

# IS TRADEMARK DILUTION LAW DILUTING RIGHTS? A SURVEY OF THE TRADEMARK DILUTION REVISION ACT OF 2006

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## I. Introduction

In 2003, the Supreme Court of the United States, in *Moseley v. V Secret Catalogue, Inc.*,<sup>1</sup> set out to resolve a conflict among the circuits and to clarify federal trademark dilution law, embodied in the Federal Trademark Dilution Act of 1995 (“FTDA”).<sup>2</sup> The Supreme

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<sup>1</sup> 537 U.S. 418 (2003).

<sup>2</sup> Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, 109 Stat. 985, amended section 45 of the Lanham Act of 1946 to provide that:

[t]he 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

Court, however, arguably exchanged one set of problems for another. The Court resolved the circuit split over the proper standard for dilution by introducing a largely unprovable and impracticable burden of proof.<sup>3</sup> Further, after declaring that the appropriate burden of proof requires actual dilution, the Court, sounding almost uncertain, stated that the burden may be met through circumstantial evidence.<sup>4</sup> The Court did not, however, proffer guidance on what could suffice as appropriate evidence to prove actual dilution.<sup>5</sup> Additionally, the Supreme Court responded to the disagreement among circuits as to whether tarnishment was actionable under the FTDA with seemingly little more than a shoulder shrug.<sup>6</sup> Immediately after the Supreme Court decided *Moseley*, the International Trademark Association ("INTA") established a special

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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 mark . . . .

15 U.S.C. § 1125(c)(1) (2005) (emphasis added). The FTDA defined dilution as "the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of- (1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake, or deception." 15 U.S.C. § 1127 (2005). The Trademark Dilution Revision Act of 2006 ("TDRA") has eliminated this definition of "dilution," and two new definitions are now contained in § 1125(c)(2). *See infra* note 99. The TDRA also includes factors for determining whether a mark is famous and distinctive as well as additional remedies and exceptions. *See infra* Part III.A; 15 U.S.C. §§ 1125(c)(2)(A), (c)(3), (c)(5) (West 2007).

In *Moseley*, Victor and Cathy Moseley owned and operated a retail store, originally named "Victor's Secret," which sold lingerie, adult novelties, and other goods. V Secret Catalogue, Inc., owners of the VICTORIA'S SECRET trademark, requested that Moseley change the name of his store because of possible trademark infringement and dilution. Moseley renamed the store "Victor's Little Secret." As this change was unsatisfactory, V Secret Catalogue filed a suit against Moseley alleging, inter alia, trademark dilution in violation of the FTDA. *See Moseley*, 537 U.S. at 422-24.

<sup>3</sup> *Trademark Dilution Revision Act of 2005: Hearing Before the Subcomm. on Courts, the Internet, and Intell. Prop. of the H. Comm. on the Judiciary*, 109th Cong. 7 (2005) [hereinafter *TDRA H. Comm. Hearing*] (testimony of Anne Gundelfinger, President, International Trademark Association).

<sup>4</sup> *Moseley*, 537 U.S. at 434.

<sup>5</sup> Howard J. Shire and Michelle Mancino Marsh, *Federal Dilution Claims after Moseley v. V Secret Catalogue*, 94 TRADEMARK REP. 1066, 1066 (2004); *see Moseley*, 537 U.S. at 434.

<sup>6</sup> *See Moseley*, 537 U.S. at 432; *see also infra* notes 54-55 and accompanying text; Shire and Marsh, *supra* note 5, at 1066.

Tarnishment is "[a] form of 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). Blurring is "[a] form of 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." *Id.* at 184.

committee to analyze dilution law and compose recommendations for INTA to rely on when proposing new legislation.<sup>7</sup>

In a recently passed bill, Congress took action to change the consequences of the Supreme Court's interpretation of dilution law.<sup>8</sup> The Trademark Dilution Revision Act of 2006 ("TDRA") could correct the shortcomings of the Supreme Court's decision on this matter.<sup>9</sup> Some professionals have even suggested that the Supreme Court's incomprehensive decision may have been a deliberate attempt to indicate that the FTDA needed a legislative makeover.<sup>10</sup> The TDRA<sup>11</sup> purports to embody the true intent of the Congress that codified the 1995 statute embodying a nearly eighty-year-old doctrine.<sup>12</sup> However, the bill is not without controversy. Experts widely believe that a cause of action for dilution is essential for the protection of famous marks,<sup>13</sup> and some consider the TDRA a

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<sup>7</sup> See Karin Segall & Ellen M. Dowling, *H.R. 683: Trademark Dilution Revision Act of 2005*, 23 NO. 3 INTEL. PROP. L. NEWSL. 26, 26 (2005).

<sup>8</sup> The Trademark Dilution Revision Act of 2006 ("TDRA"), which Rep. Lamar Smith (R-Tex.) introduced in the House on February 9, 2005, was aimed at statutorily altering the central holding of *Moseley*. See *infra* note 99 and accompanying text; see also *infra* Part III; Trademark Dilution Revision Act of 2005, H.R. 683, 109th Cong. (2005). The House Committee on the Judiciary passed the bill with amendments on April 19, 2005, the Senate Committee on the Judiciary passed the bill with amendments on March 8, 2006, and President Bush signed the bill into law as P.L. 109-312 on October 6, 2006. THOMAS (Library of Congress), H.R. 683, <http://thomas.loc.gov/cgi-bin/bdquery/z?d109:h.r.00683>: (last visited Apr. 12, 2007).

<sup>9</sup> For example, the TDRA expressly creates a cause of action for dilution by tarnishment. Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, § 2, 120 Stat. 1730, 1730-32 (codified at 15 U.S.C. § 1125(c)(1) (West 2007)); see *infra* Part III.A.

<sup>10</sup> See Segall & Dowling, *supra* note 7, at 26.

<sup>11</sup> The TDRA amended 15 U.S.C. § 1125(c) (and other sections accordingly), to expressly provide that injunctions may be available against a mark that is *likely to cause* dilution. 15 U.S.C. § 1125(c)(1) (West 2007); Segall & Dowling, *supra* note 7, at 26; see *infra* note 99 at § (c)(1) (applicable text of the TDRA).

<sup>12</sup> See *TDRA H. Comm. Hearing*, *supra* note 3, at 2 (statement of Rep. Lamar S. Smith, Chair of the Subcomm.). Most scholars agree that Professor Frank Schechter was first to introduce dilution theory in the United States. See generally Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813 (1927).

<sup>13</sup> Under the FTDA, dilution law applied to famous marks and specified that "the owner of a famous mark shall be entitled . . . to an injunction" if a junior mark "causes dilution" of the senior mark. 15 U.S.C. § 1125(c)(1) (2005). The FTDA also provided a non-exclusive list of factors to consider for determining whether a mark is distinctive and famous:

- (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

necessity for dilution doctrine.<sup>14</sup> While civil liberties groups and others have criticized dilution doctrine in general and the TDRA specifically as being biased and a threat to the constitutional right of free speech.<sup>15</sup> Some concerns include the fear that protections afforded to famous trademarks by the TDRA are too strong.<sup>16</sup>

The TDRA essentially renders *Moseley* moot by, among other things, replacing the requirement of “actual dilution” with a “likelihood of dilution” standard.<sup>17</sup> Although, in doing so, it maintains the spirit of the Court’s ultimate intention of establishing a uniform, intelligible standard.<sup>18</sup> The TDRA provides protection for famous marks only,<sup>19</sup> consistent with the majority application of dilution law under the FTDA. The prejudice for protecting famous marks is justified by the fact that those marks are most at risk of harm.<sup>20</sup>

- 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.

§ 1125(c)(2)(A) (2005). The TDRA has changed the definition of a famous mark. See Trademark Dilution Revision Act of 2006, § 2; see *infra* note 99.

<sup>14</sup> See TDRA H. Comm. Hearing, *supra* note 3, at 9 (testimony of Anne Gundelfinger, President, Int’l Trademark Ass’n).

<sup>15</sup> See, e.g., TDRA H. Comm. Hearing, *supra* note 3, at 31 (testimony of Marvin J. Johnson, Legis. Counsel, ACLU); Public Knowledge, *The Trademark Dilution Revision Act of 2005* (H.R. 683), <http://www.publicknowledge.org/issues/tmdilution> (last visited March 8, 2006); see also discussion *infra* Part III.B.

<sup>16</sup> See TDRA H. Comm. Hearing, *supra* note 3, at 3-4 (statement of Rep. Howard Berman) (“[N]ow it seems as though dilution is used frequently as an alternative pleading in trademark litigation. . . . I am not convinced at this point that a likelihood of dilution standard, when combined with the other amendments in the bill, does not create an aura of over-protection.”).

<sup>17</sup> 15 U.S.C. § 1125(c)(1) (West 2007).

<sup>18</sup> Although the Supreme Court’s decision in *Moseley* was controversial or disappointing to those favoring a “likelihood of dilution” standard, the Court was successful in its duty of resolving the circuit split (on the issue of the appropriate standard). See generally *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003).

<sup>19</sup> Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, § 2, 120 Stat. 1730, 1730-32 (codified at 15 U.S.C. § 1125 (West 2007)). The TDRA also modifies the definition of “famous” and alters the recommended factors to be considered in evaluating a mark. Compare *supra* note 13 with *infra* note 100.

