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There Is No "Rational Basis" for Keeping It a "Secret" Anymore: Why the FTDA'S "Actual Harm" Requirement Should Not Be Interpreted the Same Way for Dilution Caused by Blurring as It Is for Dilution Caused by Tarnishing

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NOTE

THERE IS NO "RATIONAL BASIS" FOR KEEPING IT A "SECRET" ANYMORE: WHY THE FTDA'S "ACTUAL HARM" REQUIREMENT SHOULD NOT BE INTERPRETED THE SAME WAY FOR DILUTION CAUSED BY BLURRING AS IT IS FOR DILUTION CAUSED BY TARNISHING

I. INTRODUCTION

Under the Federal Trademark Dilution Act of 1995 ("FTDA"), Congress created a federal cause of action for trademark dilution. The term dilution encompasses two distinct recognizable harms—specifically, dilution by blurring and dilution by tarnishing. When a famous mark is blurred, its distinctive character is diminished in the minds of consumers, thereby impairing its effectiveness in distinguishing the goods bearing the famous mark from the goods of others. Tarnishing involves the disparagement of the famous mark by associating it with something distasteful. Conceptually, these forms of dilution are different, but both undermine the selling of a mark. The legislative history of the FTDA confirms that Congress intended to enact

2. See 15 U.S.C. § 1125(c)(1), (stating that: 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 mark, and to obtain such other relief as is provided in this subsection.).
3. See H.R. REP. NO. 104-374, at 8 (1995) (The statutory definition of dilution is "designed to encompass all forms of dilution recognized by the courts, including dilution by blurring, by tarnishment and disparagement, and by diminishment.")., reprinted in 1995 U.S.C.C.A.N. 1029, 1035; see also discussion infra Part IV.A-B.
5. See id. at 190.

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a statute that provided a remedy for both forms of dilution. The FTDA imposes on the owner of a famous trademark the burden of proving that the junior user's mark "causes dilution" of the famous mark. The question remained how the phrase "causes dilution" should be interpreted.

Almost all United States Courts of Appeals have addressed this issue and have adopted one of two standards of harm. Some circuits required the owner of the famous mark to demonstrate objective proof of "actual harm" to the economic value of its mark, while others have granted relief on a showing of a mere "likelihood-of-harm." This disagreement, historically characterized as a "circuit split," is the kind which the Supreme Court would be called upon to resolve. Indeed, the Supreme Court performed its familiar function when, on March 4, 2003, it decided Moseley v. V Secret Catalogue, Inc., holding that the "causes dilution" element should be interpreted as to require a showing of "actual harm." Yet, the Court did not go as far as some circuit courts did by expressly rejecting any requirement that the owner of a famous mark prove dilution by demonstrating loss of actual sales or profits.

At best the Court's opinion can be viewed as providing two guide posts: one being that a mere "likelihood-of-harm" is insufficient, and the other being that proof of actual economic harm is not required. As far as providing guidance as to how "actual harm" should be interpreted, the Court did state that "the mere fact that consumers mentally associate the junior user's mark with a famous mark" would not be sufficient proof to establish actionable dilution, at least where the marks at issue are not

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7. See H.R. REP NO. 104-374, at 2 (1995) ("The purpose of [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 confusion."). reprinted in 1995 U.S.C.C.A.N. 1029, 1029. The Supreme Court itself implied that it doubted that tarnishment was actually embraced by the statutory text. See Moseley v. V Secret Catalogue, Inc., 537 U.S. 418, 123 S. Ct. 1115, 1124 (2003). However, in Justice Kennedy's separate concurrence, perhaps to reassure trademark owners that the FTDA does recognize tarnishment, he stated, "[t]he Court's opinion does not foreclose injunctive relief if respondents on remand present sufficient evidence of either blurring or tarnishment." Id. at 1126.


9. See discussion infra Part V.B.


12. See id. at 1124.

13. See id.
identical, and that "direct evidence of dilution such as consumer surveys will not be necessary if actual dilution can reliably be proven through circumstantial evidence." Because the Court did not elaborate on what factors should be taken into consideration in adjudicating a claim of trademark dilution, much room in the middle was left for trademark practitioners, and in turn the lower courts, to determine and formulate the acceptable levels and forms of proof that will establish the requisite "actual harm."

The purpose of this Note is to demonstrate why the "actual harm" requirement should not be interpreted the same for blurring and tarnishing under the FTDA based on the inherent differences between them. Part II of this Note will introduce the concept of trademarks and the trademark infringement cause of action. Part III outlines the history of dilution and the passage of the FTDA. Part IV examines the differences between blurring and tarnishing through examples found in case law. Part V discusses two decisions of the New York State Court of Appeals wherein it implicitly applied the dichotomous standard approach proposed by this Note in interpreting the New York anti-dilution statute. Additionally, Part V analyzes each of the major trademark dilution decisions where the circuit courts disagreed. The issue presented in this "circuit split" differed from others in that courts on both sides of the issue were technically correct; at least to the extent that they held different levels of proof of actual harm were applicable to the "causes dilution" requirement based on whether the facts presented blurring or tarnishing. The analysis of the cases will focus predominantly on the type of harm caused under the facts of the case, the standard/level of proof used by the court, and how the courts, without explicitly stating so, were also implementing the dichotomous standard approach proposed by this Note. Part V concludes by proposing an interpretation of the FTDA that would institute the lower level of actual harm for tarnishment and the higher level of proof of actual harm for blurring, including the relevant factors that could be used by the courts in determining whether that particular level of proof has been met. The interpretation of the FTDA proposed will provide sufficient protection to famous marks as contemplated by Congress when enacting the FTDA and will not grant owners of famous marks the ability to enjoin all uses of its mark on all products as if it owned a property right in the mark

14. Id.
15. Id.
16. See discussion infra Part V.C.
itself. This property-right-in-gross theory of trademarks has been appropriately rejected by courts on both sides of the issue and is not implicated by the interpretation proposed by this Note.\footnote{See Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449, 459 (4th Cir. 1999) ("[W]e simply cannot believe that ... Congress could have intended ... to create property rights in gross, unlimited in time[,] ... even in ‘famous’ trademarks."); Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 224 n.6 (2d Cir. 1999) (agreeing with the Fourth Circuit that the dilution statutes do not create a property right in gross).} The proposal suggests that a higher level of proof of "actual harm" is better suited for dilution caused by blurring, while a lower level of proof of "actual harm" should be applicable to claims of dilution caused by tarnishing, because tarnishing is more likely to cause damage to the senior user's mark and will tend to occur more quickly than the harm caused by blurring.

II. TRADEMARK BACKGROUND

A. Trademark Protection: History and Purpose

Society has been using marks and symbols to denote ownership and origin of articles since well before the existence of the term "trademarks" and statutes regulating their use.\footnote{See J. Thomas McCarthy, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 5:1, at 5-1 (4th ed. 2002) (noting that humans have used symbols to identify ownership or origin of articles for thousands of years). McCarthy states that the earliest form of use of marks involved the branding of cattle and other animals as well as quarry marks and stone cutter's signs found in Egyptian structures that have existed since as early as 4000 B.C. See id; see also generally Frank I. Schechter, The Rational Basis of Trademark Protection, 40 Harv. L. Rev. 813 (1927) (providing additional relevant history of the use of marks to identify goods).} Trademarks serve an important purpose in the production of goods by allowing the manufacturer to adopt a mark indicating either the origin or ownership of the goods produced and distinguishing them from a similar product made by another manufacturer.\footnote{See Amasa C. Paul, The Law of Trade-Marks Including Trade-Names and Unfair Competition § 7, at 13 (1903).} In addition to serving as an indicator of origin, trademarks function as an implied statement of quality, enabling consumers to distinguish the products they want from all others.\footnote{See S. Rep. No. 79-1333, at 1 (1946) (stating that the purpose of the enactment in 1946 of the federal trademark statute, the Lanham Act, was "to protect the public so it may be confident that, in purchasing a product bearing a particular trade-mark which it favorably knows, it will get the product which it asks for and wants to get"), reprinted in 1946 U.S.C.C.S. 1274, 1274.}

Today, the term trademark is defined as "any word, name, symbol, or device, or any combination thereof ... [used] to identify and distinguish his or her goods ... from those manufactured or sold by
The protection of trademarks is not only important to protect the investment made by the owner of the mark, but also because of the benefits the use of trademarks confers on consumers in general. This dual purpose of the trademark function, specifically the promotion of competition and the maintenance of product quality, is important and has been recognized by the United States Supreme Court.\(^2\) Consumers rely on trademarks in many of their purchasing decisions.\(^3\) As long as consumers understand the mark as designating the origin of the product, it is unnecessary for them to know the name of the manufacturer.\(^4\) Trademarks greatly reduce the cost and time spent shopping, though many consumers may not realize it, by allowing them to make quicker purchasing decisions.\(^5\) Trademarks also serve an important function in the overall marketplace by encouraging manufacturers to strive to produce quality products.\(^6\) The manufacturers are ensured that they will reap the benefits of their own hard work by prohibiting subsequent users from “free riding” on the manufacturer’s mark and the goodwill associated with that mark.\(^7\) Therefore, the rationale for protecting trademarks is the equity concept of preventing

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23. See McCARTHY, supra note 18, § 24:68, at 24-120 (“[A] trademark is merely a symbol that allows a purchaser to identify goods or services that have been satisfactory in the past and reject goods that have failed to give satisfaction.”).
24. See MARTIN J. BERAN, AN INTRODUCTION TO TRADEMARK PRACTICE 1 (1970) (A trademark exists when “the consumer immediately associates the product sold in the distinctive container [or bearing the same mark] as being of a consistent quality ... from a particular single source, irrespective of whether the company name of that source is known to the purchaser.”); FRANK I. SCHECHTER, THE HISTORICAL FOUNDATIONS OF THE LAW RELATING TO TRADE-MARKS 166 (1925) (“[T]he public is concerned with the trade-mark not so much as an indication of origin but as a guaranty of quality.”).
26. See S. REP. NO. 79-1333, at 1 (1946) (stating that the purpose of the enactment in 1946 of the federal trademark statute, the Lanham Act, was to protect “the owner of a trade-mark [who] has spent energy, time, and money in presenting to the public the product ... in his investment from its misappropriation by pirates and cheats.”), reprinted in 1946 U.S.C.C.S. 1274, 1274; McCARTHY, supra note 18, § 2:3, at 2-3.
27. See Gerard N. Magliocca, One and Inseparable: Dilution and Infringement in Trademark Law, 85 MINN. L. REV. 949, 958 (2001) (“Marks also encourage producers to invest in quality by ensuring that they will reap the benefit of a fine reputation. Without trademark protection, competitors could poach on the goodwill of a firm by putting that firm’s mark on their own goods.”) (footnote omitted).
someone from "reaping a harvest which others have sown." The owner of a well-known trademark has the additional advantage of using the mark to advertise its product and the ability to license others to use it under certain circumstances—each resulting in the expansion of the overall business. Finally, a business can further expand into new product areas through the use of trademarks because consumers are more willing to try new products bearing an established trademark than a product from an unproven source.

B. Trademark Infringement

When a trademark owner brings an infringement action, it is seeking to prevent a junior user from using the same or a confusingly similar mark on the same or closely related good or service, in the same geographical area, or within a natural area of expansion. The trademark owner’s primary concern is that it will lose revenue when a consumer mistakenly purchases the goods and services bearing the confusingly similar mark, while believing it to be originating from the source of the original mark. The owner is also concerned that consumers purchasing these other products, which may be of a shoddy quality, will attribute the lack of quality to goods of the original mark, and decline to purchase any


29. See RUDOLF CALLMANN, THE LAW OF UNFAIR COMPETITION, TRADEMARKS AND MONOPOLIES § 21.11, at 33 (Louis Altman ed., 4th ed. 1992) ("A trademark is part of the commercial equipment of a business, and may prove to be a singularly effective weapon in the competitive arsenal."); Schechter, supra note 18, at 823 ("[O]nce a mark has come to indicate to the public a constant and uniform source of satisfaction, its owner should be allowed the broadest scope possible for ‘the natural expansion of his trade’ to other lines or fields of enterprise."); see also WILLIAM G. BARBER ET AL., THE FRANCHISE TRADEMARK HANDBOOK: DEVELOPING AND PROTECTING YOUR TRADEMARKS AND SERVICE MARKS 1 (Louis T. Pirkey ed. 1994) (noting that franchising is a multi-billion-dollar business and that the trademarks form the foundation of that industry. When corporations use marks in connection with their products, consumers recognize a system rather than a collection of distinct units, which makes the marks of the franchise powerful selling tools).

