The Federal Trademark Dilution Act: The Circuit Split Makes a Desperate Call to the Supreme Court for Uniformity

Jacqueline R. Knapp
THE FEDERAL TRADEMARK DILUTION ACT: THE CIRCUIT SPLIT MAKES A DESPERATE CALL TO THE SUPREME COURT FOR UNIFORMITY

INTRODUCTION

Leaping energetically across the television screen, a popular commercial features a bright orange, cartoon tiger exclaiming, “They’re gr-r-reat!” Immediately, the average consumer imagines a cereal bowl filled with sweet, crispy flakes, and suddenly, a trademark’s distinctiveness is established. What happens when another famous company also utilizes a tiger to symbolize the strength of its product’s image?

In 1995, Congress passed the Federal Trademark Dilution Act (FTDA)\(^1\) to establish a uniform nationwide protection against trademark dilution.\(^2\) The FTDA defines “dilution” as “the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of (1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake, or deception.”\(^3\) Further, in 1995, the Supreme Court identified two goals of trademark law—“to protect consumers who have formed particular associations with a mark” and “to protect the investment in a mark made by the owner.”\(^4\)

At the time of the FTDA’s adoption, only twenty-five states had enacted widely varying dilution statutes and no federal remedy

existed. Early reasoning for an anti-dilution statute was based on the fear of “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.” Since the adoption of the FTDA nearly eight years ago, courts have yet to agree on a standard application of the Act and have thus defied its primary goal of eliminating problems caused by inconsistent state statutes. The FTDA sets forth the following criteria for determining a trademark dilution cause of action: “(1) the senior mark must be famous; (2) it must be distinctive; (3) the junior use must be a commercial use in commerce; (4) [the junior mark] must begin after the senior mark has become famous; and (5) [the junior mark] must cause dilution of the distinctive quality of the senior mark.”

Prior to the enactment of the FTDA, dilution protection was only available to famous trademarks on a “patch-quilt system” basis, even though the trademarks themselves were often used on a “nationwide basis.” However, a main challenge to the FTDA’s effectiveness is that “court decisions have been inconsistent and some courts are reluctant to grant nationwide injunctions for violation of state law where half of the states have no dilution law.”

Contrary to the common law of trademark infringement, the FTDA does not require the plaintiff to show a likelihood of confusion between the senior and junior marks. The FTDA’s overriding purpose is to “protect[ ] the trademark owner from the erosion of the

7. See V Secret Catalogue, 259 F.3d at 468.
8. See Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 215 (2d Cir. 1999). The “senior mark” represents the allegedly “famous” mark that has suffered harm or may be harmed, whereas the “junior mark” language identifies the mark supposedly causing dilution under the Act. See generally 15 U.S.C. § 1125(c) (2000). “[T]he junior user saturates the market with a similar trademark and overwhelms the senior user.” New Dana Perfumes Corp. v. The Disney Store, Inc. 131 F. Supp. 2d 616, 632 (M.D. Pa. 2001) (quoting Ameritech, Inc. v. American Info., 811 F.2d 960 (6th Cir. 1987)).
10. See id.
distinctiveness and prestige of a trademark . . . ."\textsuperscript{12} Since the adoption of the FTDA, inconsistent court decisions nationwide have enticed plaintiffs to forum-shop for the jurisdiction that may provide the most favorable result, which unnecessarily increases the amount of trademark litigation.\textsuperscript{13}

This Note focuses on the confusion generated by inconsistent court interpretations of the FTDA. Part I examines the legislative history and purpose of the FTDA and trademark protection. Part II focuses on a recent and controversial Sixth Circuit court dilution case involving the application of the FTDA, \textit{V Secret Catalogue, Inc. v. Moseley},\textsuperscript{14} for which the United States Supreme Court granted a writ of certiorari and shed some light on the trademark dilution confusion in its March 2003 decision.\textsuperscript{15} Part III analyzes the circuit court splits on several elements of the FTDA, including the actual harm requirement, famousness, distinctiveness, and commercial use. Part IV addresses the retroactivity of the FTDA. Part V provides an analysis of the United States Supreme Court landmark decision on trademark dilution in \textit{Moseley v. V Secret Catalogue, Inc.}\textsuperscript{16} This Note concludes that a uniform application of the FTDA is essential to preserve fairness in the American judicial system’s enforcement of trademark law. The grant of certiorari in \textit{V Secret Catalogue, Inc. v. Moseley} indicates that the U.S. Supreme Court agrees; the Court heard the appeal by Victor and Cathy Moseley against the lingerie giant, Victoria’s Secret, on November 12, 2002.\textsuperscript{17} On March 4, 2003, the Supreme Court answered the proof of harm issue in \textit{Moseley v. V Secret Catalogue, Inc.}

\textsuperscript{12} See Eli Lilly & Co. v. Natural Answers, Inc., 233 F.3d 456, 466 (7th Cir. 2000) (quoting Ill. High Sch. Ass’n v. GTE Vantage Inc., 99 F.3d 244, 247 (7th Cir. 1996)).
\textsuperscript{14} 259 F.3d 464 (6th Cir. 2001), \textit{cert. granted}, 122 S.Ct. 1536 (2002).
\textsuperscript{15} 259 F.3d 464 (6th Cir. 2001); see \textit{Moseley v. V Secret Catalogue, Inc.}, 122 S.Ct. 1536 (2002).
\textsuperscript{16} 123 S. Ct. 1115 (2003).
\textsuperscript{17} \textit{See Moseley}, 122 S.Ct. 1536.
I. HISTORICAL BACKGROUND OF TRADEMARK PROTECTION AND THE FTDA

The "primary purpose of . . . trademark protection is to protect that which identifies a product's source." Ultimately, anti-dilution statutes and the FTDA, a sub-component of trademark protection, sought "to fill a void left by the failure of trademark infringement law to curb the unauthorized use of marks where there is no likelihood of confusion between the original use and the infringing use." In 1932, the first of "[t]wo earlier unsuccessful attempts [was] made to enact a federal dilution statute." Courts were initially hesitant to apply the dilution statute because oftentimes "the plaintiff[s] failed to prove a likelihood of confusion"—a requirement since removed by the FTDA. Compared to trademark infringement, "dilution statutes, and the FTDA in particular, protect only the trademark . . . and are not concerned with possible confusion on the part of consumers."

Finally, on January 16, 1996, President Clinton signed the Federal Trademark Dilution Act of 1995. The FTDA was "founded upon the premise that a gradual attenuation of the value of a famous

18. I.P. Lund Trading v. Kohler Co., 163 F.3d 27, 35 (1st Cir. 1998). "[T]he statutory definition of a trademark . . . requires that a person 'use[e]' or 'intend[d] to use' the mark 'to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.'" Id. at 35-36 (alterations in original) (quoting 15 U.S.C. § 1127(2000)).

19. Id. at 36 (quoting L.L. Bean, Inc. v. Drake Publishers, Inc., 811 F.2d 26, 30 (1st Cir. 1987)). Congress intended to "fill [the] void" by establishing the FTDA to "provide uniform national protection against dilution" and to better conform to international trademark agreements. Id.; see H.R. REP. NO. 104-374, at 3-4 (1995), reprinted in 1996 U.S.C.C.A.N. 1029, 1030-31 (Nov. 30, 1995). "Enactment of the FTDA was consistent with agreements that were part of the Uruguay Round of the General Agreement on Tariffs and Trade . . . and the Paris Convention," and the FTDA was also enacted to bring "value to the [United States] in bilateral and multi-lateral trade negotiations." See I.P. Lund Trading, 163 F.3d at 45.

20. See Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449, 454-55 n.2 (4th Cir. 1999). This first attempt was a bill advanced by Frank I. Schechter, commonly referred to as the man who fathered the concept of dilution. Id. at 453-55. The second attempt came in 1988 as a proposed amendment to the Lanham Act. Id. Massachusetts enacted the first state "anti-dilution" statute in 1947, and within fifty years, approximately twenty-five states had followed Massachusetts' lead. Id. at 454. See supra note 5.

21. See Ringling Bros., 170 F.3d at 455 (quoting RESTATEMENT, supra note 5).

22. I.P. Lund Trading, 163 F.3d at 36.

trademark, resulting from another’s unauthorized use, constitutes an invasion of the senior user’s property rights.”24 The legislative history of the FTDA “indicates that Congress understood that ‘dilution’ might result either from ‘uses that blur the distinctiveness of [a famous] mark or [that] tarnish or disparage it.’”25 Also, because “famous” marks are typically used nationwide, Congress recognized the need to supplement the twenty-five state anti-dilution statutes with a federal anti-dilution statute. Moreover, the FTDA seeks to protect the public, because “[p]rotection of the public against deceptive and confusing uses of non-'unique' marks would have been left under [Schechter’s thesis] to other laws than that of trademark.”27

Congress enacted the FTDA to prevent both types of dilution, blurring and tarnishment, “‘by protect[ing] the [senior mark] from the erosion of [its] distinctiveness and prestige . . . caused by . . . a proliferation of borrowings, that while not degrading the original seller’s mark, are so numerous as to deprive the mark of its distinctiveness and hence impact.’”28 The harm to the mark’s value

26. See Times Mirror Magazine, 212 F.3d at 170; see generally supra INTRODUCTION; supra note 5 and accompanying text.
27. Ringling Bros., 170. F.3d at 454; see generally Schechter, supra note 6. “Tarnishment” occurs when one party uses another’s trademark in a way that tarnishes or appropriates the goodwill and reputation associated with the mark. Westchester Media v. PRL USA Holdings, Inc., 214 F.3d 658, 670 n.12 (5th Cir. 2000).
28. Eli Lilly & Co. v. Natural Answers, Inc., 233 F.3d 456, 466 (7th Cir. 2000) (quoting Ill. High Sch. Ass’n v. GTE Vantage Inc., 99 F.3d 244, 247 (7th Cir. 1996)). “Blurring” occurs when consumers notice the plaintiff’s mark used on a variety of non-plaintiff products or services, raising the chance that the plaintiff’s mark will be lost. Id. To determine “blurring”, courts have examined the following common law factors: “(1) similarity of the marks, (2) similarity of the products covered by the marks, (3) sophistication of the consumers, (4) predatory intent, (5) renown of the senior mark, and (6) renown of the junior mark.” New Dana Perfumes Corp. v. The Disney Store, 131 F. Supp. 2d 616, 633 (M.D. Pa. 2001) (citing Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., Inc., 875 F.2d 1026, 1035 (2d Cir 1989), and Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 217-222 (2d Cir. 1999)). Additional factors include “distinctiveness, actual confusion and likelihood of confusion, shared customers, and geographic location . . . and duration of junior use.” Id.
by tarnishing and blurring can be quite different.\textsuperscript{29} Dilution by blurring can cause a consumer no longer to think exclusively of the original product, but rather associate an unrelated product with the mark.\textsuperscript{30} Conversely, dilution by tarnishment may be more damaging to the value of the mark because a noncompetitor then uses the mark to market an inferior, and sometimes offensive, product, which causes the consumer to associate the original mark with the inferior product.\textsuperscript{31} The First Circuit specified the type of issue the Act is to address:

[T]his bill is designed to protect famous trademarks from subsequent uses that blur the distinctiveness of the mark or tarnish or disparage it, even in the absence of a likelihood of confusion. Thus, for example, the use of DuPont shoes, Buick aspirin, and Kodak pianos would be actionable under this bill.\textsuperscript{32}

II. FTDA CONFUSION: THE RECENT SIXTH CIRCUIT DILUTION DECISION IN V SECRET CATALOGUE, INC. V. MOSELEY

In a recent decision under the FTDA, the Sixth Circuit acknowledged the immediate necessity of a uniform application of the Act.\textsuperscript{33} On July 30, 2001, the Sixth Circuit held in \textit{V Secret Catalogue, Inc. v. Moseley} that the defendant's use of the name "Victor's Little Secret" diluted the "Victoria's Secret" trademark.\textsuperscript{34} Victor and Cathy Moseley originally named their store in Elizabethtown, Kentucky, "Victor's Secret" in an effort to keep their


\textsuperscript{30} See id. “For example, Buick would suffer dilution by blurring if a separate entity marketed Buick aspirin.” Id. at 734 n.32.

\textsuperscript{31} Id. at 734. “For example, the Buick mark might be tarnished if a separate entity manufactured and sold a pornographic magazine called Buick.” Id. at 734 n.34; see infra Part II.

\textsuperscript{32} I.P. Lund Trading v. Kohler Co., 163 F.3d 27, 45 (1st Cir. 1998).


\textsuperscript{34} See id. at 477.
new adult store a secret from Victor’s previous employer.35 “Victor’s Secret” is a store located in a strip mall “selling a wide variety of items, including men’s and women’s lingerie, adult videos, sex toys and ‘adult novelties.’”36 On February 25, 1998, the Moseleys received a cease and desist letter from Victoria’s Secret, and in reaction, they altered the name of their store to “Victor’s Little Secret.”37 V Secret Catalogue, Inc. was not satisfied with the addition of the “Little” in the Moseleys’ store’s name, and the Moseleys were ordered to change the store’s name.38 Subsequently, V Secret Catalogue, Inc. filed suit in district court against the Moseleys.39

Victoria’s Secret had employed a registered mark since January 20, 1981, and was well-known worldwide as the “ninth most famous brand in the apparel industry.”40 Victoria’s Secret distributes about 400 million copies of their catalogue each year, which includes 39,000 copies in Elizabethtown, Kentucky, where the Moseley’s store is located.41 Within a sixty-mile distance of “Victor’s Little Secret,” Victoria’s Secret has two stores in Louisville, Kentucky; one opened in late 1982, and the other opened in 1985.42

In 1998, V Secret Catalogue, Inc. sued the Moseleys, and the district court, granting Moseley’s motion for summary judgment on trademark infringement, found that V Secret Catalogue’s complaint failed to establish a likelihood of confusion, the common law standard for trademark infringement; however, the court did find the defendant’s mark “blurred and tarnished” the V Secret Catalogue

35. See id. at 466.
36. Id.
37. See id. at 466-67. The district court ruled “that the inclusion of ‘Little’ in the Moseleys’ mark, in smaller font above the original ‘Victor’s Secret’ logo, did little to lessen the . . . similarity.” Id. at 467.
38. See id. at 466.
40. See V Secret Catalogue, Inc. v. Moseley, 259 F.3d 464, 464 (6th Cir. 2001), cert. granted, 122 S.Ct. 1536 (2002). One element of establishing a dilution claim requires proving the “famousness” of the mark, and the “famousness” of the Victoria Secret trademark is undisputed by the Moseleys. Id. The only element disputed in this case is whether dilution occurred. Id. at 467.
41. See id. at 466.
42. See id. “The Moseleys assert that they were not aware of Victoria’s Secret’s catalog or stores until they received a cease and desist letter . . . .” Id. at 466-67.
trademark and thus gave merit to the plaintiff’s dilution claim. 43 “Since the issuance of the district court’s order, the Moseleys have successfully operated their business as ‘Cathy’s Little Secret’ . . .” and then filed an appeal of this ruling. 44 Further, the Sixth Circuit Court of Appeals affirmed the district court’s ruling and held that “Victoria’s Secret’s mark was considered ‘arbitrary and fanciful’ and deserved a high level of trademark protection.” 45

The Sixth Circuit in V Secret Catalogue recognized a split in the Second and Fourth Circuits’ analyses regarding the actual harm requirement of a dilution claim. 46 The Sixth Circuit adopted the Second Circuit’s “likelihood of dilution” test as defined in Nabisco, Inc. v. PF Brands, Inc. 47 because it “developed standards that hew most closely to the Act.” 48

In contrast, the Fourth Circuit in Ringling Bros.- Barnum & Bailey Combined Show, Inc. v. Utah Division of Travel Development 49 found that dilution consisted of “(1) a sufficient similarity of marks to evoke in consumers a mental association of the two that (2) causes (3) actual harm to the senior marks’ economic value as a product-identifying and advertising agent.” 50 A difference between the state statutes that explicitly use the “likelihood of dilution” language and

43. See id at 465-66 (6th Cir. 2001). “[U]nlike the standards that must be met to state an infringement claim, ‘dilution can occur even where the products are not in competition and no likelihood of confusion is possible.’” Id. at 467. Offensive uses of a mark, including “pornographic uses,” sometimes present the strongest argument for tarnishing because of the “special threat to the good name and goodwill of the true owner.” Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd., 467 F. Supp. 366, 374 (S.D.N.Y. 1979).
45. Id. at 465; see infra note 71 and accompanying text.
47. 191 F.3d 208 (2d Cir. 1999) (finding dilution does not require showing “actual loss of revenue, consumer surveys, or that junior user be already established in the marketplace”), cert. granted, 122 S.Ct. 1536 (2002); see infra Part III.A (discussing Nabisco).
49. 170 F.3d 449 (4th Cir. 1999) (holding that a finding of “dilution requires more than mere proof that consumers would make mental association between marks”); see infra Part III.C (discussing Ringling Bros.).
the federal statute, which lacked that specific wording, left the courts to determine whether the "likelihood of dilution" language should apply.\textsuperscript{51}

The Fourth Circuit viewed the FTDA as requiring a finding of actual harm, because recognizing a "'property right in gross' in a mark's distinctiveness,..."\textsuperscript{52} Conversely, the Second Circuit read the Act to "...permit adjudication granting or denying an injunction... before the dilution has actually occurred."\textsuperscript{53}

On November 12, 2002, the U.S. Supreme Court heard oral arguments in the V Secret Catalogue case as an attempt to clarify the FTDA's application.\textsuperscript{54} Mr. James R. Higgins, Jr., attorney for the Moseleys, explained to the Court "...if [the Sixth Circuit's holding] stands, the FTDA threatens to usher in an anticompetitive expansion of trademark law into [a] patent-like realm."\textsuperscript{55} Mr. Higgins continued this rationale by explaining, "...the difficulty with [the likelihood of harm standard] is that not every, even identical use of the same trademark ultimately leads to the dilution."\textsuperscript{56} As an example of this expansive approach, Mr. Higgins mentioned the Second Circuit's Nabisco decision and how "...the court there applied the FTDA to grant exclusionary rights in an unpatented, uncopyrighted design of a product to enjoin a product that they said diluted."\textsuperscript{57} According to the Moseleys' perspective, Mr. Higgins explained to the Court that "[d]ilution consists of a consumer's—the general consumers, not a single consumer, but general consumer perception that there used to be one Victoria's Secret and now, in their minds, there are at least

\textsuperscript{51} See id. at 474.
\textsuperscript{52} Id. at 472-474 (quoting Ringling Bros., 170 F.3d at 459-60).
\textsuperscript{53} Id. at 475 (quoting Nabisco, Inc., 191 F.3d at 224-25).
\textsuperscript{55} Id. at *4.
\textsuperscript{56} Id. at *7. Mr. Higgins argues that "[t]he actual question that is certified is whether the plaintiff must show objective evidence of harm to the economic value of the famous mark, not that it must show economic harm per se." Id. at *10. The Court focuses on the issue that the statute does not specifically mention economic harm per se. See id.
\textsuperscript{57} Id. at *4; see infra Part III.A.
two." Further, Mr. Higgins argued that the Moseleys’ case "presents a nonidentical mark" because "[t]here are semantic differences and there are gender differences" between the two businesses.

Lastly, Mr. Higgins reminded the Court that this case is based on a statute and not the common law; therefore, no common law antecedent can be applied. On behalf of the Moseleys, he argued that the FTDA "grant[s] property rights through Congress’ action under the alleged use of the Commerce Clause, and [the Moseleys] say those property rights that are being granted by this statute create rights that go well beyond any trade area." Rather than applying the circuit court’s holding that a "mere mental association" between the marks results in dilution, the Moseleys want the plaintiff, V Secret Catalogue, to use consumer surveys to prove that the Moseleys actually harmed their mark by causing dilution and lessened the capacity of their mark to identify and distinguish the plaintiff’s business.

On behalf of V Secret Catalogue, Walter E. Dellinger, Jr. presented to the Court his perspective that the FTDA only applies to a very narrow class of marks, only "very famous marks." The Court, specifically Justice Scalia, expressed concern on how courts will determine which marks are famous enough to qualify for

58. *Id.* at *12. The Court expressed concern about how to determine a "general consumer perception" and most importantly, how many people qualify as a "general" rather than a "specific" perception. *See id.* at *12.