<sup>20</sup> TDRA H. Comm. Hearing, *supra* note 3, at 6 (testimony of Anne Gundelfinger); see also The United States Trademark Association, *The United States Trademark Association Trademark Review Commission Report and Recommendations to USTA President*

The Author believes that post-*Moseley* dilution law needed some legislative guidance; however, the TDRA may not be the ideal remedy. The lower burden of proof required by the TDRA may bring adverse consequences such as a higher likelihood of obtaining an injunction and an increase in the quantity of suits. The likelihood of dilution standard, when combined with the TDRA's requirement that the mark be nationally famous in order to receive protection, greatly favors big businesses. Finally, the most potent opposition to the TDRA is the argument that the protections afforded by the TDRA inadequately protect free speech rights. Perhaps the appropriate guidance would have been to amend the FTDA to clarify the requirements of the actual dilution standard. Since Congress rejected that approach, it remains the courts' responsibility to uphold the protections of the First Amendment.

## II. *Dilution Law under the FTDA*

### A. *Overview of Law*

Trademark dilution law is distinguishable from trademark infringement law in that the latter exists, at least in part, to protect the public while the former exists only to protect the rights of the mark owner.<sup>21</sup> Prior to enactment of the FTDA, states had instituted statutory protections against dilution.<sup>22</sup> Generally, states have modeled their dilution statutes after the 1964 Model State Trademark Bill ("1964 MSTB"), the 1992 Model State Trademark Bill ("1992 MSTB"), or the FTDA.<sup>23</sup> The 1964-MSTB-inspired statutes apply a

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and Board of Directors, 77 TRADEMARK REP. 375, 455 (1987) ("We believe that a limited category of trademarks, those which are truly famous and registered, are deserving of national protection from dilution. Famous marks are most likely to be harmed by reduced distinctiveness. They are enormously valuable but fragile assets, susceptible to irreversible injury from promiscuous use.").

<sup>21</sup> Trademark dilution laws exist "to protect the quasi-property rights a holder has in maintaining the integrity and distinctiveness of his mark." *Kellogg Co. v. Toucan Golf, Inc.*, 337 F.3d 616, 628 (6th Cir. 2003).

<sup>22</sup> *Moseley*, 537 U.S. at 430. Massachusetts was the first state to enact an anti-dilution statute, which stated that:

[l]ikelihood of injury to business reputation or of dilution of the distinctive quality of a trade name or trade-mark shall be a ground for injunctive relief in cases of trade-mark infringement or unfair competition notwithstanding the absence of competition between the parties or of confusion as to the source of goods or services.

1947 Mass. Acts page 300. The protection afforded for "business reputation" is a protection against tarnishment. See *Moseley*, 537 U.S. at 430.

<sup>23</sup> Karol A. Kepchar, *Litigating Trademark, Domain Name, and Unfair Competition*

likelihood of dilution standard and require the senior mark to be distinctive.<sup>24</sup> State statutes modeled after the 1992 MSTB protect only those senior marks that are famous in the state.<sup>25</sup> The senior mark need not be distinctive, but it may need to be registered with the state.<sup>26</sup> The states with statutes modeled after the FTDA have the same requirements and exceptions as the FTDA.<sup>27</sup>

State statutes do not, however, offer the same extensive protection that the federal statute does.<sup>28</sup> Multi-state or nation-wide injunctions are usually not available under state statutes, and state dilution law cannot be used if a mark has federal registration.<sup>29</sup> Federal courts have hesitated to grant nationwide injunctions for state law violations.<sup>30</sup> Further, at the time of enactment of the FTDA, only about half of the states had statutes prohibiting dilution.<sup>31</sup>

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*Cases*, WL SK074 ALI-ABA 127, 130 (May 19-20, 2005).

<sup>24</sup> *Id.* A “senior” mark is a trademark that is first to be used in commerce for the goods or services it represents. *See, e.g.*, J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 26.01[1] (3d ed. 1992 Supp. 1996). A “junior” mark is a trademark similar or identical to a senior mark and not used commercially in commerce until after the senior mark has been so used. *Id.* A junior mark is also the subsequent user’s mark in an infringement action. *Id.*

<sup>25</sup> *Id.*

<sup>26</sup> *Id.* Trademarks may be registered on the Federal Register or with the state in which the mark is used. *See generally* WILLIAM BORCHARD, HOW TO GET AND KEEP A TRADEMARK, TRADEMARKS AND THE ARTS (2d ed. 2000). Trademark rights (and, therefore, protection against infringement) may be obtained through commercial use of the mark in commerce (common-law rights) or through registration. *Id.* Although it is not required to enforce trademark rights, registration provides additional benefits, specifically: use of the ® symbol, priority, constructive notice, prima facie validity, ability to achieve incontestability, treble damages, ability to block infringing items at customs, and enhanced remedies against counterfeiting. JANE C. GINSBURG, ET AL., TRADEMARK AND UNFAIR COMPETITION LAW, CASES AND MATERIALS, 221-22 (3d ed. 2001).

<sup>27</sup> *Kepchar*, *supra* note 23 at 131; *see infra* Part II (discussing the FTDA).

<sup>28</sup> *See Kepchar*, *supra* note 23 at 130.

<sup>29</sup> *Id.* at 131; *Deere & Co. v. MTD Products*, 41 F.3d 39 (2d Cir. 1994); 15 U.S.C. § 1125(c)(3) (2005) (“The ownership by a person of a valid registration . . . shall be a complete bar to an action against that person, with respect to that mark, that is brought by another person under the common law or a statute of a State . . .”). This complete bar to action is preserved in the TDRA. Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, § 2, 120 Stat. 1730, 1732 (codified at 15 U.S.C. § 1125(c)(1) (West 2007)).

<sup>30</sup> H.R. REP. NO. 104-374, at 3-4 (1995), as reprinted in 1996 U.S.C.C.A.N. 1029, 1030-31.

<sup>31</sup> *Id.* at 3, as reprinted in 1996 U.S.C.C.A.N. at 1030.

B. *The FTDA Provided the First Uniform Remedy*

Congress enacted the FTDA to protect the distinctiveness of famous trademarks through a cause of action distinct and separate from infringement.<sup>32</sup> The policy intentions of the FTDA include (1) establishing a uniform and consistent remedy against dilution, (2) discouraging forum shopping and thereby decreasing the amount of litigation, and (3) granting explicit authority for nationwide injunctions against diluting junior marks.<sup>33</sup> Another FTDA goal is the protection of First Amendment rights by exempting “fair use” from liability in comparative commercial advertising, noncommercial use, and news reporting and commentary.<sup>34</sup>

Two causes of action that the owner of a famous mark may pursue when seeking protection under current trademark law are infringement and dilution.<sup>35</sup> Dilution is a separate and distinct cause of action from infringement and has an independent standard of proof.<sup>36</sup> Both dilution and infringement protection are common-law

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<sup>32</sup> The central purpose behind the FTDA is to “protect famous trademarks from subsequent uses that blur the distinctiveness of the mark or tarnish or disparage it, even in the absence of a likelihood of confusion.” *Id.* at 2-3, as reprinted in 1996 U.S.C.C.A.N. at 1029. A likelihood of confusion is the standard applied in infringement suits.

<sup>33</sup> *Id.* at 3-4, as reprinted in 1996 U.S.C.C.A.N. at 1030-31. While providing a uniform law, the FTDA was designed not to preempt state statutes, but rather to work alongside of them, providing a remedy when the dilution involved more than locally famous marks. *Id.* at 4, as reprinted in 1996 U.S.C.C.A.N. at 1031. Trademark holders have engaged in forum shopping in the wake of *Moseley*. See Ira Jay Levy, *The Federal Trademark Dilution Act—Much Hobbled One Year After Victoria’s Secret*, METROPOLITAN CORP. COUNS. 23 (Feb. 2004) (“When considering an action under the dilution laws, one needs to look at how the jurisdiction has interpreted *Victoria’s Secret*.”). (“*Moseley*” and “*Victoria’s Secret*” are both used by commentators and refer to the same case.) While the *Moseley* holding eliminated forum shopping for a likelihood of dilution jurisdiction, plaintiffs are now likely seeking the most lenient evidentiary standard. See *infra* Part II.D (discussing post-*Moseley* evidentiary dilemmas); *supra* note 24 (discussing the differences between junior and senior marks).

<sup>34</sup> See H.R. REP. NO. 104-374 at 4, as reprinted in 1996 U.S.C.C.A.N. at 1031.

<sup>35</sup> A cause of action for infringement is provided by 15 U.S.C. § 1114, and dilution is addressed in 15 U.S.C. § 1125(c).

<sup>36</sup> See *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 429 (2003) (stating that “the absence of any likelihood of confusion [or] the absence of competition” does not provide a defense to a dilution claim). The standard of proof for an infringement claim is likelihood of confusion. 15 U.S.C. § 1114(1) (West 2007); see, e.g., *Polaroid Corp. v. Polarad Elec. Corp.*, 287 F.2d 492, 496 (2d Cir. 1961).

