

# FROM DELUSION TO DILUTION: PROPOSALS TO IMPROVE PROBLEMATIC ASPECTS OF THE FEDERAL TRADEMARK DILUTION ACT

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## INTRODUCTION

Trademarks are seen worldwide over the internet and in global advertising campaigns. Branding has taken an international approach. The communication of ideas and products is increasing at an exponential rate as a result of advancements in technology. The threat to famous trademarks increases as access to them swells. Federal action thus far has been insufficient to protect these famous trademarks. Large corporations spend millions of dollars to protect their trademarks because both dilution and infringement are serious threats to their financial interests.<sup>1</sup> For example, Federal Express spent, as of 1999, “\$35,000–\$40,000 per month, to protect its marks against infringement and dilution . . . .”<sup>2</sup> These factors have brought the concept of trademark dilution to the forefront of the intellectual property debate.

Trademark dilution is a complicated theory that incorporates many traditional trademark concepts while, at the same time, contradicting much of the consumer-centered theoretical underpinnings of trademark jurisprudence.<sup>3</sup> Dilution “occurs when consumers associate

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1. See *Fed. Express Corp. v. Fed. Espresso, Inc.*, 201 F.3d 168, 177 (2d Cir. 2000); see also, *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Celozzi-Ettelson Chevrolet, Inc.*, 855 F.2d 480, 483 (7th Cir. 1988) (stating that Ringling Bros. spent ten million dollars in 1987 promoting its mark, “The Greatest Show on Earth”).

2. *Fed. Express Corp.*, 855 F.2d at 483 (emphasis added).

3. See *Viacom Inc. v. Ingram Enters., Inc.*, 141 F.3d 886, 890 n.7 (8th Cir. 1998) (“Trademark infringement relief protects the public from confusion by enforcing the rights of a prior mark, whereas dilution relief, being premised on the absence of confusion, merely protects the property rights of the prior mark’s owner.”); Lynda J. Oswald, “*Tarnishment*” and “*Blurring*” Under the Federal Trademark Dilution Act

a famous mark that has traditionally identified the mark holder's goods with a new and different source . . . [which] weakens, or dilutes, the famous mark's unique and distinctive link to a particular product."<sup>4</sup> Traditional trademark law is consumer focused, protecting consumers from confusion between two goods in the same market. Dilution theory combines this traditional purpose with a theory of protecting the trademark holder by looking at the effect of the use of a similar mark in another market. Therefore, dilution theory protects the consumer, who may be confused from product market to product market, as well as the trademark holder, who does not wish to have his mark associated with goods in another market.<sup>5</sup>

American trademark dilution jurisprudence has traditionally addressed two types of dilution: blurring and tarnishment.<sup>6</sup> Blurring occurs when a mark, traditionally associated with only one good, is used on unrelated goods, thereby weakening its association in the consumer's mind.<sup>7</sup> Tarnishment is a diminishing of a mark's reputation through negative associations made by a competitor.<sup>8</sup>

In 1995, the government enacted the Federal Trademark Dilution Act (FTDA)<sup>9</sup> to protect against these types of dilution. The law's articulated purpose is to "protect famous marks from unauthorized users that attempt to trade upon the goodwill and established renown of such marks . . . ."<sup>10</sup> Courts have encountered difficulty applying the statute since its enactment. This confusion can be traced to the conceptual inconsistency of the statute itself, which exists on numerous levels. Two examples will highlight the depth of the problem. First, the statute does not clearly state the standards courts should use to evaluate

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*of 1995*, 36 AM. BUS. L.J. 255, 258 (1999) ("Unlike the traditional cause of action under trademark law, dilution theory protects not the consumer but rather the value of the trademark to the trademark holder.").

4. *Luigino's, Inc. v. Stouffer Corp.*, 170 F.3d 827, 832 (8th Cir. 1999); *see also* 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 24:94 (4th ed. 1998).

5. *See* MCCARTHY, *supra* note 4, at § 24:67 ("Introduction to the dilution doctrine").

6. Both of these dilution concepts will be discussed further in Part I.A.

7. Black's Law Dictionary defines blurring as "dilution in which goodwill in a famous mark is eroded through the mark's unauthorized use by others on or in connection with dissimilar products or services." BLACK'S LAW DICTIONARY 184 (8th ed. 2004). For examples of blurring, *see infra* Part I.A.

8. Black's Law Dictionary defines tarnishment as "dilution that occurs when a trademark's unauthorized use degrades the mark and diminishes its distinctive quality." BLACK'S LAW DICTIONARY 1495 (8th ed. 2004). For examples of tarnishment, *see infra* Part I.A.

9. 15 U.S.C. § 1125(c) (Supp. V 1999).

10. H.R. REP. NO. 104-374, at 3 (1995).

whether a mark deserves dilution protection. Rectifying this requires clarifying the terms Congress uses to describe dilution (“distinctive and famous”).<sup>11</sup> Second, the statute does not clearly state what types of dilution it protects against. This question was highlighted in *Moseley v. V Secret Catalogue, Inc.*, as the Justices expressed confusion about whether tarnishment was protected against by the FTDA.<sup>12</sup> In addition, courts have used the FTDA to address many other trademark issues, such as cybersquatting.<sup>13</sup> To respond to these concerns, the federal statute needs to clearly articulate what uses constitute dilution and refrain from including conceptually disparate ideas, like cybersquatting, under the heading of dilution protection.

While these concerns have practical implications for courts, there are also conceptual implications. In order to alleviate judicial confusion, the FTDA must be revised to reflect uniformity in the concept of what comprises dilution. For example, exactly what types of marks should be federally protected? Should it depend on how distinctive the mark is considered in the market? “Distinctiveness” plays an important role in trademark law because unique marks serve a purpose greater than merely identifying the source; the mark becomes like a product independent of but dependent upon the product.<sup>14</sup> Distinc-

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11. The FTDA lists eight factors to determine whether a mark is “distinctive and famous,” as though “distinctive and famous” is one concept. To alleviate this confusion, this analysis should be split so that certain factors are used to determine distinctiveness and others to determine the requisite fame for the mark to qualify for protection. Furthermore, of the eight factors, only three are relevant to the distinctiveness question: (A) “The degree of inherent or acquired distinctiveness of the mark” (which more begs the question than answers it) . . . , (G) “The nature and extent of use of the same or similar marks by third parties, and (H) “Whether the mark has been federally registered.” 15 U.S.C. § 1125(c)(1); see also M. Scott Donahay, “*Distinctive and ‘Famous’—Separate Requirements Under the Federal Trademark Dilution Act?*,” 3 J. MARSHALL REV. OF INTEL. PROP. L. 174 (2004), available at <http://www.jmls.edu/ripl/vol3/issue2/donahay.pdf>.

12. 537 U.S. 418, 432 (2003) (“Whether [tarnishment] is actually embraced by the statutory text, however, is another matter. Indeed, the contrast between the state statutes . . . and the federal statute which refers only to [blurring], arguably supports a narrower reading of the FTDA.”).

13. For example, addressing cybersquatting has been a common misuse of the FTDA because cybersquatting does not cleanly fit within the concept of dilution. See e.g., Panavision Int’l, L.P. v. Toeppen, 141 F.3d 1316, 1324–27 (9th Cir. 1996); Jennifer Golinveaux, *What’s in a Domain Name: Is “Cybersquatting” Trademark Dilution?*, 33 U.S.F.L. REV. 641, 657 (1999) (discussing cybersquatting as new facet of dilution theory). For further discussion of cybersquatting, see *infra* Parts II.B.2.b and III.C.

14. Lisa M. Brownlee, *Mead Data Central v. Toyota and Other Contemporary Dilution Cases: High Noon for Trademark Law’s Misfit Doctrine?*, 79 TRADEMARK REP. 471, 473 (1989) (“It has been stated that truly “distinctive” marks go beyond the

tiveness describes the “inherent qualities of a mark”<sup>15</sup> and is measured on a four-tiered spectrum ranging from weakest to strongest.<sup>16</sup>

Considering revision to the FTDA is especially pertinent in the aftermath of the Supreme Court’s *Moseley* decision and in light of the newly-introduced proposal for a revised statute, the Trademark Dilution Revision Act of 2005 (TDRA).<sup>17</sup> This bill proposes several important and controversial changes, including making tarnishment a distinct cause of action, setting out relevant factors for blurring, and changing the standard for proving dilution from actual dilution, as established by the Supreme Court in *Moseley*,<sup>18</sup> to likelihood of dilution.<sup>19</sup>

Two issues are particularly representative of the variety of problems that plague the FTDA and that should be addressed by any revisions to the Act. The first is the need for clearer definitions of terms, such as distinctiveness. The second is the need for a stronger doctrinal underpinning, so as to aid in the administration of dilution law. To illustrate, this Note focuses on the lack of conceptual boundaries of dilution theory in current law which has resulted in debate over whether tarnishment and cybersquatting should specifically be included in a federal anti-dilution statute. Part I provides background on dilution theory, the FTDA, the *Moseley* decision, and the proposed TDRA as the most recent development in dilution legislation. Part II discusses two representative problems in order to highlight the myriad concerns that must be resolved to bring trademark dilution law back to

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identification of origin function and additionally serve to sell the product, and that this additional function also deserves protection.”).

15. *Sporty’s Farm L.L.C. v. Sportsman’s Mkt., Inc.*, 202 F.3d 489, 497 (2d Cir. 2000) (noting that distinctiveness is “completely different concept from fame”).

16. *See Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976) (“The cases, and in some instances the Lanham Act, identify four different categories of terms with respect to trademark protection. Arrayed in an ascending order which roughly reflects their eligibility to trademark status and the degree of protection accorded, these classes are (1) generic, (2) descriptive, (3) suggestive, and (4) arbitrary or fanciful.”); *see also* Jason R. Edgecombe, Comment, *Off the Mark: Bringing the Federal Trademark Dilution Act in Line with Established Trademark Law*, 51 EMORY L.J. 1247, 1256 (2002); *infra* Part II.A.1.

17. H.R. 683, 109th Cong. (2005). The bill was passed in the House of Representatives on April 19, 2005, by a vote of 411 to 8. It was introduced in the Senate the next day and sent to the Senate Judiciary Committee. On November 11, 2005, the Senate Judiciary Committee held a mark-up session. Library of Congress, Thomas Bills and Resolutions, <http://thomas.loc.gov/cgi-bin/bdquery/z?d109:h.r.00683> (last visited Jan. 30, 2006).

18. *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 433 (2003) (“The text [of the FTDA] unambiguously requires a showing of actual dilution, rather than a likelihood of dilution.”).

19. H.R. 683.

its original goals and objectives. Part III discusses proposals for revising the FTDA to rectify these problems and reduce judicial confusion. These proposals are: (1) replacing the term “distinctiveness” with “uniqueness” to provide greater protection for free speech, (2) making tarnishment a tort separate from dilution, and (3) ensuring that cybersquatting is under the sole domain of the Anti-Cybersquatting Protection Act of 1999, not the federal dilution statute.

PART I  
A BRIEF HISTORY OF AND INTRODUCTION  
TO TRADEMARK DILUTION

A. *Dilution Theory*

In 1927, Frank I. Schechter first articulated the theory of trademark dilution in his seminal article “The Rational Basis of Trademark Protection.”<sup>20</sup> Schechter defined 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.”<sup>21</sup> In Schechter’s opinion, the only “rational basis” for protecting trademarks was the preservation of their uniqueness.<sup>22</sup>

The concern of Schechter and others with the problem of trademark dilution is twofold. First, trademark dilution harms consumers by preying on their brand loyalty. A secondary company will use a famous trademark found in a different market on its product in order to attract consumers of the primary product. One example is a piano company using the Kodak mark in order to play off the brand recognition of Kodak. Second, trademark dilution harms the owner of the

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20. Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 830–33 (1927); see also Robert N. Klieger, *Trademark Dilution: The Whittling Away of the Rational Basis for Trademark Protection*, 58 U. PITT. L. REV. 789, 795–810 (1997) (discussing Schechter’s role in origin of trademark dilution law). Dilution theory was previously mentioned in British/German law, as Schechter mentioned in his piece, but Schechter is considered the father of American trademark dilution law. See Robert S. Nelson, *Unraveling the Trademark Rope: Tarnishment and its Proper Place in the Laws of Unfair Competition*, 42 IDEA 133, 143–44 (2002).

21. Schechter, *supra* note 20, at 825. Schechter focused on four principles of trademark dilution: (1) the value of the trademark is in its selling power; (2) the selling power depends on its psychological hold on the public, which develops not simply because of the merit of the underlying good but also because of the uniqueness and singularity of the mark itself; (3) the uniqueness and singularity of the mark is impaired by its use on *either* related or unrelated goods; and (4) the degree of protection depends on the extent of the mark’s uniqueness or singularity. *Id.* at 830–31.

22. *Id.* at 831.

mark by destroying the owner's investment of time, research, and money developing the mark.

For example, Schechter discussed a German mouthwash company using the mark "Odol." This mouthwash company challenged a steel producer that wanted to use the same mark. The German court stated that the mouthwash company had created a strong demand for its good<sup>23</sup> and "[c]omplainant's ability to compete with other manufacturers of mouth wash will be impaired if the significance of its mark is lessened."<sup>24</sup> This example highlights why dilution protection is so essential. It is in line with the motivation for trademark law more generally—that is, protecting consumers. If a mark, like "Odol," loses its recognition to consumers in its relevant market because the mark's significance has been reduced due to other uses of the mark, it will no longer serve its purpose of identifying the product's quality to consumers. "Odol" will fade into the general market as merely another type of mouthwash, no matter how much time and effort the producer has put into ensuring its uniqueness. When arguing that the United States should adopt dilution protection, Schechter explained that beyond protecting consumer interests, this kind of protection also aids producers by preserving the "valuable, though possibly anonymous link between him and his consumer, that has been created by his ingenuity and the merit of his wares or services."<sup>25</sup> His theory of dilution law, protecting only those marks that are unique in the national marketplace, serves the dual goals of trademark law—consumer and producer protection. State and federal dilution laws serve two important policy goals: to prevent consumer confusion and to protect the time, research, and money invested developing a famous mark.<sup>26</sup>

Blurring and tarnishment are the two traditional types of dilution, but are not exhaustive of the ways in which a mark can be diluted.<sup>27</sup> A trademark is blurred when "the mark's appearance on other, unrelated goods weakens the distinctive link between the mark and the

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23. *Id.* at 832 ("[C]omplainant has created a demand for its goods, while employing thereon a word having drawing power, for only through the year-long activity of the complainant was its selling power acquired . . .") (citations omitted).

24. *Id.* (citing Wertheimer, *Broadened Protection of Names and Trade-Marks in the German Law*, 20 T. M. BULL. (N.S.) 76 (1925)).

25. *Id.* at 833.

26. Brief for Intellectual Property Law Professors as Amici Curiae Supporting Respondents 3, *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003) (No. 01-1015), 2002 WL 1967938.