59. *Moseley v. V Secret Catalogue, Inc.*, 2002 WL 31643067, *11* (Nov. 12, 2002). Mr. Higgins recognized the "problem with this case is that it requires courts to speculate whether the beginning of a semantically similar mark is going to inevitably lead to dilution, and that’s contrary to the words that Congress used." *Id.* at *14-15.

60. *Id.* at *13.

61. *Id.* The Court introduced another argument in favor of the Moseleys, which related to the First Amendment, specifically free speech regarding advertisements, and mentioned "if this statute gets out of hand, advertising is part of . . . daily communications, and all of a sudden, if there’s no real harm you’re going to cut off what people can say in commercial contexts." *Id.* at *14-15.

62. *Id.* at *16, 19. In support of the Moseleys’ position, Lawrence G. Wallace, an experienced attorney in the Office of the Solicitor General, addressed the Court and recommended a consumer survey designed to illustrate what constitutes dilution be used to prove a dilution case in fact. *Id.*

63. *Id.* at *21 (emphasis added). Mr. Dellinger expressed that he thought "the Court can, and the courts can narrow the application of this statute by taking very seriously the requirement that it has to be a truly famous mark." *Id.*
protection under the Act, according to this narrow class of protection approach.\textsuperscript{64} To obtain more clarity, the Court asked "[w]hen you say [the mark] signifies something distinctive, you don't mean that Buick signifies cars, you don't mean that Tiffany's signifies jewelry, you don't mean that Rolls-Royce signifies sedans, right?"\textsuperscript{65} Mr. Dellinger responded that a mark must have a certain quality "and [a] kind of product [that] is exemplified, and that's what makes a mark famous."\textsuperscript{66} Further, Mr. Dellinger explained that "when companies are acquired, often as much as four-fifths of the value may go to use that name. That [use] is something quite valuable . . . and its value is going to be lost."\textsuperscript{67}

Finally, the Court returned to the issue of the actual harm requirement and whether a plaintiff must prove actual harm in order to have suffered dilution.\textsuperscript{68} Mr. Dellinger argued that "if the first user, say Victor's Little Secret, exists in Elizabethtown, Kentucky, and if you can't show that that alone produces the kind of harm you're looking for . . . how can you stop the second, the third, the 500th use?"\textsuperscript{69} From the plaintiff's perspective, "[b]y the time you could show economic damage to the harm, first of all as a matter of law you might have lost the status as a famous mark because there are all those users out there."\textsuperscript{70}

In viewing these conflicting approaches, the Sixth Circuit recognized the unresolved discrepancy of judicial views relating to the actual harm standard under the FTDA, and now, the Supreme Court's mission is to provide more clarity and uniformity to the FTDA's application. The following section sets forth the various circuit court splits regarding several different elements of a dilution claim.\textsuperscript{71}

\begin{itemize}
\item \textsuperscript{64} Moseley v. V Secret Catalogue, Inc., 2002 WL 31643067, *16, 19 (Nov. 12, 2002).
\item \textsuperscript{65} Id. at *26.
\item \textsuperscript{66} Id.
\item \textsuperscript{67} Id.
\item \textsuperscript{68} Id. at *28.
\item \textsuperscript{70} Id.
\item \textsuperscript{71} See infra Part III.
\end{itemize}
III. The Circuit Court Split on FTDA Interpretation

The federal circuit courts have failed to create clarity and definition surrounding several requirements for a dilution claim under the FTDA. The task of applying a uniform standard nationwide has proved to be difficult, and the following analysis delves into the challenging issue of the FTDA's future application. This section examines major cases from several circuits to support the overall view that nationwide clarification of the FTDA's application is necessary.

A. The Second Circuit Approach: The Nabisco Test for Distinctiveness and Actual Harm

On August 31, 1999, the Second Circuit decided Nabisco, Inc. v. PF Brands, Inc., in which Nabisco sought a declaratory judgment against PF Brands, Inc. (Pepperidge Farm), the maker of the "Goldfish" cheese cracker, in order to market their similar "CatDog" cheese crackers. Pepperidge Farm has produced and marketed the "Goldfish" cracker product line since 1962, and spent nearly $120 million on advertising costs between 1995 and 1998. Intending to launch on February 1, 1999, Nabisco developed "CatDog" cheese crackers, consisting of three shapes of crackers—half shaped like the Nickelodeon character, CatDog, and half shaped like either bones or fish. The Nabisco fish-shaped cracker looked similar to Pepperidge Farm's Goldfish cracker, except Nabisco's fish was "somewhat larger and flatter, and ha[d] markings on one side."


73. See infra Part III.A-G.

74. 191 F.3d 208 (2d. Cir. 1999).

75. See Nabisco, Inc., 191 F.3d at 208. The declaratory judgment sought by Nabisco was to prove their cracker did not dilute Pepperidge Farm's Goldfish cracker. Id.

76. See id. at 212-13.

77. See id. at 213.

78. Id.
Pepperidge Farm counterclaimed, alleging trademark dilution under federal and state law. The Second Circuit affirmed the district court’s ruling, which held that the “Pepperidge Farm Goldfish mark is nonfunctional, distinctive and famous and is protectable under the anti-dilution and infringement statutes.” Nabisco, appealing the district court’s decision, argued that:

(1) Pepperidge Farm failed to show likelihood of success in proving dilution, because . . . consumers would not associate the two products, and . . . Nabisco’s mark was not substantially similar to Pepperidge Farm’s; (2) the anti-dilution statutes were adopted to protect against dilution by the use of a similar mark on a non-competing product and do not apply to trademarks on competing products, which are governed instead by the infringement standard . . . (4) dilution cannot be found without documentation of actual injury, consisting of an actual reduction in the senior mark’s selling power.

In response to the second argument, the court rejected the non-competing products requirement because “the closer the products are to one another, the greater the likelihood of both confusion and dilution.” Also, Nabisco’s argument directly conflicted with the Act, which allows for dilution “regardless of the presence or absence of . . . competition between the owner of the famous mark and other parties.”

In analyzing this dilution claim, the court applied the six-factor “Sweet” test from Judge Sweet’s concurrence in Mead Data Central, Inc. v. Toyota Motor Sales, decided ten years earlier. In Mead Data, Judge Sweet evaluated other Second Circuit anti-dilution cases and provided the following six-factor test: “(1) similarity of the

79. See id.
80. See Nabisco, Inc., 191 F.3d at 214, 229.
81. Id. at 214.
82. Id. at 222.
83. Id. at 215 (quoting 15 U.S.C. § 1127(c) (2000) (emphasis added)).
84. 875 F.2d 1026 (2d. Cir. 1989) (finding the proposed use of “Lexus” as the name for a new luxury line of automobiles did not dilute the “Lexis” mark of the computer-based legal research system).
85. See Nabisco, Inc., 191 F.3d at 227.
marks[;] (2) similarity of the products covered by the marks[;] (3) sophistication of consumers[;] (4) predatory intent[;] (5) renown of the senior mark[;] (6) renown of the junior mark."\textsuperscript{86} Ultimately, the six \textit{Mead Data} factors led to the \textit{Nabisco} court's finding that Pepperidge Farm proved a "likelihood of success on the merits of its dilution claims under both federal and state law."\textsuperscript{87}

Of the five elements required to prove dilution under the FTDA, Nabisco disputed the following two elements: "(2) it must be distinctive . . . and (5) it must cause dilution of the distinctive quality of the senior mark."\textsuperscript{88} When looking at a mark's distinctiveness, many courts have turned to the guidance of the \textit{Abercrombie}\textsuperscript{89} test, which divided trademarks into five categories: "(1) generic, (2) descriptive, (3) suggestive, (4) arbitrary, and (5) fanciful. . . . Suggestive, arbitrary, and fanciful marks are deemed inherently distinctive; descriptive marks receive protection only upon a showing that they have acquired secondary meaning; and generic marks are not protectable."\textsuperscript{90} The more distinctive a mark, the more protection afforded to that mark; whereas, an "arbitrary" or "fanciful" mark warrants little to no protection because it gives "no logical relationship whatsoever between the mark and the product on which it is used."\textsuperscript{91} The policy reason for the distinctiveness requirement is

\begin{itemize}
\item \textsuperscript{86} \textit{Mead Data Cent., Inc.}, 875 F.2d at 1035.
\item \textsuperscript{87} \textit{Nabisco, Inc.}, 191 F.3d at 214.
\item \textsuperscript{88} See \textit{id.} at 215 (quoting 15 U.S.C. § 1125(c)(1) (2000)); supra note 8 and accompanying text. "The degree of distinctiveness of a mark governs in part the breadth of the protection it can command."
\item \textit{Id.}
\item \textsuperscript{89} \textit{Abercrombie & Fitch Co. v. Hunting World, Inc.}, 537 F.2d 4 (2d Cir. 1976).
\item \textsuperscript{90} I.P. Lund Trading v. Kohler Co., 163 F.3d 27, 39 (1st Cir. 1998) (citing \textit{Abercrombie & Fitch Co.}, 537 F.2d at 9). The FTDA sets forth eight elements to determine whether a mark is "distinctive and famous":
\begin{enumerate}
\item The degree of inherent or acquired distinctiveness of the mark; (B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used; (C) the duration and extent of advertising and publicity of the mark; (D) the geographical extent of the trading area in which the mark is used; (E) the channels of trade for the goods or services with which the mark is used; (F) the degree of recognition of the mark in the trading areas and channels of trade used by the marks' owner and the person against whom the injunction is sought; (G) the nature and extent of use of the same or similar marks by third parties; and (H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.
\end{enumerate}
\item \textit{Id.} at 46 (citing 15 U.S.C. § 1125(c)(1)).
\item \textsuperscript{91} \textit{Nabisco, Inc.}, 191 F.3d at 216.
\end{itemize}
to prevent a situation in which giving protection to a mark would "deprive competitors of the right to refer to their products by name" and thus allow exclusive rights to common marks.92

The Second Circuit also recognized the "dual role" of the distinctiveness requirement.93 First, a mark cannot qualify for dilution protection without distinctiveness.94 "Second, the degree of distinctiveness of the senior mark has a considerable bearing on the question [of] whether a junior use will have a diluting effect."95 The court reasoned that the goldfish shape of the Pepperidge Farm Goldfish cracker earned only a moderate level of distinctiveness rating because resembling animal shapes was not unusual for children's cookies or crackers.96 However, the court concluded that the "Pepperidge Farm Goldfish mark is neither near the top nor the bottom of the ladder of distinctiveness, but is reasonably distinctive—certainly sufficiently so to qualify for the statute's protection."97