Dilution is actionable when the unauthorized use of a famous mark diminishes the public association of the mark as a representation of something unique. H.R. REP. NO. 104-374 at 3, as reprinted in 1996 U.S.C.C.A.N. at 1030. The classic example

rights, so registration is not required before bringing a claim.<sup>37</sup>

C. *The FTDA Required Actual Dilution*

Prior to the Supreme Court taking the reins in 2003, the adoption of a unifying standard among the Federal Circuit Courts was hopeless.<sup>38</sup> The Fourth and Fifth Circuits insisted that the FTDA required a showing of actual dilution of the famous mark, while the Second, Sixth, and Seventh Circuits believed that a likelihood of dilution standard was the only reasonable interpretation of the FTDA.<sup>39</sup> In *Moseley*, the Supreme Court interpreted the statute as requiring the same standard used by the Fourth and Fifth Circuits and closed the book on the likelihood of dilution standard.<sup>40</sup> The Court concluded that a reasonable interpretation of the FTDA required finding an actual dilution standard.<sup>41</sup> Whether or not such a standard is in fact reasonable has been the subject of much controversy.<sup>42</sup>

In *Moseley*, the Court granted certiorari to a Sixth Circuit affirmation of a district court's finding of dilution without proof of any actual harm.<sup>43</sup> The Sixth Circuit, in finding dilution by tarnishment, expressly rejected the actual dilution standard established by the Fourth Circuit.<sup>44</sup> Justice Stevens, writing for the

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is that the FTDA created a cause of action against a junior user marketing items such as "DUPONT shoes, BUICK aspirin, and KODAK pianos." *Id.*

<sup>37</sup> Kepchar, *supra* note 23 at 131.

<sup>38</sup> The United States Courts of Appeals independently chose one standard as superior to the other. *See, e.g.,* Eli Lilly & Co. v. Natural Answers, Inc., 233 F.3d 456, 466-67 (7th Cir. 2000).

<sup>39</sup> *See, e.g., id.*

<sup>40</sup> Referring to 15 U.S.C. § 1125(c)(1) (reproduced in pertinent part in note 2, *supra*), Justice Stevens stated that the phrase "causes dilution" "unambiguously requires a showing of actual dilution, rather than a likelihood of dilution." *Moseley*, 537 U.S. at 433. Justice Stevens bolstered his logic by referring to § 1127, containing the definition of "dilution" and including a reference to a "likelihood of confusion, mistake, or deception." *Id.* Justice Stevens concluded that had "likelihood of dilution" been the standard, such wording would have been used. *Id.*

<sup>41</sup> *Moseley*, 537 U.S. at 433.

<sup>42</sup> *See, e.g., TDRA H. Comm. Hearing, supra* note 3, at 6 (testimony of Anne Gundelfinger).

<sup>43</sup> Justice Stevens phrased the issue as "whether objective proof of actual injury to the economic value of a famous mark (as opposed to a presumption of harm arising from a subjective 'likelihood of dilution' standard) is a requisite for relief under the FTDA." *Moseley*, 537 U.S. at 422.

<sup>44</sup> *See* Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449 (4th Cir. 1999). In that case, the United States Court of Appeals for the Fourth Circuit stated:



Court, held that the FTDA “unambiguously” requires proof of actual dilution.<sup>45</sup> Justice Stevens elaborated by stating that proving actual dilution does not require proof of actual damage to the senior mark owner.<sup>46</sup> Justice Stevens also asserted that a mental association between the junior mark and the senior mark is not sufficient proof of either blurring or tarnishment for non-identical marks.<sup>47</sup> Before ending his opinion, Justice Stevens acknowledged that actual dilution is a tough standard but stated that the FTDA requires it.<sup>48</sup> Justice Stevens further stated that actual dilution may be evidenced through circumstantial evidence, especially when the marks are identical.<sup>49</sup> The opinion did not, however, mention any qualifying examples of satisfactory circumstantial evidence.<sup>50</sup>

Justice Kennedy authored a concurring opinion in which he sought to remedy this deficiency, but his supplemental opinion fell short of agreeing with an actual dilution standard.<sup>51</sup> Justice Kennedy proposed that evidence that a junior mark’s commercial use will actually diminish the distinctive power of a senior mark to act as a designation of source may be sufficient to satisfy the actual dilution standard; however, he also stated that “*probable* consequences” may be determinative in some cases.<sup>52</sup> Justice Kennedy seemed to remain in

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

*Id.* at 461.

<sup>45</sup> *Moseley*, 537 U.S. at 433.

<sup>46</sup> *Id.* (“Of course, that does not mean that the consequences of dilution, such as an actual loss of sales or profits, must also be proved.”).

<sup>47</sup> *Id.* “[A]t least where the marks at issue are not identical, the mere fact that consumers mentally associate the junior user’s mark with a famous mark is not sufficient to establish actionable dilution.” *Id.* “Dilution” is defined in the FTDA 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 . . . or (2) likelihood of confusion, mistake, or deception.” 15 U.S.C. § 1127 (2005).

<sup>48</sup> *See Moseley*, 537 U.S. at 434.

<sup>49</sup> *See id.*

<sup>50</sup> *See generally Moseley*, 537 U.S. 418.

<sup>51</sup> *See id.* at 435 (Kennedy, J., concurring).

<sup>52</sup> “Diminishment of the famous mark’s capacity can be shown by the *probable* consequences flowing from use or adoption of the competing mark.” *Id.* at 435-36 (Kennedy, J., concurring) (emphasis added). Justice Kennedy’s opinion embodies the spirit of this controversial and troubling doctrine. Justice Kennedy stated that actual diminishment of power of the mark suffices for actual dilution as does a showing of the likely consequences. Perhaps the Justice favors something more than

neutral territory between the actual dilution standard and the likelihood of dilution standard by contending that famous mark owners should not be required to suffer actual harm before bringing suit.<sup>53</sup>

The final dilemma that the Court did not affirmatively resolve in *Moseley* was whether dilution by tarnishment was actionable under the FTDA.<sup>54</sup> The majority opinion recognized that a cause of action for tarnishment may be pursued under state statutes and that the legislative history of the FTDA incorporates a discussion of tarnishment, but the Court halted its discussion after asserting that the statutory language did not support incorporating tarnishment.<sup>55</sup>

#### D. *Post-Moseley Evidentiary Dilemmas*

After the Supreme Court's decision in *Moseley*, federal courts applied the actual dilution standard using varying approaches. Shortly after the decision, the Sixth Circuit, which had previously supported a likelihood of dilution standard, applied the new actual dilution standard. Kellogg Company, owner of the unquestionably famous trademark "Toucan Sam" character,<sup>56</sup> brought suit against owners of the recently registered "Toucan Gold" mark, which was used to promote golf equipment.<sup>57</sup> The Sixth Circuit recognized dilution in accordance with the FTDA if five elements were met: (1) the senior mark is famous; (2) the senior mark is distinctive; (3) the junior mark is used in commerce; (4) the junior mark's use in commerce occurs after the senior mark became famous; and (5) the

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a likelihood of dilution standard but less than an actual dilution standard.

<sup>53</sup> "A holder of a famous mark threatened with diminishment of the mark's capacity to serve its purpose should not be forced to wait until the damage is done and the distinctiveness of the mark has been eroded." *Id.* at 436 (Kennedy, J., concurring).

<sup>54</sup> *See id.* at 432; *see supra* note 6 (definition of dilution by tarnishment); *see also* 15 U.S.C. § 1125(c)(2)(C) (West 2007) (definition of tarnishment under the TDRA).

<sup>55</sup> *Moseley*, 537 U.S. 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."). Justice Kennedy's concurring opinion seemed at odds with the majority here as well: "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).

<sup>56</sup> Toucan Sam is the colorful and friendly toucan that appears on Froot Loops cereal boxes, in commercials, and in other advertising media for the Kellogg kids cereal.

<sup>57</sup> *Kellogg Co. v. Toucan Golf, Inc.*, 337 F.3d 616 (6th Cir. 2003).

junior mark actually causes dilution of the senior mark's distinctiveness.<sup>58</sup> While the first four elements were obviously satisfied, the Court rejected Kellogg's dilution claim because no evidence had been proffered supporting the requirement that "Toucan Gold" diminished consumers' association of "Toucan Sam" with the Kellogg brand.<sup>59</sup> The Sixth Circuit recognized the Supreme Court's determination that actual loss of sales or profit need not be proved but that a mere association of "Toucan Gold" with "Toucan Sam" was insufficient.<sup>60</sup> The court found no dilution of the "Toucan Sam" mark since the public still recognized Kellogg's famous mark as indicative of Kellogg's products.<sup>61</sup> The Court further asserted that maintaining a strong association of the senior mark as a designation of source was sufficient to preclude an injunction under even the outdated likelihood of dilution standard.<sup>62</sup>

In *Lee Middleton Original Dolls, Inc. v. Seymour Mann, Inc.*, the Eastern District of Wisconsin attempted to interpret and apply Justice Stevens' circumstantial evidence theory to satisfy the actual dilution standard.<sup>63</sup> The plaintiff alleged that since the defendant's products were "virtually identical" to the plaintiff's industry-recognized products, actual dilution could be presumed through circumstantial evidence.<sup>64</sup> The Court cited *Savin Corp. v. Savin Group*<sup>65</sup> for the proposition that identical marks alone are not sufficient to constitute per se circumstantial evidence.<sup>66</sup> The Court ultimately declined to follow the *Savin* holding, which would have foreclosed on the possibility that "virtually identical" marks could satisfy the circumstantial evidence element of actual dilution.<sup>67</sup> Instead, the

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<sup>58</sup> *Id.* at 628.