27. See BLACK'S LAW DICTIONARY 489 (8th ed. 2004) (limiting its definition of dilution to blurring and tarnishment). However, courts have expanded this definition in many ways. McCARTHY, *supra* note 4, at § 24:71 ("Judicial definition of dilution").

trademark holder's goods," even though "consumers are not confused as to the source of a mark."<sup>28</sup> Hypothetical examples of blurring include "DuPont shoes, Buick aspirin tablets, Schlitz varnish, Kodak pianos, [and] Bulova gowns . . . ."<sup>29</sup> A trademark is tarnished when it is linked to products of poor quality or is evoked in a context that creates a negative association with the product.<sup>30</sup> An example of tarnishment is a t-shirt with the term "Buttwiser" replacing "Budweiser" in the beer logo, creating a negative association for the beverage.<sup>31</sup>

A court has recognized that "the blurring/tarnishment dichotomy does not necessarily represent the full range of uses that can dilute a mark . . . ."<sup>32</sup> Other forms of dilution include: (1) cybersquatting, using a company's trademark as an Internet domain name and then trying to sell it to the trademark holder;<sup>33</sup> (2) genericide, using a competitor's trademark as a generic term for the product so as to make it such, for example "thermos" or "cellophane";<sup>34</sup> and (3) alteration dilu-

28. *Minnesota Mining & Mfg. Co. v. Rauh Rubber, Inc.*, 943 F. Supp. 1117, 1131 (D. Minn. 1996); *see also* *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Celozzi-Ettelson Chevrolet, Inc.*, 855 F.2d 480, 485 (7th Cir. 1988) (providing example of blurring of "Polaroid" mark); *Allied Maint. Corp. v. Allied Mech. Trades, Inc.*, 369 N.E.2d 1162, 1165 (N.Y. 1977) (suggesting that by enacting anti-dilution statute, Congress sought to remedy "a cancer-like growth of dissimilar products or services which feeds upon the business reputation of an established distinctive trade-mark or name").

29. *Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026, 1031 (2d Cir. 1989) (citing legislative history of New York antidilution statute, 1954 N.Y. Legis. Ann. 49-50).

30. *See* *Hormel Foods Corp. v. Jim Henson Prods.*, 73 F.3d 497, 507 (2d Cir. 1996) ("The sine qua non of tarnishment is a finding that plaintiff's mark will suffer negative associations through defendant's use."); *see also* *Deere & Co. v. MTD Prods.*, 41 F.3d 39, 43 (2d Cir. 1994); *see also* Oswald, *supra* note 3, at 263-64.

31. *Anheuser-Busch, Inc. v. Andy's Sportswear, Inc.*, 40 U.S.P.Q.2d 1542, 1543 (N.D. Cal. 1996) (granting injunction against selling of "Buttwiser" t-shirts because of potential tarnishment). Another example is an insecticide producer who adapted the Budweiser slogan "Where there's life . . . there's Bud," making it "Where there's life . . . there's bugs." *Chem. Corp. of Am. v. Anheuser-Busch, Inc.*, 306 F.2d 433, 434 (5th Cir. 1962). *See also*, *Steinway & Sons v. Robert Demars & Friends*, 210 U.S.P.Q. 954, 961 (C.D. Cal. 1981) ("Stein-Way" clip-on beer can handles); *Gen. Elec. Co. v. Alumpa Coal Co.*, 205 U.S.P.Q. 1036, 1036 (D. Mass. 1979) (representing GE trade symbol with words "Genital Electric").

32. *Deere & Co.*, 41 F.3d at 44.

33. BLACK'S LAW DICTIONARY 414-15 (8th ed. 2004) ("The act of reserving a domain name on the Internet, esp. a name that would be associated with a company's trademark, and then seeking to profit by selling or licensing the name to the company that has an interest in being identified with it.")

34. BLACK'S LAW DICTIONARY 707 (8th ed. 2004) ("The loss or cancellation of a trademark that no longer distinguishes the owner's product from others' products. . . . [which] occurs when a trademark becomes such a household name that the consuming public begins to think of the mark not as a brand name but as a synonym for the product itself."); *see, e.g.*, *King-Seeley Thermos Co. v. Aladdin Indus., Inc.*, 320 F.

tion, using an altered version of a competitor's mark in advertising with or without tarnishing it.<sup>35</sup>

### B. *The Federal Trademark Dilution Act*

The Federal Trademark Dilution Act (FTDA) was enacted in 1996,<sup>36</sup> amending the existing federal trademark law known as the Lanham Act.<sup>37</sup> The lack of a consistent approach to trademark dilution law among the states created the impetus for passage of the FTDA,<sup>38</sup> which created a new federal cause of action against the dilution of famous marks. In passing the statute, Congress aimed to provide a uniform, national standard for protection against trademark dilution and to provide an injunctive remedy against the competing commercial use of a famous mark.<sup>39</sup> While the FTDA does not preempt state law, its intended purpose is to establish a national baseline for dilution protection and to articulate a clear definition of trademark dilution.<sup>40</sup>

Specifically, 15 U.S.C. § 1125(c) enumerates factors for determining whether a mark is "distinctive and famous," and punishes users who cause the dilution of another user's mark by providing for injunctive relief or actual damages if willful intent is found.<sup>41</sup> Under

Supp. 1156 (D.C. Conn. 1970) (determining that thermos is generic term, thereby giving King-Seeley rights only to capitalized word "Thermos").

35. See Kenneth L. Port, *The Congressional Expansion of American Trademark Law: A Civil Law System in the Making*, 35 WAKE FOREST L. REV. 827, 879 (2000) (citing *Deere & Co. v. MTD Prods., Inc.*, 41 F.3d 39, 45 (2d Cir. 1994)). Judge Posner has also suggested another type of dilution, "pure dilution," which occurs when a "junior user tak[es] a free ride on a famous mark." 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 24:67 (4th ed. 1998) (citing W.M. Landes & R.A. Posner, *THE ECONOMIC STRUCTURE OF INTELLECTUAL PROPERTY LAW* 207-08 (2003)).

36. 15 U.S.C. § 1125(c) (2000).

37. 15 U.S.C. §§ 1051-1072 (2000).

38. 141 CONG. REC. H14,317 (daily ed. Dec. 12, 1995) (statement of Sen. Moorhead) ("A Federal trademark dilution statute is necessary, because famous marks ordinarily are used on a nationwide basis and dilution protection is only available on a patch-quilt system of protection.")

39. Oswald, *supra* note 3, at 268-72.

40. H.R. REP. NO. 104-374, at 4 (1995). The FTDA's articulated policy goal is to "protect famous marks from unauthorized users that attempt to trade upon the goodwill and established renown of such marks." *Id.* at 3.

41. 15 U.S.C. § 1125(c) reads as follows:

(c) Remedies for dilution of famous marks.

(1) The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the



the statute, dilution is defined as “the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of: (1) competition between the owner of the famous mark and other parties; or (2) likelihood of confusion, mistake, or deception.”<sup>42</sup>

The focus of the FTDA is on a mark’s loss of distinctiveness rather than on the mark’s loss of identity with its source. A loss of identity is more consistent with Schechter’s conception of dilution the-

mark, and to obtain such other relief as is provided in this subsection. In determining whether a mark is distinctive and famous, a court may consider factors such as, but not limited to—

(A) the degree of inherent or acquired distinctiveness of the mark;

(B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;

(C) the duration and extent of advertising and publicity of the mark;

(D) the geographical extent of the trading area in which the mark is used;

(E) the channels of trade for 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.

(2) In an action brought under this subsection, the owner of the famous mark shall be entitled only to injunctive relief as set forth in section 1116 of this title unless the person against whom the injunction is sought willfully intended to trade on the owner’s reputation or to cause dilution of the famous mark. If such willful intent is proven, the owner of the famous mark shall also be entitled to the remedies set forth in sections 1117(a) and 1118 of this title, subject to the discretion of the court and the principles of equity.

(3) The ownership by a person of a valid registration under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register shall be a complete bar to an action against that person, with respect to that mark, that is brought by another person under the common law or a statute of a State and that seeks to prevent dilution of the distinctiveness of a mark, label, or form of advertisement.

(4) The following shall not be actionable under this section:

(A) Fair use of a famous mark by another person in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark.

(B) Noncommercial use of a mark.

(C) All forms of news reporting and news commentary.

15 U.S.C. § 1125(c) (1999).

42. *Id.* § 1127.

ory than the articulated focus of the FTDA.<sup>43</sup> The FTDA, however, focuses on the erosion of the distinctive nature of the mark instead of protecting the unique product-identifying nature of a mark from the harm caused by its use on non-competing goods. As a result, many courts end their dilution analysis by examining whether or not a mark is both famous and distinctive, and whether another mark will impair that distinctiveness. They do not reach the question of whether that impairment will actually affect a consumer's ability to link the mark and the famous product.<sup>44</sup>

If the dilution definitions offered by Schechter and the FTDA seem confusing or incomplete, it is because dilution is a "subtle" theory involving consumer perceptions of marks and judicial evaluations of their market power rather than clear economic effects, as in the theory of trademark infringement.<sup>45</sup> In the legislative history of the FTDA, dilution was described as "an infection, which if allowed to spread, will inevitably destroy the advertising value of the mark."<sup>46</sup> Comparisons to infringement theory have also played a significant role in muddying the dilution waters. This is most commonly done when dilution is applied to marks that are in the same market.<sup>47</sup> The problem with such comparisons is that the anti-dilution statute is designed to apply to identical or similar marks used on *non-competing* goods, unlike the "likelihood of confusion" standard used for infringing goods in the same market.<sup>48</sup> Some courts have misapplied these

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43. Schechter, *supra* note 20, at 831.

44. See, e.g., *Deere & Co. v. MTD Prods., Inc.*, 41 F.3d 39, 44 (2d Cir. 1994). *But see* *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026, 1031 (2d Cir. 1989). While a pre-FTDA case does enumerate factors which consider the sophistication of consumers in making such connections, and those factors have been used since the FTDA, they are nonetheless largely glossed over in judicial analysis. *Id.*; see e.g., *Wawa Inc. v. Haaf*, 40 U.S.P.Q.2d (BNA) 1629, 1632 (E.D. Pa. 1996). *But see* *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 433–34 (2003) (discussing effect of dilution on mark's capacity to identify its owner's goods).

45. See, e.g., *Sally Gee, Inc. v. Myra Hogan, Inc.*, 699 F.2d 621, 625 (2d Cir. 1983) ("Dilution . . . remains a somewhat nebulous concept . . .").

46. H.R. REP. 104-374, at 3 (1995) (citation omitted).

47. See *Deere & Co.*, 41 F.3d at 45.; *But see* *Gazette Newspapers, Inc. v. New Paper, Inc.*, 934 F. Supp. 688, 696–97 (D. Md. 1996) (noting that "likelihood of confusion . . . need not be shown to prove trademark dilution.").

48. As trademark scholar J. Thomas McCarthy states:

In my opinion, the anti-dilution laws should only rarely and guardedly be applied to cases involving parties selling in the same market. The anti-dilution theory was not designed or conceived of to apply to such cases and it makes a poor fit. It is the wrong tool for the job. Its mis-use in competitive situations is bound to upset the balance of free and fair competition and to deform the anti-dilution doctrine.

doctrines, applying dilution theory to directly competing goods—a function it was never meant to have.

Courts have had difficulty applying the FTDA partly because they have grappled with state dilution claims for more than fifty years. An example of judicial confusion can be seen in *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development*,<sup>49</sup> in which the Fourth Circuit was skeptical that dilution theory had any limitations. In analyzing the Ringling Bros.'s claim that Utah's use of the mark "The Greatest Snow on Earth" diluted their famous slogan "The Greatest Show on Earth," the court was unable to find dilution under the statute despite the "sense" that this mark should be protected under the federal statute.<sup>50</sup> This response of judicial skepticism to the concept of dilution is the norm rather than the exception for courts struggling with the proper application of and standard of proof to show dilution.<sup>51</sup>

The confusion between infringement and dilution also has served to increase judicial resistance to the implementation of the dilution doctrine. In *Thane International, Inc. v. Trek Bicycle Corp.*,<sup>52</sup> the Ninth Circuit stated:

The Federal Trademark Dilution Act of 1995 . . . presents formidable problems of interpretation. Further, the implications of a broad application of the federal antidilution statute are troubling, as dilution causes of action, much more so than infringement and unfair competition laws, tread very close to granting 'rights in gross' in a trademark, thereby hampering competition and the marketing of new products.<sup>53</sup>

This court expressed the view of many scholars that judicial interpretations of the FTDA, as well as the text of the FTDA itself, has made dilution a problematic doctrine in application.<sup>54</sup> Significant revisions are necessary to solve these issues.

In fact, when the FTDA was passed, many judges merely thought of and applied dilution as a more easily proven type of infringement for famous marks.<sup>55</sup> Not only do courts view dilution as a subset of

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J. Thomas McCarthy, *Dilution of a Trademark: European and United States Law Compared*, 94 TRADEMARK REP. 1163, 1180 (2004); see also Marla J. Kaplan, *Antidilution and the First Amendment*, 21 SW. U. L. REV. 1139, 1154–55 (1992).

49. 170 F.3d 449 (4th Cir. 1999).

50. *Id.* at 464–65.

51. See Thomas R. Lee, *Demystifying Dilution*, 84 B.U.L. REV. 859, 902 (2004).

52. 305 F.3d 894 (9th Cir. 2002).

53. *Id.* at 905 (citations omitted).

54. *Id.*

55. Kaplan, *supra* note 48, at 1159 (explaining that because courts have trouble applying anti-dilution statutes, it is therefore "easier for a plaintiff to prove dilution

infringement, but other opinions have shown that they also do not understand the basic concept of dilution on a more fundamental level. For example in *Toys R Us, Inc. v. Feinberg* the court found that a single use of the “R Us” mark on the “gunsareus.com” website did not dilute (by tarnishment) the toymaker’s mark, although the court left open the possibility that a proliferation of products using “R Us” websites might indeed lead to blurring.<sup>56</sup> By concluding that the single incident did not constitute dilution, the court misapprehends the nature of dilution. Dilution does not require multiple instances to establish a violation, but instead should be evaluated solely on a case-by-case basis. Furthermore, if tarnishment is a form of dilution, the use of “Guns R Us” is an excellent example, because the mental association of guns will affect a toy-purchaser’s willingness to buy products from Toys R Us. Yet the court glossed over the tarnishment claim by saying that it was not a triable issue of fact, thereby declining to hold that the use of this mark in connection with guns constituted tarnishment.<sup>57</sup>

### C. *Moseley v. V Secret Catalogue, Inc.*

Judicial confusion concerning the application of the FTDA was highlighted and exacerbated by the Supreme Court’s 2003 decision in *Moseley v. V Secret Catalogue, Inc.*<sup>58</sup> In *Moseley*, petitioners had opened an adult novelty shop named “Victor’s Secret.” When the nationally famous, brand-name lingerie retailer “Victoria’s Secret” discovered the shop’s existence, a cease and desist letter was sent to petitioners. In response, the Moseleys changed the name of their store to “Victor’s Little Secret.” Dissatisfied with the change, Victoria’s Secret sued the Moseleys for both trademark infringement and dilution.<sup>59</sup>

The federal district court found in favor of the Moseleys with respect to federal and state-based trademark infringement and unfair competition claims, but decided that the Moseleys had tarnished the reputation of Victoria’s Secret’s famous mark in violation of the

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than a likelihood of confusion”); 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, 149 (1997) (“The elements required to establish a trademark infringement claim will likely suffice to establish a prima facie case under the FTDA.”).

