16, 1996. The FTDA provides federal protection of famous marks against dilution by the subsequent and unauthorized use of others, regardless of whether the mark is used on similar or noncompeting goods.

According to the FTDA, dilution is "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." For a claim to be successful under the FTDA, the plaintiff must first show that its mark is "famous."
Upon proving the trademark's fame and distinctiveness, the plaintiff is then required to show that the defendant's mark "causes dilution of the distinctive quality of the [plaintiff's] mark." In this regard, the federal statute substantially differs from most of its state counterparts, which only require that a claimant prove a "likelihood of dilution" of its trademark.

II. THE THREE TYPES OF DILUTION

A. Cybersquatting

The three types of dilution that can occur under the FTDA are cybersquatting, blurring, and tarnishment. The newest recognized form of dilution, cybersquatting, is the diminishment of "the capacity
of the [plaintiff's] marks to identify and distinguish [the plaintiff's] goods and services on the Internet.\textsuperscript{49} Cybersquatting is usually done by a cyberspeculator who knowingly reserves a domain name merely to sell it to the trademark holder for profit.\textsuperscript{50} In those situations, a domain name is registered primarily to extract an exorbitant sum of money from the unsuspecting trademark holder.\textsuperscript{51}

By ransoming unique domain names, cybersquatting can cause diminishment when "potential customers cannot find a web page by using a company's name or trademark... in the top-level domain '.com'."\textsuperscript{52} Mistakenly accessing the defendant's website, prospective users of the plaintiff's services may "fail to continue to search for plaintiff's own home page, due to anger, frustration, or the belief that plaintiff's home page does not exist."\textsuperscript{53} This can dilute the value of the plaintiff's trademark by lessening the capacity of that mark to market effectively the plaintiff's products through the Internet.\textsuperscript{54}

\textsuperscript{49} Panavision Int'l, L.P. v. Toeppen, 141 F.3d 1316, 1326 (9th Cir. 1998) (quoting Panavision Int'l, L.P. v. Toeppen, 945 F. Supp. 1296, 1304 (C.D. Cal. 1996)). Panavision was the first federal circuit court decision to recognize cybersquatting as a form of dilution distinct from blurring and tarnishment.


\textsuperscript{51} See Elizabeth Robison Martin, Note, "Too Famous to Live Long!" The Anticybersquatting Consumer Protection Act Sets Its Sights to Eliminate Cybersquatter Opportunistic Claims on Domain Names, 31 ST. MARY'S L.J. 797, 813 (2000) ("Cybersquatting involves only those situations where a domain name is registered for the sole purpose of extorting money.").

\textsuperscript{52} O'Meara, supra note 50, at 77.

\textsuperscript{53} Planned Parenthood Fed'n of Am., Inc. v. Bucci, 42 U.S.P.Q.2d 1430, 1435 (S.D.N.Y. 1997); see also Panavision, 141 F.3d at 1327 (affirming the district court's finding that dilution occurs when "potential customers of [the plaintiff] will be discouraged if they cannot find its web page by typing in 'Panavision.com,' but instead are forced to wade through hundreds of web sites"); Jews for Jesus v. Brodsky, 993 F. Supp. 282, 306 (D.N.J. 1998) (quoting Bucci); Teletech Customer Care Mgmt., Inc. v. TeleTech Co., Inc., 977 F. Supp. 1407, 1410 (C.D. Cal. 1997) (finding that use of a search engine can generate as many as one thousand matches and it is "likely to deter web browsers from searching for Plaintiffs [sic] particular website").

\textsuperscript{54} See Intermatic, Inc. v. Toeppen, 947 F. Supp. 1227, 1240 (N.D. Ill. 1996) ("[Defendant's] registration of the intermatic.com domain name lessens the capacity of Intermatic to identify and distinguish its goods and services by means of the Internet."); see also Jennifer Mae Slonaker, Comment, Conflicting Interpretations of the Federal Trademark Dilution Act Create Inadequate Famous Mark Protection, 26 U. DAYTON L. REV. 121, 130 (2000) ("If the [web]site is not valid...the trademark's established goodwill can be diluted either by frustrated users who give up on trying to locate the trademarked good or service and cannot find the proper cite, or by the association of the trademark
Congress has recently entered the cybersquatting arena by passing The Anticybersquatting Consumer Protection Act (ACPA) on November 29, 1999. The ACPA "prohibit[s] the bad-faith and abusive registration of distinctive marks as Internet domain names with the intent to profit from the goodwill associated with such marks." The Act provides a federal cause of action against a person who profits from the goodwill of a trademark if he or she knowingly uses a domain name that is "identical, confusingly similar to, or dilutive of a trademark" that is distinctive at the time the domain name was registered. Like the FTDA, the ACPA is not intended to protect Internet consumers per se but to provide trademark owners protection for the use of their trademarks as domain names in cyberspace.

B. Tarnishment

Dilution by tarnishment occurs when the association created by the junior holder’s commercial use of the mark tarnishes, degrades, or corrupts the senior holder’s mark. Tarnishment thus protects the

with an altogether different good or service . . . .")


56 S. REP. NO. 106-140, at 4 (1999). While the ACPA was passed in 1999, Congress had cybersquatting concerns dating back to the time of the FTDA’s passage in 1995. See 141 CONG. REC. S19,312 (daily ed. Dec. 29, 1995) (statement of Sen. Leahy) ("[T]his antidilution statute can help stem the use of deceptive Internet addresses taken by those who are choosing marks that are associated with the products and reputations of others.")


58 For further discussion on cybersquatting and the ACPA, see generally Gregory B. Blasbalg, Comment, Masters of Their Domains: Trademark Holders Now Have New Ways to Control Their Marks in Cyberspace, 5 ROGER WILLIAMS U. L. REV. 563 (2000); Oscar S. Cisneros, Note, Bally Total Fitness Holding Corp. v. Faber, 15 BERKELEY TECH. L.J. 229 (2000); and Diane K. Wong, Note, Avery Dennison Corp. v. Sumpton, 15 BERKELEY TECH. L.J. 245 (2000).

59 For purposes of this Comment, the modifying term “junior” refers to a subsequent user (the defendant) or use of the famous trademark at issue, while “senior” holder or user refers to the plaintiff.

60 So see Panavision Int’l, L.P. v. Toeppen, 141 F.3d 1316, 1326 n.7 (9th Cir. 1998) ("Tarnishment occurs when a famous mark is improperly associated with an inferior or offensive product or service."). The development of a remedy for tarnishment is attributed to Rudolf Callmann. See 3A RUDOLF CALLMAN, THE LAW OF UNFAIR COMPETITION, TRADEMARKS AND MONOPOLIES § 21.11, at 67-68 (Louis Altman ed., 4th ed. 1983) (characterizing the refusal to recognize a cause of action for dilution and tarnishment as a “sad commentary” and suggesting a property remedy for such causes).
strength of the senior user's mark from erosion by preventing the wholesome and unique association of the mark that the senior user enjoys from being shared with an unsavory and distasteful product or service. This "erosion" by tarnishment often takes the form of a parody on another's famous commercial mark, but tarnishment can also occur through pornographic uses.

To prove a dilution-by-tarnishment claim, the plaintiff first must show that the unauthorized use is an attempt to link the plaintiff's famous mark with "products of shoddy quality, or is portrayed in an unwholesome or unsavory context," and second prove that plaintiff's mark will suffer negative and unflattering associations through the defendant's use of its degrading mark, causing damage to the senior user's creation of a positive image in its trademark.

C. Blurring

Dilution-by-blurring is the most common dilution claim and the most difficult to prove. It is the "classic form of

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61 Examples include a T-shirt bearing the logo "Mutant of Omaha," see Mutual of Omaha Ins. Co. v. Novak, 856 F.2d 397, 398 (8th Cir. 1987) (upholding the district court's finding of a likelihood of confusion between Mutual of Omaha's trademarks and the defendant's T-shirt design), and a red-and-white poster with script identical to the Coca-Cola logo that reads "Enjoy Cocaine," see Coca-Cola Co. v. Gemini Rising, Inc., 346 F. Supp. 1183, 1186 (E.D.N.Y. 1972) (relying on dilution by tarnishment as an alternative basis for issuance of preliminary injunction against defendant's poster); see also McCabe, supra note 38, at 1843 (citing the same examples).

62 See Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd., 604 F.2d 200, 203 (2d Cir. 1979) (involving the use of plaintiff's distinctive uniform in the X-rated movie, Debbie Does Dallas); Hasbro Inc. v. Internet Entm't Group, 40 U.S.P.Q. 2d 1479, 1480 (W.D. Wash. 1996) (holding that plaintiff's children's game "Candy Land" was tarnished by defendant's use of www.candyland.com as a sexually explicit Internet site); Pillsbury Co. v. Milky Way Prods., 215 U.S.P.Q. 124, 135 (N.D. Ga. 1981) (finding a likelihood that the depiction of Pillsbury's trade characters, Poppin' Fresh and Poppy Fresh, engaging in sexual intercourse "could injure the business reputation of Pillsbury or dilute the distinctive quality of its trademark").

63 Deere & Co. v. MTD Prods., Inc., 41 F.3d 39, 43 (2d Cir. 1994).

64 Clinique Labs., Inc. v. Dep Corp., 945 F. Supp. 547, 562 (S.D.N.Y. 1996) (finding no tarnishment of plaintiff's Clinique mark because defendant was not attempting to associate defendant's products with "obscenity or sexual or illegal activity," the defendant's product line was neither "shoddy or unwholesome," and "no evidence suggests that Clinique's trademark or trade dress will suffer negative associations through defendant's use of its mark").

65 Ameritech, Inc. v. Am. Info. Techs. Corp., 811 F.2d 960, 965 (6th Cir. 1987) ("This kind of infringement corrodes the senior user's interest in the trademark ... by damaging positive associations that have attached to it.").