<sup>59</sup> *Id.* The court stated that "Kellogg has presented no evidence that [Toucan Gold's] use of its toucan marks has caused consumers no longer to recognize that Toucan Sam represents only Froot Loops." *Id.*

<sup>60</sup> *Id.*

<sup>61</sup> *Id.* at 628-29. The evidence presented at trial showed that eighty-one percent of children related Toucan Sam to Froot Loops. *Id.*

<sup>62</sup> *Id.*

<sup>63</sup> *Lee Middleton Original Dolls, Inc. v. Seymour Mann, Inc.*, 299 F. Supp. 2d 892, 902 (E.D. Wis. 2004). Justice Stevens had recognized that evidence of actual dilution could be hard to obtain, so he suggested that it may be possible for dilution to be proved through circumstantial evidence, the "obvious case" being "where the junior and senior marks are identical." *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 434 (2003).

<sup>64</sup> *Lee Middleton*, 299 F. Supp. 2d at 902.

<sup>65</sup> 68 U.S.P.Q.2d (BNA) 1893 (S.D.N.Y. 2003), *aff'd in part, vacated in part*, 391 F.3d 439 (2nd Cir. 2004).

<sup>66</sup> *Lee Middleton*, 299 F. Supp. 2d at 902.

<sup>67</sup> *See id.*

Court remanded the case to be heard by a jury, persuaded that the similarity of the marks raised a genuine issue of fact for circumstantial evidence of actual dilution.<sup>68</sup>

Subsequent to the *Lee Middleton* decision, the Court of Appeals for the Second Circuit vacated the portion of the *Savin* decision concerning identical marks.<sup>69</sup> The Second Circuit explicitly held that commercial use of a junior mark that is identical to a famous senior mark is circumstantial evidence of dilution.<sup>70</sup> The Court was particular in qualifying its conclusion to apply only to marks that are nothing less than identical.<sup>71</sup> The Court further insisted that fame of a senior mark is vital and that a senior mark may be famous only if the mark has both inherent and acquired distinctiveness.<sup>72</sup>

Reflecting on the non-uniform evidentiary standards instituted since *Moseley*, scholarly publications have suggested schemes for evidencing or proving actual dilution, attempting to contribute to the amelioration of the circumstantial evidence conundrum.<sup>73</sup> Even prior to *Moseley*, Professor McCarthy proffered suggestions in his treatise,<sup>74</sup> including: a presumption of dilution when the junior and senior marks are identical and the senior mark is coined and fanciful; evidence of mental association as sufficient circumstantial proof where the marks are identical but the senior mark is not coined and fanciful; actual lessening of the mark's capacity to function is

<sup>68</sup> *Id.*

<sup>69</sup> *Savin Corp.*, 391 F.3d at 452; *see also id.* at 453.

<sup>70</sup> *Id.* Recall that the Second Circuit applied a likelihood of dilution standard prior to *Moseley*. *See supra* Part II.C; *see text accompanying note 39.*

<sup>71</sup> *Savin Corp.*, 391 F.3d at 453.

<sup>72</sup> *See id.* at 449 (“[I]n addition to actual dilution, a plaintiff must show that the senior mark possesses both a ‘significant degree of inherent distinctiveness’ and, to qualify as famous, ‘a high degree of . . . acquired distinctiveness.’”). The TDRA, in contrast, is clear that either inherent or acquired distinctiveness will suffice. *See infra* Part III.A.

Trademarks may be classified into one of four categories of strength, namely (from weakest to strongest): (1) generic, (2) descriptive, (3) suggestive, (4) arbitrary or fanciful. *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976). A mark is considered inherently distinctive if it is suggestive, arbitrary, or fanciful. A mark is considered to have acquired distinctiveness if it is descriptive and has achieved secondary meaning, which occurs when “most consumers have come to think of the word not as descriptive at all but as the name of the product.” *Int’l Kennel Club of Chicago v. Mighty Star, Inc.*, 846 F.2d 1079, 1085 (7th Cir. 1988). A mark that is generic can never acquire distinctiveness and is never registrable. TRADEMARK MANUAL OF EXAMINING PROCEDURE § 1209.01 (c) (4th ed. 2005).

<sup>73</sup> *See, e.g.*, J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION (4th ed. 1996).

<sup>74</sup> *Id.*

required if the junior and senior marks are not identical.<sup>75</sup> The U.S. Solicitor General also recognized the need to provide guidance on the actual dilution standard and filed an amicus brief in *Moseley* recommending that consumer survey evidence could suffice to provide evidence of actual dilution.<sup>76</sup> Such suggestions are evidence that actual dilution is not necessarily an unworkable standard. Perhaps such guidance, if offered through the legislature or the Supreme Court, could have absolved the need for the TDRA.

### III. The Trademark Dilution Revision Act of 2006

It is evident even from a small selection of post-*Moseley* cases<sup>77</sup> that the Supreme Court did little to remedy the situation. The Court resolved the circuit split over which standard to apply, but it opened the door for new complications and circuit splits.<sup>78</sup> Courts followed the requirement of actual dilution, as is evident in the Sixth Circuit *Kellogg* decision,<sup>79</sup> but the requisite evidence for establishing actual dilution was uncertain. The Second Circuit interpreted Justice Stevens literally,<sup>80</sup> but the Eastern District of Wisconsin and the Southern District of New York, and certainly other district courts, seemingly did not have a firm grasp of what could constitute circumstantial evidence.<sup>81</sup>

Post-*Moseley* dilution law left much to be desired.<sup>82</sup> Classically,

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<sup>75</sup> *Id.* at § 24:94.20 (Supp. 2007).

<sup>76</sup> Kepchar, *supra* note 23, at 139. The brief suggested that such surveys could comprise: “ask[ing] consumers what products they associate with the famous mark”; “ask[ing] consumers to name the attributes they associate with a famous mark”; and “ask[ing] consumers to rate a particular quality of a famous mark” or the goods associated therewith. Brief for the United States as Amicus Curiae Supporting Petitioners in Part at 22-23, *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003) (No. 01-1015), available at <http://www.uspto.gov/web/offices/com/sol/am/briefs.htm>. The brief also notes that other types of surveys have also been suggested in sources such as the Fordham Intellectual Property, Media & Entertainment Law Journal and the Trademark Reporter. *Id.* at 23.

<sup>77</sup> See discussion *supra* Part II.D.

<sup>78</sup> The Court resolved only the premier issue of the circuit splits over the standard of proof for a claim of dilution.

<sup>79</sup> See *supra* Part II.D.

<sup>80</sup> See *Savin Corp. v. Savin Group*, 391 F.3d 439 (2nd Cir. 2004) (holding that commercial use of a junior mark that is identical to a famous senior mark is circumstantial evidence of dilution); *supra* Part II.D.

<sup>81</sup> See *Lee Middleton Original Dolls, Inc. v. Seymour Mann, Inc.*, 299 F. Supp. 2d 892, 902 (E.D. Wis. 2004); see also *Savin Corp. v. Savin Group*, 68 U.S.P.Q.2d (BNA) 1893 (S.D.N.Y. 2003), *aff'd in part, vacated in part*, 391 F.3d 439 (2d Cir. 2004).

<sup>82</sup> TDRA H. Comm. Hearing, *supra* note 3, at 6 (testimony of Anne Gundelfinger). Dilution law is “ambiguous, at best, and at worst, ineffective.” *Id.*

dilution by blurring comprises a gradual degradation in the value of the famous mark from numerous small instances of dilution.<sup>83</sup> The actual dilution standard imposed by *Moseley* forced a famous mark owner to wait to bring suit until the junior mark initiated the degradation process.<sup>84</sup> The likelihood of dilution standard embodied in the TDRA lessens the burden of proof by instituting what advocates consider a more reasonable standard.<sup>85</sup> The TDRA also expressly includes a cause of action for tarnishment.<sup>86</sup> The Supreme Court never expressly prohibited a cause of action for tarnishment under the FTDA, but the Court explicitly doubted its inclusion in the statutory provisions, leaving it available under state statutes only.<sup>87</sup>

Immediately following the *Moseley* decision, the House of Representatives Subcommittee on Courts, the Internet, and Intellectual Property and INTA began an investigation into trademark law and the FTDA with the purpose of amending the Act.<sup>88</sup> Upon concluding its investigation in 2004, INTA sponsored a bill amending the FTDA, but the House Subcommittee did not act on the bill beyond oral testimony stages.<sup>89</sup> The TDRA, proposed by Rep. Lamar Smith less than a year after INTA's 2004 proposal, encompasses many of the concepts from INTA's prior proposal.<sup>90</sup> The TDRA, despite rendering *Moseley*'s actual dilution holding moot, intends to fill in the gaps that remained following the Supreme Court's decision.<sup>91</sup> By filling in the gaps, the TDRA embodies

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<sup>83</sup> TDRA H. Comm. Hearing, *supra* note 3, at 4 (statement of Rep. Howard Berman).