56. 26 F. Supp. 2d 639, 644 (S.D.N.Y. 1998), *vacated on procedural grounds*, 1999 U.S. App. LEXIS 29833, at \*3–4 (2d Cir. Nov. 10, 1999).

57. *Id.* at 644–45.

58. 537 U.S. 418 (2003).

59. *V Secret Catalogue, Inc. v. Moseley*, 2000 WL 370525, at \*1 (W.D. Ky. Feb. 9, 2000).

FTDA.<sup>60</sup> The federal appellate court affirmed the decision, finding that the Moseleys had both tarnished and blurred the famous mark of Victoria's Secret.<sup>61</sup>

The case was ultimately accepted for certiorari by the Supreme Court, in part, to resolve a split among the circuits over whether likelihood of dilution or actual dilution was the appropriate standard of proof in trademark dilution cases.<sup>62</sup> While not at issue in the case, the Court also discussed other problems courts were having in administering the FTDA, including determining the correct degree of fame necessary to qualify for FTDA protection<sup>63</sup> and which types of dilution are covered by the FTDA.<sup>64</sup> Additionally, the Court avoided discussing at least one issue that has plagued dilution analysis—that of whether protection should be afforded for marks having only “niche fame.”<sup>65</sup> This subject is, however, outside of the scope of this Note.

More fundamentally, the Court grappled in *Moseley* with the most basic issues of defining dilution and determining how federal protections should be administered in the context of famous trademarks.<sup>66</sup> At oral argument, the Justices pointed out the confusion surrounding the concept of dilution by noting, “It would help [the

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60. *Id.* at \*4–6.

61. *V Secret Catalogue, Inc. v. Moseley*, 259 F.3d 464, 477 (6th Cir. 2001).

62. While the Fourth and Fifth Circuits had decided that actual dilution was the standard articulated by the FTDA, the Second Circuit had held that the likelihood of dilution was the appropriate standard. *See Westchester Media v. PRL USA Holdings, Inc.*, 214 F.3d 658, 670–71 (5th Cir. 2000); *Ringling Bros.-Barnum & Bailey Combined Shows v. Utah Div. of Travel Dev.*, 170 F.3d 449, 458 (4th Cir. 1999); *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 223–25 (2d Cir. 1999).

63. 537 U.S. at 425 (noting that neither party contested famousness of “Victoria’s Secret” mark).

64. *Id.* at 432 (“Indeed 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.”).

65. *See, e.g., Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 877 (9th Cir. 1999) (noting that “fame in a localized trading area may meet” the famousness requirement as may fame in a specialized market segment when “diluting uses are directed narrowly at the same market segment”); *Thane Int’l, Inc. v. Trek Bicycle Corp.*, 305 F.3d 894, 908 (9th Cir. 2002) (accepting *Avery Dennison* rationale though noting “apparent tension” with *Avery Dennison*’s “overall message of cautioning restraint in applying dilution protections”).

66. *Id.* at 434 (“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.”).

Justices] a lot if [counsel] explained . . . what dilution is,”<sup>67</sup> and asking “What is enough? What does dilution consist of?”<sup>68</sup> One Justice expressed skepticism as to “conceptually how there ever could be an injury” caused by dilution.<sup>69</sup> All of this suggests that the confusion surrounding trademark dilution law reaches to even the highest court in the land.

The Court ultimately found that the FTDA required a showing of actual dilution, rather than likelihood of dilution, to prove that a famous mark was diluted.<sup>70</sup> The Court further found that Victoria’s Secret failed to show that the Moseleys actually diluted their famous mark.<sup>71</sup> In its opinion, the Court explained that actual dilution does not necessarily require proof of the effects of dilution, such as lost sales or profits, but failed to specify exactly what kind of evidence would be necessary to prove actual dilution.<sup>72</sup>

#### D. *The Proposed Trademark Dilution Revision Act*

The depth and variety of questions that the Supreme Court raised in its *Moseley* opinion left many in the trademark field calling for revisions to the FTDA.<sup>73</sup> In response, on February 9, 2005, Representative Lamar Smith of Texas introduced a new federal dilution statute, the Trademark Dilution Revision Act of 2005 (TDRA).<sup>74</sup> The TDRA was passed by the U.S. House of Representatives on April 19, 2005,

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67. Transcript of Oral Argument at \*4, *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003) (No. 01-1015), 71 U.S.L.W. 3366, 2002 WL 31643067; *see also* Thomas R. Lee, *supra* note 51, at 883.

68. Transcript of Oral Argument, *supra* note 67, at \*11; *see also* Thomas R. Lee, *supra* note 51, at 883.

69. Transcript of Oral Argument, *supra* note 67, at \*6; *see also* Thomas R. Lee, *supra* note 51, at 883.

70. *Moseley*, 537 U.S. at 433.

71. *Id.* at 433–34.

72. *Id.* at 433.

73. The groups clamoring for change include: the International Trademark Association (INTA), American Intellectual Property Law Association (AIPLA), and the Intellectual Property Owners Association (IPO). *See Trademark Dilution Revision Act of 2005: Hearing on H.R. 683 Before the H. Subcomm. on Courts, the Internet, and Intellectual Property of the H. Comm. on the Judiciary*, 109th Cong. 2–66 (2005) (statements of William G. Barber, Am. Intellectual Prop. Law Ass’n; Anne Gundelfinger, President and Chairperson of the Board, International Trademark Ass’n; Marvin Johnson, Legislative Counsel, American Civil Liberties Union; and Mark A. Lemley, William H. Neukom Professor of Law, Stanford University) [hereinafter *Hearing on H.R. 683*]; *see also Committee Print to Amend the Federal Trademark Dilution Act: Hearing Before the H. Subcomm. on Courts, the Internet, and Intellectual Property of the H. Comm. on the Judiciary*, 108th Cong. 5–13 (2004) (statement of Jacqueline A. Leimer, President, International Trademark Ass’n).

74. H.R. 683, 109th Cong. (2005). The TDRA scraps the FTDA entirely, re-writing rather than revising it. The bill is a revision of American trademark dilution law.

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*Compare* 15 U.S.C. § 1125(c) (Supp. V 1999) *with* H.R. 683, 109th Cong. (2005).  
The full text of the bill is:

SEC. 2. DILUTION BY BLURRING; DILUTION BY TARNISHMENT.

Section 43 of the Trademark Act of 1946 (15 U.S.C. 1125) is amended:

(1) by striking subsection (c) and inserting the following:

‘(c) Dilution by Blurring; Dilution by Tarnishment-

‘(1) INJUNCTIVE RELIEF- Subject to the principles of equity, the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after the owner’s mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.

‘(2) DEFINITIONS- (A) For purposes of paragraph (1), a mark is famous if it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark’s owner. In determining whether a mark possesses the requisite degree of recognition, the court may consider all relevant factors, including the following:

‘(i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties; (ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark; (iii) The extent of actual recognition of the mark.

‘(B) For purposes of paragraph (1), ‘dilution by blurring’ is association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark. In determining whether a mark or trade name is likely to cause dilution by blurring, the court may consider all relevant factors, including the following:

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

‘(C) For purposes of paragraph (1), ‘dilution by tarnishment’ is association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.

‘(3) EXCLUSIONS- The following shall not be actionable as dilution by blurring or dilution by tarnishment under this subsection:

‘(A) Fair use of a famous mark by another person in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark.

‘(B) Fair use of a famous mark by another person, other than as a designation of source for the person’s goods or services, including for purposes of identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.

‘(C) All forms of news reporting and news commentary. . . .’

and referred to the Senate Judiciary Committee the next day. On November 11, 2005, the Senate Judiciary Committee held a mark-up session.<sup>75</sup>

The TDRA is an attempt to alleviate the judicial confusion caused by ten years of struggling with the implementation of the FTDA, which culminated in the *Moseley* decision. Specifically, the legislation restores the standard of proof of “likelihood of dilution” that enjoyed widespread use prior to the *Moseley* decision.<sup>76</sup> The bill also provides clear and succinct factors for determining whether a mark is famous.<sup>77</sup> The TDRA contains other provisions, however, that may create more harm than good, and which will be discussed in more detail in Parts II and III.

## PART II

### THE FTDA’S SHORTCOMINGS AND THE TDRA’S PROPOSED SOLUTIONS

As discussed above, the FTDA has been a source of judicial confusion since its enactment. Problems include: vague and poorly defined terms used to describe dilution, claims that are not conceptually aligned with dilution theory, and courts that have co-opted the statute to address other trademark issues. As a result, courts have remained inconsistent in their implementation of the current statute. Any new law should address these concerns. While the TDRA is intended to alleviate the shortcomings of the FTDA, it does not address these problems. As a result, the TDRA will perpetuate many of the problems already in existence.

Two issues are particularly representative of the problems currently plaguing the FTDA and therefore deserve special attention. First, the bill should provide clearer structure for the determination of standards such as distinctiveness and famousness.<sup>78</sup> Second, the boundaries of what constitutes dilution, as opposed to infringement, must be clarified and the doctrinal underpinning for these guidelines should be better defined. This Note will examine the current opacity of dilution doctrine by considering whether acquired distinctive marks should be protected from dilution. It will also focus on the current treatment of two particular trademark problems: tarnishment and

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75. See *supra* note 17.

76. *Id.* § 2(c)(1); see *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 223–25 (2d Cir. 1999) (discussing likelihood of dilution standard).

77. H.R. 683, § 2(c)(2)(A).

78. While these and other terms are in need of clarification, for purposes of illustration, this Note will focus exclusively on issues relating to distinctiveness.



cybersquatting. By addressing these issues, Congress will significantly aid the effective administration of anti-dilution law.

A. *The Need for Clearer Standards: Confusion  
Regarding Distinctiveness*

Courts have had difficulty determining whether or not a mark is distinctive enough to be protected under the FTDA. In particular, courts have split on whether the FTDA requires separate analyses of distinctiveness *and* fame in determining a mark's eligibility for anti-dilution protection.

1. *What Is Distinctiveness?*

To qualify for dilution protection under the FTDA, a mark must be distinctive and famous, leaving the definition of distinctiveness to its common understanding in trademark law.<sup>79</sup> Distinctiveness is generally defined as the quality of a trademark to identify the goods of a particular merchant and to distinguish those goods from others.<sup>80</sup> Yet distinctiveness plays an additional important role in trademark law. Those marks which are truly distinctive serve a purpose greater than merely identifying the source; they become akin to the product itself.<sup>81</sup>

Distinctiveness is measured on a four-tiered "spectrum of distinctiveness" with the strongest marks generally warranting the greatest degree of trademark protection.<sup>82</sup> Basic trademark law<sup>83</sup> identifies these four different categories of distinctiveness, from weakest to strongest, as follows: (1) Generic—marks that describe the actual product but are not used to identify the producer of the product, such as "car," "sink," or "apple" (for fruit not computers);<sup>84</sup> (2) Descriptive—marks that have meaning in common usage and merely describe

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79. 15 U.S.C. § 1125(c)(1) (Supp. V 1999) ("In determining whether a mark is *distinctive* and famous a court may consider [the following] factors . . .") (emphasis added).

80. BLACK'S LAW DICTIONARY 507 (8th ed. 2004).

81. Brownlee, *supra* note 14, at 473 ("It has been stated that truly 'distinctive' marks go beyond the identification of origin function and additionally serve to sell the product, and that this additional function also deserves protection.").

82. *See* Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 9 (2d Cir. 1976) ("The cases, and in some instances the Lanham Act, identify four different categories of terms with respect to trademark protection. Arrayed in an ascending order which roughly reflects their eligibility to trademark status and the degree of protection accorded, these classes are (1) generic, (2) descriptive, (3) suggestive, and (4) arbitrary or fanciful."); *see also* Edgecombe, *supra* note 16, at 1256.

83. *See* McCARTHY, *supra* note 4, § 11:2; *Abercrombie*, 537 F.2d at 9; *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992).

84. *See* BLACK'S LAW DICTIONARY 707 (8th ed. 2004).

or suggest what a product actually is; such marks are only protectable if they have acquired distinctiveness over time, such as “Raisin Bran” or “Self-Realization”;<sup>85</sup> (3) Suggestive—marks which suggest, rather than describe, the particular characteristics of the product; such marks require the consumer to use her imagination to make the connection between the mark and the product it identifies, such as “Trek” for bicycles or “Flexline” for home equity loans;<sup>86</sup> and (4) Arbitrary or Fanciful—marks that either do not describe the product they identify, such as “Dreamwerks” for science fiction conventions, or are made-up or coined words, such as “Google” or “Kodak”; these marks are considered inherently distinctive and universally worthy of trademark protection.<sup>87</sup>

Within this spectrum there is a division between those marks which are inherently distinctive, meaning the mark itself is unique or singularly identifying of the product, and those which have *acquired* distinctiveness. Arbitrary and fanciful marks, the strongest marks on the spectrum are, by definition, inherently distinctive.<sup>88</sup> For example, “Kodak” and “Google” are invented terms which have been used with extreme success as inherently distinctive trademarks.

Through extensive advertising and consumer contact, weaker marks—those that are suggestive or descriptive on the distinctiveness spectrum—may develop a singular association with their source in the mind of the consumer, acquiring a distinctiveness referred to as “sec-

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85. See BLACK’S LAW DICTIONARY 1531 (8th ed. 2004); see also *Self-Realization Fellowship Church v. Ananda Church of Self-Realization*, 59 F.3d 902, 910–11 (9th Cir. 1995) (finding mark “Self-realization” is descriptive when used with products relating to spiritual and yoga services).

86. See BLACK’S LAW DICTIONARY 1532 (8th ed. 2004); see also *Thane Int’l, Inc. v. Trek Bicycle, Corp.*, 305 F.3d 894, 912 n.14 (9th Cir. 2002) (finding Trek mark suggestive for bicycle accessories); *Comerica, Inc. v. Fifth Third Bankcorp*, 282 F. Supp. 2d 557, 568 (E.D. Mich. 2003) (finding bank’s use of Flexline for home equity loan products suggestive).

87. See BLACK’S LAW DICTIONARY 1530–31 (8th ed. 2004); see also *Dreamwerks Prod. Group, Inc. v. SKG Studio*, 142 F.3d 1127, 1130–31 (9th Cir. 1998); *Gateway, Inc. v. Companion Prods., Inc.*, 320 F. Supp. 2d 912, 920 (D.S.D. 2002) (noting that arbitrary marks are deemed inherently distinctive and entitled to trademark protection).

88. *Michael Caruso & Co. v. Estefan Enters.*, 994 F. Supp. 1454, 1463 (S.D. Fla. 1998).

To be inherently distinctive, a mark must “clearly be more than just distinctive in a trademark sense,” and must rise to the level of “Buick” or “Kodak.” Even if a mark is distinctive in its particular market, it does not render it inherently distinctive so as to engender immediate recognition in the general public of a particular product.