Nabisco's final argument relied on the Fourth Circuit's holding in Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development,98 in which the court concluded that a violation of the FTDA requires actual harm.99 The Second Circuit, disagreeing with this policy and holding, found "proof of actual loss of revenue . . . inappropriate."100

The Second Circuit noted that during periods of growing success, to assert that the junior mark decreases the senior mark's success would be speculative and possibly inaccurate.101 Also, requiring proof of revenue loss would force injured trademark holders to spend excessive time and money on consumer surveys in an effort to prove

92. Id. at 215.
93. See id. at 217.
94. See id.
95. Id.
96. See id. at 216; supra note 90 and accompanying text.
98. 170 F.3d 449 (4th Cir. 1999); see infra Part III.C.
99. See Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449, at 462-63 (4th Cir. 1999); Nabisco, Inc., 191 F.3d at 223.
100. Nabisco, Inc., 191 F.3d at 223.
101. See id. at 223-24.
the dilution of their senior mark and thereby cause further harm to the senior mark. In addition, an actual harm requirement would subject the senior user to irreparable harm because a dilution claim could only be brought after harm had actually occurred. Also, absent a showing of willfulness, the FTDA would only provide an injunctive remedy when there is no harm to the senior user; therefore, a senior user would never be compensated for the injury inflicted upon their mark unless they could prove willfulness.

B. The Third Circuit: Definition of “Famous” Under the Act

According to the FTDA, the first element required to establish a dilution claim is “the senior mark must be famous.” “[T]o be capable of being diluted, a mark must have a degree of distinctiveness and ‘strength’ beyond that needed to serve as a trademark.” In addition, “[i]f all marks are distinctive, and a showing of distinctiveness meets the element of fame, what marks would be outside the protection of the FTDA?” The Ninth Circuit in *Avery Dennison Corp. v. Sumpton*, found “famousness requires a showing greater than mere distinctiveness.” The Ninth Circuit grappled with the scope of protection regarding the fame requirement and the effect of the market size on the “famousness” of the mark. The FTDA deviates from the “Trademark Review Commission’s recommendation that only marks ‘which have become famous throughout a substantial part of the United States’ could qualify for protection.” However, the Ninth Circuit determined that the

102. See id. at 224.
103. See id.
108. *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868 (9th Cir. 1999).
109. Id. at 877.
110. Id. at 877-79.
defendant can establish fame in a smaller, more localized market if the “plaintiff’s trading area includes the trading area of the defendant” and if the “‘diluting uses are directed narrowly at the same market segment.’”¹¹²

Nearly a year after Avery Dennison, the Third Circuit examined the “famous” requirement for trademark dilution. In *Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C.*,¹¹³ the plaintiff-publisher of the weekly publication “The Sporting News” claimed trademark dilution against the defendant-publisher of a weekly sports-betting publication, “Las Vegas Sporting News” (LVSN).¹¹⁴ In 1886, the phrase “The Sporting News” received federal trademark protection and is currently owned by the plaintiff, Times Mirror Magazines, Inc.¹¹⁵ The district court, concluding that Times Mirror was likely to be successful in its dilution claim against LVSN, granted an injunction.¹¹⁶ *The Sporting News*, with a weekly circulation of approximately 540,000, supplies its readers with information on various sports and does not offer any gambling information.¹¹⁷ Times Mirror believed that any reference to gambling would cause a segment of the population drastically opposed to gambling to look unfavorably on the magazine; therefore, the defendant’s use of “Sporting News” in its title would cause a “mental association” between the two publications’ readers opposed to gambling who would not continue purchasing *The Sporting News*.¹¹⁸

The Appellant, LVSN, argued that “The Sporting News” did not constitute “famous” under the Act because the senior mark must be

¹¹² *Id.* at 878 (quoting Washington Speakers Bureau, Inc. v. Leading Auths., Inc., 33 F. Supp. 2d 488, 503-04 (E.D. Va. 1999)).
¹¹³ 212 F.3d 157 (3d Cir. 2000).
¹¹⁴ *See Times Mirror Magazines, Inc.*, 212 F.3d at 157.
¹¹⁵ *See id.* at 160-61.
¹¹⁶ *See id.* at 160. For a preliminary injunction, a party must establish that: “(1) it is substantially likely to succeed on the merits of its claim; (2) absent the injunction there is a ‘significant risk of irreparable harm’; (3) the balance of hardships weighs in its favor; and (4) the injunction will not harm the public interest.” I.P. Lund Trading v. Kohler Co., 163 F.3d 27, 33 (1st Cir. 1998). The Third Circuit found the use of the LVSN title was likely to dilute the Times Mirror mark by blurring its distinctiveness. *Times Mirror Magazines, Inc.*, 212 F.3d at 160.
¹¹⁷ *See Times Mirror Magazines, Inc.*, 212 F.3d at 161.
¹¹⁸ *See id.* at 157; *see generally infra* Part III.C.
more than "famous" in a specialized market; it must be well-known to the general public in order to satisfy the "famous" requirement for a dilution claim.\textsuperscript{119} The Third Circuit recognized that past court decisions do not precisely answer the issue of whether a mark can be famous in a niche market.\textsuperscript{120} The district court decided that Times Mirror competed in relatively the same market as LVSN.\textsuperscript{121} LVSN also claimed that "The Sporting News" was only a descriptive mark and was not famous because it did not satisfy the eight statutory elements defining "famous" in 15 U.S.C. § 1125.\textsuperscript{122} The court recognized that "The Sporting News" did not represent an inherently fanciful mark and did not have a high degree of distinctiveness; therefore, the Third Circuit faced the difficult task of determining the distinctiveness of this mark and the protection it deserved.\textsuperscript{123} Ultimately agreeing with the policy adopted by the Ninth Circuit in \textit{Avery Dennison}, the Third Circuit found that the district court correctly decided in favor of Times Mirror because "'The Sporting News' had gained secondary meaning and a high degree of distinctiveness in its market."\textsuperscript{124}

\begin{thebibliography}{9}
\bibitem{119} See 	extit{Times Mirror Magazines, Inc.}, 212 F.3d at 164. According to the 1987 Trademark Review Commission Report, the precursor to the FTDA "reflected the 'policy goal that to be protected, a mark had to be truly prominent and renowned.'" I.P. Lund Trading v. Kohler Co., 163 F.3d 27, 46 (1st Cir. 1998) (quoting 3 \textsc{McCarthy} on \textit{Trademarks and Unfair Competition} § 24:91 (4th ed. 1997)) (citing \textit{The United States Trademark Association Trademark Review Commission Report and Recommendations to USTA President and Board of Directors}, 77 Trademark Rep. 375, 459-460 (1987)).
\bibitem{120} See 	extit{Times Mirror Magazines, Inc.}, 212 F.3d at 164. The existing case law takes two paths in finding a mark to be famous in a niche market and, therefore, deserving of protection under the FTDA. \textit{Id.} Another factor influencing this evaluation was whether the marks compete in the same or separate markets. \textit{Id.}
\bibitem{121} See \textit{id.} at 164. LVSN argued that its readers, unlike Times Mirror's readers, were interested in placing wagers on sports. \textit{Id.} at 165.
\bibitem{122} See 	extit{Times Mirror Magazines, Inc.}, 212 F.3d at 164-65; 15 U.S.C. § 1125(c)(1)(A)-(H) (2000). The Third Circuit evaluated each of the eight factors to determine if the district court's decision was correct. \textit{Id.; see supra note 90 and accompanying text.}
\bibitem{123} See 	extit{Times Mirror Magazines, Inc.}, 212 F.3d at 165. The Third Circuit sought guidance from the First Circuit in examining the following factors: "(1) the length or exclusivity of use of the mark; (2) the size or prominence of the plaintiff's enterprise; (3) the existence of substantial advertising by the plaintiff; (4) established place in the market and (5) proof of intentional copying." \textit{Id.} (citing I.P. Lund Trading v. Kohler Co., 163 F.3d 27, 42 (1st Cir. 1998)).
\bibitem{124} See \textit{id.} at 166.
\end{thebibliography}
C. The Fourth Circuit Approach: The “Famous” Actual Harm Requirement

On March 16, 1999, just four months before the Second Circuit’s Nabisco decision, the Fourth Circuit decided Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development, in which the plaintiff circus claimed the agency’s mark, “THE GREATEST SNOW ON EARTH,” diluted its mark, “THE GREATEST SHOW ON EARTH.” Since 1872, Ringling Bros.-Barnum & Bailey (Ringling Bros.) has advertised its circus show as “The Greatest Show on Earth” and still performs nearly one thousand shows in ninety-five cities nationwide every year. In 1962, the Utah Division of Travel Development, an agency of the State of Utah, began encouraging tourism with their rendition of the popular circus mark, “THE GREATEST SNOW ON EARTH that was printed on Utah license plates.” On January 21, 1997, the U.S. Patent and Trademark Office awarded Utah a federal registration for its mark, despite opposition from Ringling Bros.

The only disputed element of Ringling’s dilution claim was “whether Utah’s mark had ‘diluted’ Ringling’s by ‘blurring’ it.” “[A]s a matter of statutory interpretation,” Ringling Bros. argued “‘dilution’ by ‘blurring’ occurs whenever a junior mark is either identical to or sufficiently similar to the famous mark that persons viewing the two instinctively will make a ‘mental association’ between the two.” Ringling Bros. argued that the similarity between the two marks was “so strong and obvious” that dilution by blurring was evident.