66 See RESTATEMENT (THIRD) ON UNFAIR COMPETITION § 25 cmt. f (1995) (noting the nebulous character of blurring in that "[d]irect evidence of a dilution of distinct-
dilution"\textsuperscript{67} that Schechter is credited with originating,\textsuperscript{68} and which the FTDA primarily seeks to proscribe.\textsuperscript{69} Blurring occurs when a consumer views a junior, unauthorized use of a senior, famous mark and is reminded of the famous mark, even though she knows that the senior user is not the source of the junior user's goods.\textsuperscript{70} Hypothetical examples of dilution-by-blurring include the use of "Brooks Brothers" on office equipment, "Budweiser" on hair products, and "Rollerblade" on musical instruments.\textsuperscript{71}

While the consumer recognizes that the senior user has not sponsored the usually noncompeting junior use of the mark, the strength of the mark as a "unique identifier" of the senior holder's goods (that is, the trademark's selling power) is nevertheless adversely affected, as over time buyers will come to see the senior mark as being associated with several products, none of which belong to the senior user.\textsuperscript{72} The consumer's mental connection of a famous mark with one product (or line of products) may therefore be "blurred" because the mark's association is now shared between two or more products.\textsuperscript{73}

For example, although no confusion would result from the use of "Nissan" on aspirin and pianos, the consumer would be slower to conclude that the Nissan mark is for cars because it has been blurred by the aspirin and pianos.\textsuperscript{74} This is Schechter's "gradual whittling away"
of a trademark’s distinctive quality, suffering “death by a thousand cuts.”

III. CURRENT DILUTION THEORY JURISPRUDENCE

While one of the intents of the nationalization of antidilution in the FTDA was to eliminate inconsistencies in trademark protection, federal dilution jurisprudence has been far from consistent. Even with Congress’s attempt to instill uniform understanding of dilution law through its enactment of the FTDA, courts continually struggle with the concept of dilution. As one commentator has observed, “this judicial discord has resulted in confusion and has led to disparate interpretations of the FTDA.”

Inconsistent and unpredictable standards may become more evident if courts continue to interpret the FTDA by “importing the same misunderstandings that have plagued . . . federal courts’ treatment of state law dilution cases.” This has already caused concern in deci-

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75 Schechter, supra note 23, at 825. Schechter’s article had the example of the use of the Rolls-Royce mark on noncompeting goods, eventually leading to the inability of Rolls-Royce to signify quality automobiles even if consumers did not believe that the car company produced the other goods. Id. at 829-30.

76 See Coca-Cola Co. v. Stewart, 621 F.2d 287, 292 (8th Cir. 1980) (predicting that a holding that Coca-Cola failed the jurisdictional test “would imply that local infringers could pirate a national mark . . . inflicting ‘death by a thousand cuts’ upon the trademark holder”).

77 Supra text accompanying note 38.

78 Some blame this jurisprudential inconsistency on the writers of the FTDA: “When a statute [such as the FTDA] is vague, resulting in a right that is vague and impossible to articulate, courts will always be inconsistent in their application of that right.” Port, supra note 30, at 454. Others blame the courts, not for incorrectly interpreting the FTDA per se, but for confusing trademark infringement with trademark dilution. See McCabe, supra note 38, at 1865 (observing that courts typically reinsert an irrelevant confusion standard in their analysis of dilution claims, causing dilution to “fall prey . . . to doctrinal murkiness”); Port, supra note 30, at 460 (noting that courts have had a very difficult time severing dilution analysis from trademark infringement analysis even though both theories are “mutually exclusive”).

79 Lerner, supra note 30, at 442-43.

80 Lori Krafte-Jacobs, Comment, Judicial Interpretation of the Federal Trademark Dilution Act of 1995, 66 U. Cin. L. Rev. 659, 694 (1998). For example, cases where the court was unwilling to find dilution unless the use was noncompetitive and nonconfusing, see, e.g., Astra Pharm. Prods., Inc. v. Beckman Instruments, Inc., 718 F.2d 1201 (1st Cir. 1983) (“[Plaintiff] must produce sufficient evidence to support a finding of either . . . injury to the value of the mark caused by actual or potential customer confusion [or] injury resulting from use of the mark . . . that detracts from, draws on, or otherwise appropriates the goodwill and reputation associated with plaintiff’s mark . . . .”), should not be followed by courts interpreting the FTDA. The Act plainly states that
sions interpreting a plaintiff's evidentiary burden under the FTDA. The FTDA provides relief only when the junior mark "causes dilution of the distinctive quality of the [plaintiff's] mark," suggesting that a plaintiff must prove actual dilution before recovery. In this respect, the FTDA differs from state statutes, which normally allow for relief simply by demonstrating a "likelihood of dilution."

Courts have differed over whether the phrase "causes dilution" in the FTDA means that the plaintiff must show actual dilution or merely establish that the defendant's conduct will likely dilute the senior user's trademark. This disagreement regarding the FTDA's standard of proof has resulted in a circuit split. The Fourth Circuit in *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development* stated that a plaintiff must show actual dilution in order to prevail on a trademark dilution claim under the FTDA. The Second Circuit, on the other hand, in *Nabisco, Inc. v. PF Brands, Inc.*, refused to follow the Fourth Circuit's analysis in *Ringling Bros.* and instead concluded that the claimant need only show an inference of likely dilution to prevail.

Dilution may be found "regardless of the presence or absence of ... competition ... or ... likelihood of confusion, mistake, or deception." 15 U.S.C. § 1127 (Supp. V 1999). Moreover, post-FTDA courts should not draw on cases that insisted on predicing dilution on a traditional "likelihood of confusion" showing, since no such terminology is used in the FTDA, and such analysis is strictly for trademark infringement claims. Cf. *I.P. Lund Trading v. Kohler Co.*, 163 F.3d 27, 50 (1st Cir. 1998) (holding that the correct standard for determining dilution through blurring is whether target customers are likely to view the plaintiff's product and the defendant's product as "essentially the same," a requirement which contradicts the language of the FTDA); *AHP Subsidiary Holding Co. v. Stuart Hale Co.*, 1 F.3d 611, 619 (7th Cir. 1993) (concluding that under modern state precedent the likelihood of confusion standard used for infringement is the same as the standard used for dilution). The difference between state dilution statutes that include this "likelihood of confusion" language and the FTDA will be further discussed in Part IV.

82 4 MCCARTHY, supra note 11, § 24:80, at 24-135. The FTDA's language also differs from the 1964 USTA Model Bill, which permitted relief in the face of a "[l]ikelihood of injury to business reputation or ... dilution." United States Trademark Association Model State Trademark Bill § 12, reprinted in 3 MCCARTHY, supra note 11, § 22:8, at 22-22; see also supra text accompanying note 47 (noting this difference between the FTDA and state antidilution statutes).
83 170 F.3d 449 (4th Cir. 1999).
84 Id. at 461.
85 191 F.3d 208 (2d Cir. 1999).
86 Id. at 223-24.
A. Ringling Bros. and the Actual Dilution Test

Ringling Bros. has promoted its circus as “The Greatest Show on Earth” since 1872, obtaining federal registration for the trademark slogan in 1961. Ringling Bros., 170 F.3d at 451. A Utah state agency, the Utah Division of Travel Development ("Utah"), began using its slogan, “The Greatest Snow on Earth,” as early as 1962 in an effort to promote winter tourist attractions in the state and received state registration in 1975 and federal registration in 1997. It was only after this unsuccessful opposition that Ringing Bros.'s consumer survey evidence failed to establish actual harm. Therefore, the court ruled that Ringling Bros., while success-

87 Ringling Bros., 170 F.3d at 451. Ringling Bros. spent approximately $19 million during the fiscal year ending in 1997 to advertise its trademark slogan in print advertising, radio, television, videos, outdoor billboards, direct-mail, press announcements, posters, program books, souvenirs, and joint promotions with other companies. Id.
88 Utah has primarily used its mark on motor vehicle license plates. Id.
89 Id. at 451-52. Federal registration of Utah's slogan was granted in 1997 after an unsuccessful opposition by Ringling Bros. Id. It was only after this unsuccessful opposition that Ringling Bros. brought its federal dilution suit against Utah. Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 935 F. Supp. 763, 764 (E.D. Va. 1996).
91 Id. at 616.
92 Ringling Bros.'s survey asked consumers to complete the statement, “The Greatest _ on Earth.” Id. at 612. Among the results, 21% of Utah respondents filled in “Show” and associated that phrase with Ringling Bros. and also completed the statement with “Snow” and associated that slogan with Utah; for non-Utah residents, fewer than 0.5% of respondents did the latter. Id. at 612-13. While only 25% of the Utah respondents, compared to 41% nationwide, associated the incomplete statement solely with Ringling Bros., id. at 616, the district court concluded that this evidence only indicated that Utah's mark was widely known in Utah and not that the residents of Utah associated the mark with Ringling Bros. Id. at 617-18. In fact, the surveys showed that 46% of respondents in Utah, compared to 41% elsewhere, associated the “Greatest Show on Earth” mark with Ringling Bros. Id. at 618. Based on this evidence, the
fully showing that its slogan qualified as a "famous" mark under the FTDA, had failed to prove dilution since it could not show by direct evidence that Utah’s use of its “Greatest Snow on Earth” mark lessened the demand for Ringling Bros.’s entertainment services and the capacity of its mark to identify and distinguish its circus.

2. Fourth Circuit Opinion

The Court of Appeals for the Fourth Circuit affirmed the lower court’s ruling that Ringling Bros. had failed to prove dilution of its “Greatest Show on Earth” mark. The court interpreted the FTDA to require actual economic harm to a mark’s selling power demonstrated by evidence that the defendant’s use of the junior mark had in fact caused such a loss.