*Id.* (citations omitted).

ondary meaning.”<sup>89</sup> By achieving this secondary meaning, the mark acquires distinctiveness and, as a result, is afforded a greater level of protection than the mark would otherwise receive.<sup>90</sup> Examples include: “Sharp” for televisions, “Windows” for windowing computer software, and “International Business Machines (IBM)” for computers and other business machines.<sup>91</sup>

## 2. “Distinctive and Famous”: Two Analyses or One?

It has remained fundamentally unclear whether Congress intended the distinctiveness requirement to be synonymous with the fame requirement and, if not, how each should be independently evaluated. The FTDA discusses the distinctiveness and fame requirements together, stating that “in determining whether a mark is distinctive *and* famous . . . ,” suggesting that *both* distinctiveness and fame must be satisfied to qualify for protection under the Act.<sup>92</sup> However, the initial factor suggested by the FTDA for consideration by the courts is “the degree of inherent or acquired distinctiveness of the mark.”<sup>93</sup> This suggests the possibility that distinctiveness may either be a separate inquiry or merely a portion of the fame evaluation. The Ninth Circuit highlighted the FTDA’s lack of clarity and inadministrability when it attempted to reconcile the relationship between distinctiveness and fame in *Avery Dennison Corp. v. Sumpton*.<sup>94</sup> There, the court wrote, “If all marks are distinctive, and a showing of distinctiveness meets the element of fame, what marks would be outside the protection of the FTDA? [T]he FTDA does not indicate that any particular degree of distinctiveness should end the inquiry.”<sup>95</sup> The court decided that both the Avery and Dennison marks were neither distinctive nor famous.<sup>96</sup>

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89. When a “designation, although not ‘inherently distinctive,’ has become distinctive, in that, as a result of its use, prospective purchasers have come to perceive it as a designation that identifies goods, services, businesses, or members . . . [s]uch acquired distinctiveness is commonly referred to as ‘secondary meaning.’” RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 13(b) (1995). McCARTHY, *supra* note 4, § 11:1 (explaining spectrum of distinctiveness of marks). Generic marks are not capable of any amount of distinctiveness and are therefore not a part of the spectrum of distinctiveness analysis. *Id.*

90. *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 215–16 (2d Cir. 1999).

91. BitLaw: A Resource on Technology Law, Strength of Trademarks, <http://www.bitlaw.com/trademark/degrees.html> (last visited Jan. 30, 2006).

92. 15 U.S.C. § 1125(c)(1) (Supp. V 1999) (emphasis added).

93. *Id.* § 1125(c)(1)(A).

94. *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868 (9th Cir. 1999).

95. *Id.* at 876 (quoting Lori Krafte-Jacobs, *Judicial Interpretation of the Federal Trademark Dilution Act of 1995*, 66 U. CIN. L. REV. 659, 690 (1998)).

96. *Id.* at 877, 879.

The blurring between fame and distinctiveness can be seen throughout dilution case law. For example, in *Star Markets, Ltd. v. Texaco, Inc.*,<sup>97</sup> the district court stated that “[a]cquired distinctiveness is merely a minimum threshold for establishing protectability of a trademark that is not suggestive, arbitrary, or fanciful. Once established, the [FTDA] compels the court to consider the *degree* of that distinctiveness as one of many factor for determining whether the mark is famous.”<sup>98</sup> Without clear guidance about how to interpret the fame and distinctiveness requirements of the FTDA, the district court developed its own unique solution to solve the problem. Revising the federal statute to provide greater clarity in the analysis of distinctiveness and fame would significantly aid courts in deciding dilution claims.

The Supreme Court seemed to endorse the Second Circuit’s interpretation of the FTDA in *Nabisco, Inc. v. PF Brands, Inc.* when it cited *Nabisco*’s requirement of both distinctiveness and fame in the *Moseley* decision.<sup>99</sup> In *Nabisco*, the Plaintiff manufacturer of “CatDog” cheese crackers sought a declaratory judgment stating that their mark did not infringe upon the “Goldfish” cracker mark owned by Nabisco.<sup>100</sup> The court discussed the need for distinctiveness to have its own meaning within the FTDA and not to be swept into the evaluation of fame.<sup>101</sup> Justice Stevens quoted this exact language in the *Moseley* opinion, stating that “[i]t is quite clear that the statute intends distinctiveness, in addition to fame, as an essential element.”<sup>102</sup>

However, Professor J. Thomas McCarthy, trademark dilution expert and trademark treatise author,<sup>103</sup> posits that the *Moseley* footnote did not constitute a holding by the Supreme Court and, moreover, was not an approval of the Second Circuit’s interpretation.<sup>104</sup> He argues that Stevens’s comment should not be read as a holding because of the passing nature of the remark, and because the Second Circuit’s view is at odds with the traditionally accepted definition of distinctiveness. Moreover, McCarthy suggests that the Supreme Court could not have

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97. 950 F. Supp. 1030 (D. Haw. 1996).

98. *Id.* at 1033.

99. *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 426 n.5 (2003).

100. *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 212–14 (2d Cir. 1999).

101. *Id.* at 216.

102. *Moseley*, 537 U.S. at 426 n.5 (citing *Nabisco*, 191 F.3d at 216).

103. See McCARTHY, *supra* note 4.

104. *Id.* at § 24:91.2.

meant to endorse such an extensive redefinition of distinctiveness.<sup>105</sup> McCarthy further argues that the Second Circuit's redefinition was a deliberate effort to contain the definition and applicability of the FTDA, but that this sort of judicial harnessing is not the best way to achieve restraint.<sup>106</sup>

While courts may be trying to establish a clear rule of law regarding the FTDA, this approach has served only to increase the disagreement and confusion. Clear legislative requirements and boundaries would provide much needed guidance to courts, scholars, and trademark holders.

### 3. *The TDRA Proposes a Clearly Bifurcated Analysis*

The TDRA attempts to alleviate the confusion surrounding the FTDA's distinctiveness analysis. The TDRA suggests that courts conduct a bifurcated inquiry in order to determine if a mark should be protected. While both fame and distinctiveness remain elements of proving dilution, the TDRA took the advice of the *Nabisco* court and Justice Stevens and separated them. Furthermore, distinctiveness is no longer an element of the fame evaluation under the TDRA.<sup>107</sup> This change would help clarify that fame and distinctiveness require independent evaluation and should be considered separately in determining whether a mark qualifies for dilution protection. However, the TDRA's failure to enumerate factors to determine distinctiveness creates a new problem for those trying to decide whether a mark qualifies as distinctive enough for protection.

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105. The Second Circuit's definition is also at odds with the international definition of 'distinctiveness' as used in the TRIPs agreement. This confusion in the meaning of a basic term of art of trademark law unfortunately makes the *Nabisco* decision part of the problem, not the solution, of making sense of the federal anti-dilution statute. In the author's view, the Second Circuit has turned down a dead end street on this issue and must reverse course sooner or later.

*Id.*

106. The *Nabisco* Second Circuit rule is obviously designed to disqualify from protection under the federal anti-dilution act those marks which are descriptive, geographically descriptive or surnames, regardless of whether the marks are "famous" or not. The goal of the court is to cut down on the number of marks that qualify for the extraordinary scope of exclusivity provided by the anti-dilution act. I share with the court the desire to keep anti-dilution protection limited to a short list of truly famous and renowned marks, as Congress intended. However, the Second Circuit's method of doing so is flawed and out of step with mainstream trademark law. *Id.*; see also Simone A. Rose, *Will Atlas Shrug? Dilution Protection for "Famous" Trademarks: Anti-Competitive "Monopoly" or Earned "Property" Right?*, 47 FLA. L. REV. 653, 682 (1995).

107. H.R. 683, 109th Cong. § 2(c)(2)(A) (2005).

B. *The Need for Clear Doctrine and Well-Defined Boundaries of Dilution*

As the above discussion indicates, the FTDA is plagued with several problems that prevent it from providing the robust protection intended by Congress. The Supreme Court's decision in *Moseley* has created an opening to re-think and revise current dilution theory and practice. The following discussion presents proposed solutions, including, most notably, the pending TDRA's approach to these problems.

1. *Should Both Inherently Distinctive and Acquired Distinctive Marks Be Protected from Dilution?*

The distinction between inherently and acquired distinctive marks has caused a split between the circuits. Some courts argue that only inherently distinctive marks should be protected by the FTDA.<sup>108</sup> Others believe there are many famous marks which have acquired a sufficient degree of distinctiveness that they should not be cut off from relief under the FTDA.<sup>109</sup> An example of this split is a Second Circuit case regarding the "New York Stock Exchange" mark.<sup>110</sup> Despite its fame, the mark was denied protection under the FTDA because the court found the mark was not inherently distinctive and protection would result in removing several words from the common vocabulary.<sup>111</sup> A Third Circuit case, on the other hand, found that achieving secondary meaning for the mark "The Sporting News" was sufficient to meet the distinctiveness requirement of the FTDA.<sup>112</sup> "The Sporting News" mark faces the same problems as the "New York Stock Exchange" mark, in that they both seem to take words or phrases out

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108. *See New York Stock Exch., Inc. v. New York, New York Hotel, LLC*, 293 F.3d 550, 557 (2d Cir. 2002) (refusing to protect mark that lacks inherent distinctiveness under FTDA).

109. *See Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C.*, 212 F.3d 157, 165–68 (3d Cir. 2000) (finding that acquired distinctive marks are sufficiently distinctive to be protected by FTDA); *see also* Jonathan Hudis & Amy C. Sullivan, *Victoria's Secret and the Ever Elusive Dilution Doctrine*, INTELLECTUAL PROPERTY TODAY, Apr. 2003, at 37.

110. *New York Stock Exch., Inc.*, 293 F.3d at 556–58.

111. *Id.* at 557 (finding acquired distinctive marks are not protected by FTDA); *see also* TCPIP Holding Co., Inc. v. Haar Commc'ns, Inc., 244 F.3d 88, 93 (2d Cir. 2001) ("[W]e conclude that a descriptive mark does not come within the protection of the [FTDA]."); Steve Meleen et al., *Recent Developments in Trademark Law: Elusive Dilution and Sorting the Resulting Confusion*, 11 TEX. INTELL. PROP. L.J. 351, 356–57 (2003) (discussing distinctiveness/fame analysis in *New York Stock Exch., Inc.*).

112. *Times Mirror Magazines, Inc.*, 212 F.3d at 165–68.

of the common vocabulary. While “The Sporting News” has likely not achieved the same level of secondary meaning as the “New York Stock Exchange” mark, that is not reason enough to explain such disparate outcomes because the use of each mark has the same end effect—removing words from the common vocabulary. This highlights the confusion courts face when defining distinctiveness. There is a clear need for Congress to amend the FTDA to divorce the distinctiveness analysis from the fame discussion and to provide guidelines for both.

In contrast to the Second Circuit,<sup>113</sup> the majority of circuits have provided some protection for acquired distinctive marks. Other circuits have acknowledged that marks which have acquired distinctiveness can suffer from dilution, but have, instead using the fame factor to disqualify marks from dilution protection under the FTDA.<sup>114</sup> While courts allow some protection for acquired distinctive marks, they reserve the strongest protection for inherently distinctive marks.<sup>115</sup> In *NBBJ East Ltd. P’ship v. NBBJ Training Academy, Inc.*,<sup>116</sup> the Sixth Circuit found that “[t]he most distinctive are marks that are entirely the product of the imagination and evoke no association with the human experience that relate intrinsically to the product . . . . The strongest protection of the trademark [dilution] laws is reserved for these most highly distinctive marks.”<sup>117</sup> Under the Sixth Circuit’s analysis, fame alone is not sufficient to establish protection under the FTDA. The mark must also be distinctive.

*a. Policy Arguments Against Protecting Acquired Distinctive Marks*

Three policy concerns cut against protecting acquired distinctive marks against dilution. First, acquired distinctive marks cannot experience the kind of dilution the FTDA is designed to prevent.<sup>118</sup> The

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113. See *TCPIP Holding Co.*, 244 F.3d at 98 (“Because TCPIP’s mark, ‘The Children’s Place,’ as a designator of stores for children’s clothing and accessories, is descriptive, and thus, lacks *inherent distinctiveness*, it cannot qualify for the protection of the Dilution Act.”) (emphasis added).

114. See, e.g., *Carnival Corp. v. SeaEscape Casino Cruises, Inc.*, 74 F. Supp. 2d 1261, 1271 (S.D. Fla. 1999) (finding mark had acquired distinctiveness but was not famous enough for protection under FTDA).

115. See *TCPIP Holding Co.*, 244 F.3d at 97.

116. 201 F. Supp. 2d 800 (S.D. Ohio 2001).

117. *Id.* at 806 (quoting *Moseley v. V Secret Catalogue, Inc.*, 259 F.3d 464, 469 (6th Cir. 2001)).

118. J. Thomas McCarthy, *Proving a Trademark Has Been Diluted: Theories or Facts?*, 41 HOUS. L. REV. 713, 739 (2004) (“Thus, if the ordinary prospective purchaser, upon encountering the junior user’s mark that is the same as the famous mark,

FTDA protects the ability of a mark to identify a trademark holder's product; it protects the mark from association with other products. A mark that acquires its distinctiveness has already been associated with other products. The distinctiveness results, not from uniqueness, but rather from the mark holder's ability to overcome the previous identification to create a new identification with his product. By their very nature, such marks cannot experience the same type of dilution as marks uniquely created for specific products. Acquired distinctive marks, in essence, have overcome a pre-diluted state, and therefore are less vulnerable to such attacks.

Thus, questions arise as to the reasoning behind a guarantee to such marks of the extensive protection afforded under the FTDA.<sup>119</sup> McCarthy explains this theory with the "Delta" mark. He states that "DELTA Airlines, . . . has [not] been weakened by DELTA faucet or DELTA Dental insurance plan . . . because the human mind has no difficulty at all compartmentalizing the two (or more) DELTAs, keeping each 'strong' and 'famous,' but within their own distinct fields."<sup>120</sup> If identical and independently famous marks exist, consumers would see each mark as both famous and strong within the markets in which it functions. Problems only develop when a mark that is famous in one market begins to be used in another; this problem, however, is already addressed through trademark infringement law.<sup>121</sup>

Second, the FTDA already acknowledges that its maximum protection should not extend to certain acquired distinctive marks. Protection for famous marks that are primarily or exclusively known as surnames is only afforded when the name has gained a very high level of consumer recognition. Under common law, later codified in the Lanham Act, marks whose primary significance was as a surname were not afforded protection because of the policy that every person should have a right to use his or her own surname in commerce.<sup>122</sup>

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is not likely, because of the context, to even think of the famous mark, then dilution by blurring cannot occur.").

119. See *Thane Int'l, Inc. v. Trek Bicycle Corp.*, 305 F.3d 894, 908 (9th Cir. 2002) ("Antidilution is 'the most potent form of trademark protection' and has the potential of 'over-protecting trademarks.'") (citations omitted).

120. McCarthy, *supra* note 118, at 746; see also Jonathan Moskin, *Victoria's Big Secret: Whither Dilution Under the Federal Dilution Act?*, 93 TRADEMARK REP. 842, 849 (2003) (discussing examples "in which two very well-known marks can coexist without any such adverse effects, such as APPLE for computers and sound recordings or FORD for cars and a modeling agency").

