

1996

## The Federal Trademark Dilution Act of 1995: Substantial Likelihood of Confusion

Eric A. Prager  
*Darby & Darby, P.C.*

Follow this and additional works at: <https://ir.lawnet.fordham.edu/iplj>



Part of the [Entertainment, Arts, and Sports Law Commons](#), and the [Intellectual Property Law Commons](#)

---

### Recommended Citation

Eric A. Prager, *The Federal Trademark Dilution Act of 1995: Substantial Likelihood of Confusion*, 7 Fordham Intell. Prop. Media & Ent. L.J. 121 (1996).  
Available at: <https://ir.lawnet.fordham.edu/iplj/vol7/iss1/8>

This Article is brought to you for free and open access by FLASH: The Fordham Law Archive of Scholarship and History. It has been accepted for inclusion in Fordham Intellectual Property, Media and Entertainment Law Journal by an authorized editor of FLASH: The Fordham Law Archive of Scholarship and History. For more information, please contact [tmelnick@law.fordham.edu](mailto:tmelnick@law.fordham.edu).

# The Federal Trademark Dilution Act of 1995: Substantial Likelihood of Confusion

Eric A. Prager\*

## INTRODUCTION

It may be said without fear of contradiction that the biggest news in trademark law this past year was the entry into force of the Federal Trademark Dilution Act of 1995 (“Federal Trademark Dilution Act” or “Act”),<sup>1</sup> which became effective on January 16, 1996.<sup>2</sup> The reason for all the excitement—which has manifested itself in scores of articles, speeches, CLEs, and the like—is two-fold. First, the passage of the Act represents a triumph for the many corporations and practitioners that fought unsuccessfully to obtain a federal dilution provision in the Trademark Law Revision Act of 1988.<sup>3</sup> Second, the passage of the Act represents a high-water mark in the federal recognition of trademark rights, for the Act creates a genuine property right in trademarks separate and apart from any consumer confusion or deception.<sup>4</sup> Indeed, the celebrants may remark that these victories

---

\* Associate, Darby & Darby P.C., New York, NY. Columbia College, A.B. 1990; Fordham University School of Law, J.D. 1993. Portions of this Essay previously appeared in an article in the *New York Law Journal*.

1. Pub. L. No. 104-98, 109 Stat. 985 (1996) (codified at 15 U.S.C. §§ 1125(c), 1127).

2. *Id.*

3. Pub. L. No. 100-667, 102 Stat. 3935 (1988) (codified as amended at 15 U.S.C. §§ 1051-1127 (1994)).

4. *But see* Illinois High Sch. Ass’n v. GTE Vantage Inc., 99 F.3d 244, 247 (7th Cir. 1996) (Posner, Chief J.) (“Even antidilution statutes . . . do not elevate a trademark all the way to property. . . . [This is because] the existence of a mark that designates a particular source is presupposed. When a mark becomes generic . . . [even] [a]n antidilution statute won’t resurrect it . . .”). It is submitted

could not have been sweeter, coming as they have on the fiftieth anniversary of the Lanham Act.<sup>5</sup>

Now that the confetti and streamers have begun to settle, it is time to take a close look at this new statute and in particular to examine the ways in which it differs from the state statutes upon which it is ostensibly modeled. That is the focus of this Essay. Part I provides a short primer on dilution. Part II discusses the Federal Trademark Dilution Act, including the primary differences between it and analogous state statutes. Part III discusses the new requirements imposed by the federal statute over and above those of the state statutes. This Essay concludes that there are few substantial differences between the new federal statute and the existing state statutes of which courts and practitioners must be aware.

## I. BACKGROUND: A SHORT PRIMER ON DILUTION

It seems appropriate to begin with a short primer on the Federal Trademark Dilution Act, on dilution generally, and on how dilution fits into the trademark landscape. Dilution is a special kind of damage to a trademark, and it must be distinguished at the outset from trademark infringement. Trademark infringement occurs when one party adopts a trademark which is the same as or is so similar to an existing mark that, when it is applied to the second-comer's goods, the relevant purchasing public is likely to be confused, mistaken, or deceived as between the goods themselves or the relationship between the parties that make the goods.<sup>6</sup> This "likelihood of confusion" is the touchstone of liability,<sup>7</sup> and it is actionable under both the federal trademark statute (the

---

that dilution statutes do elevate trademarks "all the way to property," but that the property interest may be limited or destroyed by external factors analogous to adverse possession or prescriptive easement.