<sup>84</sup> *Id.* Under the *Moseley* standard, the famous mark owner must "wait until the horse is gone, and then the only thing [the famous mark owner] can do is close the barn door." *Id.* at 18 (testimony of Mark A. Lemley, William H. Neukom Professor of Law, Stanford University).

<sup>85</sup> The likelihood of dilution standard would replace the standard that is "unprovable as a practical matter and [that] undercuts the incipency concept that is at the heart of dilution protection." *Id.* at 7 (testimony of Anne Gundelfinger).

<sup>86</sup> Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, § 2, 120 Stat. 1730, 1730-32 (codified at 15 U.S.C. § 1125 (West 2007)).

<sup>87</sup> See *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 432 (2003).

<sup>88</sup> TDRA H. Comm. Hearing, *supra* note 3, at 2 (statement of Rep. Lamar S. Smith); see also TDRA H. Comm. Hearing, *supra* note 3, at 7-8 (testimony of Anne Gundelfinger).

<sup>89</sup> Segall & Dowling, *supra* note 7, at 26. Segall and Dowling suggest that the 2004 bill did not receive significant consideration because Congress was occupied with numerous other matters during the election year. *Id.*

<sup>90</sup> *Id.*

<sup>91</sup> See TDRA H. Comm. Hearing, *supra* note 3, at 2 (statement of Rep. Lamar S. Smith) ("Enactment of this bill is a necessary need because it will eliminate confusion on key dilution issues that have increased litigation and resulted in

Congress' original intent in enacting the FTDA.<sup>92</sup>

A. *The Bill and Underlying Policy*

Some scholars criticize dilution theory in general by arguing that the function of trademarks is dependent upon the corresponding goods or services and that dilution protection gives trademarks a status beyond that to which they are entitled.<sup>93</sup> Others criticize the fact that only famous marks are afforded such protection.<sup>94</sup> Some supporters of dilution protection for famous marks believe that the TDRA will afford too much protection for famous marks and that the correct balance lies somewhere between a likelihood of dilution standard and an actual dilution standard.<sup>95</sup>

A clear and uniform dilution standard, in addition to practical protections for trademarks, is necessary to protect property rights vested in famous marks.<sup>96</sup> Unauthorized uses of famous marks threaten such rights by reducing the public's identification of a mark as unique or particular to a certain good or service.<sup>97</sup> Hundreds of cases have been litigated since the FTDA's enactment, but the only certainty in dilution law has been that there are no certainties.<sup>98</sup> The TDRA aims to provide a uniform standard.<sup>99</sup>

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uncertainty among the regional circuits.").

<sup>92</sup> *Id.*

<sup>93</sup> Stephanie Chong, *Protection of Famous Trademarks Against Use for Unrelated Goods and Services: A Comparative Analysis of the Law in the United States, the United Kingdom and Canada and Recommendations for Canadian Law Reform*, 95 TRADEMARK REP. 642, 656 (2005).

<sup>94</sup> *Id.*

<sup>95</sup> TDRA H. Comm. Hearing, *supra* note 3, at 3-4 (statement of Rep. Howard Berman).

<sup>96</sup> *Id.* at 3.

<sup>97</sup> *Id.*

<sup>98</sup> *Id.* at 6 (testimony of Anne Gundelfinger).

<sup>99</sup> *Id.* at 1-2 (statement of Rep. Lamar S. Smith). The TDRA substantially amended dilution law embodied in 15 U.S.C. § 1125 and made applicable alterations to 15 U.S.C. §§ 1052, 1063, 1064, 1092, and 1127, which housed the FTDA. The defining amendments affected § 1125(c). H.R. 683, 109th Cong. § 2 (2006). As amended by the TDRA, 15 U.S.C. § 1125(c) states:

(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

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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 geographical extent of sales of goods or services offered under the mark.
- (iii) The extent of actual recognition of the mark.
- (iv) Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

(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 tradename 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) Any fair use, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person's own goods or services, including use in connection with—

- (i) advertising or promotion that permits customers to compare goods or services; or
- (ii) identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services



The most pertinent provision of the TDRA replaces the actual dilution standard of *Moseley* and provides injunctive remedies for a famous mark of inherent or acquired distinctiveness when a junior mark used in commerce will likely cause either dilution by blurring or dilution by tarnishment.<sup>100</sup> The TDRA provides non-exclusive

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of the famous mark owner.

- (B) All forms of news reporting and news commentary.
- (C) Any noncommercial use of a mark.
- (4) Burden of proof. In a civil action for trade dress dilution under this Act for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that—
  - (A) the claimed trade dress, taken as a whole, is not functional and is famous; and
  - (B) if the claimed trade dress includes any mark or marks registered on the principal register, the unregistered matter, taken as a whole, is famous separate and apart from any fame of such registered marks.
- (5) Additional remedies. In an action brought under this subsection, the owner of the famous mark shall be entitled to injunctive relief as set forth in section 34. The owner of the famous mark shall also be entitled to the remedies set forth in sections 35(a) and 36, subject to the discretion of the court and the principles of equity if—
  - (A) the mark or trade name that is likely to cause dilution by blurring or dilution by tarnishment was first used in commerce by the person against whom the injunction is sought after the date of the enactment of the Trademark Dilution Revision Act of 2006; and
  - (B) in a claim arising under this subsection—
    - (i) by reason of dilution by blurring, the person against whom the injunction is sought willfully intended to trade on the recognition of the famous mark, or
    - (ii) by reason of dilution by tarnishment, the person against whom the injunction is sought willfully intended to harm the reputation of the famous mark.
- (6) Ownership of a valid registration a complete bar to action. 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 under this Act shall be a complete bar to an action against that person, with respect to that mark, that—
  - (A) (i) is brought by another person under the common law or a statute of a State; and (ii) seeks to prevent dilution by blurring or dilution by tarnishment; or
  - (B) asserts any claim of actual or likely damage or harm to the distinctiveness or reputation of a mark, label, or form of advertisement.
- (7) Savings clause. Nothing in this subsection shall be construed to impair, modify, supersede the applicability of the patent laws of the United States.

15 U.S.C. § 1125(c) (West 2007).

<sup>100</sup> 15 U.S.C. § 1125(c). A mark is famous for purposes of the TDRA if the mark “is widely recognized by the general consuming public of the United States as a

factors that differ from those provided in the FTDA for determining whether a mark is famous.<sup>101</sup>

The TDRA clarifies the confusion created by the Supreme Court regarding tarnishment and explicitly creates a cause of action for both dilution by blurring and dilution by tarnishment.<sup>102</sup> The new definition of “dilution by blurring,” which replaces the definition found in § 45 of the Lanham Act,<sup>103</sup> modifies the FTDA’s dilution by blurring analysis by requiring a threshold level of similarity between the two marks and by focusing the analysis of the famous mark on its distinctiveness, not on its ability to function as a designation of source.<sup>104</sup> The TDRA also seeks to further clarify the new standard by enumerating a number of non-exclusive factors for courts to consider in determining whether dilution by blurring is likely to result from the use in commerce of a junior mark or trade name.<sup>105</sup> The TDRA also provides three statutory defenses to a claim of dilution, intended in part to preserve First Amendment freedom of speech.<sup>106</sup> Similar to

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designation of source of the goods or services of the marks owner.” § 1125(c)(2)(A). This is in contrast with the considerations of famousness of a mark under the FTDA, enumerated *supra* in note 13.

<sup>101</sup> Compare 15 U.S.C. § 1125(c)(2)(A) (West 2007), with 15 U.S.C. § 1125(c)(1) (2005).

<sup>102</sup> 15 U.S.C. § 1125(c)(1) (West 2007). See § 1125(c)(2)(B), for a definition of “dilution by blurring,” and § 1125(c)(2)(C) for a definition of “dilution by tarnishment.”

<sup>103</sup> See *supra* note 2.

<sup>104</sup> Segall & Dowling, *supra* note 7, at 27; see *supra* note 102. Under the FTDA, “dilution” is defined as “the lessening of the capacity of a famous mark to identify and distinguish goods and services.” 15 U.S.C. § 1127 (2005). Trademarks traditionally function as a designation of the source of the goods or services associated with the trademark. This is especially important for dilution and infringement issues, where potential harm arises when a trademark’s ability to distinguish goods or services is diminished or consumers are confused as to the source of certain goods or services due to a similar or identical junior mark.

<sup>105</sup> 15 U.S.C. § 1125(c)(2)(B) (West 2007).