126. See id.
127. See id. (emphasis added). In 1995, the Utah Attorney General “opined that Utah’s mark did not impair or violate Ringling’s GREATEST SHOW mark.” Id.
128. See id. at 452.
129. See Ringling Bros., 170 F.3d at 452 (quoting Appellant’s Brief at 9, Ringling Bros.); supra note 28 and accompanying text.
130. Ringling Bros., 170 F.3d at 452; see supra note 43 and accompanying text.
131. See Ringling Bros., 170 F.3d at 452.
The Fourth Circuit rejected Ringling Bros.' interpretation of the statute and held "dilution by blurring occurs only where consumers 'mistakenly associate or confuse the marks and the goods or services they seek to identify and distinguish,' and this association causes actual harm . . . ." The court recognized that the "real interpretive problem" with the FTDA was how to prove harm to the senior mark. The Fourth Circuit agreed with the logic of the Second and Ninth Circuits that some "mental association" between the two marks must be proved. However, in Ringling Bros., the interpretation and application of "likelihood" of harm raised an issue of contention. Most state anti-dilution statutes require only a "likelihood of dilution" rather than actual dilution. This lower standard has allowed states to avoid "work[ing] out either the exact nature of the end economic harm it contemplates [or] how, if at all, it could be proved as accomplished economic fact." The FTDA, therefore, only provided a remedy for actual, consummated dilution and not for the mere "likelihood of dilution" proscribed by state dilution statutes.

In 1995, when Congress reviewed the proposed FTDA, it benefited from the states' experience with their anti-dilution statutes, which specifically use the language "likelihood of dilution" to identify the correct standard for application; therefore, the federal Act's exclusion

133. See id. at 457:
134. See id. According to New York law, "[i]t is apparent . . . that there must be some mental association between plaintiff’s and defendant’s marks." Id. (quoting Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., Inc., 875 F.2d 1026, 1031 (2d Cir. 1989)). Under California law, "[w]hitling away will not occur unless there is at least some subliminal connection in a buyer’s mind between the two parties’ uses of their marks." Id. (quoting Fruit of the Loom, Inc. v. Girouard, 994 F.2d 1359, 1363 (9th Cir. 1993)).
135. See Ringling Bros., 170 F.3d at 457.
136. See id. at 458.
137. Id. Using only a "likelihood of dilution" standard, "the courts have either (1) assumed that its essential elements—mental association, causation, harm—could be found . . . from a balancing of the 'Mead factors,' or (2) assumed that all those elements could be conclusively presumed . . . from proof of the identity or near-identity of the two marks." Id.
138. See id. at 458. Because of the specific definition of dilution under the FTDA, "the federal Act makes plain what the state statutes arguably may not: that the end harm at which it is aimed is a mark’s selling power, not its 'distinctiveness' as such." Id.
of such language logically suggests that Congress did not intend to include a "likelihood of dilution" standard.\textsuperscript{139} This philosophy directly conflicts with the \textit{Ringling Bros.} court's interpretation that the federal statute did not require proof of actual harm to the senior mark's economic value.\textsuperscript{140}

Instead, \textit{Ringling Bros.} argued that the FTDA only required proof of "sufficient visual similarity" between the marks, which induced consumers to make an "instinctive mental association" of the two marks.\textsuperscript{141} Also, \textit{Ringling Bros.} contended that if the FTDA required proof of economic harm in any form, it did not require actual harm, but only threatened harm.\textsuperscript{142} The Fourth Circuit disagreed with the district court in \textit{Ringling Bros.} and observed that loss of distinctiveness can occur for reasons other than use by the junior mark.\textsuperscript{143} Thus, the court reasoned that the "junior mark use could not be judicially presumed to be the cause of any actual economic harm to the senior mark that might be proved."\textsuperscript{144} Ultimately, the Fourth Circuit held the FTDA to require proof of the following: (1) the junior mark was sufficiently similar to the famous mark to make consumers create a "mental association" of the two that (2) caused (3) the famous mark actual economic harm by lessening its selling power.\textsuperscript{145}

\textbf{D. The Fifth Circuit: Assessment of the Actual Harm Requirement in a Case of First Impression}

The Second and Fourth Circuit decisions analyzing actual harm under the FTDA have influenced other circuit courts, including the

\textsuperscript{139} See \textit{Ringling Bros.}, 170 F.3d at 458-59. Also, with a lack of specific intent from Congress, trademarks clearly do not "create property rights in gross, unlimited in time (via injunction), even in 'famous' trademarks." \textit{Id.} at 459.

\textsuperscript{140} See \textit{id}. at 459.

\textsuperscript{141} See \textit{id}.

\textsuperscript{142} See \textit{id}. at 460.

\textsuperscript{143} See \textit{Ringling Bros.}, 170 F.3d at 460. Actually, "occasional replicating use might even enhance a senior mark's 'magnetism'—by drawing a renewed attention to it as a mark of unshakable eminence worthy of emulation by an unthreatening non-competitor." \textit{Id}.

\textsuperscript{144} \textit{Id}.

\textsuperscript{145} See \textit{id}. at 461.
Fifth Circuit in a case of first impression. On June 27, 2000, the Fifth Circuit decided *Westchester Media v. PRL USA Holdings, Inc.*, in which the appellant-publisher sought a declaratory judgment to title their magazine "POLO," the same name as the Appellee's famous trademark. In response, the Appellee, Polo Ralph Lauren (PRL), sought to prevent Westchester from using its name in the magazine title even though PRL does not conduct any literary business. PRL argued that the Act did not explicitly address the issue of whether the junior mark must compete in the same marketplace as the senior mark in order to raise a dilution claim.

Westchester Media did not argue that PRL's mark lacked distinctiveness or famousness. The only question regarding dilution facing the Fifth Circuit was whether PRL must show actual harm or "merely threatened economic harm." Because this was a case of first impression, the Fifth Circuit looked to the recent decisions in *Nabisco* and *Ringling Bros.* for guidance and policy reasons leading to both approaches.

Similarly to the Fourth Circuit's reasoning in *Ringling Bros.*, the Fifth Circuit found that the FDPA did not include the phrase "likelihood of dilution" as expressed in state statutes. Instead, the court found that the FDPA "prohibits any commercial use of a famous mark that 'causes dilution.'" The Fifth Circuit, agreeing

146. *See supra* Parts III.A, III.C.
147. 214 F.3d 658 (5th Cir. 2000).
148. *See id.* at 658.
149. *See id.* at 660. Westchester acquired its "POLO" title partially from the official publication of the U.S. Polo Association, which has no relation to the plaintiff's mark. *See id.* However, promotional materials sent by Westchester to prospective advertisers displayed a message that the POLO magazine was "not about the sport, but rather about an adventurous approach to living life." *Id.* at 662.
151. *See Westchester Media*, 214 F.3d at 670. Within the previous four years, PRL had sold nearly four billion dollars of products displaying various "Polo" trademarks. *See id.* at 661. PRL argued "that as a result of its thirty years of continuous and extensive use of the Polo Trademarks, these marks have become famous, and the word POLO has come to be closely identified with both Ralph Lauren and PRL." *Id.*
152. *See id.* at 670.
with the policy in *Ringling Bros.*, concluded that “[b]oth the present tense of the verb and the lack of any modification of ‘dilution’ support an actual harm standard.”  

Accepting the Fourth Circuit’s reasoning, the Fifth Circuit consequently rejected the Second Circuit’s policy approach to the actual harm requirement in *Nabisco*.  

The court recognized that the Second Circuit’s theory regarding the actual harm standard allowed for “‘excessive literalism to defeat the intent of the statute.’”  

Because Congress’ intention regarding the inclusion of a “likelihood of dilution” standard was unclear, the Fifth Circuit decided to follow the plain meaning of the FTDA.  

The Fifth Circuit also identified that the FTDA applied to “‘another person’s . . . use’ . . . not merely threatened use of the mark.”  

Also, the state anti-dilution statutes provide injunctive relief to prevent future harm to the senior mark, whereas the FTDA allows both injunctive relief and offers compensatory and restitution damages with proof of willful conduct.  

In *Westchester Media*, the magistrate judge initially entered a preliminary injunction and forced Westchester to display a disclaimer on the magazine’s cover stating “POLO Magazine has no affiliation, sponsorship, or association with Ralph Lauren, or any Polo Ralph Lauren entities.”  

Westchester appealed that ruling to the Fifth Circuit.  

In adopting the Fourth Circuit’s approach, the Fifth Circuit found that, although Westchester infringed, Westchester did not dilute the “POLO” mark due to the absence of actual harm to the mark; thus, the court stayed Westchester’s permanent injunction and reinstated the disclaimer.  

Further, the Fifth Circuit remanded on  

---

156. *Id.* at 671.  
157. *See id.* at 671; *supra* Part III.A.  
158. *Id.* at 671 (quoting *Nabisco, Inc.*, 191 F.3d at 224).  
159. *See Westchester Media*, 214 F.3d at 671.  
160. *Id.* (quoting 15 U.S.C. § 1125(c)(i)).  
161. *See id.*  
162. *Id.* at 663. After finding that Westchester had infringed upon PRL’s “Polo” trademark, the magistrate judge “issued a permanent injunction essentially requiring Westchester to cease and desist publishing . . . under the title ‘Polo.’” *Id.*  
163. *See id.* at 663.  
164. *See id.* at 658, 663.
the question of an appropriate remedy. The trial court must "reconsider[] whether a disclaimer procedure better comports with First Amendment principles than an outright prohibition on Westchester's use of 'Polo' for [their] new POLO magazine." "As this court has concluded [before] . . ., the appropriate remedy may be 'not less speech, but more.'" 

E. The Sixth Circuit: Competition Requirement Between Marks

Unlike the Fifth Circuit, the Sixth Circuit recently found competitiveness to be a determinative factor. On April 6, 2000, the Sixth Circuit decided Kellogg Co. v. Exxon Corp., in which the plaintiff cereal producer brought an action against the defendant petroleum company alleging infringement of its cartoon tiger trademark. In 1952, Kellogg registered its "Tony the Tiger" name and cartoon illustration with the United States Patent and Trademark Office. In 1959, Exxon began promoting its motor fuel products with a cartoon tiger, the "Whimsical Tiger." During the 1980s, Exxon began to phase out use of the "Whimsical Tiger," by shifting towards advertisements with a live tiger and sent to its regional managers letters informing them of the change. After the Exxon Valdez tragedy in the early 1990s, Exxon altered the cartoon tiger's image and decided to expand its use to promote Exxon's private label

165. See Westchester Media, 241 F.3d at 675.
166. Id. The magistrate judge held that a trademark owner's rights need not yield to First Amendment concerns "where a defendant has alternative avenues of communication available." Id. at 671 (quoting Westchester Media., 103 F. Supp. 2d at 990).
167. Id. at 675 (quoting Better Business Bureau, Inc. v. Medical Directors, Inc., 681 F.2d 397, 405 (5th Cir. 1982)).
168. See Kellogg Co. v. Exxon Corp., 209 F.3d 562 (6th Cir. 2000); see generally supra Part III.D.
169. 209 F.3d 562 (6th Cir. 2000).
170. See id. at 562.
171. See id. at 562. Kellogg owns many trademark registrations for its "Tony the Tiger," which covers "cereal-derived food product to be used as a breakfast food, snack food or ingredient for making food." Id.
172. See id.
173. See Kellogg Co., 209 F.3d at 565. Exxon recognized in an interoffice memo that the only way to protect a company's trademark is to use it; therefore, Exxon explored ways to continue using the cartoon tiger on a limited basis to maintain trademark protection. Id. In 1985, Exxon renewed the trademark on the cartoon tiger for twenty years and in 1987 displayed its cartoon tiger at nearly ten percent of its distributor stations. Id.
products such as the beverage label, "Wild Tiger." Because the Exxon cartoon tiger’s usage grew to include promoting the sale of food items, Kellogg claimed infringement and dilution of its "Tony the Tiger" mark.