5. Trademark Act of 1946, Pub. L. No. 79-489, 60 Stat. 427 (1946) (codified as amended at 15 U.S.C. §§ 1051-1127) [hereinafter Lanham Act].

6. 15 U.S.C. § 1114(1) (1994); *see, e.g.*, Cadbury Beverages, Inc. v. Cott Corp., 73 F.3d 474, 477 (2d Cir. 1996).

7. *See* 15 U.S.C. § 1114(1)(a).

Lanham Act) and the state law of every state.

Dilution, by contrast, is the diminishment over time of the capacity of a distinctive trademark to identify the source of goods bearing that mark. This is a serious injury to a trademark because a mark's capacity to identify a particular source is its *raison d'être*; it is the very definition of what it means to be a trademark. Dilution can occur even in the absence of consumer confusion, when a mark is used on unrelated goods. The damage is manifested not in diverted customers, but in harm to the mark itself—to its uniqueness, to its singularity, to its capacity to identify the source of goods sold under it.<sup>8</sup> Dilution was not actionable under federal law prior to the Federal Trademark Dilution Act; it was, however, actionable under state law in approximately half the states. Under the state statutes, a plaintiff usually could make out a cause of action for dilution if it could show that its trademark was distinctive (i.e., actually served to identify source) and that the defendant's mark was likely to dilute the plaintiff's mark.

It is generally held that there are two general types of dilution: dilution by blurring and dilution by tarnishment. Blurring occurs when a distinctive trademark is used in connection with non-competing goods such that the uniqueness of the mark and its capacity to identify source is damaged.<sup>9</sup>

---

8. The customary hypothetical examples of dilutive uses of distinctive marks (which, incidentally, are examples of dilution by blurring) include BUICK aspirin, KODAK pianos, and DUPONT shoes. See N.Y. LEGIS. ANN. 49 (1954), cited in *Allied Maintenance Corp. v. Allied Mechanical Trades, Inc.*, 369 N.E.2d 1162, 1164 (N.Y. 1977) (Cooke, J., dissenting). The presence in the marketplace of BUICK aspirin would tend to dilute BUICK for automobiles because—it is assumed—consumers would cease to think exclusively of automobiles when they hear the name BUICK, and this result could be all the more pronounced if there also existed BUICK swimsuits, BUICK toothbrushes, and a BUICK airline (all of which ought to be permitted to enter the market if BUICK aspirin may). On the other hand, if consumers mistakenly believed that General Motors had begun selling analgesics under its BUICK trademark (or licensing another company to do so), that would be trademark infringement.

9. *Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497, 506 (2d Cir.

Tarnishment occurs when a distinctive trademark is “‘linked to products of shoddy quality, or is portrayed in an unwholesome or unsavory context,’ with the result that ‘the public will associate the lack of quality or lack of prestige in the defendant’s goods with the plaintiff’s unrelated goods.’”<sup>10</sup> The Federal Trademark Dilution Act is intended to reach both types of dilution.<sup>11</sup>

The laws proscribing trademark infringement and trademark dilution seek to protect different rights and prevent different harms. The laws proscribing trademark infringement serve to protect consumers and market competition. They seek to protect consumers from being confused, mistaken, or deceived in their purchasing decisions by the presence in the marketplace of two or more trademarks that are so similar (when used in connection with particular goods) that they are likely to cause that confusion, mistake, or deception; this permits consumers to rely on trademarks as accurate source indicators.<sup>12</sup> Trademark owners also benefit from this consumer protection, and trademark infringement law has been no less protective of companies that invest heavily—through advertising, marketing, and promotion—in raising public awareness of their distinctive trademarks.

The laws proscribing trademark dilution, however, serve a different purpose. Dilution does not hurt consumers; it hurts trademarks and their owners. Trademark dilution law seeks to protect the trademark owner’s rights in a mark itself, and this may help to explain why it has taken dilution

---

1996).