30. A product bearing the mark has the effect of alerting consumers that the origin of the goods is the same single source as of the high-quality goods they are familiar with and expect. See Schechter, supra note 18, at 819 ("[T]he trademark is not merely the symbol of good will but often the most effective agent for the creation of good will, imprinting upon the public mind an anonymous and impersonal guaranty of satisfaction, creating a desire for further satisfactions.").


products bearing that mark.33 Worse yet, these same consumers could express their unhappiness to others who have not yet been confused by the mark, but may discontinue use of the products bearing the same mark based on that information.34 Trademark owners are also concerned that while the confusing mark is not being used on a good or service it currently produces or offers, it is being used in an area the owner's business may logically expand into over time.35

There are three factors analyzed by courts in a trademark infringement action, specifically, the distinctiveness of the mark, the priority of the marks and the "likelihood of confusion." The second factor, the priority of the competing marks,36 is less relevant for the purpose of discussing dilution because the FTDA specifies that the junior use of the mark must begin after the senior mark becomes famous. While in infringement, depending on which mark has priority, it is possible that an otherwise infringing mark will be permitted to remain in existence in a limited area.37 The final factor, whether there is a "likelihood of confusion," is the linchpin of the infringement cause of action.38 When determining whether there is a likelihood of confusion courts attempt to "balance the equities" by weighing the interests of the senior user, the junior user, and the public consumer.39

The first factor in analyzing infringement, the distinctiveness of the mark, is the very cornerstone of the dilution claim—specifically, claims of blurring—and therefore merits greater explanation.40 Trademarks can

33. See Magliocca, supra note 27, at 1000 ("If the junior user’s goods are lousy . . . the quality information conveyed by the mark is also affirmatively diminished by the negative associations consumers might make with the senior user’s products.").
34. See Ralph S. Brown, Jr., Advertising and the Public Interest: Legal Protection of Trade Symbols, 57 YALE L.J. 1165, 1186 (1948) ("[T]he disappointed expectations of buyers will presumably be vented against any article bearing the symbol. Thus the [mark owner] loses present and perhaps future sales.").
35. See Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492, 497 (2d Cir. 1961). For example, using the same or similar mark found on pancake mix and placing it on a bottle syrup is more likely to confuse consumers than if that same or similar mark was placed on clothing. See, e.g., Aunt Jemima Mills Co. v. Rigney & Co., 247 F. 407, 409-10 (2d Cir. 1917).
36. See generally MCCARTHY, supra note 18, § 16:1-48 (discussing the element of priority, specifically, how it is established and how it can be lost).
37. See id.
40. The greater degree of uniqueness the mark has, the stronger the mark is considered and because the blur "lessen[s] the uniqueness of the [famous senior mark]," there is a need for
be classified into four categories: fanciful, arbitrary, suggestive, and descriptive.  

How a particular trademark is classified will determine if it is worthy of trademark protection, when it will be received, and how much protection it will be afforded. Those marks classified as fanciful, arbitrary and suggestive are considered inherently distinctive and are therefore regarded as capable of functioning immediately upon adoption as a symbol of origin. Marks that are descriptive—that is, marks that describe a quality, characteristic, function or ingredient of the good or services in connection with which it is used— as well as geographically descriptive marks and surnames—are not initially eligible for trademark protection because they lack inherent distinctiveness (i.e., the capability of identifying a particular source from the first use.) Despite lacking inherent distinctiveness, these marks can receive protection upon the acquisition of secondary meaning, which attaches when a significant number of prospective purchasers understand the term as an indication of association with a particular source, when used in connection with a particular good, service, or organization.

There are also marks that are classified as generic. These marks are not capable of serving the trademark function because they are used as the common name of the product or service, such as the use of word “salt” on a box of table salt. Consequently, such marks cannot be protected. It is important to point out that generic marks encompass not only those that consumers would recognize immediately as being generic, but include marks that once enjoyed full trademark protection which have lost all of their distinctive quality because consumers use the trademark as the name of the product. This unfavorable outcome can occur in various ways, the first being where the owner of the trademark protection from such junior users. Safeway Stores, Inc. v. Safeway Discount Drugs, Inc., 675 F.2d 1160, 1168 (11th Cir. 1982).

42. See MCCARTHY, supra note 18, § 15:1, at 15-5.
43. See BERAN, supra note 24, at 7.
45. See id. § 1052(e)(4).
47. See id.
48. See id. at 766 n.4.
49. See Abercrombie & Fitch Co. v. Hunting World, Inc. 537 F.2d 4, 9 (2d Cir. 1976).
50. See, e.g., Park 'N Fly, Inc. v. Dollar Park & Fly, Inc., 469 U.S. 189, 194 (1985) (“Marks that constitute a common descriptive name are referred to as generic. A generic term is one that refers to the genus of which the particular product is a species. Generic marks are not registrable [as trademarks].”).
51. See MCCARTHY, supra note 18, § 12:1, at 12-6.
fails to police the mark, thereby allowing widespread usage by competitors, which in turn leads consumers to believe that the mark is the common descriptive name of the good. A trademark can also become generic where the manufacturer of a product is the first to market such a product, and because there is nothing to compare it to, consumers refer to this new product by the name the manufacturer intended to serve as its trademark. The latter path to generic-ness can be avoided from the onset if the manufacturer listens to counsel, instead of its marketing executives, by using the trademark properly—that is, as a proper adjective, not as a noun—by including its own generic term for the product after the word or phrase the manufacturer considers to be its trademark.

For dilution purposes, the distinctiveness of the mark is particularly relevant, specifically the type caused by blurring, which is the reduction of a mark’s distinctiveness, because if the famous mark is sufficiently blurred it could become generic resulting in the cancellation of the mark. Therefore, it is imperative for the owner of a famous trademark to attempt to prevent the use of the same or very similar mark by others on both competing and non-competing goods because even if the mark does not become technically generic, widespread uses of a same or similar mark will undoubtedly cause the mark to lose its uniqueness.

III. HISTORY OF DILUTION LAW

"[I]f you allow Rolls Royce restaurants, and Rolls Royce cafeterias and Rolls Royce pants, and Rolls Royce candy, in [ten] years you will..."
It appears to be well-settled among the courts and commentators that the introduction of the concept of trademark dilution in the United States is attributable to a Harvard Law Review article written by Frank I. Schechter. Though Schechter never referred to his idea as trademark dilution, he stated “the preservation of the uniqueness of a trademark” was the only rational basis for the mark’s protection. Schechter was concerned that the use of certain marks on goods, while not actionable as trademark infringement because the subsequent use of the mark on a product would not cause consumers to believe the product originated from the same manufacturer, would cause the senior user’s mark to become diluted. He reasoned that the trademark would lose its “uniqueness,” thereby relegating it to the commonplace of words of the language. According to Schechter, protection from trademark dilution was warranted because of the large capital expenditures made by owners of trademarks to introduce the mark to consumers “as a symbol and guarantee of the excellence of the quality of the product” bearing the mark.

Usually the owner of a trademark has a limited property right in his trademark—that is, merely the right to exclude others from using the same or similar mark in any manner that would cause harm to consumers as a result of source confusion. Dilution—the idea that there should be

58. See generally Schechter, supra note 18.
59. See Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., Inc., 875 F.2d 1026, 1028 (2d Cir. 1989) (referring to Frank I. Schechter as the “father of the dilution theory”); Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449, 453 (4th Cir. 1999) (“The concept of trademark ‘dilution’ as distinct from ‘infringement’ is commonly traced ... to Frank I. Schechter.”), overruled in part by Moseley v. V Secret Catalogue, Inc., 537 U.S. 418, 123 S. Ct. 1115 (2003); Westchester Media Co. v. PRL USA Holdings, Inc., 103 F. Supp. 2d 935, 973 (S.D. Tex. 1999) (“Without revisiting the political and philosophical disputes that led to [the FTDA], it is enough to observe that it springs from an idea that originated with Professor Frank Schechter, in 1927.”), aff’d in part and vacated and remanded in part, 214 F.3d 658 (5th Cir. 2000).
60. Schechter, supra note 18, at 831. For a thorough discussion of Professor Schechter’s theory, see Ringling Bros., 170 F.3d at 453.
61. See Schechter, supra note 18, at 830; see also L.L. Bean, Inc. v. Drake Publishers, Inc., 811 F.2d 26, 30 (1st Cir. 1987) (“Anti-dilution statutes have developed to fill a void left by the failure of trademark infringement law to curb unauthorized use of marks where there is no likelihood of confusion between the original use and the infringing use.”).
62. See Schechter, supra note 18, at 830. Schechter’s argument here is the prevention of “genericism.” See discussion supra Part II.B.
63. See Schechter, supra note 24, at 171. Schechter believed that these owners of these types of trademarks “should receive the same protection from the courts for his investment ... that he would undoubtedly be entitled to receive for investment in plant or materials.” Id.
64. See Oswald, supra note 38, at 261.
protection afforded to the owners of a select group of trademarks—is dramatically different from the primary focus of traditional unfair competition law. At least one commentator has described the dilution cause of action as similar to the tort of trespass to property. It is the change from the traditional idea of trademarks combined with the precise and subtle nature of dilution that has puzzled courts from the outset as to just exactly what interest dilution statutes seek to protect. Nonetheless, Schechter’s reasoning that dilution is a specific and distinct claim from infringement and therefore requires an adequate remedy remains true to this day.

Long before the enactment of the FTDA, there were failed attempts to enact a dilution statute on the federal level—first by separate legislation and again at the time of the passage of the 1946 Lanham Act. The decision not to create a federal claim for dilution left it to individual states to enact statutes to provide an adequate remedy for dilution. The first such state statute was enacted by Massachusetts in 1947. By the time the FTDA was enacted in 1996, about half of the states had enacted similar anti-dilution statutes. The source of all but one of those states’ antidilution provisions is section 12 of the Model State Trademark Bill, promulgated by the United States Trademark Association (now the International Trademark Association), which reads:

Likelihood of injury to business reputation or of dilution of the distinctive quality of a mark registered under this Act, or a mark valid at common law, or a trade name valid at common law, shall be a ground for injunctive relief notwithstanding the absence of competition

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65. See Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 157 (1989). This statement is probably more accurate for blurring than for tarnishment because, as will be shown, tarnishment may be actually found somewhere in the middle. See discussion infra Part V.C.1.
66. See Oswald, supra note 38, at 262.
68. See I.P. Lund Trading ApS Kroin Inc. v. Kohler Co., 163 F.3d 27, 48 (1st Cir. 1998) ("Dilution laws are intended to address specific harms; they are not intended to serve as mere fallback protection for trademark owners unable to prove trademark infringement.").
69. See Oswald, supra note 38, at 265.
70. See id.
71. See id.
72. See id. at 266 n.59 (listing each state’s respective anti-dilution statute).
between the parties or the absence of confusion as to the source of goods or services.\textsuperscript{74}

Initially, the state courts were hesitant to apply these statutes "because of their fear that the uncertain boundaries of dilution theory would in effect grant the trademark holder a monopoly in the mark and would restrict free competition."\textsuperscript{75} In fact, there were very few cases decided under these anti-dilution statutes prior to 1977, when the New York Court of Appeals decided \textit{Allied Maintenance Corp. v. Allied Mechanical Trades, Inc.}\textsuperscript{76} As the use of trademarks increased nationally, the need for a federal statute to bring uniformity to the dilution cause of action became apparent for two reasons.\textsuperscript{77} First, forum-shopping became prevalent because only half of the states recognized a claim for trademark dilution.\textsuperscript{78} Second, there was reluctance on the part of the state courts to grant nationwide injunctions for violation of state anti-dilution law.\textsuperscript{79} The foregoing resulted in Congress finally attempting to remedy these inconsistencies by enacting a federal cause of action.\textsuperscript{80}

It was not until January 1996, almost seventy years after the publication of Schechter's article and approximately fifty years after the enactment of the first state anti-dilution statute, that Congress finally recognized a cause of action for trademark dilution. In a House Report, it was acknowledged that a federal anti-dilution statute was necessary "because famous marks ordinarily are used on a nationwide basis and dilution protection is currently only available on a patch-quilt system of protection, in that only approximately twenty-five states have laws that prohibit trademark dilution."\textsuperscript{81} The FTDA, as enacted, varied slightly from the state statutes, with a stricter requirement that the senior mark be famous\textsuperscript{82} rather than just distinctive or well-known.\textsuperscript{83}

\textsuperscript{74} Id.
\textsuperscript{75} Oswald, supra note 38, at 267.
\textsuperscript{76} See id. at 267-68.
\textsuperscript{77} See id. at 269.
\textsuperscript{78} See MCCARTHY, supra note 18, § 24:75.
\textsuperscript{79} See H.R. REP. NO. 104-374, at 3 (1995), \textit{reprinted in} 1995 U.S.C.C.A.N. 1029, 1030; \textit{see also} Oswald, supra note 38, at 269 (noting that state courts were concerned with the extra-territorial effect of the injunctions they issued – with some uncertainty surrounding their enforceability in states without dilution statutes); JEROME GILSON, TRADEMARK PROTECTION AND PRACTICE, § 5.12, at 5-229-30 (2001) (noting that the courts that issued nationwide injunctions forced owners of famous national marks to file multiple suits in order to protect their marks from dilution).
\textsuperscript{80} "Attempting" is the operative word, since there is still inconsistency among the jurisdictions as a result of the varying application of the FTDA by the circuit courts.
\textsuperscript{82} In determining whether a mark is distinctive and famous, a court may consider factors such as, but not limited to:
A successful claim for dilution begins with finding the marks sufficiently similar. Though most examples of dilution are given with the identical trademark being used on other goods and services, it is not necessary for the marks to be identical. The owner of the famous mark must demonstrate that the marks are "very or substantially similar," as opposed to "confusingly similar," which is the standard for trademark infringement. Even if the marks are similar enough, the FTDA requires the trademark owner to prove its claim of dilution by presenting sufficient evidence that: (1) the mark is famous, (2) the mark is distinctive, (3) the allegedly diluting use of the mark was adopted after its mark became famous, (4) the other party's use is in commerce, and (5) the other party is causing dilution to the famous mark. It is the interpretation of this last element that caused the split among the circuit courts, and the primary reason the Supreme Court weighed in on the issue.

(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.