The district court ruled in favor of Exxon, and Kellogg sought injunctive relief. Ruling upon Exxon’s motion for summary judgment, the district court concluded that Kellogg’s dilution claim was inapplicable because “the products offered by Kellogg and those offered by Exxon . . . were too attenuated for the parties to be considered competitors.” However, the FTDA applies regardless of whether competition exists between the owners of the senior mark and any other junior marks. The Sixth Circuit reversed the district court’s ruling, finding Kellogg’s “Tony the Tiger” mark did suffer dilution.

F. The Seventh Circuit: Adoption of the Second Circuit’s Reasoning with regard to the Actual Harm Requirement

The Second Circuit’s “likelihood of dilution” standard was influential on the Seventh Circuit’s policy and approach to the actual harm element of a dilution claim under the FTDA. On November 21, 2000, the Seventh Circuit decided Eli Lilly & Co. v. Natural Answers, Inc., in which the plaintiff drug manufacturer, Eli Lilly, filed suit alleging that the defendant’s “HERBROZAC” product, an herbal supplement, diluted its trademark for the prescription drug “PROZAC.” Eli Lilly claimed the name HERBROZAC was too similar to the PROZAC name, which has been prescribed more than

174. See id. at 566.
175. See id. at 567.
176. See id. at 562.
177. Kellogg Co., 209 F.3d at 576.
178. See id. at 576-77. The Tennessee state anti-dilution statute applies “notwithstanding the absence of competition between the parties or the absence of confusion . . . .” Id. at 577 n.4 (quoting TENN. CODE ANN. § 47-25-512 (1998)).
179. See id. at 577.
180. See Eli Lilly & Co. v. Natural Answers, Inc., 233 F.3d 456, 456 (7th Cir. 2000); supra Part III.A.
181. 233 F.3d 456 (7th Cir. 2000).
182. See id. at 456.
240 million times to 17 million Americans. On the other hand, Natural Answers produced and marketed “drug alternatives” that were sold exclusively through its Internet website. The website described HERBROZAC as “a powerful, and effective all-natural and herbal formula alternative to the prescription drug Prozac.” Natural Answers argued that its mark, HERBROZAC, did not dilute the PROZAC registered trademark, but conceded the following under the FTDA: “(1) the PROZAC mark is famous,” (2) Natural Answers adopted HERBROZAC’s name “after the PROZAC mark became famous,” and (3) the HERBROZAC name “is commercial and used in commerce.”

In response, the district court ruled that use of the name HERBROZAC was likely to dilute the PROZAC mark and, therefore, Natural Answers must remove all references to PROZAC from the website. By adopting the district court’s approach to the actual harm requirement and thus following the lead of the Second Circuit’s reasoning in Nabisco, the Seventh Circuit read the FTDA’s intention to be “likelihood of dilution.” The Seventh Circuit recognized that “[b]y the time plaintiffs were permitted to file suit . . . junior mark holders might have the defense that the senior mark had lost its distinctiveness due to the numerous other marks that have copied it.” Also, because a plaintiff cannot bring a dilution claim under an actual harm standard until the senior mark suffers injury, start-up companies cannot seek a declaratory judgment to signify that their junior mark was sufficiently different from the senior mark

183. See id. at 459. PROZAC has generated greater than $12 billion in sales, which demonstrates the drug’s famousness. See id. Also, “PROZAC is a fanciful word that has no meaning independent of Lilly’s mark;” therefore, the famous mark deserves the highest trademark protection because it is clearly distinctive. Id. at 462; see supra note 88 and accompanying text.

184. See Eli Lilly & Co., 233 F.3d at 460. Though only selling its products on-line, Natural Answers planned to “expand its channels of distribution to include retail outlets like health food and convenience stores” and displayed the slogan, “Think Herbs – not drugs!” Id.

185. Id. at 460. Natural Answers removed its reference to PROZAC in response to the lawsuit. See id.

186. Id. at 466; see generally 15 U.S.C. § 1125(C)(1).

187. See Eli Lilly & Co., 233 F.3d at 461.

188. See id. at 468; supra Part III.A.

189. Id. at 467-468. The Seventh Circuit also agrees with the Second Circuit’s reasoning that an actual harm requirement unfairly forces the senior mark to suffer injury before bringing suit. Id. at 467.
without spending funds to launch their product.\textsuperscript{190} The Seventh Circuit concluded that Congress would not have intentionally caused these “unjust and inefficient results.”\textsuperscript{191}

The Seventh Circuit, rejecting the Fourth Circuit’s policy of requiring proof of actual harm, found that such a standard placed an “impossible level of proof” on the plaintiff.\textsuperscript{192} Also, during times of increasing sales, the senior mark may suffer dilution; however, proving this injury may be challenging for the plaintiff.\textsuperscript{193} Further, even with the most carefully prepared survey, accurately identifying the dilution of a mark’s distinctiveness is nearly impossible.\textsuperscript{194} The court postured that “[i]t is 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.”\textsuperscript{195} With the Seventh Circuit following the Second Circuit’s reasoning, and with the Fifth Circuit adopting the Fourth Circuit’s policy, the courts are clearly divided on the issue of proving harm under the FTDA.\textsuperscript{196}

\textbf{G. The Ninth Circuit: The Commercial Use and Distinctiveness Elements of a Dilution Claim}

\textit{1. Commercial Use Under FTDA}

A federal dilution claim requires the junior mark to have a “commercial use in commerce.”\textsuperscript{197} The FTDA’s “use in commerce” element requires some proof of interstate commerce before utilizing the dilution Act.\textsuperscript{198} On April 17, 1998, the Ninth Circuit decided \textit{Panavision International, L.P. v. Toeppen},\textsuperscript{199} in which the plaintiff

\begin{itemize}
\item \textsuperscript{190} See id. at 468.
\item \textsuperscript{191} Id.
\item \textsuperscript{192} Id.
\item \textsuperscript{193} See \textit{Eli Lilly & Co.}, 233 F.3d at 468 (citing Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C., 212 F.3d 157, 179 n.11 (3d Cir. 2000) (Barry, J., dissenting) and S. REP. No. 100-515, at 108 (noting that a mark’s distinctive quality “could be materially reduced during a period of rising sales”)).
\item \textsuperscript{194} See id. at 468.
\item \textsuperscript{195} Id.
\item \textsuperscript{196} See supra Parts III.A, III.C.E.
\item \textsuperscript{199} 141 F.3d 1316 (9th Cir. 1998).
\end{itemize}
held registered trademarks to the names "Panavision" and "Panaflex" in connection with motion picture camera equipment and marketed these trademarks through motion picture credits and other means of media advertising.\textsuperscript{200} Panavision attempted to register a website in December 1995, and discovered that Toeppen, the defendant, used "Panavision" as his website's domain name.\textsuperscript{201} Panavision contacted Toeppen on December 20, 1995, about his alleged infringement on their registered trademark and requested that the defendant cease using the Panavision name.\textsuperscript{202} Toeppen offered to "settle the matter" by selling Panavision the domain name for $13,000.\textsuperscript{203} When Panavision refused, Toeppen registered Panavision's other trademark name, Panaflex.\textsuperscript{204} In district court, Panavision argued that the defendant was conducting a business of stealing trademarks by registering them on the Internet as domain names and then making a profit by selling the domain name to the trademark owner.\textsuperscript{205} The District Court for the Central District of California awarded summary judgment to Panavision and Toeppen appealed.\textsuperscript{206}

The appeal focused on whether Toeppen violated the FTDA by "making a commercial use of the mark in commerce."\textsuperscript{207} Toeppen argued that a domain name was "simply an address used to locate a web page" and was not linked with the information displayed on the Web site; therefore, no "commercial use" existed.\textsuperscript{208} The Ninth

\textsuperscript{200} See id. at 1319.
\textsuperscript{201} See id.
\textsuperscript{202} See id.
\textsuperscript{203} See id.
\textsuperscript{204} See Panavision Int'l, 141 F.3d at 1319. The defendant, Toeppen, had registered domain names for various other companies such as Delta Airlines, Neiman Marcus, and Eddie Bauer and offered to "sell" these companies the use of their trademark name as a domain name on the Internet. Id.
\textsuperscript{205} See id. at 1319. This relatively new phenomenon is known as cybersquatting, which is caused by the diminishment of "the capacity of the [plaintiff's] marks to identify and distinguish the [plaintiff's] goods and services on the Internet." Avery Dennison Corp. v. Sumpton, 189 F.3d 868, 880 (9th Cir. 1999) (alterations in original) (quoting Panavision Int'l, 141 F.3d at 1326).
\textsuperscript{206} See Panavision Int'l, 141 F.3d at 1319.
\textsuperscript{207} Id. at 1324; see generally 15 U.S.C. § 1125(c)(1) (2000). Toeppen did not dispute that Panavision's trademark is famous, usage occurred after the senior mark became famous, or that the use was in commerce. See Panavision Int'l, 141 F.3d at 1319.
\textsuperscript{208} See Panavision Int'l, 141 F.3d at 1324. Further, Toeppen explained that a user visiting Panavision.com will not see any reference to the plaintiff, Panavision. See id. at 1325. However, using a business' name or trademark is the easiest way to use a "search engine" to locate its Web site. See id. at 1327.
Circuit, however, disagreed with Toeppen's argument because he misrepresented his use of the plaintiff's trademark. The defendant's "business" or "commercial use" was registering trademarks as domain names on the Internet and then offering to sell the domain name to the rightful trademark holder.210