Comparing the FTDA’s “causes dilution” language with that found in state antidilution laws, which proscribe the use of famous marks when they are likely to cause dilution, the court concluded that the FTDA required actual, consummated dilution. Because the FTDA emphasizes the “capacity of a famous mark to identify and distinguish its goods and services,” the court found that the harm the FTDA sought to remedy, unlike the state statutes, was a loss of selling power, rather than a loss of distinctiveness. Interpreting the FTDA to protect the latter would lead, the court believed, to granting trademark owners property rights in gross simply on the grounds of similarity.

district court held that the capacity of Ringling Bros.’s slogan to identify and distinguish the circus was just as strong within Utah as it was outside of Utah. Id. at 617.

Id. at 613.

Id. at 618.


Id. at 458.


Ringling Bros., 170 F.3d at 458. Proving dilution requires that there be an “actual lessening of the senior mark’s selling power, expressed as ‘its capacity to identify and distinguish goods or services.’” Id.

Id. at 459. The court also refused to allow a presumption of actual economic harm based only on the similarity of the marks because similarity in and of itself does not create a high enough probability of actual economic harm as required under the FTDA. Id. at 459-60. Such a presumption could not be made, the court stated, because there could be other reasons a mark could lose its distinctiveness rather than the junior’s use of the mark. Id. at 459. Indeed, because of factors such as lack of exposure or general consumer disinterest in the products used in connection with the marks, the court stated that it was possible that some junior uses would have no harmful effect at all upon a senior mark’s economic value. Id. at 460.
Since Ringling Bros.'s survey evidence was designed only to show mental association and not actual economic harm (as it only asked consumers to complete the statement, "The Greatest _____ on Earth"), the court held that Ringling Bros. had failed to prove that its trademark slogan's selling power had been damaged by Utah. Therefore, Ringling Bros. did not meet all of the FTDA's requirements necessary to show that Utah's "Greatest Snow on Earth" slogan caused dilution.

B. Nabisco, Goldfish, and the Likelihood of Dilution Standard

Pepperidge Farms has produced goldfish-shaped, bite-sized cheese crackers continuously since 1962 and has obtained "numerous" trademark registrations for its "Goldfish" cracker design. Nabisco also began selling animal-shaped crackers, starting in 1998, as part of a licensing agreement to promote Nickelodeon Television's "CatDog" cartoon program. Nabisco's product contained three character shapes based on the cartoon. One quarter of the crackers were shaped and colored like Pepperidge Farms' Goldfish cracker, although Nabisco's fish cracker had markings on its side and was somewhat larger and flatter. Seeking to stop Nabisco's production of its "CatDog" crackers, Pepperidge Farms filed suit claiming, in part, that Nabisco had violated the FTDA.

1. District Court Opinion

The district court applied a six-factor test for dilution-by-blurring, a test first developed by Judge Sweet in his concurring opinion in Mead Data Central, Inc. v. Toyota Motor Sales, Inc. The six factors of the Mead Data test consist of the following: "(1) similarity of the marks, (2) similarity of the products covered by the marks, (3) sophistication of consumers, (4) predatory intent, (5) renown of the senior mark, and (6) renown of the junior mark." The district court found
that each of these six factors weighed in favor of finding dilution. Finding that Pepperidge Farms would likely prevail on both its federal and state antidilution claims, the district court granted a preliminary injunction against Nabisco’s production of its animal crackers.

2. Second Circuit Decision

Declining to follow the “actual consummated harm” standard of Ringling Bros., which the court viewed as dependent on “excessive literalism to defeat the intent of the statute,” the Second Circuit affirmed the district court’s finding that Pepperidge Farms would likely succeed on its dilution claim. Noting that relief under the FTDA is limited to injunctions (absent willfulness), the court held that waiting for actual dilution to occur would result in an uncompensated injury and would also be disadvantageous for the defendant who would want to know prior to investing in a mark whether that mark causes dilution. The court also rejected the Fourth Circuit’s economic loss requirement, finding it “an arbitrary and unwarranted limitation on the methods of proof” and instead opted for a “likelihood of dilution” test akin to that used under state antidilution laws.

Deciding not to adopt the lower court’s use of the Mead Data test for establishing dilution, the Second Circuit constructed a ten-factor, nonexhaustive, and nonexclusive test for establishing a likelihood of dilution: (1) distinctiveness, (2) similarity of the marks, (3) proximity of the products and likelihood of bridging the gap, (4) interrelationship between the first three factors, (5) shared consumers and geographic limitations, (6) sophistication of consumers, (7) actual confusion, (8) adjectival or referential quality of the junior use, (9) harm to the junior user and delay by the senior user, and (10) the effect of the senior user’s prior laxity in protecting the mark.

Emphasizing the interdependent relationship of the first three factors, the court ruled in favor of Pepperidge Farms. The court gave

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108 Id. at 212.
109 Id. at 212.
110 Nabisco, 191 F.3d at 224.
111 Id. at 224.
112 Id. at 228-29.
113 Id. at 228-29. The court noted that no matter how obvious the dilution, if the plaintiff were required to show actual revenue loss, a senior user might never be able to show causation. Id. at 223-24.
114 Id. at 217-22.
more weight to the similarity and proximity factors than to the Goldfish shape, which the court conceded was somewhat arbitrarily selected. The court also held that "shared consumers" of the two products would be likely, and that if Nabisco's crackers were placed in a bowl, the fish-shaped crackers would be confusingly similar to Pepperidge Farms' goldfish, despite the fact that they are "referential" to the CatDog cartoon. The Second Circuit ultimately found that, on balance, Pepperidge Farms had established it would likely prevail in its dilution claim, and upheld the lower court's injunction.

C. Post-Ringling Bros./Nabisco Jurisprudence

Since the Ringling Bros. and Nabisco rulings there have been four notable federal appellate decisions that have taken up the question of whether the FTDA requires the claimant to show actual harm or

115 Id. at 219-20.
116 Id. at 220.
117 Id. at 222. The Nabisco court's acceptance of the likelihood of consumer confusion as evidence of trademark dilution completely undermines its decision and contradicts the theory of dilution. Although the Second Circuit noted that consumer confusion is "unnecessary" to a successful dilution claim, it "suggested that it would nevertheless be evidence of dilution." Mermin, supra note 30, at 233 (quoting the Nabisco decision, 191 F.3d at 219, which stated that "[a] junior use that confuses consumers as to which mark is which surely dilutes the distinctiveness of the senior mark"). The likelihood of consumer confusion is evidence of infringement, not of dilution. See 15 U.S.C. § 1127 (Supp. V 1999) ("The term 'dilution' means the lessening of the capacity of a famous mark to identify and distinguish goods and services, regardless of the presence or absence of . . . likelihood of confusion . . . ."); 4 MCCARTHY, supra note 11, § 24:70, at 24-123 (observing that an unauthorized junior use of an established mark "can cause confusion in some people's minds and in other people's minds cause dilution by blurring. But in no one person's mind can both perceptions occur at the same time. Either a person thinks that the similarly branded goods or services come from a common source (or are connected or affiliated) or not"); Mermin, supra note 30, at 234 ("If Congress had intended consumer confusion to be a factor that pointed toward a finding of dilution, it would have made no sense to include in the definition of dilution [in the FTDA] an express declaration of its irrelevance."). Consumers at a cocktail party who are confused as to the source of similarly shaped fish crackers "swimming" in the same dish is evidence only of trademark infringement, a tort designed to prevent such consumer confusion, and has no relevance to an FTDA claim.

118 Nabisco, 191 F.3d at 228-29.
119 While there is no Ninth Circuit case addressing the issue of whether the FTDA requires a demonstration of actual dilution or likelihood of dilution, the Ninth Circuit did affirm, without opinion, the denial of a preliminary injunction in Playboy Enterprises, Inc. v. Netscape Communications Corp., 55 F. Supp. 2d 1070 (C.D. Cal. 1999), which followed Ringling Bros.'s actual harm requirement. Playboy Enters., Inc. v. Netscape Communications Corp., No. 99-56230, No. 99-56231, 202 F.3d 278 (unpublished table opinion), 1999 U.S. App. LEXIS 30215 (9th Cir. Nov. 19, 1999); see also infra note 124 (mentioning the subsequent history of the district court Playboy case).
only likelihood of dilution: Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C., Westchester Media v. PRL USA Holdings, Inc., Eli Lilly & Co. v. Natural Answers, Inc., and V Secret Catalogue, Inc. v. Moseley. While the Westchester Media court chose to follow the Fourth Circuit’s actual harm test, the courts in the other three cases opted to use the Second Circuit’s likelihood of dilution standard, further exacerbating the divide over proper interpretation and adjudication under the FTDA.