10. *Id.* at 507 (quoting *Deere & Co. v. MTD Prods., Inc.*, 41 F.3d 39, 43 (2d Cir. 1994)).

11. H.R. REP. NO. 374, 104th Cong., 1st Sess. 2 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1031; *see also* *Toys “R” Us, Inc. v. Akkaoui*, No. C 96-3381 CW, slip op. at 5 (N.D. Cal. Oct. 29, 1996); *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. B.E. Windows Corp.*, 937 F. Supp. 204, 208 (S.D.N.Y. 1996).

12. 1 J. THOMAS MCCARTHY, *MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION* § 2.01 (3d ed. 1992 & Supp. 1996).

law so long to take hold, even as infringement law has blossomed. In any event, there is no doctrinal reason why a particular mark or designation could not both infringe and dilute another's trademark; indeed, many cases involving state dilution statutes have considered dilution analysis unnecessary once they have found infringement.<sup>13</sup>

This is the background from which the Federal Trademark Dilution Act has come.

## II. THE FEDERAL TRADEMARK DILUTION ACT

The Federal Trademark Dilution Act adds a new subsection (c) to section 43 of the Lanham Act; this is the operative provision, and it is codified at 15 U.S.C. § 1125(c).<sup>14</sup> The Act also adds a new definition—viz of “dilution”—to section 45 of the Lanham Act; this is codified at 15 U.S.C. § 1127.<sup>15</sup>

The Act roughly follows the two-step analysis of state dilution statutes but with two very important differences that will be discussed below. First, whereas state statutes have required that a mark be distinctive or strong in its capacity to identify source,<sup>16</sup> the Federal Trademark Dilution Act requires that a mark be “famous,” and the Act provides a non-exclusive list of eight factors that courts may consider in determining whether a mark is famous.<sup>17</sup> Second, whereas state statutes have required that a claimant prove a “likelihood of dilution” of its trademark,<sup>18</sup> the Federal Trademark

---

13. See, e.g., *Saban Entertainment, Inc. v. 222 World Corp.*, 865 F. Supp. 1047, 1055 (S.D.N.Y. 1994).

14. 15 U.S.C.A. § 1125(c) (West Supp. 1996).

15. 15 U.S.C.A. § 1127 (West Supp. 1996).

16. See, e.g., CAL. BUS. & PROF. CODE § 14330 (West 1987 & Supp. 1996); ILL. ANN. STAT. ch. 765, para. 1035/15 (Smith-Hurd 1993); N.Y. GEN. BUS. LAW § 368-d (McKinney 1996); MODEL STATE TRADEMARK ACT § 12 (1964).

17. 15 U.S.C.A. § 1125(c)(1)(A)-(H); see *infra* note 37 (listing these eight factors).

18. See, e.g., CAL. BUS. & PROF. CODE § 14330 (West 1987 & Supp. 1996); ILL. ANN. STAT. ch. 765, para. 1035/15 (Smith-Hurd 1993); N.Y. GEN. BUS. LAW § 368-d (McKinney 1996); MODEL STATE TRADEMARK ACT § 12 (1964).

Dilution Act requires that a claimant prove that the second-comer's use "causes dilution" of its trademark.<sup>19</sup> These are substantial differences from the state dilution statutes, and they pose interesting questions and problems.

The Act contains other notable provisions as well. For instance, the legislative history of the Act states in no uncertain terms that the Act does "not pre-empt existing state dilution statutes."<sup>20</sup> However, the Act itself provides that the ownership of a federal registration for a trademark "shall be a complete bar" to an action by another for dilution based on that trademark under the federal or a state dilution law.<sup>21</sup> This certainly provides new incentives to register one's marks and to oppose the registration of similar marks even for unrelated goods; the Act does not, however, require a claimant to register its own mark to avail itself of the new federal cause of action. In addition, the Act specifies that injunctive relief is the usual remedy for dilution but that actual damages, treble damages, and attorney fees may be awarded in cases of willful dilution.<sup>22</sup> This, of course, impliedly indicates that good faith can provide no defense to liability for dilution. Finally, the Act provides a safe harbor for publishing activities, non-commercial uses of a mark, and comparative advertising.<sup>23</sup> These are standard fair use provisions akin to the infringement defenses provided in section 33(b)(4) of the Lanham Act<sup>24</sup> and to those required by the First Amendment.<sup>25</sup>

### III. THE FEDERAL DILUTION REQUIREMENTS

As noted above, the Federal Trademark Dilution Act

---

19. 15 U.S.C.A. § 1125(c)(1) (West Supp. 1996).