83. See Oswald, supra note 38, at 271.
84. See Mead Data Cent., Inc., v. Toyota Motor Sales, U.S.A., Inc., 875 F.2d 1026, 1030 (2d Cir. 1989) (concluding that the marks were not sufficiently similar enough to find dilution).
85. See Luigino's, Inc. v. Stouffer Corp., 170 F.3d 827, 832 (8th Cir. 1999) ("To support an action for dilution by blurring, 'the marks must be similar enough that a significant segment of the target group of consumers sees the two marks as essentially the same.'").
87. This factor has not been adopted by all circuits. Compare Nabisco, 191 F.3d at 215 ("Distinctiveness in a mark is a characteristic quite different from fame. It is quite clear that the [FTDA] intends distinctiveness, in addition to fame, as an essential element."). with Times Mirror Magazines, Inc. v. Las Vegas Sports News, 212 F.3d 157, 167 (3rd Cir. 2000) ("[W]e are not persuaded that a mark be subject to separate tests for fame and distinctiveness.").
IV. THE HARMS CAUSED BY DILUTION

A. Blurring

"Blurring" is considered the classic or "traditional" form of dilution, and the type that most closely resembles the theory of dilution advanced by Schechter in his influential article. The harm caused by blurring is the diminution in the capability of the famous mark to identify and distinguish the source of goods and services. Blurring occurs when the junior user's goods and services are identified by a mark that is the same as, or at least strikingly similar to, the mark used by the senior user. This causes the famous mark to lose its ability to serve as a unique identifier of the senior user's goods. The classic examples used to illustrate famous marks being blurred are Dupont shoes, Buick aspirin, Schlitz varnish, and Kodak pianos.

State statutes (and now the FTDA) protect that unique and distinctive link between the famous mark and a particular line of goods or services. While most of the cases involving dilution by blurring involve a junior user using the mark on different products, resulting in the diminution of the consumer's mental association between the trademark and goods, some blurring cases involve competing goods that involve what might properly be classified as a "failed trademark infringement" cause of action. The inherent difference between trademark infringement and dilution caused by blurring was illustrated

89. See McCarthy, supra note 18, § 2:3, at 2-3.
91. See 15 U.S.C. § 1127 (Supp. V 2000) (defining "dilution" as the "lessening of the capacity of a famous mark to identify and distinguish goods or services") Though this is the definition of "dilution" as defined in the FTDA, it seems to be closer to blurring than tarnishment. See also Schechter, supra note 18, at 825 (describing blurring 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.").
92. See Deere & Co. v. MTD Prods., Inc., 41 F.3d 39, 43 (2d Cir. 1994).
93. See Mead Data Cent., Inc. v. Toyota Motor Sales, 875 F.2d 1026, 1031 (2d Cir. 1989). These very same examples were offered by Congress in the legislative history of the FTDA. See 141 CONG. REC. H 14,317 (daily ed. Dec. 12, 1995) (statement of Rep. Moorhead).
94. See Luigino's, Inc. v. Stouffer Corp., 170 F.3d 827, 832 (8th Cir. 1999).
95. See Jordache Enters., Inc. v. Hogg Wyld, Ltd., 625 F. Supp. 48, 56 (D.N.M. 1985) ("The paradigmatic dilution case involves the situation where the same or very similar marks are being used on vastly different products.").
by the Eighth Circuit Court of Appeals in Viacom Inc. v. Ingram Enterprises, Inc.\textsuperscript{97} In the hypothetical scenario offered by the court, a parent says to her children "[l]et's go pick something out at Blockbuster tonight," and while the parent means the video store, the "youngest child assumes they will be buying fireworks made by Viacom," and the older child asks the parent "[w]hich Blockbuster?\textsuperscript{98} The younger child's response is evidence of the confusion that is essential to a claim of trademark infringement\textsuperscript{99} while the older child's question evidenced dilution caused by blurring.\textsuperscript{100}

This injury materially differs from tarnishment because of the speed at which tarnishment occurs and its initial impact on the famous mark.\textsuperscript{101} Though the injury caused by blurring is just as palpable as that caused by tarnishment, the need for the higher level of proof of actual harm is necessary to prevent a highly undesirable result. That is, allowing the owner of the famous mark to gain a monopoly over the use of that mark on all products and services.\textsuperscript{102} Finally, the reason that the use of marks that actually cause blurring to famous marks needs to be enjoined is best explained by the following quote:

\begin{quote}
[T]he erosion of the distinctiveness and prestige of a trademark caused by the sale of other goods or services under the same name ... or simply a proliferation of borrowings that, while not degrading the original seller's mark, are so numerous as to deprive the mark of its distinctiveness and hence impact[].\textsuperscript{103}
\end{quote}

\section*{B. Tarnishing}

"Tarnishing" can best be differentiated from blurring by expounding on the "Blockbuster" hypothetical.\textsuperscript{104} Assume that the father of the two children is in the car when the mother says "[l]et's go pick something out at Blockbuster tonight." The father responds by saying he refuses to patronize an establishment that is behind the production of "BLOCKBUSTER" brand-name adult themed paraphernalia. Though he

\begin{thebibliography}{10}
\bibitem{97}141 F.3d 886 (8th Cir. 1998).
\bibitem{98}\textit{Id.} at 891 n.9.
\bibitem{99}This is not meant to say that trademark infringement is presently based solely on evidence of actual confusion. As previously stated, the court must balance the "likelihood of confusion" factors which include evidence of actual confusion. See discussion \textit{supra} Part II.B.
\bibitem{100}\textit{See Viacom}, 141 F.3d at 891 n.9.
\bibitem{101}\textit{See} discussion \textit{infra} Part IV.B.
\bibitem{102}\textit{See} discussion \textit{infra} Part V.C.2.
\bibitem{103}Ill. High Sch. Ass'n v. GTE Vantage Inc., 99 F.3d 244, 247 (7th Cir. 1996) (dicta).
\bibitem{104}\textit{See} discussion \textit{supra} Part IV.A.
\end{thebibliography}
has no affirmative proof that the owner of the famous mark, whoever it may be, is in any way connected with this new business enterprise, he “believes” there must be some connection because he saw an advertisement on late-night television. It is important that in this hypothetical scenario the father first made the connection with the senior user’s famous mark and then proceeded to attribute the unsavory characteristics of the subsequent use with it. That is the fundamental attribute of tarnishment.

The harm inflicted upon a famous mark by tarnishment “generally arises when the [famous] trademark . . . is portrayed in an unwholesome or unsavory context likely to evoke unflattering thoughts about the owner’s product.” Other ways a famous mark can be tarnished include the linking of a famous trademark to products considered to be of shoddy quality or grossly inconsistent with the senior user’s image.

105. See Kellogg Co. v. Exxon Mobil Corp., 192 F. Supp 2d 790, 807 (W.D. Tenn. 2001) (“On the other hand, dilution ‘by tarnishment’ entails more than merely associating two marks together. This type of dilution only occurs if the junior mark is used in a context that degrades or debases the senior mark associated with it.”).

106. See Hormel Foods Corp. v. Jim Henson Prods., Inc., 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.”).


108. See Deere, 41 F.3d at 43 (noting that tarnishment can be found where the plaintiff’s famous trademark is linked to products of shoddy quality).

109. See Steinway & Sons v. Demars & Friends, No. 80-04404, 1981 U.S. Dist. LEXIS 15169, at *14-15 (C.D. Cal. Jan. 28, 1981) (claiming that the prestigious Steinway (piano) mark had been tarnished by the maker of the “Stein-way” clip-on beer handles). The court held that it was inevitable that the defendant’s use of the mark, unless enjoined, would “inevitably tarnish plaintiff’s reputation and image with the public of manufacturing and/or sponsoring only products and activities of taste, quality and distinction.” Id. (emphasis added). The Court came to this conclusion because the defendants’ use of the designation STEIN-WAY in connection with its business and on its products [would tend to make consumers] associate or tend to associate plaintiff’s high quality pianos and plaintiff’s business and cultural activities with defendants’ inexpensive, mass-produced products and with the retail liquor stores, supermarkets and similar merchandising concerns which sell defendants’ products.

Id. at *14. It should be noted that this type of tarnishment is not without its limitations. See, e.g.,
or where a manufacturer's own mark and product is being sold by others, though it was established that the products failed to comply with the manufacturer's quality control standards for freshness. The immediacy of the harm caused by tarnishment and the gravity of that harm is best understood by parsing examples found in case law. It has been stated, "[t]he speed at which single acts of tarnishing can affect consumers makes tarnishing significantly more dangerous than blurring to a mark's commercial value." The immediate harm inflicted upon business reputation and corporate good will that results from tarnishment was emphasized by the United Stated District Court for the Eastern District of New York in Coca-Cola Co. v. Gemini Rising, Inc.112 when it stated:

[A] strong probability exists that some patrons of [the senior user] will be 'turned off' rather than 'turned on' by [the junior user's] so-called 'spoof,' with resulting immeasurable loss to [the senior user] . . . . [The senior user's] good will and business reputation are likely to suffer in the eyes of those who, believing it responsible for [junior user's mark], will refuse to deal with [the senior user's] company . . . .

In general, most courts have recognized the gravity of the harm by finding the existence of tarnishment where the famous mark has been used by the junior user in the context of sexual activity, obscenity, or illegal activity. The ever increasing use of the Internet has produced

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Exxon Corp. v. Oxxford Clothes, Inc., 109 F.3d 1070 (5th Cir. 1997) (rejecting claim of dilution based upon Exxon's poor corporate image). Oxxford argued that certain past acts of the Exxon Corporation caused tarnishment to its mark "OXXFORD," because of the use of "EXXON." The court observed:

[This argument] ignore[d] the distinction between the use of the appellation 'EXXON' as a device of corporate identity and its use as a trade name or trademark, i.e., as an indicator of origin and/or quality of particular goods and services. The 'acts' which comprise the basis of Oxxford's claim, such as the Exxon Valdez spill and resulting jury verdict, bear no relationship to the quality or reputation of the products sold or services provided under cover of Exxon's marks (or to the quality or reputation of products sold or services provided under Oxxford's marks).

Id. at 1083.

110. See Warner-Lambert Co. v. Northside Dev. Corp., 86 F.3d 3, 6 (2d Cir. 1996) ("Distribution of a product that does not meet the trademark holder's quality control standards may result in the devaluation of the mark by tarnishing its image."). Though this was not a trademark dilution case, it is important because it shows that tarnishment can occur in many different ways.


113. Id. at 1190, 91.

Although courts have stated that tarnishment can occur whenever 'the goodwill and
many examples of dilution caused by tarnishment where the junior user adopts a famous trademark for use on an adult-themed website. In cases involving dilution by tarnishment, as it relates to the use of the Internet, it has not been necessary for the junior user to have used the famous mark in the domain name so long as the mark was being used somewhere in connection with the website.

In Helm, the court held that the mark “KING VELVEEDA” used on the junior user’s website to advertise his artwork, tarnished the famous “VELVEETA” mark used on Kraft’s cheese products. The junior user’s website depicted graphic sexuality and nudity alongside images of drug use and paraphernalia. The court noted these images “conflict with the image that [the owner of the famous trademark] has successfully cultivated for more than [seventy-nine] years as a wholesome, family oriented product.” The immediate harm being caused to the senior user’s famous mark is this very idea of conflicting images in the minds of consumers. The harm is of the corrosive type because the association the consumer makes between the owner of the famous mark and the tarnishing use causes the former to lose the reputation and good will it once enjoyed. It is the court’s ability to observe and appreciate the gravity of the harm being inflicted on the famous mark that has resulted in owners of famous marks having greater...
success enjoining uses that tarnish their mark rather than blur it.\(^{120}\) Therefore, for all the reasons stated above, it might be better to refer to this harm as a "lethal injection" rather than a "cancer,"\(^{121}\) which might imply damage that takes place over a longer period of time. The instantaneous nature of the harm caused by tarnishing is the very reason that a lower level of actual harm is more appropriate—and indeed necessary.\(^{122}\)

V. THE NEED FOR TWO LEVELS OF "ACTUAL HARM"

A. The Beginning of the Dichotomous Approach

There is reason to believe that courts, prior to the enactment of the FTDA, were already applying a dichotomous standard approach to dilution, though never explicitly stating so, and despite statutory language that appeared to contemplate a single standard was to be applied to both forms of dilution.\(^{123}\) This is best illustrated by the Second Circuit's opinions in *Mead Data* and *Deere* where it interpreted New York's anti-dilution statute.\(^{124}\) Though the New York statute expressly establishes a likelihood-of-harm standard, where the FTDA does not,\(^{125}\) it appears at least arguable that the court in these two decisions was applying a more stringent standard to the blurring claim. The legislative history accompanying the New York statute indicates that the purpose of the statute was to prevent "the whittling away of an established trade-

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120. See *McCarty*, supra note 18, § 24:104, at 24-221 ("[Tarnishment] has had relatively consistent success when defendant has used plaintiff's mark in an unwholesome or degrading context."); *Oswald*, supra note 38, at 271 (The determination of whether a junior mark places a senior mark in an unwholesome or unsavory light is necessarily heavily fact-dependent. The subjective evaluations engaged in by courts, whether they are applying state statutes or the federal Act, work well in this context.); see also id. at 278 (noting that junior user's use of the mark in question "is more likely to damage the senior user's business reputation (because customers may mistakenly believe that the senior user promotes or condones illegal drug use) than it is to diminish the ability of the senior mark to identify and distinguish the senior user's carbonated beverage").