121. 15 U.S.C. § 1114 (2000).

122. *Id.* § 1052(e)(4); see also *Howe Scale Co. v. Wyckoff, Seamans & Benedict*, 198 U.S. 118, 140 (1905) ("any man may use his own name, in all legitimate ways,



Protecting surnames would limit an entrepreneur's ability to market his own products or services. In addition, such protection would raise liberty questions of limiting access to one's own name. In the legislative history of the FTDA, Congress explicitly stated that it "intended to give special protection to an individual's ability to use his or her own name in good faith . . ."<sup>123</sup> Only if a surname had gained secondary meaning could it then be protected.<sup>124</sup>

Third, marks that begin in the public domain generally should not be removed from it.<sup>125</sup> The FTDA is a speech-limiting statute designed to provide mark holders who invent marks, invest in advertising, and develop consumer recognition with a forum to protect the mark and keep it out of the public vocabulary. If Congress wishes to afford this kind of protection to trademark owners, it should be limited to the smallest speech-restricting impact possible.

*b. The TDRA's Proposed Solution*

The proposed TDRA specifically provides protection for acquired distinctive marks, stating that "[s]ubject to the principles of equity, the owner of a famous mark that is distinctive, inherently or through *acquired distinctiveness*, shall be entitled to an injunction . . ."<sup>126</sup> Continuing to protect acquired distinctive marks will only continue the doctrinal confusion over dilution. Inherently distinctive

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and as the whole or a part of a corporate name"); *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 877 (9th Cir. 1999) ("A long-standing principle of trademark law is the right of a person to use his or her own name in connection with a business.").

123. S. REP. NO. 100-515, at 43 (1988).

124. 15 U.S.C. § 1052(f); *see also Cairns v. Franklin Mint Co.*, 24 F. Supp. 2d 1013, 1034 (C.D. Cal. 1998) ("Thus, to state a claim under the Federal Trademark Dilution Act for service mark infringement, a plaintiff must allege that the personal name asserted as a mark has acquired secondary meaning such that the name is synonymous in the public mind with the service provided by the plaintiff.").

125. The "public domain" is a class of marks that may be freely used by any producer because they do not (or no longer) particularly identify the source of a specific good. Black's Law Dictionary defines it as:

The universe of inventions and creative works that are not protected by intellectual-property rights and are therefore available for anyone to use without charge. When copyright, trademark, patent, or trade-secret rights are lost or expire, the intellectual property they had protected becomes part of the public domain and can be appropriated by anyone without liability for infringement.

BLACK'S LAW DICTIONARY 1265 (8th ed. 2004). For more information on the concept of a public domain and trademarks, see Brad King, *Fencing Off the Public Domain*, WIRED NEWS, Oct. 9, 2002, <http://www.wired.com/news/digiwood/0,1412,55641,00.html> ("The realm of the public domain is a big thinker's sandbox, a place where ideas and thoughts lie around waiting to be used by a new generation.").

126. H.R. 683, 109th Cong. § 2(c)(1) (2005) (emphasis added).

marks and acquired distinctive marks are fundamentally different types of marks. Applying the same solution to them will not result in universal success because each type of mark has different characteristics, and therefore different needs. A successful statute must articulate what types of dilution the federal government should protect against and provide effective guidelines for determining whether a mark is entitled to such protection. Following the lead of the American Intellectual Property Law Association (AIPLA), Part III of this Note proposes amending the FTDA, as an alternative to the proposed TDRA, to protect “unique” marks rather than inherently and acquired distinctive marks.

## 2. *What Is Included Within the Boundaries of Dilution?*

The outer limits of what constitutes dilution has been a constant debate among trademark scholars and courts. The most problematic questions relate to tarnishment and cybersquatting. Most recently, the Supreme Court has questioned whether tarnishment is included in the FTDA as a form of dilution.<sup>127</sup> Additionally, the 1999 enactment of the Anti-Cybersquatting Protection Act<sup>128</sup> (ACPA) has cast doubt on whether cybersquatting should be considered dilution or as something different altogether.

### *a. Tarnishment*

There is continued confusion as to whether the FTDA authorizes a cause of action for tarnishment and, if so, what requirements must be met in order to successfully bring such an action. As a result, the statute has been applied inconsistently, in ways that have hurt producers and consumers alike, and in ways that impinge on First Amendment rights.

Tarnishment occurs when a trademark’s unauthorized use degrades the mark and diminishes its distinctive quality.<sup>129</sup> Conceptually, when someone tarnishes a mark it is “insulted” rather than diluted.<sup>130</sup> Prior to *Moseley*, most courts interpreted the FTDA to in-

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127. *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 432 (2003).

128. Anti-Cybersquatting Protection Act of 1999, 15 U.S.C. § 1125(d) (1999).

129. See BLACK’S LAW DICTIONARY 1495 (8th ed. 2004).

130. The concept of insulting a trademark gained the most judicial support in the *Deere* case, but has also been discussed by scholars as another form of, or another name for, tarnishment. See *Deere & Co. v. MTD Prods., Inc.*, 41 F.3d 39, 45 (2d Cir. 1994); Joseph T. Kucala, Jr., *Putting the Meat Back in Meta-Tags!*, 2001 U. ILL. J.L. TECH. & POL’Y 129, 137 (2001); Elliot B. Staffin, *The Dilution Doctrine: Towards a Reconciliation with the Lanham Act*, 6 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 105, 150 (1995) (According to the USTA, the tarnishment provision was intended “to

clude a cause of action for tarnishment.<sup>131</sup> State statutes had long recognized a cause of action based on tarnishment<sup>132</sup> and it was explicitly mentioned in the legislative history of the FTDA,<sup>133</sup> so there was little reason to question its inclusion.<sup>134</sup> Since it was not specifically addressed in the statute, however, there were no specific statutory requirements for courts to apply in deciding a tarnishment case. As a result, courts developed their own standards and evaluated claims on a fact-specific basis, resulting in inconsistencies in application of the FTDA to tarnishment claims. For example, a pet food producer sought declaratory judgment from the court against the owner of the “Godiva” mark<sup>135</sup> to allow her to use the marks “Dogiva” and “Ca-

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deal with trademark uses which reach beyond parody and humor, to acts of ridicule and insult that can be highly detrimental to a trademark owner’s goodwill and reputation and can cause the loss of consumer loyalty and trade.”).

131. See MCCARTHY, *supra* note 4, at §§ 24:104, 24:69; *see, e.g.*, Kraft Food Holdings, Inc. v. Helm, 205 F. Supp. 2d 942 (granting injunction against use of “King Velveeda” for adult content website because of tarnishing effect on “Velveeta” mark); New York Stock Exch. v. New York, New York Hotel LLC, 293 F.3d 550, 558 (2d Cir. 2002) (finding that “the Casino’s humorous analogy to its activities—deemed by many to involve odds stacked heavily in favor of the house—would injure NYSE’s reputation.”).

132. Most state anti-dilution statutes are based on the Model State Trademark Bill, first introduced in 1964 and revised in 1992. United States Trademark Association, Model State Trademark Bill, *reprinted in* 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION §§ 22:5–22:7 (4th ed. 1998). For a full listing of states with dilution statutes, see [http://www.inta.org/policy/mstb\\_antidilution.html](http://www.inta.org/policy/mstb_antidilution.html). For example, California recognizes dilution by providing relief if the owner can prove “[l]ikelihood of injury to business reputation . . . .” CAL. BUS. & PROF. CODE § 14330 (1991).

133. 141 CONG. REC. H14317 (daily ed. Dec. 12, 1995) (statement of Rep. Carlos J. Moorhead) (“[T]his bill is designed to protect famous trademarks from subsequent uses that blur the distinctiveness of the mark or tarnish or disparage it . . . .”).

134. H.R. REP. NO. 104-374 at 8 (1995) (“The definition is designed to encompass all forms of dilution recognized by the courts, including dilution by blurring, by tarnishment and disparagement and by diminishment.”); *see also* Am. Dairy Queen Corp. v. New Line Prods., Inc., 35 F. Supp. 2d 727, 733 (D. Minn. 1998) (finding tarnishment of Dairy Queen mark because of unwholesome portrayal in film); Toys “R” Us, Inc. v. Akkaoui, No. C96-3381, 1996 U.S. Dist. LEXIS 17090, at \*1 (N.D. Cal. Oct. 29, 1996) (finding “Adults R Us” to tarnish “R Us” line of marks); Nelson, *supra* note 20, at 153–155 (listing ways to show tarnishment or injury to business reputation). *Cf.* Brownlee, *supra* note 14, at 478 (“The proposed federal antidilution statute, however, was not intended to provide relief for tarnishment or disparagement.”).

135. Godiva is a registered trademark. United States Patent and Trademark Office, [http://tess2.uspto.gov/bin/showfield?f=toc&state=srds.1.1&p\\_search=search&p\\_L=50&BackReference=&p\\_plural=yes&p\\_s\\_PARA1=&p\\_tagrep1%7E%3A=PARA1%24LD&expr=PARA1+AND+PARA2&p\\_s\\_PARA2=godiva&p\\_tagrep1%7E%3A=PARA2%24COMB&p\\_op\\_ALL=AND&a\\_default=search&a\\_search=Submit+Query&a\\_search=Submit+Query](http://tess2.uspto.gov/bin/showfield?f=toc&state=srds.1.1&p_search=search&p_L=50&BackReference=&p_plural=yes&p_s_PARA1=&p_tagrep1%7E%3A=PARA1%24LD&expr=PARA1+AND+PARA2&p_s_PARA2=godiva&p_tagrep1%7E%3A=PARA2%24COMB&p_op_ALL=AND&a_default=search&a_search=Submit+Query&a_search=Submit+Query).

tiva.”<sup>136</sup> The district court denied the plea for declaratory judgment, finding that the “Dogiva” and “Cativa” marks tarnished the Godiva mark based simply on the “association which the public makes between DOGIVA and CATIVA treats for animals and GODIVA premium quality food products which are intended for human consumption.”<sup>137</sup> In another case, the Second Circuit determined that naming a puppet character Spa’am did not tarnish the Spam food product’s mark because the district court found that the Spa’am character was likable and not unhygienic.<sup>138</sup> This is a more unique and intensive way to look into the effects of dilution by tarnishment on a mark.

In *Moseley*, the Supreme Court alluded to the possibility that tarnishment was not included as a cause of action under the FTDA:

Whether [tarnishment] is actually embraced by the statutory text, however, is another matter. Indeed, the contrast between the state statutes, which refer to both “injury to business reputation” and “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.<sup>139</sup>

Justice Stevens’s reading of the statute, though supported by previous commentators,<sup>140</sup> provoked great controversy in the trademark community because tarnishment had been assumed to be part of the FTDA since its inception and was even discussed in its legislative history.<sup>141</sup>

136. *Grey v. Campbell Soup Co.*, 650 F. Supp. 1166, 1175–76 (C.D. Cal. 1986) (finding tarnishment of Godiva mark by use of “Cativa” and “Dogiva” marks).

137. *Id.* at 1175.

138. *Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497, 507 (2d Cir. 1996).

139. *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 432 (2003). Interestingly, Justice Kennedy, in his concurrence, saw the statute as including both blurring and tarnishment: “The Court’s opinion does not foreclose injunctive relief if respondents on remand present sufficient evidence of either blurring or tarnishment.” *Id.* at 436 (Kennedy, J., concurring). The Supreme Court was not the first to question the inclusion of tarnishment in the FTDA. In his testimony during the congressional hearing on adoption of the FTDA, Jonathan Moskin said, “H.R. 1295 [(FTDA)] does not purport to recognize injury from uses of a famous trademark that are likely to tarnish the reputation of the owner of famous mark. This is one form of injury that has been susceptible of proof under state dilution laws independent of proof of likelihood of confusion.” *Hearing on H.R. 1270 the “Madrid Protocol Implementation Act” and H.R. 1295 the “Federal Trademark Dilution Act of 1995” Before the H. Subcomm. on Courts and Intellectual Property of the H. Comm. on the Judiciary*, 104th Cong. (1995) (statement of Jonathan E. Moskin) [hereinafter Moskin Testimony], available at 1995 WL 437437 (F.D.C.H.).

140. Moskin Testimony, *supra* note 139.

141. *See, e.g.*, 141 CONG. REC. S19310 (daily ed. Dec. 29, 1995) (statement of Sen. Hatch) (“[T]his bill is designed to protect famous trademarks from subsequent uses that blur the distinctiveness of the mark or tarnish or disparage it . . .”).

This controversy has led several advocacy organizations to lobby Congress to revise the FTDA so that it explicitly includes a right of action for tarnishment.<sup>142</sup>

*i. Policy Concerns*

Interpreting the FTDA to provide a cause of action for tarnishment implicates two related policy concerns. First, including tarnishment as a form of dilution is inconsistent with the basic concept of dilution theory. Second, broadening the concept of dilution and the protections that go with it exacerbates First Amendment concerns associated with trademark protection law.<sup>143</sup> Although Congress has considered solutions to these problems in the TDRA, which are discussed below, the issue remains salient in dilution discourse.

Tarnishment is more akin to trade libel or slander than dilution, because rarely does a tarnished mark lose its identifying capacity.<sup>144</sup> While a use may tarnish the reputation of a mark, as libel does with an individual's reputation, the use will not have the same or similar effects that blurring would. Tarnishment should therefore not be conflated with blurring in dilution analysis.

In addition to muddying the concept of dilution, including tarnishment in the concept of dilution creates the problem of impinging on free speech and freedom of expression. An example of this is *American Dairy Queen Corp. v. New Line Productions, Inc.*<sup>145</sup> The court found the use of the Dairy Queen mark in a movie would result in a negative portrayal and tarnish the mark.<sup>146</sup> The court considered the First Amendment and public interest issues but decided that the "balance between the public's interest in free expression and its inter-

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142. See, e.g., Press Release, International Trademark Ass'n, INTA Forms Select Committee to Review Famous Trademark Law After Victoria's Secret Decision (Mar. 25, 2003), [http://www.inta.org/press/pr2003\\_06.html](http://www.inta.org/press/pr2003_06.html) (last visited Feb. 12, 2006). At least one court has actively questioned the inclusion of tarnishment as a cause of action under the FTDA since the *Moseley* decision. *Caterpillar Inc. v. Walt Disney Co.*, 287 F. Supp. 2d 913, 922 (C.D. Ill. 2003) (noting *Moseley* decision raised question of "whether tarnishment is within the scope of § 43(c)" but did not decide this issue).

143. For a summary of judicial confusion when interpreting First Amendment defenses, see Mark S. Lee, *Trademark Essentials for the Entertainment Practitioner*, SK035 ALI-ABA 59, 91-92 (2005).

144. This issue has most commonly arisen in the context of trademark holders attacking parodists for use of their marks in such parodies. See generally Jordan M. Blanke, *Victor's Little Secret: Supreme Court Decision Means More Protection for Trademark Parody*, 13 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 1053 (2003) (discussing development and current state of trademark law concerning parodies).

145. 35 F. Supp. 2d 727 (D. Minn. 1998).