20. H.R. REP. NO. 374, *supra* note 11, at 4, *reprinted in* 1995 U.S.C.C.A.N. at 1031.

21. 15 U.S.C.A. § 1125(c)(3) (West Supp. 1996).

22. 15 U.S.C.A. § 1125(c)(2) (West Supp. 1996).

23. 15 U.S.C.A. § 1125(c)(4) (West Supp. 1996).

24. 15 U.S.C. § 1115(b)(4) (1994).

25. U.S. CONST. amend. I.

does not simply “federalize” the existing state dilution laws; it creates a new eligibility standard for protection, and it creates a new liability standard for recovery.

A. *The New Eligibility Standard for Protection*

A trademark is not entitled to the protection of the new federal statute unless it is “famous,” and the Act provides a non-exclusive list of eight factors that courts may consider in determining whether a mark is famous. This is a significant departure from the state statutes, which typically have required only “distinctiveness.”<sup>26</sup>

Distinctiveness, of course, is the level of uniqueness required for protection against trademark infringement, and it makes sense that some greater level of uniqueness is required for dilution protection, which is available even in the absence of consumer confusion. However, the concept of a “famous” mark has not previously been part of United States jurisprudence; although certain marks may be famous in a colloquial sense, legal conclusions have not flowed from the characterization.

The concept of “famous” or “well-known” marks with special rights derives from the Paris Convention for the Protection of Industrial Property,<sup>27</sup> and in particular from article

---

26. See, e.g., *Merriam-Webster, Inc. v. Random House, Inc.*, 35 F.3d 65, 73 (2d Cir. 1994) (“In order to prevail on a claim of dilution under [the New York State dilution statute], the plaintiff must prove . . . that its trade dress or trademark either is of truly distinctive quality or has acquired secondary meaning . . . .”); *Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026, 1030 (2d Cir. 1989) (“First, plaintiff’s mark must possess a distinctive quality capable of dilution. . . . Distinctiveness for dilution purposes often has been equated with strength of a mark for infringement purposes. . . . It also has been defined as uniqueness or as having acquired a secondary meaning.”). But see *Sally Gee, Inc. v. Myra Hogan, Inc.*, 699 F.2d 621, 625 (2d Cir. 1983) (“In [*Allied Maintenance Corp. v. Allied Mechanical Trades, Inc.*, 369 N.E.2d 1162 (N.Y. 1977)] the majority indicated that the anti-dilution statute protects only extremely strong marks, perhaps not even all those that qualify as arbitrary or fanciful.” (citations omitted)).

27. Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, 13 U.S.T. 1, T.I.A.S. No. 4931, as revised, Stockholm, July 14, 1967, 21 U.S.T. 1583,



6bis of the Convention.<sup>28</sup> The legislative history of the Federal Trademark Dilution Act states that “the recently concluded Agreement on Trade-Related Aspects of Intellectual Property Rights<sup>29</sup> (‘TRIPS’) which was part of the Uruguay Round<sup>30</sup> of the GATT agreement includes a provision designed to provide dilution protection to famous marks. Thus, enactment of this bill will be consistent with the terms of the agreement . . . .”<sup>31</sup> Therefore, enactment of the Act was to be consistent with the terms of the TRIPS agreement.<sup>32</sup>

As a factual matter, the legislative history of the Federal Trademark Dilution Act is wrong on this point. The TRIPS agreement provides in its article 16(3) that Member Countries shall apply article 6bis of the Paris Convention to non-competing goods, “provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademark.”<sup>33</sup> This is garden variety trademark infringement under existing United States law, for section 43(a) of the Lanham Act—as amended in 1988—already pro-

---

828 U.N.T.S. 305.

28. *Id.* art. 6bis(1). The Convention states:

The countries of the Union undertake . . . to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. . . .