121. Allied Maint. Corp. v. Allied Mech. Trades, Inc., 369 N.E. 2d 1162, 1165 (N.Y. 1977) (describing dilution in general as a "cancer-like growth of dissimilar products or services which feeds upon the business reputation of an established distinctive trade-mark or name.").

122. See discussion infra Part V.C.1.


124. See N.Y. GEN. BUS. LAW § 368-d (McKinney 1996) (current version at N.Y. GEN. BUS. LAW § 360-l (McKinney 2003)).

mark’s selling power and value through its unauthorized use by others upon dissimilar products.\footnote{Mead Data, 875 F.2d at 1028 (quoting legislative history of N.Y BUS. LAW 368-d) (citation omitted).} It is not surprising that this purpose is very similar to that underlying the enactment of the FTDA, since the FTDA was patterned after the language and enacted for the same purpose, as the state statutes.\footnote{See discussion supra Part III.}

In Mead Data, the court was asked to determine whether the use of the trademark “LEXUS,” as used on luxury cars, blurred the distinctive quality of the trademark “LEXIS,” as used in connection with a computerized legal research service.\footnote{See Mead Data, 875 F.2d at 1027.} Though the court concluded that there was no substantial similarity between the two marks, which would have been enough to defeat the blurring claim, the court noted that there were additional factors that mitigated against a finding of blurring.\footnote{See id. at 1030. While the majority held that the two marks were not substantially similar because each sounded different when properly pronounced, Judge Sweet in his concurrence expressly disagreed. See id. at 1032. This is important because the majority could have ended its analysis after concluding that the marks were not substantially similar. See id. at 1029. Instead, the court went on to further analyze the facts of the case and appears to focus on the fact that there does not appear to be any harm to the owner of the trademark “LEXIS” by the use of the trademark “LEXUS.” See id. at 1030-32.} For instance, the “LEXIS” mark, though well-known within the legal community, had very little selling power outside that limited market.\footnote{See id. at 1031.} The court made a point of stating that “it does not follow that every junior use of a similar mark will dilute the senior mark in the manner contemplated by the [statute].”\footnote{Id. This statement is equally applicable to both tarnishment and blurring, but may be more relevant to blurring because of the need for the junior user’s mark to cause actual harm to the senior mark, the standard proposed by this Note. This statement is equally applicable to the FTDA and apparently has been followed, though not explicitly stating so, in Ringling Bros. and Westminster Media. See discussion infra Part V.B.1, 3.} The court could not conceive of a scenario where the use of the “LEXUS” mark would cause harm to the “LEXIS” mark, specifically because the “LEXIS” mark “circulate[d] only in a limited market [making] it . . . unlikely to be associated generally with the mark for a dissimilar product circulating elsewhere.”\footnote{Mead Data, 875 F.2d at 1031. As stated in the discussion of Nabisco, infra Part V.B.2, because both products were very similar and would be advertised and sold nationally, the court could have been persuaded that there was actual harm and therefore requiring judicial intervention.} Finally, the court took into account that the users of the service bearing the “LEXIS” mark were highly sophisticated.\footnote{See Mead Data, 875 F.2d at 1031. It is interesting to note that this same court in Nabisco looked to the sophistication of children, the predominate consumers of the product, and decided that}
on the latter, the court held that it was "unlikely that, even in the market where [the senior user] principally operates, there will be any significant amount of blurring between the [two marks]."\footnote{134}

In Deere, the Second Circuit was confronted with the question of whether an advertiser's use of an altered form of its competitor's famous trademark to identify the competitor's product in a comparative advertisement constituted tarnishment.\footnote{135} After discussing the alterations the junior user made to the senior user's famous trademark, the court did not discuss the factors considered by the majority in Mead Data, particularly, the substantial similarity of the marks in question, the size of the relevant markets of the respective products, and the sophistication level of the consumers.\footnote{136} Instead, the court held that the Deere trademark had been tarnished simply because the type of alterations made to it "risk the possibility that consumers will come to attribute unfavorable characteristics to the mark and ultimately associate [it] with inferior goods and services."\footnote{137}

Though the court initially understood its decision to create a completely new form of dilution,\footnote{138} in a later case it observed that its Deere decision is better understood as adopting a broader view of tarnishment than had been previously recognized.\footnote{139} Besides failing to discuss any of the factors weighed by the majority in Mead Data, the court did not have, nor did it require, any survey evidence to demonstrate that a significant percentage of the relevant population actually viewed the junior user as having a tarnishing effect on the well-known senior mark.\footnote{140} This fact further supports the view that the Deere court established a lighter burden for proving tarnishment. The significance of the court's holdings in Mead Data and Deere as it sought

\footnote{134. Mead Data, 875 F.2d at 1032.}
\footnote{135. See Deere & Co. v. MTD Prod., Inc., 41 F.3d 39, 40 (2d Cir. 1994). The altered form of the Deere logo was similar to that used by Deere in its trademark logo except in this case it was depicted as a smaller deer, apparently running in fear, and being chased by a dog and the defendant's Yard-Man lawn tractor. See id. at 41.}
\footnote{136. See Mead Data, 875 F.2d at 1030-31 (discussing the limited market in which the "LEXIS" mark is used and the sophistication of the parties using the service bearing the mark).}
\footnote{137. Deere, 41 F.3d at 45 (emphasis added).}
\footnote{138. See id. at 44.}
\footnote{139. See Hormel Foods Corp., v. Jim Henson Prods., Inc., 73 F.3d 497, 507 (2d Cir. 1996).}
\footnote{140. But cf. Mead Data, 875 F.2d at 1031 (noting that, while seventy-six percent of attorneys associated the mark "LEXIS" with the plaintiff's service, only one percent of the general adult population recognized the mark "LEXIS," half of that percentage being attorneys and accounts).}
to define the "likelihood-of-harm" standard is not fully appreciated until these decisions are viewed together. The senior user in *Mead Data* had to meet a higher burden to prove its mark had been blurred than the plaintiff in *Deere* had to in order to prove its tarnishment claim. This again may be attributable to the court's ability to recognize the severity of the harm caused by tarnishment. Therefore, without ever stating so, the Second Circuit was applying the dichotomous approach suggested by this Note, even though it was interpreting a statute contemplating that the same standard would be applied to either form of dilution.

**B. The "Split" Among the Circuits**

1. *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development*

In this case, the United States Court of Appeals for the Fourth Circuit was asked to decide whether Ringling Brothers' ("Ringling") registered trademark, "THE GREATEST SHOW ON EARTH" had been diluted by use of the phrase "THE GREATEST SNOW ON EARTH" by the State of Utah to advertise its winter sports program. In 1961, Ringling obtained federal trademark registration for the mark it had used since 1872 in connection with its traveling circus. Utah had been using the "THE GREATEST SNOW ON EARTH" mark consistently since as early as 1962, and actually received federal trademark registration for it despite Ringling's opposition to its application. Since there was no dispute either as to the fame of the mark used by Ringling or its widespread use, the court and the parties acknowledged that the only issue to be decided was whether blurring had occurred. After a thorough analysis of the dilution cause of action and its history, the Fourth Circuit affirmed the decision of the lower court that held Ringling failed to demonstrate through proof of actual economic harm to

141. See discussion supra Part IV.B.
143. See id. at 451.
144. See id.
145. See id. at 451-52.
146. Ringling performed approximately one thousand shows annually to an estimated twelve million people in ninety-five cities. More importantly, Ringling's mark was observed by more than seventy million people each year. The revenues derived from the goods and services bearing or using the mark exceeded $103 million, and Ringling's spent approximately $19 million on advertising for the fiscal year ending January, 1997. See id.
147. See id. at 452 & n.1.
the mark’s “selling power” that its mark had been blurred by Utah’s use of a similar mark.\textsuperscript{148} Though the court itself acknowledged that proof of economic harm to the selling power of a famous mark would be difficult, it observed that means of proof were available, such as proof of actual loss of revenues, carefully constructed, and consumer impressions from which actual harm economic harm could be inferred, as well as other indirect evidence that might complement the latter two forms of proof.\textsuperscript{149}

Despite the Supreme Court’s holding in \textit{V Secret Catalogue}, the holding in this case would remain unchanged under the dichotomous approach proposed in this Note, which would require Ringling to satisfy the higher level of proof of actual harm. Although before it established its definition of “actual harm,” the Fourth Circuit did discuss the possibility of inferring actual harm from circumstantial evidence, it later rejected this method as the use of “long leaps of inference” and “judicial presumption[s to find] future harm.”\textsuperscript{150} Not only did the Fourth Circuit decline to presume that the junior mark caused economic harm to the famous mark, but the court further suggested that some junior uses would not affect the economic value of the senior mark at all, perhaps because of lack of exposure or general lack of consumer interest in both marks’ products, and that some junior uses might even enhance the value of a senior mark by drawing renewed attention to it.\textsuperscript{151} While this is arguably true in some cases, the relevance of those conclusions made by the court is questionable, given that it could have reached the correct result even by applying the non-economic definition of “actual harm” stated in \textit{V Secret Catalogue} and requiring the higher level of proof of actual harm proposed by this Note.

It is the opinion of this author that the Fourth Circuit’s decision is best understood as an extension of the majority’s reasoning in \textit{Mead Data}, that is, the Fourth Circuit appears to be stating the same factors examined in that Second Circuit decision in its search for some form of recognizable harm. First, there is little doubt that the Fourth Circuit did not take into consideration that the two marks at issue had been used concurrently for well over thirty years.\textsuperscript{152} Second, not only was the use

\textsuperscript{148} \textit{See id.} at 451.
\textsuperscript{149} \textit{See id.} at 464-65.
\textsuperscript{150} \textit{Id.} at 464.
\textsuperscript{151} \textit{See id.} at 460.
\textsuperscript{152} \textit{See} Stephen W. Feingold et al., \textit{Circuits Struggle with Dilution Law’s Lack of Clarity}, \textit{NAT'L L.J.}, May 1, 2000, at C8 (“[I]t is reasonable for a court to require a showing of actual dilution when two marks have co-existed for a long time.”).
of the similar mark not novel, the survey evidence introduced by Ringling negated any chance it had to prove that, in fact, that the two marks at issue were being blurred in the minds of consumers.\textsuperscript{153} The survey showed that zero percent of those surveyed outside of Utah completed the statement “THE GREATEST [blank] ON EARTH” with the word “snow” and less than one percent actually completed the statement with “show” and associated the result with Ringling, while also completing the statement with “snow” and associating the completed statement with Utah.\textsuperscript{154}

While the Fourth Circuit disagreed with the lower court’s use of the “\textit{Mead Data} factors” in connection with a claim under the FTDA, the lower court’s interpretation of the sophistication level of consumers is relevant to the Fourth Circuit’s decision.\textsuperscript{155} While finding that Ringling’s consumers were generally unsophisticated, a finding that would usually weigh in favor of finding blurring,\textsuperscript{156} the lower court had found that Utah’s mark was used in a very limited market and that within that market, only targeted to highly sophisticated consumers.\textsuperscript{157} This is relevant in finding a lack of blurring because these consumers are part of the select group that would potentially come into contact with both marks and therefore, based on its high degree of sophistication, the existence of blurring would be very unlikely.\textsuperscript{158} Therefore, it appears that by simply following the more stringent standard used by the majority in \textit{Mead Data}, the court could have arrived at the same conclusion—there was no real potential of harm to Ringling’s mark.\textsuperscript{159}

Though this decision was reached before \textit{Nabisco}, the Fourth Circuit appears to agree that blurring is a very fact-sensitive claim and that factors elaborated in one case may be totally inappropriate in

\textsuperscript{153} The problem was that Ringling’s survey was used to prove only an “instinctive mental association” of the two marks, the only requirement Ringling thought was necessary to prove blurring. \textit{Ringling Bros.}, 170 F.3d at 462 (internal quotation marks omitted). Ringling’s reasoning was patently wrong even by the standard courts used in interpreting state statutes, which would have required more evidence of actual harm. \textit{See, e.g.}, \textit{Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., Inc.}, 875 F.2d 1026, 1031-32 (2d Cir. 1989).

\textsuperscript{154} \textit{See Ringling Bros.}, 170 F.3d at 462. The evidence Ringling submitted for those surveyed in Utah was slightly more favorable to its claim. \textit{See id.}

\textsuperscript{155} \textit{See id. at 463-64.}


\textsuperscript{158} \textit{See id. at 621-22.}

\textsuperscript{159} \textit{See discussion supra Part V.A.}
An important distinction between *Ringling* and *Nabisco*, in which blurring was found to exist, is that in *Ringling* the respective trademarks were being used on non-competing goods, a factor that undoubtedly plays an important role. Also, the Fourth Circuit was not dealing with two nationally advertised products that could potentially be sold on the same shelf in the grocery store. While in *Ringling*, the owner of the famous mark did not present sufficient evidence of blurring, the court established an unnecessarily higher burden for an owner of a famous trademark to meet to satisfy the actual-harm standard, which was due in part to its concern that creating a lower burden would in effect grant a property-right-in-gross to a famous mark. That concern was addressed in *Nabisco* and the Second Circuit agreed that allowing blurring to be proven by establishing the substantial similarity of the marks would in effect award a property-right-in-gross to the famous mark. Finally, though proof of economic harm is no longer required, it is important to note the Fourth Circuit's decision would have led to an undesirable result if it had been adopted as the correct standard, at least from the viewpoint of an owner of a famous mark who desires to bring a tarnishing claim. Because the court did not explicitly limit its holding to blurring, it evidently would have required the same level of proof for tarnishment where the harm inflicted on the famous mark is readily recognizable.