146. *Id.* at 733.

est in avoiding consumer confusion and trademark dilution tilts in favors [sic] of avoiding confusion and dilution.”<sup>147</sup> Decisions like this establish a perilous precedent, dangerous to rights under the First Amendment. Use of a mark in a movie does not dilute its ability to identify a product in the marketplace; such use is merely referential, meaning not used in the marketplace to sell a product, and should be protected by the First Amendment right to freedom of expression as merely a part of the artistic expression of the movie. Such applications show how much difficulty courts have had in applying tarnishment under the dilution doctrine. This is because tarnishment does not fit conceptually within the ideal construction of dilution as articulated by Schechter; rather than addressing potential consumer confusion, tarnishment actions protect the trademark owner because they defend against reputational damage to the mark.

One way in which courts have attempted to curb restrictions on free speech is by limiting findings of tarnishment to commercial uses of a mark, as opposed to noncommercial or expressive uses. One court specifically noted that the “tension between the first amendment and trademark rights is most acute when a noncommercial parody is alleged to have caused tarnishment, a situation in which first amendment protection is greatest.”<sup>148</sup> For example, in *Toys “R” Us, Inc. v. Akkaoui*,<sup>149</sup> a district court enjoined the use of the “Adults ‘R’ Us” mark because it tarnished the “R Us” family of marks.<sup>150</sup> Identifying the mark with adult products was inconsistent with the family-friendly image of Toys “R” Us.<sup>151</sup> The court specifically addressed the markets the two marks were occupying, one for children’s toys and the other for internet pornography. The “Adults ‘R’ Us” mark was used to sell adult services, a commercial, rather than expressive, use. The distinction between commercial and noncommercial uses made by this court was an effort to protect free speech, because using tarnishment to attack noncommercial uses of marks comes far too close to impinging on First Amendment rights.<sup>152</sup>

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147. *Id.* at 735; *see also, e.g.*, *Hormel Foods Corp. v. Jim Henson Prod.*, 73 F.3d 497, 508 (finding that use of “Spa’am” as name of character in Jim Henson movie did not tarnish “Spam” as food mark).

148. *Jordache Enters., Inc. v. Hogg Wyld, Ltd.*, 828 F.2d 1482, 1490 n.7 (10th Cir. 1987).

149. 1996 U.S. Dist. LEXIS 17090 (N.D. Cal. Oct. 29, 1996).

150. *Id.* at \*7 (“‘Adults R Us’ tarnishes the ‘R Us’ family of marks by associating them with a line of sexual products that are inconsistent with the image Toys ‘R’ Us has striven to maintain for itself.”).

151. *Id.*

152. *Id.* at \*6; 15 U.S.C. § 1125(c)(4)(B) (Supp. IV 1998) (FTDA exception for noncommercial use).

However, courts have not been consistent when restricting the use of marks, at times restricting noncommercial speech. For example, Starbucks coffee sought to enjoin a cartoonist who “published an anatomically enhanced parody of the coffee purveyor’s famous green-and-white mermaid logo on the cover of his comic magazine and website.”<sup>153</sup> While the court recognized that parody is protected under the right of free speech, it still granted Starbucks’s request for a preliminary injunction based on a tarnishment claim.<sup>154</sup>

Tarnishment will continue to be used by trademark owners to silence critics and parodists unless there is a clear rule prohibiting such use.<sup>155</sup> This is because big corporations often threaten to bring a lawsuit when their trademarks are used in a manner with which they disagree. An example of this is when Caterpillar sued Disney for using their mark negatively in a movie, which almost caused Disney to pull the movie from the theater.<sup>156</sup> Further, there exists a split in the federal circuits over whether to consider parody a defense; the defendants tend to be corporate entities and the parody use has been considered a “use in commerce” within the definition of the Lanham Act.<sup>157</sup> It is important that trademark dilution not serve as a conduit for corporate trademark owners to shut down parodies and satires, both because of the First Amendment implications of doing so and because of the valuable place that critical corporate commentary has in our society.<sup>158</sup>

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153. Sarah Mayhew Schlosser, *The High Price of (Criticizing) Coffee: The Chilling Effect of the Federal Trademark Dilution Act on Corporate Parody*, 43 ARIZ. L. REV. 931, 931 (2001).

154. *Id.*

155. *Id.* at 939, 947–49; see also Blossom Lefcourt, *The Prosecution of Cybergrippers Under the Lanham Act*, 3 CARDOZO PUB. L. POL’Y & ETHICS J. 269, 295 (2004) (discussing cases brought against cybergrippers under FTDA and resistance of courts to apply FTDA’s noncommercial use exception to cybergrippers).

156. Although the court eventually found that Caterpillar was unlikely to succeed on its claims, much damage was already done to Disney’s exhibition plans. See *Caterpillar Inc. v. Walt Disney, Co.*, 287 F. Supp. 2d 913, 923 (C.D. Ill. 2003); see also Hannibal Travis, *The Battle for Mindshare: The Emerging Consensus that the First Amendment Protects Corporate Criticism and Parody on the Internet*, 10 VA. J.L. & TECH. 3, 31 (2005) (discussing Caterpillar case and other examples of using FTDA to censor noncommercial cultural messages that could reflect negatively on famous trademarks).

157. See Schlosser, *supra* note 153, at 953–55. Methods of distributing parody include the sale of t-shirts and comic books.

158. See generally Blanke, *supra* note 144 (discussing effect of *Moseley* decision on trademark parody law); William T. Gallagher, *Strategic Intellectual Property Litigation, the Right of Publicity, and the Attenuation of Free Speech: Lessons from the Schwarzenegger Bobblehead Doll War (and Peace)*, 45 SANTA CLARA L. REV. 581 (2005) (arguing that over-enforcement of intellectual property rights can have negative effects both inside and outside of courts); Travis, *supra* note 156 (discussing

In addition to concern over the inadequate protection of expressive speech that can result from enforcing the FTDA against tarnishment claims, there is the added concern of tarnishing commercial uses that should also be protected under the First Amendment.<sup>159</sup> For example, tarnishment can chill commercial speech that would otherwise be protected by First Amendment law absent a federal dilution statute.<sup>160</sup> In fact, prior to the FTDA, a Maine court held their state anti-dilution statute unconstitutional on just this basis.<sup>161</sup> Tackling this problem and ensuring that a federal dilution statute is adequately protective of free speech is essential to a well-balanced statute.

ii. *The TDRA's Proposed Solution*

The TDRA is the result of heavy lobbying. It answers the ambiguity caused by *Moseley* by explicitly including a cause of action for "dilution by tarnishment," defined as an "association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark."<sup>162</sup> The inclusion of a tarnishment claim, however, does not promote the policy goals of dilution law and therefore should not be considered a form of dilution. Moreover, the inclusion of a tarnishment claim has important implications for the intersection of trademark law and the First Amendment.<sup>163</sup> In Part III, this Note proposes the creation of a tarnishment tort, separate and distinct from any dilution claim under trademark law.<sup>164</sup>

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cases of Internet posters being shut down for using corporate trademarks in both parodies and protests).

159. See, e.g., *Bates v. State Bar of Ariz.*, 433 U.S. 350, 363–64 (1977); *Va. State Bd. of Pharmacy v. Va. Citizens Consumer Council, Inc.*, 425 U.S. 748, 758–59 (1976); *Hearing on H.R. 683*, *supra* note 73, at 22 (statement of William G. Barber, AIPLA); Kaplan, *supra* note 48, at 1140 (arguing that anti-dilution statutes are "unconstitutional restriction[s] on a protected form of commercial speech").

160. See Julie Zando-Dennis, *Not Playing Around: The Chilling Power of the Federal Trademark Dilution Act of 1995*, 11 *CARDOZO WOMEN'S L.J.* 599 (2005) (arguing FTDA gives corporations "powerful weapon" against defendants).

161. *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 33–34 (1st Cir. 1987).

162. H.R. 683, 109th Cong. § 2(c)(2)(C) (2005).

163. For further discussion of the relationship between the First Amendment and trademark law, see Jennifer B. Reiter, *Trademark Anti-Dilution Laws as Cultural Censorship*, *THE FEDERALIST SOCIETY FOR LAW AND PUBLIC POLICY STUDIES: INTELLECTUAL PROPERTY* (2001), available at [http://www.fed-soc.org/Publications/practice\\_groupnewsletters/intellectualproperty/ip010203.htm](http://www.fed-soc.org/Publications/practice_groupnewsletters/intellectualproperty/ip010203.htm).

164. See *infra* Part III.B.



*b. Cybersquatting*

The lack of clear boundaries to the concept of dilution in the FTDA has led to the Act's expansive use in remedying a wide range of actions under the broad umbrella of trademark dilution. Cybersquatting dilution, an example of a non-traditional type of dilution, was one of the first alternative applications of the FTDA by the courts. Cybersquatting "occurs when one registers a domain name consisting of a mark or company name with the intent of relinquishing the domain name to the rightful owner for a price."<sup>165</sup> While not specifically provided for in the FTDA, courts look to the Act's legislative history to validate using the FTDA to remedy this problem.<sup>166</sup>

Cybersquatting, like tarnishment, does not fit conceptually within dilution theory. The cybersquatters' aim is to profit from famous marks by selling a website address that includes the mark to the trademark owner.<sup>167</sup> The only commonality between cybersquatting and dilution is the use of famous trademarks, otherwise they diverge completely. A company's trademark is not diluted by cybersquatting. The main reason that cybersquatting is not dilution is because it is not the use of the mark in commerce as a means of selling products in the marketplace. Rather, cybersquatting is the use of the mark in commerce only so far as it is a means of extracting money from the owner of the mark. Companies do not have a universal right to use their trademark as their web address, though courts have often approached cases as though they do.<sup>168</sup> While it may be an inconvenience not to have their mark as their domain name, it is not necessarily dilution against which protection is warranted under the FTDA.

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165. Gary D. Krugman & Leigh Ann Lindquist, *Likelihood of Dilution*, THE IP LITIGATOR, June/July 2002, at 10; see also *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 880 (9th Cir. 1999) ("Cybersquatting dilution is the diminishment of the capacity of the plaintiff's marks to identify and distinguish the plaintiff's goods and services on the Internet.").

166. 141 CONG. REC. S19,312 (daily ed. Dec. 29, 1995) (statement of Sen. Leahy) ("Although no one else has yet considered this application, it is my hope that this 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.").

167. Anticybersquatting Consumer Protection Act, 15 U.S.C. § 1125(d)(1)(A)(i) (2000).

168. See *Panavision Intern., L.P. v. Toeppen*, 141 F.3d 1316 (1998) (discussing Toeppen, famed cyber-pirate, making "commercial use" of Panavision mark and diluting the mark by demanding \$13,000 from Panavision in exchange for returning their website, [www.panavision.com](http://www.panavision.com)).

*i. Policy Concerns*

The statute's application to cybersquatting is not consistent with the common understanding of dilution doctrine and, as a result, has further distorted the definition and judicial understanding of dilution theory.<sup>169</sup> Combating cybersquatting is arguably one of the most destructive alternative uses of the FTDA because it casts the FTDA as a flexible statute that can be molded to fit any problem affecting famous trademarks.<sup>170</sup> For example, in *Panavision International, L.P. v. Toeppen*,<sup>171</sup> Toeppen, a cyber-pirate, bought many trademarked domain names and then tried to sell them at a profit to the businesses who owned the trademarks.<sup>172</sup> The court addressed the claim as a dilution problem because buying and selling a trademarked domain name was interpreted to be an unfair use of a famous mark ("Panavision") and the FTDA seemed to accommodate the claim.<sup>173</sup> The court in *Panavision* stated that dilution occurred because the defendant's use of the mark "diminished the capacity of the Panavision marks to identify and distinguish Panavision's goods and services on the Internet."<sup>174</sup> The court further found that dilution occurred when "[p]rospective users of plaintiff's services who mistakenly access defendant's web site 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."<sup>175</sup> The court forced Toeppen's conduct into the cybersquatting dilution framework by asserting that his activity constituted "commercial use," as required under the statute, because he was using the registered trademark to get payment from the trademark owner.<sup>176</sup> This broad application of the FTDA and its requirement of "commercial use" led to the view that the FTDA can be used as a cure-all whenever the owner of a famous, or quasi-famous, mark feels

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169. See McCarthy, *supra* note 118, at 724–26.

170. See *id.* (articulating theory that FTDA's use as "the premier legal weapon with which to smite cybersquatters" ruined utility of the Act by mudding its narrow purpose and confusing practitioners and judges about purpose of dilution statute and dilution generally); see also Jennifer Golinveaux, *What's in a Domain Name: Is "Cybersquatting" Trademark Dilution?*, 33 U.S.F.L. REV. 641, 657 (1999) (discussing "A New Theory of Dilution: Cybersquatting as Dilution").

171. 141 F.3d 1316 (9th Cir. 1998).

172. *Id.* at 1319.

173. *Id.* at 1327.

174. *Id.* at 1326 (citations omitted).

175. *Id.* at 1327 (citing *Jews for Jesus v. Brodsky*, 993 F. Supp. 282, 306–07 (D.N.J. 1998)).

176. *Id.* at 1325 (finding Toeppen's cybersquatting was "a commercial use of Panavision's trademarks" because he "attempt[ed] to sell the trademarks themselves"); see also 15 U.S.C. § 1125(d) (2000).

the mark is being misused.<sup>177</sup> This understanding has expanded the image and use of the FTDA to accommodate any problems famous trademarks encounter. Such broad protection provided by the FTDA encroaches on important rights to free speech.

Currently, most cases involving cybersquatting fall under the Anti-Cybersquatting Consumer Protection Act (ACPA).<sup>178</sup> Enacted in 1999, the ACPA created a cause of action against anyone who, in bad faith, intended to profit from domain names that were similar to famous marks.<sup>179</sup> In order to address cybersquatting conducted without bad faith, some commentators argue that the FTDA should be applied to these cases given that they are not covered by the ACPA.<sup>180</sup> Allowing cybersquatting cases under both the FTDA and the ACPA will continue to cause judicial confusion as to which statute should apply. A more logical option would be for Congress to amend the ACPA to include a cybersquatting cause of action without a bad faith requirement. Trying to patch the hole in the ACPA with the FTDA will not succeed. First, the FTDA does not articulate a review standard, which will result in inconsistent application of the statute among courts. Second, using two statutes (the FTDA and the ACPA) to solve a problem that could be solved with one (the ACPA) makes for unnecessary judicial confusion.

### ii. *The TDRA's Approach*

The TDRA does not discuss cybersquatting. In Part III, this Note argues that cybersquatting should not be covered by any federal anti-dilution statute, either the FTDA or the TDRA. By avoiding the issue instead of addressing it directly, the TDRA punts the problem. This

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177. McCarthy, *supra* note 118, at 725 (“[O]ne of the first applications of the new antidilution law was to get judges and attorneys thinking of the new law as a result-oriented tool, easy to bend and twist to a situation that appeared to be ‘unfair.’”); see also Justin Graham et al., *Cybersquatting: The Latest Challenge in Federal Trademark Protection*, 2001 DUKE L. & TECH. REV. 0009, ¶¶ 5–7 (2001), available at <http://www.law.duke.edu/journals/dltr/articles/2001dltr0009.html> (discussing cybersquatting under FTDA).

178. 15 U.S.C. § 1125(d)(1) (2000).