*Id.*

29. Agreement on Trade-Related Aspects of Intellectual Property Rights, 33 I.L.M. 1197, in General Agreement on Tariffs and Trade: Multilateral Trade Negotiations Final Act Embodying the Results of the Uruguay Round of Trade Negotiations, Apr. 15, 1994, 33 I.L.M. 1125, Annex 1C [hereinafter TRIPs].

30. Uruguay Round Agreements Act, Pub. L. No. 103-465, § 514(a), 108 Stat. 4809, 4976-81 (1994) (codified as amended at 17 U.S.C. § 104A (1994)) [hereinafter URAA].

31. H.R. REP. NO. 374, *supra* note 11, at 4, reprinted in 1995 U.S.C.C.A.N. at 1031.

32. *Id.*

33. See TRIPs, *supra* note 29, § 16(3).

fects against such false indications of a “connection.”<sup>34</sup>

It is not clear from the legislative history of the Federal Trademark Dilution Act whether Congress intended to incorporate the international concept of famous marks into United States law, but the concept is certainly not well-developed in domestic caselaw. This author could find only one case in which a United States court applied article *6bis* to provide protection in the United States for a foreign trademark.<sup>35</sup> However, that court made a variety of findings of fact that it applied to both its trademark infringement analysis under section 43(a) of the Lanham Act and its unfair competition analysis under article *6bis* of the Paris Convention.<sup>36</sup> The court did not articulate any criteria for the specific purpose of determining when a mark is well-known or famous, although it presumably considered the issue *sub silentio*.

As for the eight “famousness” factors in the new federal statute, they are reasonable in and of themselves,<sup>37</sup> but they

---

34. 15 U.S.C. § 1125(a)(1) (1994) (creating liability where second-comer’s use of mark “is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods”).

35. *Laboratorios Roldan, C. por A. v. Tex Int’l, Inc.*, 902 F. Supp. 1555, 1569 (S.D. Fla. 1995).

36. *Id.* at 1560-62.

37. 15 U.S.C.A. § 1125(c)(1) explicitly authorizes courts to consider:

(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’ [sic] 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,

are little more than a compilation of factors that courts have traditionally used to assess the strength of a mark for purposes of trademark infringement analysis. Accordingly, they ought not to require renewed treatment unless courts begin to apply the factors differently in dilution cases than they have in infringement cases, and courts have not yet begun such a departure. It may be that fame is intended to be a synonym for “super-distinctiveness,” and this would be consistent with the caselaw under the state statutes and with Congress’ eight factors. Unfortunately, however, the legislative history has foregone the opportunity to make this clear.

B. *The New Liability Standard for Recovery*

The owner of a famous trademark cannot make out a claim under the new federal statute unless it can prove that the second-comer’s use “causes dilution” of the owner’s mark. As noted above, this is a higher hurdle than that facing plaintiffs under state dilution statutes, which permit recovery upon a showing of a “likelihood of dilution.”

The courts have not yet made clear what evidence they will require to establish the actual coming to pass of dilution, and the legislative history of the Federal Trademark Dilution Act is silent on this seemingly important point. Interestingly, the legislative history does state that “federal trademark law presently coexists with state trademark law, and it is to be expected that a federal dilution statute should similarly coexist with state dilution law.”<sup>38</sup> While it is far from clear, this statement may be read to mean that the federal dilution provision is intended to be generally coextensive with state dilution provisions, just as federal trademark infringement law is generally coextensive with state trademark infringement law.

It is reasonable to anticipate that past analysis of liability

---

1881, or the Act of February 20, 1905, or on the principal register.  
15 U.S.C.A. § 1125(c)(1).

38. H.R. REP. 374, *supra* note 11, at 4, *reprinted in* 1995 U.S.C.C.A.N. at 1031.

under state dilution statutes will play a role in future analysis under the federal statute, and there are some thoughtful decisions construing state dilution statutes prior to the enactment of the Federal Trademark Dilution Act. However, these decisions must be used carefully because they are aimed at determining likelihood of dilution, not actual causation. This author has previously collaborated to suggest a framework for analyzing dilution claims under the new federal statute,<sup>39</sup> and that framework will not be repeated in full here. It is appropriate, though, to discuss here the means that may be used to prove that a second-comer's mark "causes dilution," since proof of this point appears now to be a requirement in all cases under the federal statute.