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120 212 F.3d 157 (3d Cir. 2000).
121 214 F.3d 658 (5th Cir. 2000).
122 233 F.3d 456 (7th Cir. 2000).
123 259 F.3d 464 (6th Cir. 2001).
124 This Part does not discuss the following federal dilution cases decided in the First and Ninth Circuits since the FTDA was not analyzed by these courts: J.P. Lund Trading ApS v. Kohler Co., 163 F.3d 27, 33, 47, 50 (1st Cir. 1998), reasoning that a showing of actual harm is not required, but avoiding application of the FTDA and determination of how dilution had to be proven in plaintiff’s case since the court was unsure of the FTDA’s applicability with regard to trade dress claims and plaintiff’s mark was determined not to be famous; Panavision Int’l, L.P. v. Toeppen, 141 F.3d 1316, 1326 (9th Cir. 1998), making no distinction between the requirements of the FTDA and California’s antidilution law and deriving its definition of dilution by blurring from a case decided under a state antidilution statute enacted before the FTDA; Avery Dennison Corp. v. Sumpton, 189 F.3d 868, 874 (9th Cir. 1999), citing Panavision for the standard under which the FTDA would grant relief for dilution, thereby using a pre-FTDA, state likelihood of dilution standard. This Part also leaves out the Eighth Circuit decision reached in Luigino’s, Inc. v. Stouffer Corp., 170 F.3d 827, 832-33 (8th Cir. 1999), since that court failed to clarify in its decision whether actual dilution or likelihood of dilution must be shown, or what degree of dilution a plaintiff must demonstrate in order to prevail. For district court cases outside the Fourth Circuit that follow Ringling Bros.’s actual dilution test, see Kellogg Co. v. Exxon Mobil Corp., 2001 U.S. Dist. LEXIS 10059, at *31-33 (W.D. Tenn. 2001), citing Congress’s use of the present tense “causes,” in light of preexisting state statutes addressing “likelihood,” to justify an actual dilution standard; Carnival Corp. v. SeaEscape Casino Cruises, Inc., 74 F. Supp. 2d 1261, 1263 (S.D. Fla. 1999), rejecting the allegation that the defendant’s slogan, “SeaEscape to a Ship Full of Fun!” diluted the plaintiff’s “Fun Ship” mark; American Cyanamid Co. v. Nutraceutical Corp., 54 F. Supp. 2d 379, 392-93 (D.N.J. 1999), finding that the defendant’s use of labels incorporating colors of the visual spectrum did not dilute similar labels used by the plaintiff because the labels were not sufficiently similar and plaintiff failed to offer any evidence that its selling power was actually lessened; Playboy Enters., Inc. v. Netscape Communications Corp., 55 F. Supp. 2d 1070, 1076 (C.D. Cal. 1999), holding that plaintiff’s “Playboy” and “Playmate” trademarks were not diluted by defendant’s sale of these words to banner advertisers as search engine terms due to insufficiency of plaintiff’s showing of actual economic harm, aff’d, 202 F.3d 278 (9th Cir. 1999); National Football League Properties, Inc. v. Prestyle, Inc., 57 F. Supp. 2d 665, 671 (E.D. Wis. 1999), holding that survey evidence which only shows the marks’ similarity in isolation is insufficient to show dilution and that such evidence must allow a reasonable inference that the junior mark’s use has caused actual harm to the senior mark’s selling power.
1. *Times Mirror* and the Third Circuit

Times Mirror has used its mark "The Sporting News" as the title of its weekly publication devoted to hockey, football, basketball, and baseball. Its phrase was granted federal trademark protection in 1886. The *Sporting News* does not provide any information, articles, or advertisements on gambling.

The defendant publishes *Las Vegas Sporting News*, which contains articles, editorials, and advertisements on sports wagering for "gaming enthusiasts." The defendant changed the name of its publication in 1997 from *Las Vegas Sports News* to *Las Vegas Sporting News* because the previous publisher had a poor reputation in the gambling community and the term "sporting" more accurately reflected the publication's gaming content. At the time the defendant changed the name of its publication, the publisher was familiar with the plaintiff's sports tabloid. After the defendant's refusal to comply with the plaintiff's cease and desist letter, the plaintiff filed suit, charging, in part, trademark dilution under the FTDA.

The Third Circuit Court of Appeals affirmed the lower court's ruling granting Times Mirror a preliminary injunction. The court found no error in the district court's use of the six-factor *Mead Data* test to find that the plaintiff was likely to prevail on its dilution claim. In addition, the court incorporated the supplemental dilution factors espoused in *Nabisco* in its analysis to substantiate the lower court's holding.

Agreeing with the district court that irreparable harm may be proven without showing actual injury to the plaintiff's bottom line, the court sided with the Second Circuit and rejected the Fourth Circuit's position with respect to the standard of proof required under the FTDA. Rather than evaluating whether the defendant's publication actually harmed the plaintiff's use of its trademark slogan, the court ruled that it was sufficient for Times Mirror to show that the "liki-
hood that [defendant’s] use of *Las Vegas Sporting News* lessens the capacity of *The Sporting News* to identify and distinguish Times Mirror’s goods or services” in order to prevail in its claim.\footnote{Id. at 168-69 (quoting the district court opinion).}

2. *Westchester Media* and the Fifth Circuit

PRL owns a family of “Polo” trademarks for its multibillion-dollar company that sells clothing, accessories, home furnishings, and fragrances.\footnote{Westchester Media v. PRL USA Holdings, Inc., 214 F.3d 658, 661 (5th Cir. 2000).} PRL has federally registered a number of trademarks that include the word “Polo.”\footnote{Id.} Westchester Media’s “Polo” magazine entered the market in 1997 as the relaunch of a magazine that previously focused solely on the sport of polo.\footnote{Id. at 661-62.} The former “Polo” magazine, founded in 1975, was “an insider’s view of the sport of polo” and had been endorsed by the United States Polo Association as its official publication.\footnote{Id. at 661.} PRL had no complaints about sharing its mark with the former magazine.\footnote{Id. at 661-62.} In fact, it advertised in the old magazine and PRL’s founder, Ralph Lauren, consented to be interviewed for an article that appeared therein.\footnote{Id. at 662.}

Under new ownership, the defendant relaunched its magazine in 1997 in an effort to “expand readership and broaden polo’s appeal.”\footnote{Id. at 663.} The new magazine was, according to its new publisher, “not about the sport, but rather about an adventurous approach to living life.”\footnote{Id. at 669.} PRL objected to the revamping of the magazine’s image and targeted audience and responded to Westchester’s suit seeking declaratory judgment that Westchester’s magazine title does not infringe PRL’s “Polo” trademark with a trademark dilution claim against Westchester’s use of the word “Polo.”\footnote{Id. at 663.}

While the lower court declined to address PRL’s dilution argument because PRL’s requested relief under the dilution claim was the same as that for its infringement claim,\footnote{Id. at 669.} the Fifth Circuit took the
opportunity to decide "an issue of first impression" and clarify its stance on what must be proven to make out a FTDA claim.¹⁴⁶

Noting the difference in express language between state antidilution statutes and the FTDA itself, the court endorsed the "Fourth Circuit's holding that the FTDA requires proof of actual harm since this standard best accords with the plain meaning of" the Act, and concluded that the FTDA requires a showing of actual harm.¹⁴⁷ Determining that the lower court did not err in finding that PRL made no demonstration of actual economic injury from the current and projected circulation of the new "Polo" magazine, the court ruled that PRL's antidilution claim was "doomed."¹⁴⁸

3. **Eli Lilly and the Seventh Circuit**

Eli Lilly is a global pharmaceutical corporation that sells PROZAC, a popular prescription drug used to treat clinical depression.¹⁴⁹ PROZAC first appeared on pharmacists' shelves in 1988 and eleven years later was named one of the top six "health and grooming" products of the 20th Century according to *Fortune* magazine.¹⁵⁰ The drug "has been prescribed over 240 million times for 17 million Americans, generating sales of more than $12 billion."¹⁵¹

Natural Answers is an Internet company which develops and markets a line of herbal dietary supplements called Herbscriptions which are sold exclusively on Natural Answers's website.¹⁵² Herbscriptions are intended to be alternatives (not substitutes) to drugs and include such "natural" products as HerbenolPM, HERBALIUM, HERBASPIRIN, and HERBADRYL.¹⁵³ The name of each Herbscription product was chosen in order to "call to mind the function of a famous drug from which its name is derived."¹⁵⁴ Natural Answers also develops an herbal "mood elevator" which the company named

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¹⁴⁶ *Id.* at 670. In *Elvis Presley Enterprises, Inc. v. Capece*, 141 F.3d 188, 205 n.8 (5th Cir. 1998), the Fifth Circuit had avoided analysis of the plaintiff's dilution claim because it determined that all of the plaintiff's remedies were available under its infringement claims.

¹⁴⁷ *Westchester Media*, 214 F.3d at 670-71.

¹⁴⁸ *Id.* at 671.

¹⁴⁹ *Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456, 459 (7th Cir. 2000).

¹⁵⁰ *Id.*

¹⁵¹ *Id.* at 459.

¹⁵² *Id.* at 460.

¹⁵³ *Id.*

¹⁵⁴ *Id.*
HERBROZAC. Unlike PROZAC, no prescription is necessary to purchase HERBROZAC online.

Before Natural Answers's launch of its herbal alternative to PROZAC, Eli Lilly sued to enjoin the use of the HERBROZAC name, claiming infringement under the Lanham Act, dilution under the FTDA, and unfair competition under Indiana state law. The district court granted a preliminary injunction against Natural Answers, holding that Eli Lilly was likely to succeed in proving that the use of the HERBROZAC name would likely confuse consumers. The district court also held that the plaintiff was not required to show actual dilution in order to obtain relief under the FTDA, and that there was a likelihood of dilution of the PROZAC mark. The district court required that Natural Answers discontinue the use of the HERBROZAC name and remove all references to PROZAC from its website.

The Seventh Circuit affirmed the district court's decision regarding Eli Lilly's trademark dilution claim. Finding that the Fourth Circuit's interpretation of the FTDA holds claimants to "an impossible level of proof," the Court followed the Nabisco rule and held that a mere likelihood of dilution was sufficient to satisfy the "causes dilution" element of the FTDA. After analyzing two of Mead Data's six factors—the similarity of marks and the renown of the plaintiff's mark—the Court found that Eli Lilly had shown a likelihood of success in proving a likelihood of dilution and affirmed the district court's grant of a preliminary injunction.