179. *Id.*; see, e.g., *Sporty's Farm L.L.C. v. Sportsman's Market, Inc.*, 202 F.3d 489, 498 (2d Cir. 2000).

180. See 15 U.S.C. § 1125 (d)(1)(A)(i) (requiring that person have “a bad faith intent to profit from that mark . . . .”); *Hearing on H.R. 683, supra* note 73, at 24 (statement of William G. Barber, AIPLA) (“[T]here remain a substantial number of domain name cases where there is no bad faith or it cannot be proven, but there is still a likelihood of confusion or dilution which warrants relief.”); 4 MCCARTHY, *supra* note 2, at § 25:76 (“If a domain name is used for a web site that advertises the sale of goods or services and the domain name tarnishes a famous mark, it can be in violation of the federal anti-dilution act.”).

will likely lead to more confusion on the proper enforcement of anti-cyber-piracy claims. The TDRA should instead include a clear statement that cybersquatting is not a form of dilution and should not be combated through the TDRA, but rather through the ACPA. Specific articulation will prevent judicial confusion and preserve the conceptual consistency of dilution theory.

### PART III PROPOSALS FOR CHANGE

In theory, the FTDA provides important protection for trademark holders. In practice, however, the statute has thus far served to muddy the waters of trademark law. The types of confusion caused by the FTDA include: (1) misusing distinctiveness, a traditional trademark term; (2) providing protection for tarnishment, which is conceptually distinct from dilution; and (3) applying the FTDA to cybersquatting, which has broadened the statute beyond its bounds and made it even more confusing to apply. The FTDA is fundamentally a misuse of dilution theory that has been further misapplied by the courts.<sup>181</sup> While the TDRA includes some intriguing proposals to resolve this confusion,<sup>182</sup> the bill's changes do not go far enough to solve the problems that the FTDA has created. Below, this Note makes several proposals for clarifying the application of the FTDA and modifying the TDRA to solve these problems.

#### A. *Uniqueness As a Better Standard*

The first proposal is to replace the standard of “distinctiveness” for dilution with a standard of “uniqueness” or “singularity.” This change, as proposed by the AIPLA,<sup>183</sup> would clarify both the FTDA and the TDRA. It would also be better aligned with Schechter's view of trademark dilution theory that “[t]he more distinctive or unique the mark, the deeper is its impress upon the public consciousness, and the

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181. See e.g., *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 434 (2003) (finding that Victor's Little Secret does not necessarily dilute the Victoria's Secret trademark, although the companies target similar markets).

182. Compare H.R. 683, 109th Cong. § 2 (2005) (defining dilution without reference to or inclusion of “likelihood of confusion”) with 15 U.S.C. § 1127 (2000) (defining dilution as “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.*”) (emphasis added).

183. *Hearing on H.R. 683, supra* note 73, at 29 (statement of William G. Barber, AIPLA) (“AIPLA's original proposal to accomplish this goal was to define ‘dilution by blurring’ as ‘impairment of the public's association of a famous and *substantially unique* mark exclusively with a single source.’”).

greater its need for protection against vitiation or dissociation from the particular product in connection with which it has been used.”<sup>184</sup> As two trademark scholars wrote, “The anti-dilution laws are designed . . . to protect those famous singular marks with a reservation of use to a single entity, regardless of the goods or services involved, while not depriving the general or commercial vocabularies of colloquial expressions reasonably required for commercial discourse.”<sup>185</sup>

Many courts are confused by the distinctiveness standard in the FTDA because of its connotation in general trademark law.<sup>186</sup> Some commentators have termed this the “distinctiveness conundrum” because of the confusion that it has caused in dilution analysis.<sup>187</sup> Changing the terminology so that only marks which are unique and capable of dilution are protected would help to clear up this confusion and bring U.S. trademark law into line with Schechter’s guiding theory. Unique marks are the only type of marks truly capable of being diluted because they are the only marks that have enough instant recognition to suffer the kind of harm Schechter and McCarthy discuss.<sup>188</sup>

While the term “unique” has a variety of meanings, Congress can establish a concise and functional definition for the statute. The dictionary defines “unique” as “being the only one.”<sup>189</sup> The AIPLA defines a “substantially unique mark” as “a mark associated substantially exclusively with a single source.”<sup>190</sup> This definition is over-inclusive because it includes marks that may not be unique terms (marks that include words that are part of the common vocabulary, but merely used arbitrarily as a trademark) rather than including only marks that consist of made-up or coined words, so that their use does not deplete the public’s vocabulary. A better way to define substantially unique for the federal statute would be “a mark that is fanciful and has substantial singularity in the marketplace,” meaning a mark is unique if it is an arbitrary or invented term and there are no other, or only very

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184. Schechter, *supra* note 20, at 825.

185. David J. Kera & Theodore H. Davis, Jr., *Annual Review: A. United States The Fifty-Fifth Year of Administration of the Lanham Trademark Act of 1946*, 93 TRADE-MARK REP. 197, 201 (2003).

186. *See, e.g.,* Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 9–11 (2d Cir. 1976).

187. *See* Kera & Davis, *supra* note 185, at 197, 202; *Hearing on H.R. 683, supra* note 73, at 14, 29 (statement of William G. Barber, AIPLA).

188. *See supra* notes 20–25, 120–121 and accompanying text (discussing Schechter’s theory of dilution and McCarthy’s Delta example).

189. MERRIAM WEBSTER’S COLLEGIATE DICTIONARY 1368 (11th ed. 2003).

190. *Hearing on H.R. 683, supra* note 73, at 28–29 n.17 (statement of William G. Barber, AIPLA).

limited, uses of the invented term in the marketplace.<sup>191</sup> Ideally there would be no other uses of the invented term in any market so that providing the mark with dilution protection would not impinge any other uses of the word in any mark. Including this or a similarly worded definition in the definitions section of the Lanham Act would aid courts in limiting the application of the FTDA only to those qualifying marks capable of being diluted. This would narrow the judicial focus and provide courts with a better understanding of dilution theory, thereby facilitating application.

Under this uniqueness standard, acquired distinctive marks would no longer be protected. This revised role for the dilution statute would be closer to dilution theory as first articulated by Schechter.<sup>192</sup> He argued that the only marks deserving protection are those that have been “added rather than withdrawn from the human vocabulary.”<sup>193</sup> This change would also address McCarthy’s concerns about the harm caused by protecting those marks that are simply not susceptible to dilution by blurring because “the human mind has no difficulty at all compartmentalizing two (or more) [marks], keeping each ‘strong’ and ‘famous,’ but within their own distinct fields.”<sup>194</sup> He cited “Delta,” famous in the airline market, as an example because companies in

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191. See *supra* notes 79–91 and accompanying text (discussing fanciful marks).

192. Schechter, *supra* note 20, at 825–26.

193. *Id.* at 829. Schechter further states that dilution law is meant to protect the property right of “one who devises a new, strange, ‘catching’ word to describe his wares . . . .” *Id.* at 827; see *Avery Dennison Corp. v. Sumpton*, 189 F.3d 868, 875 (9th Cir. 1999) (“Dilution is a cause of action invented and reserved for a select class of marks—those marks with such powerful consumer associations that even non-competing uses can impinge on their value.”); *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 216 (2d Cir. 1999) (“The arbitrary or fanciful quality is what renders the mark distinctive . . . . A mark that, notwithstanding its fame, has no distinctiveness is lacking the very attribute that the antidilution statute seeks to protect.”); Nicholas Economides, *Trademarks*, in *NEW PALGRAVE DICTIONARY OF ECONOMICS AND THE LAW* 601, 602 (Peter Newman ed., 1997) (“[I]f a descriptive term were registered as a trademark, the rest of society, including competing firms, would be deprived of the use of the term.”).

194. McCarthy, *supra* note 118, at 746; see also Moskin, *supra* note 120, at 849.

For instance, there do seem to be instances in which two very well-known marks can coexist without any such adverse effects, such as APPLE for computers and sound recordings or FORD for cars and a modeling agency. The factors the court identified in *Nabisco* do not help distinguish those instances where there is or will be a dilutive effect from use of similar marks by unrelated entities from those where there will not.

other markets use the same mark and these uses neither dilute the famousness nor source-identifying capability of the airline's mark.<sup>195</sup>

This "uniqueness" standard would therefore significantly limit the marks eligible for protection under the federal anti-dilution statute.<sup>196</sup> Acquired distinctive marks would not receive protection since they cannot be diluted in the manner the Act was intended to protect against.<sup>197</sup> This change would also make it logistically easier for courts to deal with dilution cases because they would only need to consider marks that are substantially unique, bringing much needed uniformity to this form of protection.

There are two main reasons this standard would simplify dilution analysis. First, judging whether a mark is unique or not is easier than determining whether or not a mark meets various established sets of distinctiveness criteria. For example, determining whether a mark like "Beanie Babies" is distinctive enough to deserve protection is much more difficult than deciding whether it is a unique mark.<sup>198</sup> Second, changing the standard to "uniqueness" would provide a bright line test for courts because it is a much more functional standard. Determining whether or not a mark is unique is much clearer, and subject to less interpretation, than the loaded term "distinctive." Furthermore, because it lacks a history in trademark law, the "uniqueness" standard is easier to apply and can be more objectively determined by looking at other marks in the marketplace as well as words in the common vocabulary.

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195. McCarthy, *supra* note 118, at 746; *see also Hearing on H.R. 683, supra* note 73, at 28 (statement of William G. Barber, AIPLA) (explaining use of "Apple" marks); *supra* notes 79–161 and accompanying text.

196. Limited protection should remain for marks that are very famous but have only acquired distinctiveness like "McDonald's," "Dell," and "Ford." Protection for such marks could legitimately be incorporated into the statute only if the proof standard were set very high and included an intent requirement under which the senior user must prove that the junior user intended to invoke consumer recognition of that famous mark, not just use the mark as a term *i.e.*, using it for its descriptive or suggestive qualities. It would be difficult to set workable standards of proof, which undoubtedly would add to the current confusion in dilution law. Attempting to find a workable standard of proof should therefore be abandoned in the TDRA as well as in this Note's proposal in favor of protecting only inherently distinctive marks. This leaves famous, acquired distinctive marks with no federal protection—a perilous state. However, if these marks are susceptible to dilution and that can be proven, there is nothing to prevent the use of state anti-dilution law to fight diluters.

197. *See* McCarthy, *supra* note 118, at 746 (discussing "Delta" mark for airlines, dental insurance and bathroom fixtures).

198. *Ty Inc. v. Perryman*, 306 F.3d 509, 513 (7th Cir. 2002) ("Ty's trademarks likewise are descriptive of the product they denote; its argument that 'Beansies' is 'inherently distinctive' (like 'Kodak' and 'Exxon'), and therefore protected by trademark law without proof of secondary meaning, is nonsense.").

Another benefit of this standard would be the ease of applying the standard of proof. In *Moseley*, the Supreme Court articulated a standard of proof requiring the senior user to prove that the junior mark's use *actually* diluted the senior's mark.<sup>199</sup> By limiting the TDRA to only unique marks, courts will be better able to determine if there was actual dilution. It is intuitively easier to find dilution of a newly invented word, such as "Kodak," than of a word that has an established secondary meaning, like "Dell." Using "Dell" on non-computer products may involve a surname or other use of the term's ordinary meaning, while at the same time not diminishing the source-identifying power that the mark has developed in the computer equipment market.<sup>200</sup> However, use of the Kodak mark on other non-competing products would cause consumers to question the source of those goods and hurt the immediate recognition Kodak has developed by virtue of its unique mark.<sup>201</sup>

Similarly, limiting the statute's protection in this manner would encourage trademark developers to create words that add to our vocabulary.<sup>202</sup> This can strengthen free speech protection, enrich the public vocabulary, and prevent courts from granting property-like rights to the owners of descriptive marks. Limiting access to such words by providing them with trademark protection would prohibit certain uses of these words that society would like to promote. Such uses include entrepreneurs building on established marks to create new businesses or products, as well as literary and creative or popular access to such marks, many of which serve as cultural icons.<sup>203</sup> While

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199. *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 432–33 (2003).

The relevant text of the FTDA . . . provides that "the owner of a famous mark" is entitled to injunctive relief against another person's commercial use of a mark or trade name if that use "*causes dilution* of the distinctive quality" of the famous mark. This text unambiguously requires a showing of actual dilution, rather than a likelihood of dilution.

*Id.* (citation omitted).

200. *Cf. Quality Inns Int'l, Inc. v. McDonald's Corp.*, 695 F. Supp. 198, 221 (D. Md. 1988) ("[T]he name McSleep Inn is likely to cause an appreciable number of the public to be confused by believing that McSleep Inn is sponsored, associated, affiliated, connected or endorsed by McDonald's . . .").

201. The Kodak mark is often discussed as a classic example of dilution in the legislative history of the FTDA. H.R. Rep. No. 104-374 at 3 (1995) (discussing "Kodak pianos"); *Hearing on H.R. 683, supra* note 73, at 27 (statement of William G. Barber, AIPLA) (stating that examples like Kodak "well illustrate the types of marks appropriate for protection against dilution by blurring—they are all not only famous but also substantially *unique*.").

202. *See Schechter, supra* note 20, at 828–30.

203. *See* RESTATEMENT (THIRD) OF UNFAIR COMPETITION, § 25 cmt. b (1995) ("At first the courts applied the statutes reluctantly, if at all. . . . Some courts, and numerous commentators, expressed fear that the uncertain limits of the antidilution cause of



the FTDA is not intended to encroach on noncommercial uses, courts have often used the Act to prevent alleged tarnishing uses of famous marks.<sup>204</sup> This is related to an important criticism from the ACLU of the recently proposed TDRA. The ACLU's Legislative Counsel stated, "What the proposed bill fails to recognize is that trademarks have a huge impact on our shared culture. Trademarks have become essential to the communication about particular goods or services, often representing the most effective means by which to state one's position."<sup>205</sup> By using the FTDA to grant rights to certain trademarks, thereby restricting the marks' use, particularly use in artistic expression and critical commentary, the FTDA threatens First Amendment rights. Use of this new standard of "uniqueness" will help reduce this threat by providing a clearer standard for courts. By limiting dilution protection to only those marks clearly capable of being created and diluted as trademarks, this standard will also prevent words from being extracted from the public vocabulary.

### B. Tarnishment as a Tort

Tarnishment should be established as a separate tort rather than a part of a dilution cause of action under the FTDA. Tarnishment should not continue to be used by trademark owners as a method of silencing critics and impinging on the creation of cultural parody and other free speech uses.<sup>206</sup> As discussed above, courts have struggled with the application of tarnishment as a form of dilution since the FTDA's enactment.<sup>207</sup> Some courts do not consider it to be a form of dilution, but rather a form of value reduction.<sup>208</sup> Others discuss the

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action would unduly expand the ability of trademark owners to monopolize language and inhibit free competition."); Shawn M. Clankie, *Brand Name Use in Creative Writing: Genericide of Language Right?*, in PERSPECTIVES ON PLAGIARISM AND INTELLECTUAL PROPERTY IN A POSTMODERN WORLD 253, 260–62 (Lise Buranen & Alice M. Roy eds., 1999) (describing trademark law as literary censorship). For an example of trademark law's application to cultural icons, see *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894 (9th Cir. 2002) (describing Aqua's "Barbie Girl" song).