2. *Nabisco, Inc. v. PF Brands, Inc.*

In this case, the United States Court of Appeals for the Second Circuit found that Nabisco's use of orange, bite-sized, cheddar cheese-flavored, goldfish-shaped crackers would dilute the distinctive quality of Pepperidge Farm's similarly produced crackers. Nabisco had contracted with the Nickelodeon Television Network to develop a snack product based on "CatDog," a popular Nickelodeon children's

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160. The court observed that in conjunction with proof of lost revenues and carefully constructed surveys, there were other relevant factors that might be used as indirect evidence to complement other proof. See *Ringling Bros.*, 170 F.3d at 465. The need for a case-by-case factual inquiry into whether blurring has occurred has been recognized by subsequent circuit court decisions. See, e.g., *Times Mirror Magazines Inc. v. Las Vegas Sports News*, 212 F.3d 157, 168-69 (3d Cir. 2000) (quoting district court decision). See also discussion infra Part V.C.2.

161. See discussion infra Part V.C.2.

162. See *Ringling Bros.*, 170 F.3d at 459.


164. See discussion supra Part IV.B.

165. 191 F.3d 208 (2d Cir. 1999).

166. See *id.* at 212.
About seventy-five percent of the small orange crackers used by Nabisco were in the shape of the two-headed “CatDog” character and a bone. Pepperidge Farm was only concerned with the similarity of the remaining one quarter of the crackers which bore close resemblance to its famous “GOLDFISH” brand crackers in color, shape, size and taste, even though the “CatDog” fish was visibly larger and flatter with markings on one side. After receiving a cease-and-desist letter, Nabisco filed a complaint seeking a declaratory judgment that its product did not violate any of Pepperidge Farm’s rights in the “GOLDFISH” trademark. Pepperidge Farm counterclaimed, asserting that Nabisco’s use diluted the “GOLDFISH” trademark under the FTDA. This case involved only dilution by blurring, rendering it unnecessary for the Second Circuit to discuss and differentiate harm caused by tarnishment. While Pepperidge Farm originally alleged that it had to “protect its wholesome, ‘family-oriented’ product and image from tarnishment by association with the ‘coarse and/or unsavory elements’ of Nickelodeon’s CatDog program,” the district court emphasized skepticism about the possibility that Nabisco’s use tarnished its mark. The Second Circuit, acknowledging that a valid claim for blurring was presented, stated that Nabisco’s production of the “CatDog” crackers “strikes at the heart of what [anti-] dilution law is intended to prevent: the ‘gradual diminution or whittling away of the value of the famous mark by blurring uses by others.’” The district court further reasoned, and the Second Circuit agreed that “the presence of Nabisco’s goldfish-

167. See id. at 213.
168. See id.
169. In this case, the famous status of Pepperidge Farm’s trademarked “Goldfish” design was not disputed. See id. at 215.
170. See id. at 213.
171. See id.
172. See id.
174. See id. (noting that while Pepperidge Farm might cringe at CatDog’s depiction of “garbage and sewers” or its cartoon violence, these elements of the program do not rise to the level of tarnishment”). Also relevant for the purposes of discussing “tarnishment” was the fact that the district court observed that there was no evidence that Nabisco’s use depicted obscene, sexual, or illegal activities. See id.
175. Nabisco, 191 F.3d at 214 (quoting Nabisco, 50 F. Supp. at 209-10) (internal citation omitted in original).
shaped cracker within the CatDog mix is likely to weaken the focus of consumers on the true source of the Goldfish.”

While the Second Circuit affirmed the district court’s holding that found that Nabisco’s use blurred the “GOLDFISH” mark, it did not agree to its use of the Mead Data factors as a fixed test for claims brought under the FTDA. Instead, it promulgated a new non-exhaustive list of ten factors, which included such criteria as: 1) distinctiveness of the mark; 2) similarity of the marks; 3) proximity of the products and likelihood of bridging the gap; 4) interrelationship among the distinctiveness of the senior mark, the similarity of the junior mark, and the proximity of the products; 5) shared consumers and geographic limitations; 6) sophistication of consumers; 7) actual confusion; 8) adjectival or referential quality of the senior use; 9) harm to the junior user and delay by the senior user; and 10) effect of senior’s prior laxity in protecting the mark. After balancing these factors, the court concluded that Pepperidge Farm had demonstrated a sufficient likelihood of harm to its mark.

Though the Second Circuit’s holding would remain unchanged under the dichotomous approach proposed by this Note, characterizing the Second Circuit’s analysis as a “likelihood-of-harm” standard in Nabisco was inaccurate. Designating that it was applying a “likelihood-of-harm” standard may have resulted from its disagreement with the Fourth Circuit’s characterization of what constituted “actual harm” under the FTDA. The court disagreed with the Fourth Circuit’s requirement that actual harm be shown through evidence of actual loss of revenues or the carefully constructed consumer survey. These requirements were considered “an arbitrary and unwarranted limitation on the methods of proof.” The court also disagreed with the broader

176. Id.
177. The “Mead Data factors” are not the factors relied upon by the majority, but were promulgated by Judge Sweet in his concurrence, and so were not technically followed in Mead Data. These factors are the similarity of the marks; similarity of the products covered by the marks; sophistication of consumers; predatory intent; renown of the senior mark; and the renown of the junior mark. See Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., Inc., 875 F.2d 1026, 1035 (2d Cir. 1989) (Sweet, J., concurring).
178. See Nabisco, 191 F.3d at 227.
179. See id. at 217-22.
180. See id. at 222-23.
181. See discussion supra Part V.B.1.
182. See Nabisco, 191 F.3d at 224. The Nabisco court characterized this as the narrow position adopted by the Fourth Circuit in requiring actual dilution. See id.
183. Id. at 223. The court also observed that even if diminished revenues could be proven, “it would be extraordinarily speculative and difficult to prove that the loss was due to the dilution of
interpretation of the Fourth Circuit's decision, which would have required the same forms of evidence of actual harm, but would have required that the junior user be already currently operating in the marketplace.\textsuperscript{184}

According to the Second Circuit, the Fourth Circuit's interpretation of the FTDA would subject the owner of a famous mark to an injury that had no remedy because, while the FTDA could only be invoked when the senior mark suffered harm, it would only provide the senior user with injunctive relief since damages were not obtainable absent willfulness.\textsuperscript{185} The court reasoned that interpreting the FTDA in that manner would be harmful to the junior user because it would be prevented from seeking declaratory relief and would be forced to invest in advertising and product promotion without knowing if it will be permitted to use its mark.\textsuperscript{186}

Now that it has been decided that the Fourth Circuit's definition of what constitutes "actual harm" is not the law, the Second Circuit's concerns with that decision can be discarded. Once that is done, it is clear that, in deciding \textit{Nabisco}, the Second Circuit did employ an actual-harm standard, and that Pepperidge Farm was able to satisfy the higher level of proof as required by the proposition set forth in this Note. The Second Circuit appropriately began its analysis by observing that:

\begin{quote}
[In the future, courts] considering [this] new federal statutory right... would do better to feel their way from case to case, setting forth in each those factors that seem to bear on the resolution of that case, and only eventually to arrive at a consensus of relevant factors on the basis of this accumulated experience.\textsuperscript{187}
\end{quote}

This statement acknowledges that blurring cases are very fact-sensitive and need to be decided based on those facts, and not a rigid set of factors.\textsuperscript{188} Some factors the court took into consideration resemble those relied upon by the majority in \textit{Mead Data}, in that court's search for evidence of harm to the senior mark.

\begin{flushright}
\textsuperscript{184} See \textit{id}. This sound reasoning by the court was acknowledged when Congress later amended the Lanham Act to allow owners of famous marks to intervene in trademark registration proceedings by filing a notice of opposition with the Patent and Trademark Office based on the belief that the mark would cause dilution. \textit{See} 15 U.S.C. § 1063(a) (Supp. V 2000).
\textsuperscript{185} \textit{See} \textit{Nabisco}, 191 F.3d at 224.
\textsuperscript{186} \textit{See id}.
\textsuperscript{187} Id. at 227.
\textsuperscript{188} \textit{See id}.
\end{flushright}
First, the Second Circuit looked to the sophistication of the consumers purchasing the products—that is, the adults, and not the children to whom the marketing of the products is directed. The court reasoned that adults purchasing these products would be less sophisticated in recognizing the differences between the two types of fish-shaped crackers, let alone have an awareness of Nickelodeon’s CatDog. Second, the court noted that the two products would be direct competitors and in fact, were substitutes for each other. Third, these products were not sold in limited markets, but would be nationally advertised and sold in grocery stores throughout the world. This evidence, including the characterization of Pepperidge Farm’s mark as arbitrary, was sufficient to prove the necessary level of actual harm as that proposition is set forth in this Note. For that reason, it is more likely that the court was continuing to apply the same analysis it did in Mead Data, except that this time there was sufficient evidence to pass the more stringent test for blurring.


The United States Court of Appeals for the Fifth Circuit addressed the question of whether the use of the “POLO” mark, which had become famous in connection with the merchandise sold by Ralph Lauren, had been blurred by the use of that same mark on an equestrian magazine. Ralph Lauren has built his multi-billion dollar fashion empire (“PRL”) with the help of his famous “POLO” trademark used on various merchandise from men’s apparel to bed sheets. PRL originally alleged
that the use of "POLO" on the magazine both blurred and tarnished its "POLO" mark, but the district court observed that "[t]he crux of PRL's argument is that its mark is diluted by a blurring of identification between its goods and the one currently produced by [the junior user]."\textsuperscript{199} The district court appeared to be well aware of the distinction between the two separate harms and actually observed that the application of the \textit{Mead Data} factors tended to favor PRL, yet it did not elaborate on that conclusion.\textsuperscript{200} In the end, the district court declined to rule on PRL's dilution claim after finding infringement.\textsuperscript{201}

Despite the district court's reluctance, the Fifth Circuit decided the merits of the dilution claim anyway because of its potential to afford owners of famous trademarks a distinct basis of equitable relief.\textsuperscript{202} As the issue of the applicable standard of harm to be applied in dilution cases was one of first impression, the Fifth Circuit decided to adopt the actual-economic-harm standard promulgated by the Fourth Circuit in \textit{Ringling} because that "standard best accords with the plain meaning of the statute."\textsuperscript{203} This case is distinguishable from all other United States Circuit Court dilution cases in that the court found trademark infringement.\textsuperscript{204} While the court's holding would be unaffected by applying the dichotomous approach, its adoption of \textit{Ringling}'s high standard of proof to establish actual harm is flawed for the same reasons it was in that case.\textsuperscript{205} As in \textit{Ringling}, the Fifth Circuit could have evaluated the relevant blurring factors and reached the same conclusion, i.e., that there was no presence of or potential for actual harm.

If the Fifth Circuit in this case had weighed the same relevant factors used by the majority in \textit{Mead Data}, it would nonetheless have found a lack of a sufficient level proof of actual harm to the PRL's "POLO" mark. First, PRL provided no conclusive survey evidence that tended to prove its mark was blurred.\textsuperscript{206} Second, it is arguable that the purchasers of both products bearing the "POLO" mark had a high sophistication level. Consumers purchasing the magazine may be more

\textsuperscript{199} Westchester Media Co. v. PRL USA Holdings, Inc., 103 F. Supp. 2d 935, 978 (S.D. Tex. 1999), aff'd in part and vacated and remanded in part, 214 F.3d 658 (5th Cir. 2000).
\textsuperscript{200} See id. at 981.
\textsuperscript{201} See id. at 980 (deciding not to reach the dilution claim because the court was "reluctant to enter this uncharted water" given the lack of a governing standard of relief (actual harm v. likelihood of harm) in the Fifth Circuit and because the relief requested by PRL's in both causes of actions were the same).
\textsuperscript{202} See \textit{Westchester Media}, 214 F.3d at 669.
\textsuperscript{203} Id. at 670.
\textsuperscript{204} See id. at 668.
\textsuperscript{205} See discussion \textit{supra} Part V.B.1.
\textsuperscript{206} See \textit{Westchester Media}, 103 F. Supp. 2d at 978.
sophisticated given the exclusivity of the sport of polo and the fact that there are very few magazines devoted to it.\textsuperscript{207} The sophistication level of consumers purchasing merchandise bearing the "POLO" marks also tends to be high, given the pricing structure of that merchandise and the propensity of others to produce so-called knock-offs.\textsuperscript{208} Third, though the producers of the magazine and PRL market and distribute their respective products nationally, they undoubtedly operate in a limited market for the same reasons stated for the high sophistication levels of the relevant consumers, i.e., the exclusivity of the sport and the price of "POLO" brand merchandise.\textsuperscript{209}

Additionally, the marks in this case had been used concurrently for many years, a fact relevant in \textit{Ringling},\textsuperscript{210} and there was also a continuing relationship between the magazine and PRL before a formal objection was made by PRL.\textsuperscript{211} Another factor that weighed against a finding of "blurring" was the character of the "POLO" mark itself. This mark would be classified as arbitrary when used as a source indicator of merchandise.\textsuperscript{212} In most cases, that would mean that it is entitled to a greater degree of protection, but that reasoning is offset for a number of reasons. The "POLO" mark, though properly classified as arbitrary when used on PRL's merchandise, is not so when used on this specific magazine.\textsuperscript{213} The word "polo" was first used as the name of the sport before it was ever adopted by PRL as its trademark, but PRL was attempting to own it for all uses, which is undoubtedly an undesirable result by all accounts,\textsuperscript{214} presenting an interesting issue unique in blurring cases decided under the FTDA thus far. If the court held that dilution by blurring was present, there was significant potential for a violation of Westchester Media's First Amendment rights.\textsuperscript{215}