<sup>106</sup> See 15 U.S.C. § 1125(c)(3) (West 2007). Two of these exclusions are preserved from the FTDA, namely, “[a]ll forms of news reporting and news commentary” and any “noncommercial use of a mark.” 15 U.S.C. § 1125(c)(4) (2005). The third exclusion under the TDRA, excluding for fair use of a famous mark, differs from its FTDA counterpart. The FTDA precludes action for “[f]air 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 a famous mark.” 15 U.S.C. § 1125(c)(4)(A) (2005). The TDRA includes exclusions for comparative commercial advertising or promotion as well as parody, criticism, and comment, but such fair use is limited to uses “other than as a designation of source.” 15 U.S.C. § 1125(c)(3) (West 2007). Perhaps significantly, the Senate added the express permission for parody, criticism, and comment, which did not exist in the version of the bill passed by the House Committee on the Judiciary. Compare H.R. 683, 109th Cong. § 2 (as passed by Senate, Mar. 8, 2006), with H.R. 683, 109th Cong. § 2 (as passed by House,

the FTDA, the TDRA provides for additional remedies beyond injunction if the junior mark user commenced use after enactment of the TDRA and willfully intended to either trade on or harm the famous mark's reputation.<sup>107</sup> The final segment of the § 1125(c) amendments reiterates a provision enforced under the FTDA: a cause of action for dilution by blurring or dilution by tarnishment may not be brought under state statute or common law if the defendant's mark is federally registered.<sup>108</sup> Also consistent with the FTDA, the TDRA provides means for a famous mark owner to open an opposition hearing at the United States Patent and Trademark Office to seek prevention of registration or cancellation of registration of a mark that would be likely to cause dilution by blurring or dilution by tarnishment.<sup>109</sup>

Interpreted literally, the actual dilution standard elucidated in *Moseley* did nothing to prevent the whittling away of the distinctiveness of a famous mark, which is the heart of dilution; it allowed for an injunction only after the damage was done.<sup>110</sup> The TDRA remedies this uncertainty of the *Moseley* dilution doctrine by providing factors for determining whether a mark is famous and calculating the likelihood of dilution, factors that were inconsistently utilized under the FTDA.<sup>111</sup> The TDRA will protect only those marks that qualify as famous.<sup>112</sup> Niche-market or localized marks certainly will not be protected.<sup>113</sup> While this consequence is open to criticism,<sup>114</sup> it will relieve the circuit split created by niche-market theory.<sup>115</sup> The TDRA expressly allows for either inherent or acquired

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Apr. 19, 2005); see also *infra* Part III.B (discussing free speech concerns).

<sup>107</sup> See 15 U.S.C. § 1125(c)(5) (West 2007).

<sup>108</sup> *Id.* at § 1125(c)(6).

<sup>109</sup> See Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, § 3(b), 120 Stat. 1730, 1732 (amending § 13(a) of the Trademark Act of 1946 (15 U.S.C. § 1063(a)) by striking "as a result of dilution" language and inserting "the registration of any mark which would be likely to cause dilution by blurring or dilution by tarnishment.").

<sup>110</sup> See TDRA H. Comm. Hearing, *supra* note 3, at 6 (testimony of Anne Gundelfinger) (stating that *Moseley*'s requirement of "proof of actual dilution has undermined the incipency concept that is the heart of dilution protection").

<sup>111</sup> See *id.* at 6-7 (stating that inconsistent application of the law has resulted from split court decisions on basic dilution-related concepts, including what is required to prove dilution).

<sup>112</sup> See *id.* at 3 (stating that "[t]he goal of [the TDRA] is to protect only the most famous trademarks from subsequent uses that blur the distinctiveness of the mark or tarnish or disparage it"). For a definition of "tarnishment," see *supra* note 6.

<sup>113</sup> See *infra* Part IV.

<sup>114</sup> See *id.*

<sup>115</sup> Fame has been addressed inconsistently by the federal circuit courts: the

distinctiveness.<sup>116</sup> Thus, under the TDRA, marks that are merely descriptive and have acquired secondary meaning may receive the same protection as suggestive, arbitrary, and fanciful marks.<sup>117</sup>

Despite a common-law tradition of affording trademarks protection from dilution by tarnishment, the discussion in *Moseley* suggested that the FTDA did not incorporate tarnishment in its proscriptions.<sup>118</sup> The TDRA renders moot the Court's dicta on this matter and clearly institutes the protections against tarnishment originating from common-law jurisprudence.<sup>119</sup> Proponents of the TDRA justified including a cause of action for tarnishment because it generally affects only those junior marks that take advantage of a famous mark's reputation in marketing obscene or offensive goods or services.<sup>120</sup>

#### B. *Free Speech Concerns and Criticisms of the TDRA*

Dilution law must maintain an equitable balance among the interests of consumers, famous mark owners, and owners of marks used in fair competition or marketing.<sup>121</sup> The FTDA accounted for First Amendment rights and addresses concerns over free speech by expressly providing three exceptions, namely (1) "[f]air use of a famous mark . . . in comparative commercial advertising or

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Third, Fourth, Fifth, Sixth, Seventh, and Ninth Circuits have adopted a niche market theory wherein fame may be established in a localized and limited area; the Second, Eighth, and Eleventh Circuits have rejected the niche market theory of fame; and the First and Tenth Circuits have not yet ruled on the niche market theory. See *TDRA H. Comm. Hearing*, *supra* note 3, at 9 (prepared statement of Anne Gundelfinger).

<sup>116</sup> 15 U.S.C. § 1125(c)(1) (West 2007). The majority of courts held (under the FTDA) that a famous mark with acquired distinctiveness was worthy of dilution protection; however the Second Circuit held that acquired distinctiveness did not suffice, regardless of how well-known the mark is. *E.g.*, *TCPIP Holding Co. v. Haar Comms., Inc.*, 244 F.3d 88 (2d Cir. 2001); see *TDRA H. Comm. Hearing*, *supra* note 3, at 9 (prepared statement of Anne Gundelfinger).

<sup>117</sup> See Lynda M. Braun, *After 'Moseley': Trademark Dilution Revision Act of 2005*, 234 N.Y. L.J. 4 (2005).

<sup>118</sup> See *TDRA H. Comm. Hearing*, *supra* note 3, at 6 (testimony of Anne Gundelfinger); see also *supra* note 54-55 and accompanying text.

<sup>119</sup> See *TDRA H. Comm. Hearing*, *supra* note 3, at 6 (testimony of Anne Gundelfinger).

<sup>120</sup> See Braun, *supra* note 117, at 4 (for the proposition that although the TDRA expressly makes dilution by tarnishment actionable, free speech concerns are protected because "a tarnishment action targets only those junior uses that merely free ride on the mark's fame in order to market obscene or otherwise offensive goods or services").

<sup>121</sup> *TDRA H. Comm. Hearing*, *supra* note 3, at 3 (statement of Rep. Howard Berman).

promotion,” (2) “[n]oncommercial use of a mark,” and (3) “[a]ll forms of news reporting and news commentary.”<sup>122</sup> The TDRA is also protective of free speech rights. As originally introduced, the TDRA incorporated the same exceptions as the FTDA, but the House amended the TDRA to replace the express exception of noncommercial use of a mark with a detailed protection of fair use “other than as a designation of source” and specifically enumerated parody, criticism, and commentary as examples.<sup>123</sup> Because of this exception’s explicit protection for parody, criticism, and commentary, the TDRA amendment pleased critics who considered the exception as more protective of free speech rights than the FTDA’s noncommercial use exception.<sup>124</sup>

Nonetheless, the Senate amendments to the TDRA demonstrate a continued concern over free speech protections. For example, the Senate maintained the exclusion for news reporting and commentary, modified the fair use exclusion to expressly enumerate comparative advertising and promotion (in addition to parody, criticism, and commentary), and reinstated the noncommercial use exclusion.<sup>125</sup> In light of these amendments, it is clear that the Senate thought it necessary to explicitly expand the TDRA’s free speech protections.

Additionally, the House Committee also amended the TDRA to remove the requirement that the defendant’s mark be used as a designation of source.<sup>126</sup> The FTDA had always protected descriptive and nominative fair use without incorporation of a specific designation of source requirement, and testimony before the House Committee persuaded the Committee that the designation of source requirement was overbroad and unnecessary to protect descriptive or

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<sup>122</sup> 15 U.S.C. § 1125(c)(3) (West 2007); *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 431 (2003).

<sup>123</sup> See Trademark Dilution Revision Act of 2005, H.R. 683, 109th Cong. § 2 (as passed by House, Apr. 19, 2005). The oral testimony on behalf of the American Civil Liberties Union influenced the elaborating and expanding of the fair use exception. See *TDRA H. Comm. Hearing*, *supra* note 3, at 30-39 (testimony of Marvin J. Johnson). The American Intellectual Property Law Association also supported “amending the defenses section . . . to more clearly accommodate First Amendment concerns.” *Id.* at 23 (testimony of William G. Barber, Partner, Fullbright & Jaworski, LLP, on behalf of the American Intellectual Property Law Association). This topic will form the basis of much of the remainder of this article.

<sup>124</sup> Braun, *supra* note 117, at 4. The fair-use exclusion provides protections for noncommercial as well as commercial uses.

<sup>125</sup> See 15 U.S.C. § 1125(c)(3) (West 2007).