Thus, the Ninth Circuit concluded that the defendant "'act[ed] as a 'spoiler,' preventing Panavision and others from doing business on the Internet under their trademarked names unless they [paid] his fee.'"211 Basically, Toeppen operated a monopoly on the Internet registrations of these companies' trademarks and thereby curtailed Panavision's ability to exploit the value of its trademark on the Internet.212 Ultimately, the Ninth Circuit found Toeppen diluted the Panavision trademark by "'diminish[ing] 'the capacity of the Panavision marks to identify and distinguish Panavision's goods and services on the Internet.'"213

2. Distinctiveness – A Matter of Controversy

"The degree of distinctiveness of a trademark governs in part the breadth of the protection it can command."214 The Second Circuit in Nabisco and the Ninth Circuit in Panavision Int'l disagreed on the distinctiveness element of a dilution claim.215 The Second Circuit reasoned "'[a] mark that . . . has no distinctiveness is lacking the very attribute that the anti-dilution statute seeks to protect.'"216 In Nabisco, the court found the Pepperidge Farm Goldfish mark to be "'neither near the top nor the bottom of the ladder of distinctiveness, but is

---

209. See id. at 1325. The court noted that "'[h]is use is not as benign as he suggests." Id.
210. See id. at 1325.
211. Id. (quoting Panavision Int'l L.P. v. Toeppen, 938 F. Supp. 616, 621 (C.D. Ca, 1996)).
212. See id. at 1325. "'[A] domain name mirroring a corporate name may be a valuable corporate asset, as it facilitates communication with a customer base.'" Id. at 1327 (alteration in original) (quoting MTV Networks, Inc. v. Curry, 867 F. Supp. 202, 203-204 n.2 (S.D.N.Y. 1994)).
215. See also supra Part III.A and G.
reasonably distinctive—certainly sufficiently so to qualify for the statute’s protection.”

Decided nearly a year and a half before *Nabisco*, the *Panavision* case applied a four-step test, not including the distinctiveness element, to assess a dilution claim. In the recent *V Secret Catalogue* case, the Sixth Circuit recognized the conflicting approaches taken by the Second and Ninth Circuit courts; it adopted the Second Circuit’s *Nabisco* test and reversed the district court, which had followed the Ninth Circuit approach.

IV. RETROACTIVITY: THE CONTINUING CONFUSION OF THE FDTA

Does the FDTA apply to trademark dilution before the Act’s effective date of January 16, 1996? The Supreme Court in *Landgraf v. USI Film Products* provided a presumption against retroactivity and “revived the ‘traditional presumption against applying statutes affecting substantive rights, liabilities, or duties to conduct arising before their enactment,’ absent an express statutory command to the contrary.”

The FDTA “does not evince a clear Congressional intent . . . to determine whether its provisions ‘attach[] new legal consequences to events completed before its enactment.’”

In *Circuit City Stores, Inc. v. OfficeMax, Inc.* the district court was forced to determine whether the FDTA applies retroactively, after OfficeMax filed suit against the parent company of CarMax, a

217. *Nabisco, Inc.*, 191 F.3d at 216.
220. 511 U.S. 244 (1994).
221. *Viacom Inc. v. Ingram Enterprises, Inc.*, 141 F.3d 886, 888 (8th Cir.) (quoting *Landgraf v. USI Film Products, Inc.*, 511 U.S. 244, 278 (1994)).
successful used car business. OfficeMax claimed that CarMax had infringed on its “Max” trademarks since it began operations in 1993, and when CarMax announced their plan to expand nationwide in early 1996, OfficeMax filed suit on April 26, 1996 under the FTDA. Under the authority of Landgraf, Carmax argued “the application of the Dilution Act would have an impermissible retroactive effect” and should, therefore, only apply to conduct occurring after the January 16, 1996 effective date. According to the Supreme Court in Landgraf, “[t]he presumption against retrospective legislation is deeply rooted in our jurisprudence.” Basic elements of fairness dictate that parties should be aware of what the law is so that they can shape their conduct accordingly. Courts should look to the intent of Congress with respect to retroactivity. Until Landgraf, no circuit had addressed the FTDA retroactivity issue in a published opinion; therefore, the matter was one of first impression and required new analysis. To determine if a statute has a “retroactive effect”, the court must determine if it “‘impair[s] rights a party possessed when he acted, increase[s] a party’s liability for past conduct, or impose[s] new duties with respect to transactions already completed.’” The court in Circuit City ultimately found this language in Landgraf to be non-binding dicta and held that the Act is not retroactive because forcing the diluter to forfeit “good will” associated with its competing mark would be “manifestly inequitable.”

In contrast, the Eighth Circuit in Viacom Inc. v. Ingram Enterprises, Inc., completely disagreed with the court’s

---

225. See id. at 411.
226. See id. at 413.
227. Id. (quoting Landgraf, 511 U.S. at 265).
228. See id. at 415 (citing Landgraf, 511 U.S. at 265-66).
229. See id. at 414.
230. See id. at 415.
231. Circuit City Stores, 949 F. Supp. at 414 (quoting Landgraf v. USI Film Products, Inc., 511 U.S. 244, 270 (1994)).
232. See id. at 419; supra note 219 and accompanying text.
233. 141 F.3d 886 (8th Cir. 1998) (alleging infringement and dilution-by-blurring of the senior user’s mark “BLOCKBUSTER”).
retroactivity policy in Circuit City.\textsuperscript{234} The Eighth Circuit found the Landgraf language regarding the traditional presumption against retroactivity to be binding.\textsuperscript{235} Also, the Eighth Circuit found that the court in Circuit City had "concluded that the prospective relief pronouncement only applies when the conduct to be enjoined was illegal prior to the new statute's enactment."\textsuperscript{236} However, the Eighth Circuit in Viacom found the pronouncement more broad and recognized the Supreme Court's rationale in 1897 when the Court stated:

\begin{quote}
It is said that to grant the injunction prayed for in this case is to give the statute a retroactive effect; that the contract, at the time it was entered into, was not prohibited or declared illegal by the statute, as it had not then been passed, and to now enjoin the doing of an act which was legal at the time it was done would be improper. We give to the law no retroactive effect. The agreement in question is a continuing one . . . . Assuming such action to have been legal at the time the agreement was first entered into, the continuation of the agreement, after it has been declared to be illegal, becomes a violation of the act.\textsuperscript{237}
\end{quote}

In summation, the retroactivity of the FTDA is another unsettled area of the Act that may have an enormous effect on future dilution claims.

V. THE UNITED STATES SUPREME COURT'S LONG-AWAITED DECISION ON TRADEMARK DILUTION

On March 4, 2003, Justice Stephens delivered the Supreme Court's decision in the Sixth Circuit case, Moseley v. V Secret Catalogue, Inc., in favor of the Moseleys and reversed the lower court's finding that V Secret Catalogue, Inc. had in fact suffered trademark

\textsuperscript{234} See Viacom Inc. v. Ingram Enterprises, Inc., 141 F.3d 886, 889 (8th Cir. 1998).
\textsuperscript{235} See id.; Landgraf, 511 U.S. at 293 n.3.
\textsuperscript{236} Viacom Inc., 141 F.3d at 889.
\textsuperscript{237} Id. (quoting United States v. Trans-Missouri Freight Ass'n, 166 U.S. 290, 342, 17 S.Ct. 540, 559 (1897)).
dilution.\textsuperscript{238} The Supreme Court did not address all of the aforementioned concerns about the applicability of the FTDA, but the Court had granted certiorari "to decide [] whether objective proof of actual injury to the economic value of a famous mark (as opposed to a presumption of harm arising from a subjective 'likelihood of dilution' standard) is a requisite for relief under the FTDA."\textsuperscript{239}

This entire trademark dilution controversy began when an army colonel saw an ad for the Moseleys' "VICTOR'S SECRET" store in Elizabethtown, Kentucky and was "offended by what he perceived to be an attempt to use a reputable company's trademark to promote the sale of 'unwholesome, tawdry merchandise.'"\textsuperscript{240} As a result of his disgust, the colonel sent a copy of the ad to V Secret Catalogue, Inc., which jumpstarted their trademark concerns.\textsuperscript{241} The Court noted that the expert retained by V Secret Catalogue, Inc. did not mention the effect of the Moseleys' store's name on the strength of V Secret Catalogue, Inc.'s trademark.\textsuperscript{242}

In the original complaint by V Secret Catalogue, Inc., the dilution count alleged that the Moseleys' conduct was "'likely to blur and erode the distinctiveness' and 'tarnish the reputation of the VICTORIA'S SECRET trademark.'"\textsuperscript{243} In an attempt to understand the issue, the Court considered the nature of each party's business to determine if a customer could reasonably make a mental association between the two marks. V Secret Catalogue, Inc. sells a "complete line of lingerie" and various accessories, which all bear the

\begin{itemize}
  \item \textsuperscript{238} Moseley v. V Secret Catalogue, Inc., 123 S. Ct. 1115 (2003).
  \item \textsuperscript{239} Moseley v. V Secret Catalogue, Inc., 123 S. Ct. 1115, 1119 (2003).
  \item \textsuperscript{240} \textit{Id.}
  \item \textsuperscript{241} \textit{See id; supra Part II.} In Part IV of the opinion, the Court states that "'[t]he record in this case establishes that an army officer who saw the advertisement of the opening of a store named 'Victor's Secret' did make the mental association with 'Victoria's Secret,' but it also shows that he did not therefore form any different impression of the store that his wife and daughter had patronized." \textit{Id.} at 1125. Further, the Court identified that "'[t]he officer was offended by the ad, but it did not change his conception of Victoria's Secret. His offense was directed entirely at [the Moseleys], not at [V Secret Catalogue, Inc]." \textit{Id.}
  \item \textsuperscript{243} \textit{Id.} at 1119. The Moseleys did not challenge the "famousness" of the V Secret Catalogue, Inc. trademark; thus, the Court did not address the "famous" status in their trademark dilution analysis. \textit{Id.} at 1120, 1124.
\end{itemize}
VICTORIA’S SECRET logo or label. On the other hand, Victor Moseley testified in an affidavit that only about five percent of the total sales at Victor’s Little Secret were generated from women’s lingerie, and he specified that his business sells a variety of different items, such as “adult videos, ‘adult novelties,’ and lingerie.”