\textbf{Footnotes:}

\begin{itemize}
\item \textsuperscript{207} See \textit{Westchester Media}, 214 F.3d at 674.
\item \textsuperscript{208} See id.
\item \textsuperscript{209} See \textit{Westchester Media}, 103 F. Supp. 2d at 955-56.
\item \textsuperscript{210} See discussion \textit{supra} Part V.B.1.
\item \textsuperscript{211} See \textit{Westchester Media}, 214 F.3d at 661-63.
\item \textsuperscript{212} There is no logical connection between the mark POLO and items of clothing. See discussion \textit{supra} Part II.B.
\item \textsuperscript{213} Given that the magazine originally covered the subject of equestrian sports and lifestyles, and arguably continued to do so even after the change in ownership, the mark properly describes the contents of the magazine and therefore should be designated as descriptive for trademark purposes. See discussion \textit{supra} Part II.B.
\item \textsuperscript{214} See \textit{Westchester Media}, 214 F.3d at 673 (stating that:
PRL products became famous by basking in the reflected glow of an elegant sport. PRL now asserts that it, not the sport, is the source of the glow... [W]e cannot be blind... to the fact that PRL is arrogating the very name of a sport... [and, in a sense... biting the hand that fed it].)
\item \textsuperscript{215} See id. at 664-65.
\end{itemize}
The court was able to avoid the First Amendment issue on the infringement claim by directing the lower court, on remand, to consider requiring Westchester Media to attach a disclaimer to its magazine.\textsuperscript{216} Although the disclaimer might have served the purpose of alleviating any consumer confusion as to PRL's affiliation or sponsorship of the magazine, it would not have provided an adequate remedy for blurring since that sort of protection does nothing to protect the distinctiveness of the mark. Finally, given the distinct factual nature of this case and that found in \textit{Ringling}, it is not surprising that these courts decided that such a high level of proof of actual harm was necessary, even though as suggested by this Note the level of proof of actual harm required is unnecessary.\textsuperscript{217}

4. \textit{V Secret Catalogue, Inc. v. Moseley}\textsuperscript{218}

The United States Court of Appeals for the Sixth Circuit had to decide whether V Secret Catalogue, Inc.,\textsuperscript{219} the owner of the federally registered trademark “VICTORIA'S SECRET,” had established a valid claim for both blurring and tarnishing against Victor and Cathy Moseley, owners of a “mom and pop” adult novelty store in a small strip mall in Elizabethtown, Kentucky,\textsuperscript{220} called “VICTOR'S LITTLE SECRET.”\textsuperscript{221} Though the Supreme Court reversed the Sixth Circuit’s decision based on lack of sufficient evidence of the Court’s definition of “actual harm,” it is important to recount the facts and proceedings below since it is the opinion of this author that the owner of the famous trademark will succeed on remand with its tarnishing claim by being able to satisfy the lower level of proof of actual harm required by the proposition set forth in this Note.

As with most FTDA claims heard by the circuit courts, there was no issue as to the famous status of the senior mark, “VICTORIA'S
The district court, with very little discussion of its reasoning, found that the Moseleys’ use both blurred and tarnished the “VICTORIA’S SECRET” mark. The Sixth Circuit, after analyzing the decisions in Ringling and Nabisco, adopted and applied the “likelihood-of-harm” standard in affirming the district court’s holding. The court reasoned that while consumers would not go to the Moseleys’ store looking for products known to be made by Victoria’s Secret, “consumers who hear the name ‘Victor’s Little Secret’ are likely automatically to think of the more famous store and link it to the Moseleys’ adult-toy, gag gift, and lingerie shop.” Therefore, the court stated that the facts of this case presented a classic example of dilution caused by tarnishing (associating the Victoria’s Secret name with sex toys and lewd coffee mugs) and by blurring (linking the chain with a single, unauthorized establishment).

Instead of seizing an opportunity to formulate a framework for determining the level of harm necessary for each form of dilution, given that the facts of this case presented potentially valid claims of both blurring and tarnishing, the Sixth Circuit simply adopted the standard used by Nabisco and the list of ten factors that court used to determine dilution, though it did not discuss the factors individually in holding that the “VICTORIA SECRET” mark had been diluted. Although the court’s holding, enjoining the use of the Moseleys’ mark, would remain unchanged under the dichotomous approach, the court was only correct in issuing an injunction because of the tarnishing effect the Moseleys’ mark has on the “VICTORIA’S SECRET” mark, since the argument that blurring was present was not substantiated by the level of proof presented by the owner of the famous mark. While the Sixth Circuit stated that the facts presented a classic example of dilution by blurring (linking the chain with a single, unauthorized establishment), it would have been more accurate to classify this as a potentially valid claim of

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222. See id. at 467. There are over 750 Victoria Secret stores throughout the world and over four hundred million of the store’s catalogues are distributed each year, thirty-nine thousand of which were distributed in Elizabethtown, Kentucky. The court also noted a recent consumer survey that rated Victoria’s Secret as the ninth most famous brand in the apparel industry. See id. at 466.


224. See V Secret Catalogue, 259 F.3d at 475-77.

225. See id. at 477.

226. See id.

227. See id.

228. See Recent Cases, supra note 111, at 731.

229. See V Secret Catalogue, 259 F.3d at 475-76.
blurring. If the court would have discussed some of the more important factors set out in *Nabisco*, it is possible that it would have had a difficult time finding the presence of the necessary level of actual harm to establish blurring. The Sixth Circuit, at least as it pertains to the blurring claim, appeared to presume that mental association alone was enough to establish dilution, but that was never a presumption made in any other dilution case heard by the circuit courts, and now that presumption has been expressly rejected by the Supreme Court.230

By simply analyzing just a few of the relevant blurring factors, the Sixth Circuit could have decided that blurring was not present on the facts of this case. Specifically, the court did agree with the district court's characterization that the sophistication level of consumer shopping at Victoria's Secret was high.231 The high sophistication level combined with the fact that the "VICTORIA'S SECRET" mark is usually found in upscale malls and is marketed on a national level, while in reality it caters to a slightly more limited market given the expensive nature of the merchandise, tends to negate the finding of blurring when viewed with facts about the mark adopted by the Moseleys.232 The Moseleys use their mark on a store that is located in a strip mall in a small town in Kentucky that also advertises the sale of pagers in their storefront window.233 In addition, their mark would have very little selling power outside the small Kentucky town in which they operate their store considering the Moseleys did not intend to expand beyond their current location.234 Thus, the foregoing translates to a negligible amount of direct competition and most importantly few, if any, consumers being exposed to both marks outside this limited area, a fact relevant in most cases where blurring was not found to exist, including *Ringling*.235

Turning to the tarnishing claim, it is conceivable that to the Sixth Circuit the tarnishing was so apparent that it relied predominantly on that claim in its decision to enjoin the further use of the Moseleys'
THE FTDA'S "ACTUAL HARM" REQUIREMENT

Indeed, it is important to note that Victoria's Secret, Inc. had been informed of Moseleys' use of the mark by a letter wherein the writer expressed some concern over the use of the mark by the Moseleys and actually declared that he was "personally offended by [their] use of a bona fide, reputable company's trademark to promote [their] unwholesome, tawdry merchandise." This is significant for two reasons. First, it tends to show how quickly a consumer can become offended as a result of a tarnishing use of a famous trademark. Second, it shows that blurring, while it may be present, is not always readily identifiable by consumers, especially as in this situation, where the junior mark is used in such a limited market.

The Supreme Court did state that tarnishing is not a necessary consequence of mental association, but that statement, while completely accurate for blurring, does not appear to be as strong in light of the fact that someone was offended enough by the Moseleys' use of a similar mark to write a letter expressing that feeling after making that mental association. The Supreme Court further noted that the writer of that letter did not form any different impression of Victoria's Secret, and that while offended by the use of the name "VICTOR'S SECRET" (the name of the Moseleys' store at the time he wrote the letter), his offense was directed at the Moseleys, not Victoria's Secret. But the latter does not change the fact the writer of the letter was offended, apparently because he felt that the Moseleys' mark was used in a way that was grossly inconsistent with the famous mark's image. It should be noted that the writer of that letter was Colonel John Baker, Staff Judge Advocate for the U.S. Army Center, and is arguably more sophisticated than the general public, at least within the realm of legal matters. While this Note makes a point of stating that the sophistication level of consumers is not a necessary factor to be considered in adjudicating tarnishing claims, it can be relevant. It might be better to view Colonel Baker's letter as a warning to Victoria's Secret, wherein he advises them...

236. As previously stated, claims for tarnishment have had greater success because of the ability of the court to observe the potential harm to the senior user without much difficulty. See discussion supra Part IV.B.


238. It would be a different scenario if the letter sent to Victoria's Secret had contained another line stating that there was some concern that the Victoria's Secret mark would start to lose its distinctive quality if Victoria's Secret did not take action to protect its mark.


240. See id.

241. See Brief for Respondents at 5, V Secret Catalogue (No. 01-1015).

242. See discussion infra Part V.C.1.
that while he knows that Victoria’s Secret, Inc. has nothing to do with the Moseley’s store or choice of name, other less sophisticated individuals may attribute the Moseley’s use of their mark to Victoria’s Secret.

Compare the above situation with NBA Properties v. Untertainment Records, LLC,243 where the junior user’s mark, used in advertisement to promote a rap album, altered the famous National Basketball Association’s (“NBA”) trademark, which depicts a basketball player dribbling a basketball with his left hand, by placing “a gun in [the right] hand alongside the words ‘SDE SPORTS, DRUGS, & ENTERTAINMENT.’”244 In that case, the NBA commenced a lawsuit soon after receiving calls from distressed residents and representatives of school, community and church groups who all expressed their outrage at what they thought was the NBA’s sponsorship of such a use of the NBA’s trademark.245 Surely in that situation, where the consumers have made the mental association between the two marks and have followed that by attributing the unsavory characteristics of the junior mark to the famous mark, there is sufficient proof of “actual harm” caused by tarnishing. Therefore, on remand, if Victoria’s Secret can present any evidence of individuals directing their displeasure entirely at them, including relevant survey evidence, the Moseleys should be enjoined from further use of their mark.

In conclusion, these types of cases do pose a special challenge to application of the dichotomous level of harm approach, as the facts present potentially valid claims for both blurring and tarnishing. Applying the standard proposed by this Note in such cases, satisfying the lower level of proof of the “actual harm” standard would not be insufficient to prevent any use of the diluting mark by the junior user later. In other words, if the junior user discontinued the use of the mark that caused tarnishing, but arguably still caused blurring, the owner of the famous mark should have to satisfy the higher level of proof of actual harm.246 For this reason, the owner of a famous trademark, in cases involving both forms of dilution, should try to prove the higher level of “actual harm” the first time as to avoid further litigation. For

244. Id. at *2.
245. See id. at *5.
246. Using V Secret Catalogue as an example, if the Moseley’s had discontinued selling those adult products, which Victoria’s Secret claimed tarnished its mark, and continued selling only those products “acceptable” to Victoria’s Secret, the only possible form of dilution present would be blurring. Therefore, Victoria’s Secret would need to prove actual harm to its mark to enjoin Moseley’s use of “Victor’s Little Secret.” See discussion supra Part V.B.4.
illustrative purposes, if the Moseleys had ceased the sale of the “offending” goods, leaving just the lingerie, Victoria’s Secret would have to prove the higher level of actual harm according to the proposition set forth in this Note.247

C. A Rational Proposal

Despite the inconsistency in the application of the FTDA, the fact that it was meant to serve as a remedy for both blurring and tarnishing is a settled matter.248 Therefore, because courts will continue to recognize both blurring and tarnishing, it is important that courts interpret the FTDA in light of these two forms of dilution.249 Courts should begin by interpreting the phrase “causes dilution” by replacing “dilution” with the specific form of harm presented.250 Then, the court can proceed with its analysis to determine whether on the facts presented the junior users mark “causes tarnishment,” “causes blurring,” or both. This interpretation of the phrase “causes dilution” will make it easier for courts to recognize the inherent differences between the two forms of dilution, particularly the point at which the harm occurs and its rate of speed, thus necessitating this dichotomous level of proof-of-actual-harm approach.

247. See discussion infra Part V.C.2.
248. See, e.g., Kellogg Co. v. Exxon Mobil Corp., 192 F. Supp. 2d 790, 797 (W.D. Tenn. 2001) (noting that while typical antidilution statutes proscribe ‘dilution’ in general, without distinguishing between blurring and tarnishing in their statutory language, courts have nonetheless consistently held that these statutes encompass both within their reach). But see V Secret Catalogue, Inc., v. Moseley, 537 U.S. 418, 123 S. Ct. 1115, 1124 (2003) (“Whether [tarnishment] is actually embraced by the [FTDA] ... is another matter.”).
249. See Oswald, supra note 38, at 279.

[T]hese arguments seem to center on the manner in which such actions should be brought (e.g., as the common law tort of injury to business and not under the statutory cause of action for dilution), and do not suggest that the underlying behavior should go unremedied. Given that dilution by tarnishment is entrenched firmly as a part of trademark jurisprudence and consistently has been accepted by the courts as a cause of action under the [FTDA], as well as by state statutes, the question in the context of the [FTDA] becomes merely the pragmatic one of whether the courts’ interpretation of tarnishment under the [FTDA] is correct.