<sup>126</sup> The language now includes all “mark[s] or trade name[s].” *Id.* at § 1125(c); Segall & Dowling, *supra* note 7, at 28; see *supra* note 104 (discussing designation of source).

nominative fair use.<sup>127</sup> One criticism of including the designation of source requirement in the TDRA is the risk of making the following misuses non-actionable: (1) Internet domain names that do not qualify for prohibition under the Anti-Cybersquatting Consumer Protection Act; (2) tarnishing uses not functioning as a designation of source; and (3) generic misuses.<sup>128</sup> However, under the designation of source requirement, tarnishing uses of a famous mark, not protected by the First Amendment, are not actionable unless the mark is used commercially as a designation of goods or services.<sup>129</sup> In addition, generic uses could never be actionable if the TDRA were to incorporate the designation of source requirement.<sup>130</sup>

Another criticism of the designation of source requirement stems from its shifting the burden of proof of fair use from the defendant to the plaintiff.<sup>131</sup> Although the burden would not be difficult to meet (since it is usually obvious whether a mark is being used as a designation of source),<sup>132</sup> in eliminating the designation of source requirement, the House Committee eliminated wording that would have explicitly exempted descriptive and nominative fair uses, parodies, and satires, thereby adding to the First Amendment protections.<sup>133</sup> It should be noted as significant, however, that the Senate introduced an express exception for these uses and thereby made them non-actionable under the TDRA.<sup>134</sup>

The House amendments to the TDRA incorporated, to some extent, the opinion of the American Civil Liberties Union ("ACLU").<sup>135</sup> Upon introduction of the TDRA, the ACLU expressed its concerns that protections were being expanded for famous mark holders at the expense of free speech liberties.<sup>136</sup> The TDRA, more so than the FTDA, empowers famous mark owners to enjoin speech

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<sup>127</sup> TDRA H. Comm. Hearing, *supra* note 3, at 24 (testimony of William G. Barber).

<sup>128</sup> *Id.*

<sup>129</sup> *Id.* at 25.

<sup>130</sup> *Id.* at 26. Generic use of a mark occurs when a junior user utilizes a mark to identify a generic good or service rather than using it as a designation of source. *Id.* Generic uses are, by definition, not functional as a designation of source because they merely identify the specific good or service being offered. The Senate Committee accepted this change by the House. See generally TDRA § 2, *supra* note 99.

<sup>131</sup> TDRA H. Comm. Hearing, *supra* note 3, at 26 (testimony of William G. Barber).

<sup>132</sup> *Id.* at 7 (testimony of Anne Gundelfinger).

<sup>133</sup> *Id.*

<sup>134</sup> See 15 U.S.C. § 1125 (c)(3)(A) (West 2007). This amendment suggests that some of the concerns dismissed by the House were persuasive in the Senate.

<sup>135</sup> See discussion, *supra* Part III.A.

<sup>136</sup> TDRA H. Comm. Hearing, *supra* note 3, at 31 (testimony of Marvin J. Johnson).

that is truthful, not misleading, and not confusing.<sup>137</sup> Replacing the actual dilution requirement with a likelihood of dilution standard exacerbates the impact on First Amendment rights. Since the conduct of companies, especially large and famous ones, may be of public concern, Congress and the courts should be careful not to cross the boundary between trademark rights and rights of free speech.<sup>138</sup> It is important to draw a distinction between the substantial interest in preventing the diminishment of a trademark's distinctiveness and the minimal interest in regulating parody, criticism, or commentary.<sup>139</sup> The Senate recognizes this interest, protecting parody, criticism, and commentary, so long as it is not functioning as a designation of source.

The ACLU is adamant that the likelihood of dilution standard, especially when combined with an action for dilution by tarnishment, greatly threatens free speech.<sup>140</sup> While trademarks often exist in common speech, the ACLU fears that the TDRA will be used as a tool to obtain preliminary and permanent injunctions against parody, criticism, or commentary that may be *likely* to dilute a mark.<sup>141</sup> The TDRA gives too broad a definition for dilution by tarnishment.<sup>142</sup> The ACLU asserts that all successful criticism may be classified as dilution by tarnishment; after all, one purpose of criticism is to harm the target of the criticism.<sup>143</sup>

The ACLU and other civil rights advocates consider the FTDA's fair use exclusion as a largely insufficient protector of free speech.<sup>144</sup> The House and Senate both amended the fair use exclusion to explicitly protect particular free speech rights.<sup>145</sup> It appears that these amendments were made in response to the ACLU's concerns.<sup>146</sup>

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<sup>137</sup> *Id.* at 31-32.

<sup>138</sup> See *CPC Int'l, Inc. v. Skippy Inc.*, 214 F.3d 456, 462 (4th Cir. 2000) (quoting *New Kids on the Block v. New Am. Publ'g, Inc.*, 971 F.2d 302, 307 (9th Cir. 1992)) ("Much useful social and commercial discourse would be all but impossible if speakers were under threat of an infringement lawsuit every time they made reference to a person, company or product by using its trademark.").

<sup>139</sup> *TDRA H. Comm. Hearing*, *supra* note 3, at 33 (testimony of Marvin J. Johnson).

<sup>140</sup> *Id.* at 33-35.

<sup>141</sup> *Id.* at 34-35.

<sup>142</sup> *Id.* at 35. The definition of "dilution by tarnishment" is found in 15 U.S.C. § 1125(c)(2)(C).

<sup>143</sup> See *TDRA H. Comm. Hearing*, *supra* note 3, at 35 (testimony of Marvin J. Johnson).

<sup>144</sup> See *id.* and discussion *infra*.

<sup>145</sup> See *supra* note 106 and accompanying text.

<sup>146</sup> See *TDRA H. Comm. Hearing*, *supra* note 3, at 35 (testimony of Marvin J. Johnson).

Nevertheless, the Act as signed into law, consistent with both the House and Senate versions of the amended exclusions, requires that the fair use be other than as a designation of source. It is foreseeable that use of parody, criticism, or commentary on a famous mark in conjunction with a Web site or other medium that sells goods, performs services, or requests funding donations, may be enjoined, regardless of a good faith attempt to criticize the famous mark.<sup>147</sup>

Many private organizations joined in opposition of the TDRA on free speech grounds.<sup>148</sup> Unfortunately, many non-legal organizations came across as ignorant, ill-informed, factually mistaken, or a combination of the above.<sup>149</sup> One public organization asserted that, under the TDRA, dilution remedies would extend beyond DUPONT shoes, BUICK aspirin, and KODAK pianos.<sup>150</sup> Because application of the TDRA may find dilution where the junior mark is merely similar to the famous mark, Public Knowledge<sup>151</sup> fears that courts will issue injunctions against such junior marks as "KADEK pianos, BIECK aspirin and DOPUNT shoes."<sup>152</sup> Of course these fictional marks have never been examined in court, but KADEK and BIECK are a far cry from KODAK and BUICK.<sup>153</sup> Even under the likelihood of dilution standard it is unlikely that the general public would associate KADEK, BIECK, and DOPUNT with their famous counterparts, and it is even more unlikely that KODAK, BUICK, and DUPONT would suffer diminished ability to distinguish the goods and services they are famous for.

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<sup>147</sup> *Id.* at 35-36; *see, e.g.*, *World Wrestling Fed'n Entm't, Inc. v. Bozell*, 142 F. Supp. 2d 514 (S.D.N.Y. 2000) (holding that raising funds for a cause and posting information on the Internet constitute commercial use).

<sup>148</sup> For example, Public Knowledge and Electronic Frontier Foundation, both discussed in this part.

<sup>149</sup> Perhaps this perception is due only to the fact that such organizations are opposed to the TDRA and are seeking to influence the public through strong advocacy that, at times, may be inaccurate or exaggerated.

<sup>150</sup> Public Knowledge, *The Trademark Dilution Revision Act of 2005 (H.R. 683)*, <http://www.publicknowledge.org/issues/tmdilution> (last visited March 8, 2006). This is the classic example as illustrated in note 43, *supra*.

<sup>151</sup> Public Knowledge is an advocacy group based in Washington, D.C. and comprises lawyers, technologists, lobbyists, academics, volunteers, and activists who seek to promote a new understanding of fundamental democratic principles that are affected by the modern digital age. *See* Public Knowledge Home Page, <http://www.publicknowledge.org>.

<sup>152</sup> Public Knowledge, *supra* note 150.

<sup>153</sup> Although only the vowels are changed, the entire sound of the word is different. It is questionable that a person would be brought to think of KODAK or BUICK upon seeing KADEK or BIECK independently. It is improbable that a person would lose capacity to distinguish the goods or services associated with KODAK or BUICK upon seeing KADEK or BIECK.



Perhaps slightly more well-founded was Public Knowledge's concern that the new fair use exception is inadequate, protecting only parodies, criticisms, and commentaries that function other than as a designation of source.<sup>154</sup> It is reasonable to expect that a court may, under the TDRA, enjoin uses of a parody that are capable of distinguishing the parody user's goods or services from those of the famous mark owner.<sup>155</sup> Subjecting such uses to injunctions may prevent the public from receiving valuable information about companies and their products.<sup>156</sup>

Another concern with the TDRA is that big businesses and their lawyers will soon be suing smaller businesses and individuals for any conduct that could resemble dilution.<sup>157</sup> This may be true, but it is unlikely that the United Parcel Service of America ("UPS") will sue Brown's Record Store under the TDRA and more unlikely that UPS would be successful.<sup>158</sup> Success on the merits of such a suit would require that the general consuming public associate Brown's Record Store with UPS in a manner that would detract from UPS's distinguishing mark, BROWN.<sup>159</sup> Further, it is unlikely that owners of famous marks, such as UPS, will attempt to succeed in filing potentially arbitrary lawsuits.<sup>160</sup>

#### *IV. Consequences — The Good, the Bad, the Fair, and the Ugly*

There certainly can be no objections to a desire to establish a uniform standard of federal conduct. A uniform standard must also,

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<sup>154</sup> TDRA H. Comm. Hearing, *supra* note 3, at 31 (testimony of Marvin J. Johnson); Public Knowledge, *supra* note 150. For the applicable text of the TDRA, see *supra* note 99.