155 Id.
156 Id. HERBROZAC tablets are "larger than average" and dark brown with black specs, while PROZAC pills are green and off-white, and are "smaller than average." Id. at 460-61.
157 Id. at 461.
158 Id.
159 Id.
160 Id.
161 Id. at 469.
162 Id. at 468. The court, in choosing not to follow the evidentiary requirements of Ringling Bros., found it "hard to believe that Congress would create a right of action but at the same time render proof of the plaintiff's case all but impossible." Id.
163 Id. at 469. In its decision to follow the Second Circuit's likelihood of dilution standard, the court substantively overruled one of its earlier decisions, in which it had adopted the actual harm test of Ringling Bros. See Syndicate Sales, Inc. v. Hampshire Paper Corp., 192 F.3d 633, 639 (7th Cir. 1999) (adopting the Ringling Bros. test in a claim under the FDTA for dilution of plaintiff's trade dress in funeral floral bouquets).
4. Victoria’s Secret and the Sixth Circuit

Victoria’s Secret sells a complete line of women’s lingerie, as well as other clothing and accessories, through its nationwide retail outlets, mail-order catalogs, and Internet site.\(^{164}\) According to a recent survey, Victoria’s Secret is rated as the ninth most famous brand in the apparel industry.\(^{165}\)

In 1998, defendants Victor and Cathy Moseley opened “Victor’s Secret,” a strip-mall store that sold “a wide variety of items, including men’s and women’s lingerie, adult videos, sex toys and ‘adult novelties.’”\(^{166}\) The defendants claimed that they were unaware of Victoria’s Secret’s catalog or stores until they received a cease-and-desist letter from Victoria’s Secret soon after their store opened.\(^{167}\) In response to the letter, the defendants changed the name of their store to “Victor’s Little Secret.”\(^{168}\)

Unsatisfied with the addition of “Little,” Victoria’s Secret brought unfair competition, trademark infringement, and trademark dilution claims against the Moseleys.\(^{169}\) The district court ruled in favor of Victoria’s Secret on its dilution claim, holding that the marks were sufficiently similar to cause dilution-by-blurring and dilution-by-tarnishment.\(^{170}\)

Finding it necessary to “resolve the apparent contradiction”\(^{171}\) of a previous decision which cited both Nabisco and Ringling Bros. for its determination on the elements of a dilution claim,\(^{172}\) the Sixth Circuit chose to apply the standards formulated in Nabisco to Victoria’s Secret’s claim, thereby affirming the district court’s ruling.\(^{173}\) The court concluded that the Nabisco test—allowing an inference of likely harm rather than requiring proof of actual injury—was consistent with the

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\(^{164}\) V Secret Catalogue, Inc. v. Moseley, 259 F.3d 464, 466 (6th Cir. 2001). The “Victoria’s Secret” mark has been federally registered since 1981. \(\text{Id.}\)

\(^{165}\) \(\text{Id.}\)

\(^{166}\) \(\text{Id.}\)

\(^{167}\) \(\text{Id.} \text{ at 466-67.}\)

\(^{168}\) \(\text{Id. at} 467.\)

\(^{169}\) \(\text{Id.}\)

\(^{170}\) \(\text{Id.}\) The Moseleys changed the name of their store to “Cathy’s Little Secret” after the district court’s grant of summary judgment but nevertheless appealed the lower court’s order. \(\text{Id.} \text{ at 467-68.}\)

\(^{171}\) \(\text{Id. at} 472 \text{n.4.}\)

\(^{172}\) Kellogg Co. v. Exxon Corp., 209 F.3d 562, 577 (6th Cir. 2000).

\(^{173}\) V Secret Catalogue, 259 F.3d at 476-77.
language of the FTDA and hewn "more closely [to] Congress's intent in enacting" that statute. 174

IV. Why Following the Ringling Bros. Test Is The Right Path:
A Response to the Actual Dilution Critics

The Fifth Circuit appropriately chose to follow the Ringling Bros. analysis of the FTDA's requirements, while the Third, Sixth, and Seventh Circuits opted to follow the flawed standard set forth in Nabisco. This is unfortunate, for it further widens a judicial split over an issue that need not be so controversial. Although the FTDA provides no specific guidance on how dilution should be measured or proven, the FTDA does require a claimant to show actual dilution, not merely a likelihood of dilution. 175 A simple read of the FTDA's provisions says as much.

By responding to the criticisms of the actual harm requirement and analyzing the FTDA itself, this Part will discuss why the test promulgated by the Fourth Circuit in Ringling Bros., and later followed by the Fifth Circuit in Westchester Media, is the correct standard of proof and why the Second, Third, Sixth, and Seventh Circuits are on an adjudicatory path most susceptible to the uncertainty and inconsistency that the FTDA intended to minimize.

A. Actual Dilution Can Be Proven

1. The Criticism

Critics of the actual dilution standard contend that actual dilution cannot be proven. 176 While some go so far as claiming that trademarks are not even susceptible to dilution, 177 most critics agree that it is im-

174 Id. at 474-76.
175 Cf. Xuan-Thao N. Nguyen, The New Wild West: Measuring and Proving Fame and Dilution Under the Federal Trademark Dilution Act, 63 ALB. L. REV. 201, 212 (1999) ("[W]hile the Act requires a showing of actual dilution, it fails to provide any guidance on how to determine the degree of dilution once a mark is found to be famous.").
176 See Port, supra note 30, at 447 ("No mark has ever actually, quantitatively been established to have been diluted."); see also Reichman, supra note 12, at 134-35 (analyzing problems of proof surrounding the concept of dilution).
177 See Port, supra note 30, at 447-49 (doubting the "existence of the idea of dilution" and asserting that legal protection from dilution thus creates "a remedy without a wrong"); see also Gregg Duffey, Trademark Dilution Under the Federal Trademark Dilution Act of 1995: You've Come A Long Way Baby—Too Far, Maybe?, 39 S. TEX. L. REV. 133, 135 (1997) (noting that "[o]pponents of the dilution theory . . . view trademark dilution as a remedy without a wrong").
possible to show that a mark has been quantitatively harmed.\textsuperscript{178} Even if some sort of quantifiable loss could be shown, the claim is that it would still be “extraordinarily speculative and difficult to prove that the loss was due to the dilution of the mark.”\textsuperscript{179} Indeed, the opponents to the enactment of the FTDA complained that dilution, as defined in the statute, is “intuitively plausible, [but] empirically unverifiable."\textsuperscript{180}

2. The Response

Actual dilution can be shown through reliable consumer survey evidence depending on the dilution-by-tarnishment versus dilution-by-blurring context.\textsuperscript{181} Because actual blurring can be rationally inferred based on the existence or nonexistence of mental associations between the senior and junior mark, surveys “may be a plaintiff’s strongest and most persuasive evidence.”\textsuperscript{182} Therefore surveys that introduce “the actual responses of a group of [relevant consumers] whose perceptions are at issue in [the] case,” provide a “more scientific means”

\textsuperscript{178} See Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 223-24 (2d Cir. 1999) (“[T]he 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.”); see also Nguyen, supra note 175, at 235 (contending that “actual economic injury to a mark is extremely difficult to demonstrate” and that while courts do grant monetary relief in cases where the defendant’s conduct is proven to be willful, “even then a defendant’s willful conduct does not mean that actual economic harm to the famous mark has occurred or can even be measured”). The assumption that proving actual dilution would be extremely difficult was central to the appellate decisions that followed Nabisco, for the courts felt that it was “unlikely that Congress would have intended to create [the FTDA] but then make its proof effectively unavailable.” V Secret Catalogue, 259 F.3d at 476.

\textsuperscript{179} Nabisco, 191 F.3d at 224.

\textsuperscript{180} Madrid Protocol, supra note 20, at 166 (statement of Jonathan E. Moskin, Partner, Pennie & Edmonds).

\textsuperscript{181} In the tarnishment context, actual dilution can be demonstrated using a two-cell product attribute survey where the control cell is used to measure the attributes that consumers who are unfamiliar with the junior user’s mark associate with the senior user’s mark. Prager, supra note 14, at 132. The test cell is used to measure the attributes that consumers who have been exposed to the defendant’s mark associate with the plaintiff’s mark. Id. Tarnishment can also be shown by anecdotal evidence in the form of testimony from the plaintiff’s former customers claiming that they no longer purchase products or services from the plaintiff because they mistakenly believe that due to the tarnishing activities of the defendant that the quality of the plaintiff’s products has declined. Id. at 131-32.

of demonstrating trademark dilution. Actual dilution can be tested by survey questions comparing the recognition and association of consumers in the senior mark’s channel of trade who have been exposed to the junior mark to those consumers who have not been exposed to it. In fact, well-crafted surveys could determine “whether a mark’s ability to convey quality and attribute associations has been damaged,” regardless of consumer confusion, and show if there has been a decline in the purchasing power of the plaintiff’s mark before and after the allegedly diluting use. Thus, it is not enough that the survey show some mental association between the two marks in isolation, but rather it must show “further consumer impressions from which actual harm and cause might rationally be inferred.”

Though it may be difficult to show dilution through loss of revenue, it is not implausible. In many cases it will be possible to look back at revenues during the time period when the junior user first ap-

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183 5 McCarthy, supra note 11, § 32:158, at 32-243; see also Bible, supra note 182, at 318-35 (detailing how a litigant should tailor a survey sample and questions in order to prove actual dilution and prevent unreliable surveys from being subject to manipulation).

184 See WaWa, Inc. v. Haaf, 40 U.S.P.Q.2d 1629, 1632-33 (E.D. Pa. 1996), aff’d, 116 F.3d 471 (3d Cir. 1997) (holding that plaintiff proved dilution of its “WaWa Food Markets” trademark by defendant’s use of its convenience store name, “HaHa 24 Hour Market,” through survey evidence commissioned in the neighborhood surrounding the HaHa market where twenty-nine percent of the respondents associated the HaHa mark with WaWa); see also Nguyen, supra note 175, at 227-28 (arguing that the survey evidence in Ringling Bros. was proof of a mental association between the two slogans sufficient to show actual dilution-by-blurring); Reichman, supra note 12, at 135 (noting that the problem with surveys is “that they are only useful to show actual dilution” and arguing that the surveys in Ringling Bros., which showed that twenty-one percent of respondents in Utah recalled both marks, were “extraordinarily persuasive evidence that the ability of the senior mark to uniquely identify its goods has been weakened,” where “fewer people in Utah associated the mark with the circus alone”).

185 Marroletti, supra note 38, at 690. Once such carefully tailored survey evidence is presented, “a plaintiff could attempt to show that this loss resulted in decreased sales. If shown, the decreased sales would be the result of a loss of the mark’s selling power regardless of consumer confusion. Such survey evidence . . . would measure the harm of trademark dilution, truly separate from consumer confusion.” Id. at 690-91.