Id. (footnote omitted).
This proposal also takes into consideration that the FTDA requires only a “lessening of the capacity of a famous mark to identify and distinguish goods or services”\(^{251}\) and since the word “capacity” connotes an ability to dilute, no actual dilution in the marketplace is necessary.\(^{252}\) In Justice Kennedy’s concurrence, in *V Secret Catalogue*, he wrote separately from the Court to mention that

> [C]onsiderable attention should be given . . . to the word ‘capacity’ . . . [because it] imports into the dilution inquiry both the present and the potential power of the famous mark to identify and distinguish goods, and [that] in some cases the fact that this power will be diminished could suffice to show dilution.\(^{253}\)

Finally, this proposal takes into account that the only relief afforded by the FTDA, absent willfulness, is injunctive relief. Again, Justice Kennedy appropriately highlighted this fact when he noted, “[e]quity principles encourage those who are injured to assert their rights promptly. 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.”\(^{254}\)

1. The Lower Level of Proof of Actual Harm for Tarnishment

The injury inflicted on a famous mark by tarnishment is immediate and therefore makes it essential that a court demand only the lower level of proof of actual harm. Proposing that tarnishment requires only such level of proof to enjoin the use of a mark that tarnishes is based in part on arguments made by some commentators that tarnishment, which has a likelihood-of-confusion aspect, should not be considered a form of dilution.\(^{255}\) This argument is not without merit since by definition for a famous mark to be tarnished it is necessary for consumers to make the

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\(^{252}\) See Courtland L. Reichman, *State and Federal Trademark Dilution*, 17 FRANCHISE L.J. 111, 132 (1998); *McCarthy*, supra note 18, 24:94 at 24-181 (“T]he [FTDA] does not require proof of an actual lessening of the strength of the famous mark: only that there is a lessening of the capacity or the ability of the mark to be strong as a commercial symbol and identifier.”).

\(^{253}\) *V Secret Catalogue*, 537 U.S. 418, 123 S. Ct. at 1125 (Kennedy, J., concurring).

\(^{254}\) *Id.*

\(^{255}\) See generally Nelson, *supra* note 73 (arguing that because tarnishment is analyzed and applied by courts according to the principle of likelihood of confusion its proper position in the law of unfair competition is not under trademark dilution); see also Beverly W. Pattishall, *Dawning Acceptance of the Dilution Rationale for Trademark-Trade Identity Protection*, 74 TRADEMARK REP. 289, 307 (1984) (“A]ny genuine affinity, legal or logical, between the dilution concept and [tarnishment] seems doubtful.”).
mental association and then link the use by the junior user to the senior user. As the argument goes, "[t]his link allows consumers to channel a tarnishing mark's bad reputation over to the senior user [. . .] is essentially the same as that effecting a likelihood of confusion," which is the essential element of a trademark infringement action.

While that argument tends to focus more on the general concept of dilution rather than on the specific wording of any statute, another argument has been made that while state anti-dilution statutes may have provided a remedy for the type of harm caused by tarnishment, the FTDA does not, which again was also implied by the Supreme Court in V Secret Catalogue. While it is true that many state statutes did include the wording "likelihood of injury to business reputation," that argument fails for two reasons. First, it is not certain whether the phrase "likelihood of injury to business reputation" is the foundation of the tarnishment theory. Second, and perhaps more importantly, that argument fails to recognize that the legislative history makes it abundantly clear that the FTDA was enacted for the purpose of preventing both forms of dilution. Therefore, because "tarnishment is

256. See McCarthy, supra note 18, § 24:70, at 24-123. (for dilution to occur, the relevant public must make some connection between the mark and both parties).
257. Nelson, supra note 73, at 163.
258. See Oswald, supra note 38, at 259 ("[L]ikelihood of confusion is the key [element] to an infringement claim.").
259. See Robert C. Denicola, Some Thoughts on the Dynamics of Federal Trademark Legislation and the Trademark Dilution Act of 1995, 59 LAW & CONTEMP. PROBS. 75, 88-90 (1996) ("Unlike broader state dilution acts with their references to 'injury to business reputation' as well as to 'dilution of the distinctive quality of a trademark,' the federal dilution statute is limited to uses that blur the source significance of the mark.") (footnote omitted).
   Likelihood of injury to business reputation or of dilution of the distinctive quality of a mark or trade name shall be a ground for injunctive relief in cases of infringement of a mark registered or not registered or in cases of unfair competition, notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services.
Id.
While it is possible that the tarnishment concept of dilution arose out of the language of the model statute that provided a separate remedy for "likelihood of injury to business reputation," such distinction has generally not been made. As has been argued, the injury to business reputation is simply that injury which occurs when a mark is diluted.
Id. (footnote omitted).
263. See 141 CONG. REC. H 14,317 (daily ed. Dec. 12, 1995) ("[T]his bill [HR 1295] is designed to protect famous trademarks from subsequent uses that blur the distinctiveness of the
not readily amenable to any other type of analysis in the absence of a
wholesale revision of the doctrine by either the courts or the
legislature—either of which appear at all willing to engage in such an
undertaking.  

The focus and attention should not be on taking
tarnishment out of dilution and finding a place for it in the general field
of unfair competition, but rather on finding a solution under the current
framework of dilution.

The first argument for removing the tarnishment claim out of the
dilution cause of action, which is that tarnishment has a likelihood-of-
confusion aspect, supports the use of a lower level of proof of actual
harm. The “confusion” fostered by tarnishing is similar to the type found
in trademark infringement claims in that both cause an “immediate
injury.” Therefore, the statement that the dilution theory begins where
the likelihood-of-confusion test leaves off may be true for blurring, but
is not true for tarnishment. If infringement protects the consumer from
deception, and blurring protects the value of the trademark to the
trademark holder, it would not be a stretch to state that the protection
from tarnishing meets these two claims somewhere in the middle.

With trademark infringement the owner is concerned that competitors
may be trying to pass off their products for his and that in turn
consumers would be induced to purchase his competitor's products.
The owner of a trademark is also concerned that if a confused consumer
has an unpleasant experience with those other products, they will
attribute this to his own mark. With tarnishment, the owner of the
mark is concerned with consumers attributing the unsavory use or any
other inconsistent use of the junior mark to his company. In that
case, the injury caused by tarnishment does not differ materially from
that arising out of confusion of source or sponsorship.

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264. Oswald, supra note 38, at 279-80.
discussion supra Part IV.B.
266. See generally McCarthy, supra note 18 § 24:70 (discussing the difference between
dilution and likelihood of confusion).
267. See Brownlee, supra note 262, at 477 (“[T]arnishment not only blurs a mark’s
distinctiveness, but can also mar a mark’s positive associational value.”).
268. See discussion supra Part II.B.
269. See id.
270. See discussion supra Part IV.B.
271. See Callmann, supra note 29, § 21.11, at 34 (noting that both dilution by tarnishment
and dilution by blurring exist, but then stating that the injury caused by dilution, without separating
the two forms, differs materially from that arising out of confusion of source or sponsorship).
The risk of harm caused by tarnishing necessitates the lower level of proof of actual harm.\textsuperscript{272} The harm includes not only the possible alienation by the relevant public, but could also jeopardize the business relationships the owner of a famous mark has with other companies, because those other companies could become reluctant to be affiliated with a mark that has come under suspicion.\textsuperscript{273} The owner of a famous mark also risks the possibility that the public will not identify its mark with "a product or service of a type incompatible with the quality and prestige previously attached by the public to the [famous mark]."\textsuperscript{274} Therefore, requiring the same level of actual harm for tarnishment claims as for blurring claims is not only inappropriate for these reasons stated above, but will also fail to compensate the owner of the famous mark for the permanent injury already sustained.\textsuperscript{275} If a mark has been diluted by tarnishing to the point of economic injury, a court cannot simply enjoin the consumers who now have a distasteful association with the mark to alter that association.\textsuperscript{276} Accordingly, the only appropriate solution to avoid this undesirable result from the beginning is for a court to enjoin the tarnishing use at the very outset.\textsuperscript{277} Hence, while tarnishment and infringement may each take its own separate and distinct path, they both end up at the same unfortunate destination—the land of lost revenues and harmed reputations—and therefore the lower level of proof of actual harm for tarnishing is required.

Before specifying the factors that should be considered by a court when determining whether actual harm caused by tarnishment exists, it

\begin{footnotesize}
\textsuperscript{272} See L.L. Bean, Inc. v. Drake Publishers, Inc., 811 F.2d 26, 31 (1st Cir. 1987) ("The risk may be that of detracting from the plaintiff's good will by the possibility that a defendant's use of plaintiff's unique mark will tarnish plaintiff's trade name by reason of public dissatisfaction with defendant's product and a resultant holding of this dissatisfaction against plaintiff.") (citing Tiffany & Co. v. Boston Club, Inc., 231 F. Supp. 836, 844 (D. Mass. 1964)) (alteration in original); see also NBA Props. v. Untertainment Records, LLC, 99 Civ. 2933 (HB), 1999 U.S. Dist. LEXIS 7780, *5 (S.D.N.Y. May 25, 1999) (noting that the NBA commenced the lawsuit soon after receiving calls from distressed residents and representatives of school, community, and church groups expressing outrage at what they thought was the sponsorship of the tarnishing use of the famous mark by the NBA).

\textsuperscript{273} See, e.g., NBA Props., 1999 U.S. Dist. LEXIS 7780, at *23.

\textsuperscript{274} L.L. Bean, 811 F.2d at 31 (citing Tiffany & Co., 231 F. Supp. at 844); see also NBA Props., 1999 U.S. Dist. LEXIS 7780, at *22 (agreeing with the senior user that the junior user's use of its mark linked the famous mark with violence and drugs and therefore adversely colored the public's impression of the owner of the famous mark). "The NBA is bound to suffer negative associations from the juxtaposition of the distorted NBA logo containing the basketball player with a gun in his right hand and the words 'SPORTS, DRUGS, & ENTERTAINMENT.'" Id. at *22-23.


\textsuperscript{276} See L.L. Bean, 811 F.2d at 31.

\textsuperscript{277} See id.
\end{footnotesize}
should be noted that the protection afforded to famous trademarks by the FTDA does not go so far as to chill the free expression of speech. It is still possible that a junior use of a famous mark, which would ordinarily constitute tarnishment if used in a commercial setting in connection with the sale of a good or service, will be exempted if it constitutes fair use, if used in a noncommercial setting, including a parody, or is used in news reporting or commentary. Therefore, the only junior uses that will be enjoined, even by satisfying this lower level of proof of actual harm, will be those uses that tarnish the image of the famous mark where the junior user is seeking to profit commercially from the connection it hopes consumers make between its mark and the famous mark.

The question remains: What factors should the court take into consideration when adjudicating a tarnishing claim? When considering the answer to this specific question, the rejection by some courts, as being improper in assessing a claim under the FTDA, of the use of those factors considered by the majority in *Mead Data*, the factors known as the “*Mead Data* factors,” and some of the *Nabisco* factors becomes more appropriate. The courts’ criticism that some factors, such as the level of consumer sophistication or the size of the market, have very little relevance when discussing dilution under the FTDA, while not completely accurate for blurring, is well taken when discussing the existence of tarnishment.

The size of the market in which the junior mark is being used and the sophistication of the consumers are less important factors, though not completely irrelevant, with tarnishing because the creation of a “tawdry association” between the senior mark and junior mark occurs immediately. This is because a consumer, like the courts, can easily

282. If the same alterations to the NBA’s trademark had been made to comment on the current status of the NBA, specifically those current and former players whose problems have been spotlighted in the media, there is a much stronger case for allowing its use, than where it is being used to advertise and promote a rap album, which were the facts of that case.
284. See id. at 31-32.
observe the harm caused by tarnishment.\textsuperscript{285} The foregoing can be best exemplified by departing from the facts of \textit{V Secret Catalogue}. Though the junior user is using the mark in a small market and the consumers are arguably sophisticated,\textsuperscript{286} both factors that may decrease dilution by blurring, nothing would stop a consumer from telling a friend in another part of the same state or a completely different state how he is appalled by the use of the famous mark on such distasteful products. The resulting effect is similar to that in infringement because there is potential for consumers who have not been exposed to the junior mark to become offended and attribute the tarnishing use to the famous mark.\textsuperscript{287} By comparison, there is little chance that a consumer would tell that same friend that the junior user’s mark in his hometown is driving down the distinctiveness of the famous mark. Thus the blurring, if any, is limited to that small area of the country.

Based on the foregoing, it should have been no surprise to the court in \textit{Nabisco} when it noted that the Second Circuit has sometimes declined to apply the “Mead Data factors,” some of which were incorporated in the \textit{Nabisco} factors, by citing to \textit{Deere}, a tarnishment case.\textsuperscript{288} With tarnishment, the two most relevant factors are those adopted by the United States Court of Appeals for the Fifth Circuit in \textit{Eli Lilly v. Natural Answers, Inc.},\textsuperscript{289} those being “renown of the famous mark” and the “similarity of the marks.”\textsuperscript{290} While direct evidence of tarnishing, such as consumer surveys, might be necessary to demonstrate that consumers are in fact attributing the use of the junior user’s mark to the owner of the famous mark,\textsuperscript{291} these two factors are the most significant.

\begin{notes}

\textsuperscript{286} See discussion supra Part V.B.4.