<sup>155</sup> TDRA H. Comm. Hearing, *supra* note 3, at 31 (testimony of Marvin J. Johnson). A use of a parody in this manner would be functioning as a designation of source and, thus, is unprotected.

<sup>156</sup> *Id.*

<sup>157</sup> Small business and individuals will be targeted "for using words, images, or even colors that look vaguely like a famous brand . . . ." Electronic Frontier Foundation, *Alert: Stop the Trademark Act from Diluting Free Speech!*, <http://www.eff.org> (click on "Action Center" tab; click on "Stop the Trademark Act from Diluting Free Speech!") (last visited Mar. 8, 2006).

<sup>158</sup> UPS suing the fictional Brown's Record Store is the hypothetical posed by the Electronic Frontier Foundation. *Id.*

<sup>159</sup> That is, there would need to be a lessening of the capacity of BROWN as indicative of UPS's services or goods. See *supra* note 99.

<sup>160</sup> "If TDRA passes, no harm will have to be proven; large companies will be able arbitrarily to file lawsuits against small businesses and private citizens." Electronic Frontier Foundation, *supra* note 157. It is even more unlikely that a company will waste its time filing such arbitrary lawsuits against private citizens.

however, be a workable standard. Of course, the FTDA and its subsequent interpretation by the Supreme Court did, indeed, establish a uniform standard. However, the federal judiciary did not approach this standard of actual dilution in a uniform manner. The nebulous theory that the Supreme Court advanced, proving actual dilution through circumstantial evidence, received inconsistent treatment among the circuit courts.<sup>161</sup> Without authoritative guidance as to proper evidentiary requirements, the courts established their own standards of circumstantial proof.<sup>162</sup> Given that an actual dilution standard is very difficult to prove without circumstantial evidence, unless there is clear proof of harm to profits or sales, the individual standards for circumstantial evidence indirectly altered the actual dilution standard. It is not inconceivable that circuit splits would have emerged as to the amount and type of circumstantial evidence that would suffice as proof of actual dilution, and these inconsistencies could have led to forum shopping. The TDRA eliminates the possibility of this undesired consequence by replacing the actual dilution standard with a likelihood of dilution standard that provides suggested factors for the courts to examine. Most commentators agree that the TDRA provides sufficient guidance for the establishment of a uniform standard for the federal judiciary.

It is only logical that the more famous the mark, the more susceptible it is to dilution. It follows that those marks that are at higher risk for dilution should receive greater protection. The TDRA supplies protection only for marks that are famous on a national scale.

In its testimony before the House, INTA asserted that locally famous marks may properly be protected under state laws.<sup>163</sup> Situations exist in which localized famous marks or niche-market marks will have famous reputations that extend beyond state boundaries and will be regionally, although not nationally, famous. For example, SHOPRITE may be famous in the Northeast United States, WAFFLE HOUSE may be famous in the Midwest, South, and Southeast United States, and JCP&L and CABLEVISION may be

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<sup>161</sup> See discussion *supra* Part II.D.

<sup>162</sup> *Id.*

<sup>163</sup> TDRA H. Comm. Hearing, *supra* note 3, at 10-11 (testimony of Anne Gundelfinger) ("Under the proposed standard, marks that are famous in a niche product or service market or that are recognized only in a limited geographic region will not qualify for federal dilution protection. For localized famous marks, state dilution laws can afford adequate protection of the senior user's mark . . .").

famous in the New York metropolitan area.<sup>164</sup> These and similar marks may not be sufficiently well known nationwide to be considered “famous” under the TDRA. If the associated states do not have consistent dilution statutes, the state courts may be unwilling to grant an interstate injunction. Thus, if the localized senior mark wishes to enjoin a junior mark in multiple states, it may require multiple suits, thereby increasing the cost of litigation for the senior mark owner and increasing the administrative burden on the judicial system.

Extending protection under the TDRA exclusively to nationally famous marks is logically fair, but it may leave marks that have not yet achieved nationwide fame without a uniform remedy. The situation is even grimmer for such regionally famous senior marks if an alleged diluting junior mark is federally registered. If the junior mark has federal registration, then the action must be brought under the TDRA and not state law.<sup>165</sup> This rule, in essence, may act as a statutory bar against a regionally famous mark’s owner obtaining relief.<sup>166</sup>

The TDRA institutes a standard that is significantly more plaintiff-friendly than that of the FTDA. Requiring senior mark owners to prove only a likelihood of dilution, the test, even with suggested evidentiary factors, becomes more subjective and speculative. The TDRA basically instructs the courts that if at any time in the future the senior mark will be harmed via dilution caused by the junior mark, then the owner of the junior mark ought to be enjoined from using that mark. It is logical to prevent dilution before actual harm occurs since dilution is likely hard to reverse after it has affected a famous mark, but the TDRA may potentially be abused in a pandemic of dilution paranoia.

With a lower burden of proof, famous mark owners will be more

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<sup>164</sup> ShopRite is a grocery franchise in Connecticut, Delaware, New Jersey, New York, and Pennsylvania. Waffle House is a restaurant franchise with locations in Alabama, Arkansas, Arizona, Colorado, Delaware, Florida, Georgia, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maryland, Missouri, Mississippi, North Carolina, New Mexico, Ohio, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, and West Virginia; although, the restaurants are most prevalent in the South and Southeast. JCP&L (Jersey Central Power & Light) is owned by First Energy and is one of the main power companies in N.J. Cablevision is a cable television, internet, and voice over internet protocol (“VOIP”) company that services mainly northern New Jersey and New York City.

<sup>165</sup> See 15 U.S.C. § 1125(c)(6) (West 2007) (barring action brought under common law or state law against a federally registered mark).

<sup>166</sup> Because the senior mark would not have the requisite amount of fame under the TDRA it would have no recourse for the “reverse dilution” by the junior mark.

likely to bring suits against junior marks, suits that would not have been brought under the FTDA. These suits will likely be brought earlier in time. Additionally, the famous mark owners will be more likely to succeed under the TDRA than the FTDA. The suggested factors of the TDRA do not recommend an analysis of the relative markets of the marks,<sup>167</sup> which broadens the scope of potentially diluting marks. Under the TDRA, famous mark owners will bring more suits, file suits more quickly, and be more likely to succeed. Therefore, the TDRA will result in an increase in both the quantity of injunctions and the proportion of claims that result in injunctions.

The greatest concern over the TDRA very well may be that it will encroach upon First Amendment free-speech rights. The TDRA contains express provisions intended to exclude First Amendment freedoms from the clutches of dilution doctrine, but many critics argue that those provisions are not strong enough. Of course, regardless of how much or how little the TDRA does to protect free speech, the First Amendment cannot be diluted. Freedoms consistently recognized as protected by the First Amendment must continue to be protected.

In light of these constitutional rights, it is important to note possible consequences of inadequate statutory protection of those freedoms. While the First Amendment will always be protective of free speech, the TDRA may be given deference until challenged in federal court, which will likely put a significant burden on the defendant junior user. If a court is uncertain about whether conduct is qualified under First Amendment protection and the TDRA does not exclude such conduct from a claim of dilution, it is reasonable to expect that the court will allow the claim and may issue an injunction. This will shift the burden to the junior user to assert the user's First Amendment rights, and such an assertion may be costly. A large proportion of junior users, especially small organizations, may not have the resources to pursue a thorough appeal. This scenario could create a trend for senior mark owners to seek injunctions against questionable conduct of junior mark owners in hopes that First Amendment protections may be bypassed through procedural manipulation.

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<sup>167</sup> Compare 15 U.S.C. § 1125(c)(1) (2005), with 15 U.S.C. § 1125(c)(2)(B)-(2)(C) (West 2007). The FTDA, unlike the TDRA, actually recommends considering niche-market fame as a factor. See 15 U.S.C. § 1125(c)(1)(F) (2005).

## *V. Conclusion*

Many potential plaintiffs were disappointed by the Supreme Court's decision in *Moseley*. Perhaps the uncertainties left by Justices Stevens and Kennedy were a hint that the FTDA needed to be amended to identify appropriate evidence of actual dilution. Instead, the TDRA completely eliminated the actual dilution standard.

The TDRA is a tremendous improvement on the FTDA from the perspective of administrative feasibility, judicial consistency, and uniformity. The TDRA is also a tremendous improvement from the perspective of famous mark owners. The administrative cost of the TDRA may increase, however, when consideration is given to the TDRA's impact on litigation. Because the ease of obtaining injunctions will increase, litigation will also increase. Most of this litigation boom will be commenced by big businesses. The larger the company, the more likely it is to have famous marks, whether because of more products or a greater geographic coverage, and the more likely the company is to succeed. According to dilution policy, the bigger companies should be able to succeed because they are most at risk for harm from dilution. The TDRA gives them the power to succeed.