186 See Prager, supra note 14, at 133 (providing an example of how a survey could show actual dilution by using likelihood of confusion readings as a surrogate for the strength of a mark’s purchasing power); see also Bible, supra note 182, at 327-28 (“An effective survey . . . must establish not only that consumers associate the mark with both parties, but also that some quanta of the original mark’s identifying ability or selling power has been diminished.”).

187 Ringling Bros., 170 F.3d at 465.

188 The Ringling Bros. court did acknowledge that although a showing of actual dilution through loss of revenues would “rarely” be used by the plaintiff, this method remained one of three “general means available” to prove actual dilution. Id.
propriated the famous mark. "A gradual shift in revenue from the senior user to the junior during the period in which the junior user first implemented the mark would indicate that the senior user's mark had been diluted."9 A gradual shift in revenue from the senior user to the junior during the period in which the junior user first implemented the mark would indicate that the senior user's mark had been diluted.9 Proof of the defendant's "replicating use" could then be shown to have caused the loss of revenues by disproving other possible causes.10

The problem is not that actual dilution cannot be shown, but that an injunction based on the likelihood of trademark dilution will protect against an injury that is itself "speculative and therefore immeasurable."11 In fact, it is the likelihood of dilution test, and not the actual harm standard, that produces no "quantifiable injury."12 Ironically, this makes the Second, Third, Sixth, and Seventh Circuits' plaintiff-friendly standard more difficult to prove and thus more burdensome on plaintiffs, especially during a preliminary injunction proceeding "where plaintiffs may not have time to conduct a reliable consumer survey to prove that the mark's ability to signify a particular class or quality of goods has been or will be eroded."13

B. The Language and Legislative History of the FTDA Supports the Actual Harm Requirement

1. The Criticism

Critics also contend that the actual harm requirement is at odds with the language and legislative history of the FTDA.14 They argue that it is inappropriate to equate and interpret "causes dilution" with actual dilution given the acquired legal meaning of "dilution."15 Dilu-

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10 Ringling Bros., 170 F.3d at 465.
11 Marroletti, supra note 38, at 688.
12 Id.
13 Id.
14 See Matthew S. Voss, Berkeley Technology Law Journal Annual Review of Law and Technology: Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development & Nabisco, Inc. v. PF Brands, Inc., 15 BERKELEY TECH. L.J. 265, 277 (2000) (referring to the Ringling Bros. actual harm interpretation of the FTDA based on the plain meaning rule as an "absurd result"). Most critics of the actual harm requirement, however, concede that the plain language of the FTDA supports such a requirement. See Klieger, supra note 25, at 840 (admitting that the plain language of the FTDA creates an actual dilution requirement, but arguing that such an interpretation is not what Congress intended).
15 See Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 224 (2d Cir. 1999) (conced-
tion is by nature the “gradual whittling away” of the advertising and marketing value of a trademark, which the critics contend “represents a slow, gradual type of harm that is simply not amenable to proof through a showing of actual economic harm.” This is why Nabisco (and its progeny) determined that the actual harm requirement read too much into the meaning of the FTDA, substituting “excessive literalism to defeat the intent of the statute.”

In addition, critics rely on the “overwhelming history” of state antidilution statutes, which permit injunctions to prevent likely future injuries, to show that the interpretation of the FTDA should incorporate a likelihood of dilution standard. Further, it is posited that the FTDA does not require proof of an actual lessening of the market power of the plaintiff’s mark, but only proof of a “lessening of the capacity of a famous mark to identify and distinguish goods or services.” This argument assumes that because dilution is defined in this manner by the FTDA, the FTDA implicitly adopts the likelihood of dilution standard because “capacity” refers to future capacity and actual dilution is not necessary to adversely affect this type of capacity.

Moreover, critics of the actual harm requirement point out that no legislative history exists suggesting that the claimant must demon-

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196 Voss, supra note 194, at 277; see also McCabe, supra note 38, at 1861-62 (noting that by imposing an actual harm requirement, courts wrongly assume that dilution results in “immediate injury”); Nguyen, supra note 175, at 235 (“[T]he [Ringling Bros.] court failed to recognize that dilution of a mark does not occur overnight.”).

197 191 F.3d at 224.

198 Voss, supra note 194, at 277.

199 See Nguyen, supra note 175, at 235 n.250 (citing 4 MCCARTHY, supra note 11, § 24:94, at 24-160 to -161, as authority that actual loss is not required under the Act as long as there is some proof of loss of the mark’s strength as a commercial symbol and identifier).


201 See Reichman, supra note 12, at 132 (supporting the view that claimant need only show a likelihood of dilution under the FTDA since the dilution definition’s use of the word “capacity” indicates that it is “the junior user’s ability to dilute that is actionable, not actual dilution in the marketplace” (emphasis added)); Voss, supra note 194, at 278 (suggesting that the definition of dilution under the FTDA “imports an element of futurity” since a “better interpretation” of the word “capacity” bears the meaning of “future capacity”); see also 4 MCCARTHY, supra note 11, § 24:95, at 24-193 to -194 (“In the author’s opinion, ‘dilution’ as defined in Lanham Act § 43(c) can and should be read to include tarnishment . . . . [T]arnishment necessarily involves some degree of probable loss of the capability of the mark to serve as a distinctive identifier.” (emphasis added)).
strate actual, consummated harm to establish dilution. They argue further that if Congress intended such a strict requirement, it is "strange" that they would not specifically mention it in the FTDA. Conversely, despite admitting that the legislative history of the FTDA is scant, some critics opine that the statute may be read to suggest a likelihood of dilution standard because it states that "federal trademark law presently coexists with state trademark law, and it is to be expected that a federal dilution statute should similarly coexist with state dilution law."  

2. The Response

The actual dilution requirement is supported by the plain meaning and legislative history of the FTDA. It is clear that the FTDA does not incorporate the "likelihood of dilution" language that most state antidilution statutes used. When Congress passed the FTDA it was well aware that twenty-five states had dilution laws of their own (some of which had been in existence for almost fifty years) and certainly knew of the fact that those states had dilution laws that provided relief if the defendant's mark would likely dilute the plaintiff's mark. Congress, with its knowledge of dilution theory in general and state remedies in particular, abandoned the words "likelihood" or "likely"

202 See Voss, supra note 194, at 278 (referring to the legislative history of the 1988 dilution bill, the FTDA, and the Report of the Trade Mark Commission); see also Klieger, supra note 25, at 839 (noting that the Senate did not hold any hearings or engage in any floor debate when it passed the FTDA by voice vote).


205 See supra text accompanying note 47 (noting a key difference between the FTDA and many of its state counterparts); see also Bible, supra note 182, at 307-08 (highlighting the explicit references to "causes dilution" and the evidence against using a "likelihood of dilution" standard); Prager, supra note 14, at 130-36 (arguing that the FTDA language of "causes dilution" is a higher standard than the previous "likelihood of dilution" language); Krafte-Jacobs, supra note 80, at 667-68 ("[T]he FTDA does not—at least facially—provide for a 'likelihood of dilution.' Rather, [a] court is empowered to grant an injunction only where the subsequent user 'causes dilution.'"). Arkansas is the only state whose antidilution statute follows the FTDA's language verbatim. Facer, supra note 35, at 885 n.92.

206 H.R. REP. No. 104-374, at 2-3, reprinted in 1995 U.S.C.C.A.N. 1029, 1030. It would be wrong to assume otherwise since one of the purposes of the FTDA was to provide uniform, nationwide relief to trademark dilution due to inconsistencies among state antidilution statutes. See supra text accompanying notes 37-42 (describing the conditions that led to the passage of the FTDA).
in its drafting of the FTDA.\footnote{207} In fact, one observer states that "[r]eading the FTDA as it was drafted by Congress, no conclusion is possible other than that a showing of actual dilution is required for relief under the FTDA."\footnote{208} Indeed, it is even more "strange" to interpret the FTDA as requiring only a likelihood of dilution when Congress deliberately refused to use such language, despite the fact that it had the state dilution statutes before it as a model.\footnote{209}

Further, the use of the word "capacity" in the FTDA has a neutral, temporal meaning.\footnote{210} Critics read too much into the statute by equating the term with "future capacity." Adding new meaning to a word that Congress did not intend is judicial irresponsibility and statutory bastardization.\footnote{211} If Congress intended to provide protection of a famous mark's future capacity to identify and distinguish its goods and services, it would have included language as such.\footnote{212} By not prefacing the word "capacity" with any temporal modifiers, Congress ensured

\footnote{207} The fact that the FTDA's language almost identically tracks the Model State Trademark Bill, the language of which was imported into many state dilution statutes, evidences Congress's use of state dilution legislation as a model for the FTDA. Mermin, \textit{supra} note 30, at 230; see also \textit{supra} text accompanying notes 35-36 (observing that, at the time the FTDA was signed into law, a majority of the states already had adopted antidilution statutes). Unlike the FTDA, however, the Model Bill used the phrase "likelihood of" to modify the word "dilution." Mermin, \textit{supra} note 30, at 230. "Unless courts are to assume that Congress made an error in drafting, the natural inference is that it intended \textit{not} to create a vague, open-ended 'likelihood of dilution' cause of action and omitted the phrase 'likelihood of' for that reason." \textit{Id.}; see also \textit{supra} text accompanying note 82 (suggesting that Congress deliberately omitted the phrase "likelihood of dilution" from the language of the FTDA).

\footnote{208} See Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449, 461 (4th Cir. 1999) ("[T]here is a fact that in the face of the obvious centrality of 'likelihood of dilution' provisions in the interpretation and application of state antidilution statutes for the fifty years of their existence, the federal Act does not so provide."); see also \textit{supra} text accompanying note 207 (suggesting that Congress deliberately omitted the phrase "likelihood of dilution" from the language of the FTDA).