\textsuperscript{287} In a hypothetical trademark infringement scenario, a consumer will purchase a product from a manufacturer bearing a mark that is confusingly similar to that of the mark used by a manufacturer the consumer has purchased the same product from in the past. This time though the consumer is not satisfied because of the shoddy quality of the junior user’s product. Believing this product originated from the first manufacturer, the consumer may express his unhappiness to other potential consumers. This information may prevent those other consumers from purchasing products bearing the senior mark though they themselves have not been confused or ever received shoddy quality products from that manufacturer. See discussion supra Part II.B.


\textsuperscript{289} 233 F.3d 456 (7th Cir. 2000).

\textsuperscript{290} See id. at 469.

\textsuperscript{291} See Larry C. Jones & Jason M. Sneed, “Moseley” Is First Take on Dilution, NAT’L L.J., Apr. 28, 2003, at C1 (noting that a survey measuring the impact of the accused mark on the consumer’s perception of the famous mark or the products associated with that mark could be useful in proving actual dilution or the absence thereof). With tarnishment, a consumer survey can be
\end{notes}
given the nature of the harm. Therefore, as long as the senior mark is famous, so that consumers know of it, and the marks are similar enough, so that consumers will be able to link them together, and consumers are attributing the use to the owner of the famous mark, there is sufficient proof of "actual harm" for a court to find the existence of tarnishing. These factors take into consideration that there is already some intent incorporated in tarnishing uses of a famous mark, since most tarnishing uses do not originate by chance.\textsuperscript{292} It is this intentional reminding that further necessitates the lower level of proof of actual harm since the tarnishment injury is impossible to undo if not enjoined from the very beginning.\textsuperscript{293}

2. The Higher Level of Proof of Actual Harm for Blurring

The harm caused by blurring differs so greatly from both infringement and tarnishment that it should require a higher level proof of some actual harm, lest we offer property-rights-in-gross to trademarks. To differentiate the level of actual harm proposed for blurring from the level of actual harm applicable for tarnishing claims, the owner of a famous mark will have to rely on more evidentiary proof than simply the "renown of the famous mark." and the "similarity of the marks." The level of proof of the actual-harm standard proposed herein would require an owner of famous mark to establish blurring through circumstantial evidence that will justify a court's inference of harm. Though this method was rejected by the Fourth Circuit, and even before the Supreme Court stated that this form of evidence would be acceptable, the Second Circuit appropriately acknowledged that in almost every area of law facts may be found by drawing logical inferences from other established facts\textsuperscript{294} and observed that there was no reason why this should not be applicable to dilution claims.\textsuperscript{295} Therefore, since not every case of blurring is the same, different factors are relevant under the circumstances.

\textsuperscript{292} See discussion supra Part IV.B.
\textsuperscript{293} See Respondents Brief at 30-31, V Secret Catalogue (No. 01-1015).
\textsuperscript{295} See id. at 224.
As with tarnishment, the question remains: What factors should a court examine when adjudicating a blurring claim? In addition to carefully constructed consumer surveys, the first factor a court should look to is the "similarity of the marks," i.e., whether the junior user is using a mark that is identical to the famous mark as opposed to one that is merely substantially similar. When courts and commentators have offered examples of blurring, they have predominantly used examples of products bearing marks that are identical to famous marks. The use of a mark that is identical to a famous mark has greater potential to blur a famous mark than where the consumers have to make a connection between the marks as they would in "VICTORIA'S SECRET" and "VICTOR'S LITTLE SECRET." The Supreme Court, in *V Secret Catalogue*, implied that the burden would be lower if the two marks in question were identical, and therefore courts presented with such a scenario should weight this factor more heavily than the others. The foregoing is not meant to discount the effect of the use of a substantially similar mark, since it "nevertheless may harm the [trademark owner] by lessening the distinctiveness and thus the commercial value of the [senior] mark[]." Along the same lines, the level of distinctiveness of the famous mark should be a factor considered. That is, where the famous mark is one that has "added to rather than withdrawn from the human vocabulary," it should be afforded greater protection since the owner of the famous trademark, by contributing to the human vocabulary, is not claiming for itself a word or phase that once belonged to no one.

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296. Though the following advice could easily pertain to owners of famous trademarks who wish to use consumer surveys in demonstrating actual harm in their tarnishment cases, it is especially important in cases of blurring. An owner of a famous mark could begin to prepare its case before any blurring uses come into existence. This can be achieved by instructing their marketing departments to prepare "predilution" evidence of brand imagery and attributes, as perceived by the relevant consumer markets. See Jones and Sneed, *supra* note 291. Therefore, when a potential cause of action for blurring does arise, the "predilution" evidence can be supplemented with "post-dilution measurements [that] may be used to determine whether there has been any actual impact on the perceptions associated with those brands as a result of the allegedly dilutive conduct." *Id.*

297. See, e.g., Mattel, Inc. v. MCA Records, Inc., 296 F.3d 894, 903 (9th Cir. 2002) (Kozinski, J.) (using as examples of blurring "TYLENOL" snowboards, "NETSCAPE" sex shops and "HARRY POTTER" dry cleaners), cert. denied, 123 S. Ct. 993 (2003); GILSON, *supra* note 79, § 5.12[1][c][i], at 5-233 (using as examples of blurring "PEPSI" in-line skates, "MICROSOFT" lipstick, "KLEENEX" machine guns, and "JOCKEY" automobile tires).


300. *V Secret Catalogue*, 537 U.S. 418, 123 S. Ct. at 1122 (quoting Schechter, *supra* note 18, at 829). The Court noted that Schechter's theory of dilution was based on the use of a well-known trademark, classified as arbitrary, on a non-competing product that would not have constituted
The next factor a court should look to is the “similarity of [the] products” because “[b]lurring occurs in the minds of potential customers.” While the Seventh Circuit concluded that the “similarity of the products” factor is “completely irrelevant” under the FTDA because the statute states that dilution can occur “regardless of the presence or absence . . . of competition between the [parties],” the court is only correct to the extent that this factor has no relevance and should not be discussed in a scenario involving completely different products. It also follows that this factor could be relevant where the products are similar. This factor was adopted by the Second Circuit because the facts with which it was presented made it relevant. It is relevant because there is a greater risk that the distinctive quality of the famous mark will be lessened in the minds of consumers that have the capability of viewing products bearing the senior mark and junior mark simultaneously. Therefore, the use of a junior mark on a dissimilar product in a very limited market is a fact that should weigh against a finding of blurring.

In addition to the “similarity of the marks,” “the size of the market” in which the junior user’s mark is used is another relevant factor. If consumers are not able to observe both marks, there is no occasion for the distinctiveness of the famous mark to be lessened in their minds. Given a fact situation similar to Nabisco, a court should weigh this factor in favor of finding blurring, because both products are going to be trademark infringement, thus the reason why Schechter believed dilution should be a recognizable cause of action. See id. The Second Circuit has held that only those marks that are inherently distinctive (i.e., marks that are classified as fanciful, arbitrary, and suggestive) are capable of protection under the FTDA in the first place, thus removing all famous descriptive marks that have acquired federal trademark registration only upon a showing of secondary meaning. See TCPIP Holding Co. v. Haar Communications, 244 F.3d 88, 96 (2d Cir. 2001). Not all United States courts of appeals have agreed, and have not distinguished between marks that have acquired distinctiveness (i.e., secondary meaning) and those that are inherently distinctive. See AM Gen. Corp. v. DaimlerChrysler Corp., 311 F.3d 796, 812 (7th Cir. 2002); Avery Dennison Corp. v. Sumpton, 189 F.3d 868, 876-877 (9th Cir. 1999).

304. See id. at 217.
306. See I.P. Lund, 163 F.3d at 49-50.
nationally advertised, thus increasing the chances that the entire population will be able to see both marks simultaneously. Conversely, as in *V Secret Catalogue*, where the facts present a nationally advertised famous mark and a junior mark in a very limited market, where there is little exposure outside that area, a court should weigh this factor against a finding of blurring.

The "sophistication level of the relevant consumers" is also important because even if consumers are positioned to view both marks simultaneously, they may have the ability to continue to distinguish the two marks in their minds, thus allowing the mark to keep its distinctive quality. Another relevant factor for a court to look at when searching for the necessary level of proof of actual harm could be the "current position of the junior user." Where the facts present a junior user that has not entered the market yet, as in *Nabisco*, the court should look closer at other factors to determine whether there is a potential for actual harm to the existing famous mark. On the other hand, when a fact situation involves marks that have co-existed for any length of time, as in *Ringling* and *Westchester Media*, this factor might logically lead a court to decide that the potential for actual harm is nonexistent.

The "intent of the junior user" is a factor that has received both acceptance and rejection from the circuit courts. As previously stated, with tarnishment there is already an implied predatory intent incorporated into the junior user’s selection of its mark. This factor, as it pertains to blurring, should be viewed as just another relevant factor incorporated into the court’s analysis of circumstantial evidence presented. The intent of the junior user becomes especially apparent when viewed in conjunction with the "similarity of the products" factor, specifically because the junior’s intent could be evidenced

307. See id. at 50.
308. Compare *Nabisco*, 191 F.3d at 225 (disagreeing with district court’s finding of predatory intent, but impliedly acknowledging that this factor may be relevant if the junior user adopted its mark “in the hope of benefiting from association with [the] famous [mark].”), with Eli Lilly & Co. v. Natural Answers, Inc., 233 F.3d 456, 469 (7th Cir. 2000) ("[I]ntent of the junior mark holder . . . [is] not particularly relevant to the ‘capacity of [the senior] mark to identify and distinguish’ itself.") (footnote and additional internal quotation marks omitted) (third alteration in original).
309. See discussion supra Part V.C.1.
310. The use of this factor has also been rejected because the FTDA allows for damages upon the finding of “willful intent,” and so the argument is that this factor should only be considered in respect to available remedies, not a finding of blurring. See *Clinique Labs.*, Inc. v. Dep Corp., 945 F. Supp. 547, 563 (S.D.N.Y. 1996).
311. See *Sally Gee*, Inc. v. *Myra Hogan*, Inc., 699 F.2d 621, 626 (2d Cir. 1983) ("[T]he absence of predatory intent by the junior user is a relevant factor in assessing a [dilution] claim . . . since relief under the statute is of equitable origin.") (citation omitted). Though the court was
through an aggressive advertising campaign to accentuate its mark.\textsuperscript{312} Put another way, when the junior user is operating in the same market as the senior user there is already a substantial risk that there will be a lessening in the capacity of the famous mark to identify the senior user’s goods because consumers are capable of viewing both marks simultaneously.\textsuperscript{313} That risk can exponentially increase when the junior user deliberately chooses its mark to trade on the fame of the senior mark and makes this intent obvious. Finally, the rejection of this factor by some courts is admittedly more appropriate where the marks are being used in completely different markets because of the inability of consumers to view both marks, but the willful intent on the part of the junior user will not go unnoticed, assuming blurring is found, given the court will have the discretion to award damages.\textsuperscript{314}

The factors discussed here are for illustrative purposes and do not exhaust those range of factors that are potentially relevant, including those already elaborated on in the various circuit court decisions. The FTDA applies the moment the unauthorized use of a famous mark reduces the public’s perception that the mark signifies something unique, singular, or particular, but by requiring this level of proof of actual harm in cases of blurring, courts and commentators will be assured that trademark owners will not be receiving the windfall of the relief provided by the FTDA when they have not \textit{actually} been harmed.\textsuperscript{315}

VI. CONCLUSION

The number of trademarks that are eligible for protection from blurring and tarnishing junior users is small in comparison to the number of trademarks in use.\textsuperscript{316} In addition, the long-standing acknowledgement of the existence of both forms of dilution and the purpose of the FTDA to provide national uniformity to the patch-quilt system of protection afforded by the states must be considered when interpreting the FTDA. The two levels of proof of actual harm proposed by this Note are

\begin{itemize}
\item \textsuperscript{312} See \textit{Clinique Labs.}, 945 F. Supp. at 563.
\item \textsuperscript{313} See discussion \textit{supra} Part V.B.4
\item \textsuperscript{314} See 15 U.S.C. \textsection 1125(c)(2) (Supp. V 2000)
\item \textsuperscript{315} See \textit{Kellogg Co. v. Exxon Mobil Corp.}, 192 F. Supp. 2d 790, 804 (W.D. Tenn. 2001).
\item \textsuperscript{316} See GILSON, \textit{supra} note 79, \textsection 5.12, at 5-227 (2001) (noting that though the FTDA protects famous marks, “it leaves the more numerous journeyman trademarks that dot the landscape to the more traditional infringement remedies, at least until they become ‘famous.’”).
\end{itemize}
formulated with the above in mind and reflect the principle that “[d]iminishment of the famous mark’s capacity can be shown by the probable consequences flowing from use or adoption of the [junior user’s] mark.”\textsuperscript{317} Moreover, both levels of proof adhere to the “principles of equity” and recognize the “well-established presumption that injuries arising from Lanham Act violations are irreparable, even absent a showing of business loss.”\textsuperscript{318} Accordingly, absent a Congressional decision to overhaul the FTDA to include only the traditional blurring claim or in the alternative specifically requiring the same level of proof for both claims, the dichotomous standard approach proposed by this Note is a logical extension of the decision making process courts have employed from the beginning.

\textit{Joseph J. Galvano*}

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\textsuperscript{318} Abbott Labs. v. Mead Johnson & Co., 971 F.2d 6, 16 (7th Cir. 1992).
\end{flushright}

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