Not long after the District Court ruled in this case, the Sixth Circuit decided *Kellogg Co. v. Exxon Corp.* and “adopted the standards for determining dilution under the FTDA that were enunciated by the Second Circuit in *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208 (1999).” V Secret Catalogue, Inc. did not appeal the District Court’s judgment in favor of the Moseleys in any of the four counts presented, except for the third count relating to trademark dilution; therefore, the disposition of three of the four counts leads to “the assumption that there was no significant competition between the adversaries in this case.” The court did, however, reiterate that recognizing an absence of competition or a finding of no likelihood of confusion did not automatically rebut the statutory dilution claim. Thus, the Supreme Court granted certiorari to add guidance to the Circuit Courts that have expressed varying applications of the FTDA.

Both the District Court and Sixth Circuit Court of Appeals relied on the theories of “tarnishment” and “blurring” in reaching their decision that the Moseleys’ store did, in fact, “tarnish” the reputation

244. *Id.* at 1119. “Victoria’s Secret stores sell a complete line of lingerie, women’s undergarments and nightwear, robes, caftans and kimonos, slippers, sachets, lingerie bags, hanging bags, candles, soaps, cosmetic brushes, atomizers, bath products and fragrances.” *Id.* n.3.


246. Moseley v. V Secret Catalogue, Inc., 123 S. Ct. 1115, 1120 (2003); see *Kellogg Co. v. Exxon Corp.*, 209 F.3d 562 (6th Cir. 2000); see *generally supra* Part III.A.

247. *Id.* at 1122.

248. *Id.*

249. *Id.* For an analysis of the Circuit Court split of authority see *supra* Part III.
of the V Secret Catalogue, Inc. trademark. The Court recognized “the contrast between the state statutes, which expressly refer to both ‘injury to business reputation’ and to ‘dilution of the distinctive quality of a trade name or trademark,’ and the federal statute which refers only to the latter, arguably supports a narrower reading of the FTDA.”

Some state statutes, including various provisions in the federal Lanham Act, specifically refer to a “likelihood” of harm, as opposed to requiring actual harm be proven to establish trademark dilution. In contrast, the FTDA embodies language that unambiguously requires a showing of actual dilution and states that “the owner of a famous mark” is entitled to relief when another person’s use “causes dilution of the distinctive quality” of that famous mark. The Court accepted the Fourth Circuit’s opinion in Ringling Bros. to the extent that proving actual dilution does not necessarily mean proving the consequences of trademark dilution—actual loss of profits or sales. Further, the Court agreed with the Fourth Circuit that “at least where the marks at issue are not identical, the mere fact that consumers mentally associate the junior user’s mark with a famous mark is not sufficient to establish actionable dilution.”

An overriding concern of V Secret Catalogue, Inc. against proving actual harm as opposed to merely showing a “likelihood” of harm is the difficulty in presenting enough evidence to demonstrate actual dilution to its mark, presumably with consumer surveys or something similar that can only be prepared at additional cost of

250. Moseley v. V Secret Catalogue, Inc., 123 S. Ct. 1115, 1124 (2003). “[The Moseleys] have not disputed the relevance of tarnishment, . . ., presumably because that concept was prominent in litigation brought under state antidilution statutes and because it was mentioned in the legislative history. Id.
252. Id.
254. Id. See supra Part III.C for further discussion of the Fourth Circuit’s actual harm requirement.
255. Id. The Court added “[b]lurring is not a necessary consequence of mental association.” Id. at 1125.
conducting their business and often times, may be unreliable. The Supreme Court addressed this concern by stating:

It may well be, however, that direct evidence of dilution such as consumer surveys will not be necessary if actual dilution can reliably be proven through circumstantial evidence—the obvious case is one where the junior and senior marks are identical. Whatever difficulties of proof may be entailed, they are not an acceptable reason for dispensing with proof of an essential element of a statutory violation.

The Court then decided to remand this case based on a lack of sufficient evidence to support summary judgment on the trademark dilution count. Justice Kennedy, in his concurring opinion, presented his viewpoint that “considerable attention should be given . . . to the word ‘capacity’ in the statutory phrase that defines dilution as ‘the lessening of the capacity of a famous mark to identify and distinguish goods or services.’” Justice Kennedy continued his discussion by recognizing that “the word ‘capacity’ imports into the dilution inquiry both the present and the potential power of the famous mark to identify and distinguish goods, and in some cases the fact that this power will be diminished could suffice to show dilution.” Thus, “[i]f a mark will erode or lessen the power of the famous mark to give customers the assurance of quality and the full satisfaction they have in knowing they have purchased goods bearing the famous mark, the elements of dilution may be established.”

If such “dilution” can be shown, then according to statutory authorization, the court must grant injunctive relief. On remand, if

256. See id. at 1125; V Secret Catalogue, Inc. v. Moseley, 259 F.3d 464 (6th Cir. 2001), cert. granted, 122 S.Ct. 1536 (2002).
258. Id.
259. Id. (quoting 15 U.S.C. § 1127). “Capacity is defined as ‘the power or ability to hold, receive, or accommodate.’” Id.
260. Id.
261. Id. at 1125-26.
V Secret Catalogue, Inc. can present the requisite evidence that “blurring” or “tarnishment” has caused actual harm to their mark, then injunctive relief would be appropriate.263

CONCLUSION

Under the FTDA, dilution occurs when a junior mark’s association to or unlawful use of a senior mark diminishes that senior mark’s strong identification value.264 Before the FTDA went into effect, state anti-dilution statutes attempted to fill the gap in trademark law when trademark owners could not protect themselves against the unauthorized use of a similar mark.265 However, since the adoption of the FTDA, the circuit courts have not consistently interpreted many elements—actual harm, competitiveness, famousness, commercial use, retroactivity, and distinctiveness—of a federal dilution claim.266 The Second Circuit, followed by the Sixth and Seventh Circuits, adopted the “likelihood of dilution” approach to the actual harm element of a dilution claim.267 The reason for this interpretation under the FTDA, which does not specifically use the language “likelihood of dilution,” stemmed from the perspective that a harmed senior mark should not have to endure more injury to prove “actual harm,” which is difficult to accurately provide evidence thereof.268

In contrast, the Fourth and Fifth Circuits applied an actual harm standard to cases under the FTDA.269 A policy incentive behind requiring actual harm relates to Congress’ intent because the earlier state statutes included the “likelihood of dilution” language, and the FTDA did not; therefore, Congress did most likely intend actual harm to be proven.270 With such convincing reasons for and against

263. Id.
265. See id. at 170.
266. See supra Parts II, III, IV.
267. See supra Parts III.A, III.E-F.
268. See supra note 50 and accompanying text.
269. See supra Part III.C-D.
270. See id.
the actual harm standard, the possibility that a common nationwide application will be adopted without Supreme Court intervention was unlikely. By granting a writ of certiorari in the case of *V Secret Catalogue, Inc. v. Moseley*, the Supreme Court stepped into the battle among the circuits to provide more clarity as to whether the FTDA is intended to require actual harm.

Another element of a federal dilution claim requires the junior mark to have a “commercial use in commerce,” and with recent technology, such as the Internet, “commerce” may be more difficult to define. The Ninth Circuit addressed commercial use and determined that using a senior mark, as an Internet domain name, is sufficient interstate commerce under the Act.

One element not heavily debated is competitiveness. The Sixth Circuit determined the FTDA not to require competitiveness between marks because the Act states “regardless of the presence or absence of . . . competition between the owner of the famous mark and other parties.”

Distinctiveness and famousness represent other areas of confusion for trademark dilution and result in various interpretations under the FTDA. The more distinctive a mark is, the more protection afforded to that mark. “A trademark cannot be ‘famous’ unless it is ‘distinctive,’ but it can be ‘distinctive’ without being ‘famous.’” The Second Circuit reasoned “[a] mark that . . . has no distinctiveness is lacking the very attribute that the anti-dilution statute seeks to protect.” However, the Ninth Circuit in *Panavision* did not include the “it must be distinctive” element in its analysis of trademark dilution.

---

271. 259 F.3d 464 (6th Cir. 2001).
273. See supra Part III.G.
274. See 15 U.S.C. § 1127(c) (2000); supra Part III.E.
275. See supra note 88.
277. See Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 216 (2d. Cir. 1999); supra Part III.A.
278. See Panavision Int’l, L.P. v. Toeppen, 141 F.3d 1316 (9th Cir. 1998); supra Part III.G.
Lastly, the FTDA lacks guidance regarding the retroactivity of the Act. In 1994, the Supreme Court decided a case of first impression, *Landgraf*, and noted the policy reason against retroactivity is that someone should not be held responsible to conform to a law that did not exist at the time of the activity. The district court in *Circuit City* found the language in *Landgraf* to be dicta and determined the Act to not be retroactive. On the other hand, the Eighth Circuit in *Viacom Inc.*, found the Court’s language to be binding and recognized an “imposition of prospective relief to conduct that began before enactment of [the] FTDA would not be impermissibly retroactive.”

Currently, the lack of clarity encompassing the FTDA’s application encourages parties seeking a dilution claim to forum-shop for the best jurisdiction to decide their case based on that court’s interpretation of the Act. Because the United States Supreme Court recognized this Circuit Court split as hampering the effectiveness of the FTDA and its application, the actual harm requirement has been established for future dilution cases as stated in *Moseley v. V Secret Catalogue, Inc.* Although the Court could only address the issues presented in the case before them, many of the elements of a dilution claim were not analyzed, as the Court mentioned. To preserve the original purpose of the FTDA, which created a federal remedy applicable in all states across the nation, either Congress or the Supreme Court must further clarify the meaning of each element under the FTDA.

*Jacqueline R. Knapp*

---

279. *See supra* Part IV.
280. *See supra* notes 226-28 and accompanying text.
282. *Viacom Inc. v. Ingram Enterprises, Inc.*, 141 F.3d 886 (8th Cir. 1998); *see supra* Part IV.
283. *See supra* note 13 and accompanying text.
285. *Id.*
286. *See supra* Part I.