\footnote{209} See Ringling Bros., 170 F.3d at 460 ("One can surely speak expressly of 'present capacity,' or ... 'future capacity,' or ... 'former capacity,' but unless it is so temporally modified or otherwise given its intended temporal meaning, the word is neutral in that respect. In context here, it is plain that the 'capacity' spoken of is 'former capacity.'").

\footnote{210} See \textit{Seitz, supra} note 189, at 154 ("Not only does this interpretation [of the word 'capacity'] give a new and unintended meaning to the language of the statute as a whole, it also gives a new meaning to the word 'capacity' as used in the statute.").

\footnote{211} \textit{Id.}
consistency in maintaining “present tense” protection of famous marks in its drafting of the FTDA.\textsuperscript{213} This is further evidenced by the FTDA’s use of the present tense phrase “causes dilution,” which even the \textit{Nabisco} court correctly observed.\textsuperscript{214}

The FTDA does not include phrases such as “future capacity,” “will lessen,” “may lessen,” “could cause dilution,” “may cause dilution,” “will cause dilution,” or “likely to cause dilution.” Such temporal modifiers and conditional language are notably absent.\textsuperscript{215} This absence should take prominence in statutory interpretation when all that can be relied on is the statute’s language and sparse legislative history.\textsuperscript{216} Reading and interpreting a statute as it is plainly written by our federal lawmakers in this context is not the least bit “excessive,” but is in fact the “literalism” required of the judiciary.\textsuperscript{217} Ignoring the language of a statute, however, especially when the legislative history is arguably nonexistent, is “excessive liberalism” and subjective judicial intuition that defeats the statute’s intent.\textsuperscript{218}

\begin{itemize}
  \item \textsuperscript{213} Seitz, \textit{supra} note 189, at 155.
  \item \textsuperscript{214} \textit{Supra} note 195.
  \item \textsuperscript{215} The definition of dilution in the FTDA does include the phrase “likelihood of confusion, mistake, or deception” to reinforce the notion that consumer confusion is unnecessary for federal dilution relief. 15 U.S.C. § 1127 (Supp. V 1999). “The appearance of a ‘likelihood of’ formulation in the text of the FTDA itself further undermines the argument that Congress intended to establish a ‘likelihood of dilution’ standard by implication. In drafting the FTDA, when Congress intended to say ‘likelihood of X,’ it said just that; ‘causes dilution’ should therefore not be read to mean ‘likelihood of dilution.’" Mermin, \textit{supra} note 30, at 231 (emphasis added) (citations omitted).
  \item \textsuperscript{216} According to the Supreme Court, the plain meaning rule instructs the judiciary that “[i]f the words convey a definite meaning which involves no absurdity, nor any contradiction of other parts of the instrument, then that meaning, apparent on the face of the instrument, must be accepted.” Lake County v. Rollins, 130 U.S. 662, 670 (1889); \textit{see also} Seitz, \textit{supra} note 189, at 155 (noting that the \textit{Ringling Bros.} court "relied on the only information that it had, the language and history of the FTDA"). Indeed, commentators who advocate the \textit{Nabisco} standard are trying to garner support to add the modifying “likelihood of” to the "causes dilution" phrase in the FTDA, revealing their own qualms about advocating a standard that the statutory language does not so provide. \textit{See, e.g.}, Ahearn, \textit{supra} note 32, at 913-18 (supporting the \textit{Nabisco} standard as appropriate and recommending a statutory amendment to ensure that the \textit{Ringling Bros.} standard is not followed); Slonaker, \textit{supra} note 54, at 153-54 (recommending that Congress amend the FTDA and adopt the “likelihood” standard, and thus restore reliability to the Act).
  \item \textsuperscript{217} Even the critics of the Fourth Circuit’s use of the plain meaning rule to interpret the FTDA concede this notion. \textit{See} Voss, \textit{supra} note 194, at 278 (acknowledging the usefulness of legislative history, but noting that “purely textual arguments undoubtedly carry the greatest interpretative weight”).
  \item \textsuperscript{218} \textit{See} Seitz, \textit{supra} note 189, at 155 (arguing that by ignoring the language of the FTDA, the \textit{Nabisco} court did not follow the intent of the Act, but “read its own meaning into the statute so as to produce the outcome it desired”).
\end{itemize}
The FTDA’s intended coexistence with the states and the long history of state relief for trademark dilution do not necessarily imply that claims under the FTDA are to follow the requirements of state laws or the analysis of state courts. Nor should it. The FTDA was in no way meant to usurp state dilution statutes or merge into them, but critics’ insertion of a likelihood of dilution test effectively does this to the state dilution laws currently in force. Coexistence means working together, not replacing one another. A federal remedy is a federal remedy, not a state one. To propose that satisfaction of a state remedy by fulfilling the criteria of a state law automatically confers federal relief to the claimant is absurd. The absurdity does not go away simply because such a proposition is applied to the trademark dilution context.

C. The Intent and Purpose of the FTDA Supports the Actual Harm Requirement

1. The Criticism

Critics consider the actual harm test to be at odds not only with the FTDA’s language and legislative history, but also with the statute’s intent and purpose. They claim that the loss Congress sought to remedy was a loss in the distinctiveness of a mark, not solely its economic value. Indeed, they note that a loss in a mark’s distinctiveness can

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219 See supra text accompanying note 35 (listing all thirty-four existing state antidilution statutes).
220 Most courts that employ likelihood of dilution analysis, unlike the actual harm test, base their decisions not on the FTDA, but cite state antidilution laws for support. This is unfortunate and improper simply because of the striking differences in word choice between the FTDA and state statutes. See Seitz, supra note 189, at 157 (“Courts which engage in this practice are deceiving themselves and the parties involved into thinking that their decision is based on the FTDA, when it is in fact based on the state dilution statute used in the case they chose to cite.”); see also Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C., 212 F.3d 157, 168-69 (3d Cir. 2000) (relying on a state antidilution case in its analysis of the plaintiff’s dilution claim); Elvis Presley Enters., Inc. v. Capece, 141 F.3d 188, 193 (5th Cir. 1998) (supporting the proposition that only a likelihood of dilution is required under the FTDA by citing a case which specifically dealt with a state dilution statute); Panavision Int’l, L.P. v. Toeppen, 141 F.3d 1316, 1326 n.7 (9th Cir. 1998) (defining dilution based on a state case decided before the FTDA’s enactment).
221 In addition, unlike state dilution laws, which only provide injunctive relief, the FTDA provides compensatory and restitutionary damages for necessarily consummated economic harm where willful conduct is shown. 15 U.S.C. §§ 1125(c)(2), 1117(a), 1118 (Supp. V 1999).
222 Many point to the Senate Judiciary Report from the failed 1988 dilution bill to
even occur when there is no economic harm. Thus, the critics argue that requiring a showing of actual economic harm makes federal dilution relief superfluous by erecting an insurmountable barrier to any federal dilution action.

Under the actual harm standard, the FTDA provides no effective remedy for famous and distinctive marks. Instead, it forces a senior user to wait until its mark has actually suffered a material loss before an injunction can be issued. This contradicts the very nature of dilution and thus the federal statute designed to provide for its relief, since dilution is assumed to be synonymous with a gradual loss of uniqueness, whether or not there is actual economic harm. Therefore, by not compensating the injury Congress sought to be remedied (loss of distinctiveness) until a claimant can show actual harm (which they believe cannot be shown), the test followed by the Fourth and Fifth Circuits is no test at all, but a barrier irreconcilable with the intent and purpose of the FTDA.

Further, the critics contend that the actual loss requirement is inconsistent with the FTDA because it injures the junior user. The junior user would be disadvantaged because such a requirement prevents the junior user from knowing whether it will be prohibited from using its new mark until after it actually implements the mark in the marketplace. Unable to seek declaratory relief before the mark is in the market, junior users will be “obligated to spend the huge sums in-

amend the Lanham Act which stated that the bill would apply “when the unauthorized use of a famous mark reduces the public’s perception that the mark signifies something unique, singular, or particular.” S. Rep. No. 100-515, at 19 (1988).

See Klieger, supra note 25, at 841 (“Any junior use of a mark, whether or not it undermines the senior user’s selling power, necessarily renders the mark less unique, such that any junior use is tantamount to a showing of actual dilution under the Act.”); see also S. Rep. No. 100-515, at 45 (“The distinctive quality of a mark could be materially reduced during a period of rising sales for the product bearing the mark.”).

See, e.g., Voss, supra note 194, at 277 (“[The Ringling Bros.] court’s plain meaning interpretation requiring actual harm may have resulted in a statute that effectively provides no remedy at all . . . .”).

See Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 224 (2d Cir. 1999) (“To read the statute as suggested by the Ringling Bros. opinion would subject the senior user to uncompensable injury. The statute could not be invoked until injury had occurred.”).

This is the critics’ assumption of the definition of dilution, discussed in this section.

The Nabisco court referred to actual dilution as an “arbitrary and unwarranted limitation on the methods of proof.” 191 F.3d at 223; see also supra Part IV.A.1 (highlighting the arguments claiming that actual dilution cannot be shown).

See Nabisco, 191 F.3d at 224 (stating that the Ringling Bros. reading of the FTDA is “disastrously disadvantageous for the junior user” because a junior user would want to know whether its mark will be permitted before, rather than after, it is launched).
volved in a product launch without the ability to seek prior judicial assurance that their mark will not be enjoined.\textsuperscript{229} Therefore, critics claim, by offering no federal relief to senior users and unnecessarily burdening possibly legitimate junior users, the \textit{Ringling Bros.} reading of the FTDA contradicts the statute's intent and purpose.