204. See *supra* notes 129–61 and accompanying text for a discussion of judicial application of tarnishment to commercial and noncommercial uses and the disconnect with the FTDA purpose.

205. *Hearing on H.R. 683*, *supra* note 73, at 34 (statement of Marvin J. Johnson, Legislative Counsel, ACLU).

206. See DAVID S. WELKOWITZ, TRADEMARK DILUTION: FEDERAL, STATE, AND INTERNATIONAL LAW 95–97 (2002).

207. See Dolores K. Hanna, et al., *The United States Trademark Association: Trademark Review Commission Report and Recommendations to USTA President and Board of Directors*, 77 TRADEMARK REP. 375, 434 (1987).

208. See, e.g., *Scholastic, Inc. v. Stouffer*, 124 F. Supp. 2d 836, 848 n.14 (S.D.N.Y. 2000) ("As such, [t]he essence of tarnishment therefore is not a dilution or reduction

possibility of a “tortious tarnishment,” which would create a separate claim of tarnishment as an independent tort, rather than as part of the federal anti-dilution statute.<sup>209</sup> The *Moseley* decision increased judicial confusion when it questioned whether the FTDA provided a tarnishment cause of action.<sup>210</sup> These varying applications arise not only from the ambiguity inherent in the FTDA, but also from a poor doctrinal fit between tarnishment and other dilution theories. One commentator has suggested that “[t]o say that a mark can be ‘diluted’ by being ‘tarnished’ is, in essence, the same thing as saying someone can go left by turning right. ‘Dilution by tarnishment’ is the epitome of a legal oxymoron; the law should have particular concerns with notions that are so inherently self-conflicting and untrue.”<sup>211</sup> The Restatement highlights this conflict by labeling dilution and tarnishment as “conceptually distinct.”<sup>212</sup>

While a tarnishment tort claim could be brought in conjunction with claims under the FTDA, it would not be subject to the Act’s restricted evaluation of dilution by tarnishment. Tarnishment should have its own place in trademark law as a separate cause of action, perhaps in the trademark infringement provisions of the Lanham Act,<sup>213</sup> thereby treating tarnishment and disparagement of trademarks in a conceptually clearer manner.<sup>214</sup> As tarnishment refers to opaque concepts such as tainting the reputation of a mark,<sup>215</sup> courts have com-

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in the distinctiveness of a mark. It is instead the displacement of positive with negative associations of the mark that . . . reduces the value of the mark to the trademark owner.”) (citation omitted).

209. See, e.g., *Pillsbury Co. v. Milky Way Prods., Inc.*, No. C78-679A, 1981 U.S. Dist. LEXIS 17722, at \*41 (N.D. Ga. Dec. 24, 1981) (summarizing plaintiff’s argument for separate tort before rejecting it for lack of precedent); *Tiffany & Co. v. Boston Club, Inc.*, 231 F. Supp. 836, 844 (D. Mass. 1964) (distinguishing between dilution and tarnishment); see also WELKOWITZ, *supra* note 206, at 258.

210. *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 432 (2003).

211. Robert S. Nelson, *Unraveling the Trademark Rope: Tarnishment and its Proper Place in the Laws of Unfair Competition*, 42 IDEA 133, 167 (2002). But see Layne T. Smith, Comment, *Tarnishment and the FTDA: Lessening the Capacity to Identify and Distinguish*, 2004 B.Y.U.L. REV. 825, 851–52 (2004) (arguing that tarnishment is consistent with dilution theory).

212. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25 cmt. c (1995); see also WELKOWITZ, *supra* note 206, at 95 (stating that “[w]hen the Review Commission of the United States Trademark Association (“USTA”) first proposed a federal dilution provision in 1987, it, too, regarded dilution and tarnishment as distinct torts”).

213. 15 U.S.C. §§ 1111-1118 (Supp. V. 1999).

214. Such treatment was suggested by the United State Trademark Association in 1987. See Hanna, *supra* note 207, at 433–34.

215. See *Federal Trademark Dilution Act: Hearing Before the H. Subcomm. on Courts, the Internet, and Intellectual Property of the H. Comm. on the Judiciary*, 107th Cong. 6 (2002) (statement of Kathryn Barrett Park, Executive Vice President, International Trademark Association) (explaining that FTDA meant to avoid requiring

pared tarnishment to defamation, libel, or slander of the mark.<sup>216</sup> This comparison is appropriate and should be taken a step further by completely separating tarnishment from dilution and making tarnishment its own cause of action as a tort under the Lanham Act.

Tarnishment claims are especially troubling when the allegedly tarnished mark is not being used as a trademark in its tarnishing use, as in the cases where free speech concerns are implicated. Many such uses, including parodies and criticisms, depend on the continued source-identifying power of the mark to prove their points successfully, thus showing that they do not dilute that source-identifying capacity by making the initial comparisons. While these uses are theoretically exempted in the FTDA (exemption for noncommercial uses),<sup>217</sup> actual protection has been spotty, as evidenced in the Dairy Queen and Anheuser examples discussed above.<sup>218</sup> By including tarnishment in the TDRA, Congress will only compound the confusion that has permeated courts and prevent tarnishment from being properly addressed.

Tarnishment has been used to silence the referential use of marks in several expressive works, such as *American Dairy Queen*, that should arguably be protected by the First Amendment.<sup>219</sup> Any revision of the FTDA should handle these uses better. By separating tarnishment from the dilution statute, courts will be less likely to encroach on First Amendment rights when marks are used in noncommercial ways. Courts no longer restricted by the ill-fitting federal dilution statute framework would have more leeway to decide First Amendment issues on equity grounds. The proposed separation of tarnishment from the dilution statute would provide courts with broad discretion to determine whether a use is commercial, and therefore susceptible to protection under the tarnishment tort, or noncommer-

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a potential plaintiff to wait for actual economic harm to its mark before taking action, “. . . damaging forever the effectiveness and reputation of the mark”).

216. See, e.g., *World Wrestling Fed'n Entm't, Inc. v. Bozell*, 142 F. Supp. 2d 514, 529 (S.D.N.Y. 2001) (“Dilution by tarnishment occurs where the defendant uses the plaintiff’s mark in association with unwholesome or shoddy goods or services. . . . The *sine qua non* of tarnishment is finding that plaintiff’s mark will suffer negative associations through defendant’s use.”) (citations omitted).

217. 15 U.S.C. § 1125(c)(4) (Supp. V 1999).

218. See *supra* notes 31, 145–51 and accompanying text.

219. See *Am. Dairy Queen Corp. v. New Line Prods., Inc.*, 35 F. Supp. 2d 727, 733–35 (D. Minn. 1998); see also *supra* notes 153–56 and accompanying text. For other examples of referential misuse, see *Sony Computer Entm't, Inc. v. Connectix Corp.*, 48 F. Supp. 2d 1212, 1222–23 (N.D. Cal. 1999) (finding that “‘PlayStation’ mark is being tarnished because some PlayStation games do not function as well on VGS as they do on a PlayStation console”).

cial, and therefore protected by the First Amendment. Protection for expressive parody has been spotty when only protected by the non-commercial-use exceptions of the FTDA.<sup>220</sup> This separate tarnishment tort claim would therefore provide much-needed clarity to courts about which noncommercial uses of marks should be allowed and which should be subject to anti-tarnishment protection.<sup>221</sup> The separation of tarnishment from the FTDA would also ensure that “gripe sites,”<sup>222</sup> other expressions of corporate grievances, and parodies would be protected with the full weight of the Constitution.<sup>223</sup>

Another solution to the tarnishment question would be to create a cause of action for “injury to business reputation,” the terminology many states currently use to describe tarnishment.<sup>224</sup> In his article, trademark scholar David Welkowitz suggests completely severing tarnishment from dilution and requiring the plaintiff have actual evidence of injury to succeed on such a claim.<sup>225</sup> The suggestion is problematic, however, because “injury to business reputation” is not synonymous with “tarnishment” and has the potential to be interpreted even more broadly than the current judicial treatment of tarnishment. Furthermore, changing federal tarnishment language to the same terminology used by state statutes further confuses the line between the federal and state statutes,<sup>226</sup> making such a federal statute useful only

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220. 15 U.S.C. § 1125(c)(4).

221. See Kathleen B. McCabe, Note, *Dilution-by-Blurring: A Theory Caught in the Shadow of Trademark Infringement*, 68 *FORDHAM L. REV.* 1827, 1859 (2000) (discussing confusion under FTDA).

222. Gripe sites are websites using a trademarked name to complain about the corporate practices of the trademarked company. See Jacqueline D. Lipton, *Beyond Cybersquatting: Taking Domain Name Disputes Past Trademark Policy*, 40 *WAKE FOREST L. REV.* 1361 (2005) (discussing gripe sites).

223. U.S. CONST. amend. I; see also *Bally Total Fitness Holding Corp. v. Faber*, 29 F. Supp. 2d 1161, 1166–68 (C.D. Cal. 1998) (holding that gripe site was not dilution because defendant made it clear that it was not official site of Bally’s and that websites of plaintiff and defendant had fundamentally different purposes).

224. See David S. Welkowitz, *Reexamining Trademark Dilution*, 44 *VAND. L. REV.* 531, 587–88 (1991) (“The antidilution statutes typically contain language protecting against injury to business reputation, and in most tarnishment cases there is at least a definable injury. The best solution would be to eliminate dilution and rest protection on the injury to business reputation resulting from tarnishment.”).

225. *Id.*

226. There is no federal preemption of the state statutes. See *Procter & Gamble Co. v. Amway Corp.*, 80 F. Supp. 2d 639, 670 (S.D. Tex. 1999) (permitting suit for injury to business reputation even if there is no injury to trademark); WELKOWITZ, *supra* note 206, at 95–97; Hanna, *supra* note 207, at 433–34; Welkowitz, *supra* note 224, at 587–88.

for nationally famous marks and in states that do not have such statutes.<sup>227</sup>

Some might argue that this separation could serve only to further confuse the tarnishment question and potentially make it harder for trademark owners to bring tarnishment claims. However, the change proposed here would actually bring greater clarity to dilution law while limiting the negative impact on free speech. As long as the cause of action is made clear in the Lanham Act and can be brought jointly with other federal dilution claims, cases will be easier for courts to analyze thoroughly, without the constrictions of the FTDA framework.

### C. *A Different Place for Cybersquatting*

Cybersquatting has been considered for inclusion in the TDRA. The AIPLA argues that a certain class of cybersquatting cases should be covered by dilution law because they do not have the bad faith required to be protected by the ACPA but still have the potential to dilute famous marks.<sup>228</sup> While cybersquatting has been viewed by some courts as dilution,<sup>229</sup> including it in the TDRA will not provide the clarity that the AIPLA desires. Instead, it will only increase the distortion from which the federal dilution statute has already suffered. Bifurcating the treatment of good faith and bad faith dilutions of trademarks in domain names between the statutes will increase confusion over the proper analysis and disposition of domain name actions.

Further, cybersquatting is not conceptually aligned with dilution theory because cybersquatters are not using the famous mark “in commerce” as dilution theory means for that term to be understood.<sup>230</sup>

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227. The proposed separation of tarnishment would not remove the requirement that a mark must be famous in order to qualify for federal protection, however a discussion of fame is outside the scope of this Note. Fame is clearly important to the discussion of tarnishment, as a mark that is already well-known to the public is much more likely to be negatively affected by association with poor quality products or with degrading or offensive ideas. See NELSON, *supra* note 211, at 176–77 (“When a famous trademark is improperly affixed to a junior user’s computer chips, for example, the famous mark’s owner may find it difficult to prove that consumers will also think of computer chips whenever they see his mark. But if that owner’s mark is used to represent a pornographic movie, the very nature of the film might cause consumers to immediately form a new link between the movie and the mark.”).

228. *Hearing on H.R. 683, supra* note 73, at 24–25 (statement by William G. Barber, AIPLA).

229. See, e.g., *Harrods Ltd. v. Sixty Internet Domain Names*, 302 F.3d 214, 232 (4th Cir. 2002).

230. MCCARTHY, *supra* note 4, at § 23:11:1.

To constitute an illegal dilution . . . requires that the accused person use the accused designation as a “mark or trade name.” The author’s view is

While cybersquatters use the marks to make money by extorting it from the trademark owner, they do not intend to actually use the mark on goods in a non-competing market. Their use is more akin to those of parodists selling their parodies of trademarks on t-shirts than to infringers using a famous mark on a product in a non-competing market. The popular view of commentators and courts has been that all potential trademark violations perpetrated through the use of domain names should be brought under the ACPA. If that statute needs to be revised to encompass uses that are not brought in bad faith, then that should be done—bootstrapping it onto the federal anti-dilution statute is not an adequate solution to the problem. It only further muddies anti-dilution law and confuses the main issues of dilution for the courts.<sup>231</sup>

To ensure that the line between the federal dilution statute and the ACPA is clear, the TDRA should include a provision clarifying that cybersquatting does not constitute a form of dilution as conceptualized by the TDRA, is not otherwise covered by the FTDA or the TDRA, and is under the sole purview of the ACPA.<sup>232</sup>

### CONCLUSION

Revisions and clarifications of the federal anti-dilution statute are needed. The proposed TRDA is an important step in rectifying the problems the FTDA has faced; however, it is not sufficient. Replacing the distinctiveness standard with an inquiry into a mark's uniqueness, ensuring that only conceptually coherent types of dilution are protected by the federal dilution statute, separating tarnishment from dilu-

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that this language requires that the accused person use the accused designation as a "mark or trade name" and use it in a "commercial" setting. While the anti-dilution statute does not require that there be advertising or a sale of goods or services, "commercial use" implies a place where some business is carried on or goods or services are sold, distributed or advertised for sale.

*Id.* (citations omitted) (citing *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 903 (9th Cir. 2002) ("We are also satisfied that the song amounts to a 'commercial use in commerce.' Although this statutory language is ungainly, its meaning seems clear: It refers to a use of a famous and distinctive mark to sell goods other than those produced or authorized by the mark's owner."); *Huthwaite, Inc. v. Sunrise Assisted Living, Inc.*, 261 F. Supp. 2d 502, 517 (E.D. Va. 2003) ("In practice, the 'commercial use' requirement is virtually synonymous with the 'in connection with the sale, offering for sale, distribution or advertising of goods and services' requirement; the latter essentially defines the former." Court held that use of a mark in connection with in-house sales training is a "commercial use.").

231. See McCarthy, *supra* note 118, at 724–26.

232. Any discussion of whether the ACPA should be revised and how is outside of the purview of this Note, but should be taken under consideration by other scholars.

tion altogether, and clarifying that cybersquatting is not a form of federally-protected dilution are merely examples of ways to reduce the confusion that has surrounded the FTDA. Such confusion will continue to haunt the proposed TDRA, unless Congress takes this opportunity to revise the federal anti-dilution statute in an effective and meaningful manner. Lobbyists and legislators should enact a more comprehensive and effective statute that illuminates, rather than obscures, an increasingly important area of commercial and intellectual property law. The suggestions in this Note serve as a starting point for revision.