2. The Response

The FTDA's aim is to protect a mark's selling power rather than its distinctiveness.\textsuperscript{230} To say otherwise, that the interest sought to be protected by the FTDA is the senior mark's distinctiveness as such, is the "radical property right-in-gross model of dilution" as originally proposed by Professor Schechter.\textsuperscript{231} If Congress had intended to create such property rights "unlimited in time,"\textsuperscript{232} it would not have defined dilution in the manner it chose. Rather, Congress simply would have prohibited the use of any junior mark that substantially replicates the senior mark, whether or not the senior mark suffered any harm.\textsuperscript{233} However, by proscribing injury to the senior mark's economic value in the form of a "lessening of the capacity [of that mark] to identify and distinguish goods and services,"\textsuperscript{234} and by limiting its scope to injuries causally connected with the "commercial use" of the replicating junior mark,\textsuperscript{235} the FTDA pursues a purpose that is wholly consistent with the actual harm standard as that requirement prevents the creation of unintended property rights in gross for trademark holders.

Because of dilution protection's alleged monopolistic tendencies,\textsuperscript{236} whether generally real or only stemming from the "in-gross"

\textsuperscript{229} \textit{Id.}

\textsuperscript{230} \textit{Ringling Bros.}, 170 F.3d at 458. Even some critics admit that dilution is meant to protect not just a mark's distinctiveness, but its selling power as well. \textit{See Klieger, supra} note 25, at 840 ("[T]he very premise of dilution is that no single junior use sufficiently undermines the distinctiveness and selling power of a mark to be objectively identified or measured." (emphasis added)).

\textsuperscript{231} \textit{Ringling Bros.}, 170 F.3d at 459; \textit{see also} Klieger, \textit{supra} note 25, at 851 (discussing the undesirability of trademark rights in gross that bestow "upon the senior user of a mark a property right no less than that in patents, copyrights, or physical assets").

\textsuperscript{232} 170 F.3d at 459.

\textsuperscript{233} \textit{Id.}; \textit{see also} Klieger, \textit{supra} note 25, at 813 n.134 ("[T]o say that the senior mark will inevitably lose its 'commercial magnetism' or 'selling power' [from any replicating junior use] is far from intuitive."); Mermin, \textit{supra} note 30, at 232 (arguing that if Congress wanted to create "a trademark regime without a consumer confusion standard" one would expect it to have been clear about what it was doing).


\textsuperscript{236} \textit{See supra} note 30 and accompanying text (discussing how antidilution theory
fear brought by broad applicability, inserting a *nationwide* likelihood of dilution standard into the FTDA undermines the statute’s aim because it exacerbates (or itself creates) the supposed anticompetitive effects of unrestrained dilution. Requiring proof of causation and injury encourages healthy competition in the marketplace. Providing relief when no injury is present or proven unduly hinders competition and conflicts with the design of the law employed to provide such relief.

While it may benefit junior users to know whether their marks are legitimate before their market introduction, the costs of the likelihood of dilution standard far outweigh this alleged benefit. The likelihood of dilution standard “effectively stifles competition at the preliminary injunction stage.” By not requiring the plaintiff to show that its mark has been actually harmed in order to satisfy its burden, this standard will delay the release of products or services that may not even cause any dilution. Larger companies with sufficient resources will then be able to “squash” the competition by bringing an action for a preliminary injunction in a court that follows the *Nabisco* test—a standard that is effectively no standard at all. In this scenario, preventive medicine is not a remedy, but rather a recipe for senior entrenchment.

The actual dilution test, on the other hand, allows the junior user to place its mark into the stream of commerce so that a determination can be made as to “whether it actually dilutes a famous mark. The

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237 For an overview of this argument, see *supra* Part IV.C.1.

238 Marroletti, *supra* note 38, at 689.

239 See also *supra* Part IV.A.2 (discussing the near impossibility of showing likelihood of dilution at the preliminary injunction stage).

240 See *Ringling Bros.*, 170 F.3d at 460 (discussing causation and noting that “marks can lose their distinctiveness or power to identify goods and services for various reasons other than the use of a junior mark” (citation omitted) (quoting *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 955 F. Supp. 605, 615 (E.D. Va. 1997)); see also Marroletti, *supra* note 38, at 688-89 (noting that products have specific release dates determined by marketing research and contending that granting preliminary injunctions on the basis of a likelihood of dilution standard would force companies to “settle, change their product or packaging, or wait to release their product or advertising at a time when it is no longer viable”).

241 See Marroletti, *supra* note 38, at 689 (arguing that the injury against which a likelihood of dilution standard protects is “speculative and therefore immeasurable,” and that the test therefore gives senior users the power to block competition by forcing junior users to settle); see also Mermin, *supra* note 30, at 232 (referring to the ten-factor *Nabisco* test as a “convoluted” and “unwieldy” test that could be “used in practice to justify whatever outcome the court prefers”).
likelihood standard would deprive the junior user of such an opportunity. Denying emerging companies any chance to compete is neither the aim of trademark dilution protection nor the purpose of the FTDA. It is also not the statute’s intent to provide senior mark users with unbridled and unlimited protection at all costs. However, a likelihood of dilution standard does just that by extending protection to senior trademark owners confronted with any sort of competition. Thus courts, to be faithful to the language and the intent of the FTDA, must ensure that dilution claims are not employed by famous mark owners to inhibit competition without proving quantifiable harm. If not, courts will be in the business of encouraging monopolistic practices by protecting famous marks even when there is “no damage to [their] function,” thereby undermining the purpose of trademark protection. This is the “remedy without a wrong” fear coming home to roost.

CONCLUSION

The likelihood-of-dilution standard, employed by the Second Circuit and later followed by the Third, Sixth, and Seventh Circuits, is purely a creation of state law and judicial fiat, and has no connection to the FTDA. In arriving at its decision to require merely an inference of likely dilution, the Nabisco court completely ignored the significant differences between state antidilution statutes and the FTDA. Despite the obvious difference in language, the court as-

242 Seitz, supra note 189, at 156.
243 Marroletti, supra note 38, at 687.
244 Id. at 689; see also Ringling Bros., 170 F.3d at 460 (claiming that it is probable that some junior uses will have no effect at all on a senior mark’s economic value, “whether for lack of exposure, general consumer disinterest in both marks’ products, or other reasons”). In fact, junior uses may help senior mark holders. See id. (suggesting that replicating uses could enhance a senior mark’s attraction amongst buyers by drawing attention to the renown of the senior mark); Seitz, supra note 189, at 156 (“If the likelihood of dilution standard is adopted many marks may be enjoined which, if allowed to be used in the marketplace, may not actually dilute the senior’s mark.”).
245 See Lerner, supra note 90, at 455 (arguing that the Nabisco court’s insertion of a likelihood of dilution standard in the FTDA “substantially furthered the transformation of dilution law into a right in gross, . . . allowing trademark owners the unprecedented possibility of perpetual and exclusive rights over the shape of certain marks”).
246 See, e.g., supra text accompanying note 220 (highlighting flawed federal decisions that relied on state dilution decisions rather than the FTDA and noting that the Third Circuit, in Times Mirror, inappropriately relied on a case that only involved a state dilution statute in holding that the FTDA merely mandates a likelihood of dilution showing).
247 Voss, supra note 194, at 280.
sumed, without any analysis, that New York’s antidilution law and the
FTDA require the same standard of proof.\textsuperscript{248} Moreover, the Second
Circuit confused dilution with infringement in that it emphasized the
likelihood of consumers confusing the two marks at issue in reaching
its result, when, by definition, consumer confusion is not evidence of
dilution.\textsuperscript{249} The Third Circuit furthered the problem not only by fol-
lowing the Second Circuit’s improper jurisprudential standard, but
also by affirming the lower court’s use of a state dilution case, decided
before the FTDA was even enacted, to find for the senior user.\textsuperscript{256}

The actual harm requirement, while placing a higher burden of
proof on the claimant, is not an impenetrable barrier. Rather than
erecting an insurmountable obstacle to relief, the actual harm stan-
dard prevents the “causing dilution” requirement in the FTDA from
becoming a malleable standard that can be loosely applied at the will
of the judiciary.\textsuperscript{251} The language and intent of the FTDA as well as the
doctrine of dilution necessitates a clear and difficult test, not a stan-
dard that is speculative, ambiguous, and open to abuse. The latter
would lead to disastrous monopolistic results and further compound
adjudicatory inconsistencies. The actual dilution standard, at the
least, protects against trademark overprotection, thereby preventing
dilution theory from swallowing up not only its federal statutory off-
spring, but also trademark law in general.

\textsuperscript{248} For example, in holding that the FTDA applies to both competing and non-
competing marks, the Nabisco court stated, “[w]e have already held that New York’s
antidilution statute applies to ‘competitors as well as noncompetitors,’ and we now so
hold under the FTDA.” Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 223 (2d Cir.
1999) (citation omitted). Indeed, the court seemed to suggest that since Nabisco
would be found in violation of New York’s dilution statute anyway, an actual dilution
test would not “help” Nabisco. Thus, reading into the FTDA a likelihood of dilution
standard would be the more appropriate route. \textit{See id. at 225 n.7 (“We note further
that [an actual dilution test] cannot help Nabisco because the district court found vio-
lation of both the federal and the New York State antidilution statutes, and the latter
expressly applies to ‘likelihood of injury… or of dilution.’” (citation omitted)).
\textsuperscript{249} \textit{See supra} note 117 and accompanying text (“The likelihood of consumer confu-
sion is evidence of infringement, not of dilution.”).
\textsuperscript{256} \textit{See Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C., 212 F.3d
157, 168-69 (3d Cir. 2000) (finding no error in the district court’s use of the six-factor
test in \textit{Mead Data Central, Inc. v. Toyota Motor Sales, Inc., 875 F.2d 1026 (2d Cir. 1989)}, a
New York state antidilution case that predated the FTDA by six years, to hold that the
plaintiff was likely to prevail on its dilution claim).
\textsuperscript{251} \textit{See Marroletti, supra} note 38, at 688 (“[T]he Ringling Bros. court] created a
workable standard for the practical application of a notoriously elusive concept. By
requiring proof of injury and causation, the court’s interpretation limited the applica-
tion of a confusing legal standard that is easily abused.”).