Logically, a defendant's mark does not "cause dilution" of a plaintiff's mark until the plaintiff's mark has suffered actual dilution. State dilution statutes have been, and continue to be, appealing because they provide a remedy before this damage has begun. Actual dilution—like actual confusion in trademark infringement cases—may be proved in two ways: by anecdotal evidence and by certain types of survey evidence.

It is difficult to conceive of anecdotal evidence of dilution by blurring, but one can imagine anecdotal evidence of dilution by tarnishment. This evidence would consist of testimony from the plaintiff's former customers who declare that they no longer purchase from the plaintiff because they think the quality of its products has declined (when, in fact, it has not and when the defendant's tarnishing activities have been under way). This sort of evidence will be hard to find in the first instance and hard to attribute exclusively to the defendant's activities, since many other market factors may influence the former customer's opinions. However, this kind of anecdotal evidence ought to be highly persua-

---

39. Ethan Horwitz & Eric A. Prager, *What Is Dilution and How Is It Proved?*, N.Y. L.J., Dec. 2, 1996, at S7.

sive when it does “stick,” just as anecdotal evidence of actual confusion is highly persuasive in trademark infringement cases.<sup>40</sup>

Survey evidence should be easier to adduce, both in the tarnishment and blurring contexts.<sup>41</sup> In the tarnishment context, actual dilution can be demonstrated using a two-cell product attribute survey. A control cell is used to measure the attributes that consumers who are unfamiliar with the defendant’s mark associate with the plaintiff’s mark (e.g., wholesome, family-oriented, good value, etc.); many consumer products companies routinely conduct attribute surveys of their famous brands, and it may be possible to use this data. The test cell is used to measure the attributes that consumers who have been exposed to the allegedly tarnishing product associate with the plaintiff’s mark. If the attributes decline, there has been tarnishment (assuming any other market factors can be excluded or quantified). This type of attribute survey will show actual dilution if the participants in the test cell have been exposed to the defendant’s mark in the marketplace, rather than as a survey stimulus.

In the blurring context, actual dilution can be demonstrated by showing a diminishment in the strength of the plaintiff’s mark—in terms of purchasing power—before and after the allegedly diluting use. One way to test this strength would be to measure and use survey-derived likelihood of confusion readings as a surrogate for (or even definition of) strength. In this type of test, the plaintiff—which owns the

---

40. See, e.g., *Grotian, Helfferich, Schultz, Th. Steinweg Nachf. v. Steinway & Sons*, 365 F. Supp. 707, 715-16 (S.D.N.Y. 1973) (“Although evidence of actual confusion is not essential to a finding of trademark infringement, there can be no more positive proof of likelihood of confusion than evidence of actual confusion.”), *modified on other grounds*, 523 F.2d 1331 (2d Cir. 1975); *Lon Tai Shing Co. Ltd. v. Koch + Lowy*, 19 U.S.P.Q.2d (BNA) 1081, 1089 (S.D.N.Y. 1990) (“a few proven instances of actual confusion betoken a more substantial likelihood of confusion”) (citing cases).

41. Substantial credit for the survey analysis in this Essay is owed to Ethan Horwitz of Darby & Darby whose contribution is gratefully acknowledged.

mark “X” for food and seeks to prove that the use by the defendant of X for automobiles is likely to dilute the mark—would create a control cell using a standard likelihood of confusion survey to quantify the degree to which consumers who are not aware of the use of X on automobiles would be confused by the presence in the market of X on, for example, bicycles. Then, the plaintiff would execute a test cell using consumers who are aware of the use of X on automobiles to quantify the degree to which they would be confused by the presence in the market of X on bicycles. If the test cell shows a lower confusion rating than the control cell, there has been dilution.

To date, there has been only one case in which the federal dilution statute was applied at trial, and there, the court found and enjoined dilution based at least in part on the plaintiff’s survey evidence. *Wawa, Inc. v. Haaf*,<sup>42</sup> the parties consented to consolidate the hearing on the plaintiff’s motion for a preliminary injunction with trial on the merits. The plaintiff owned the mark WAWA for convenience store services; the defendants had begun using the mark HAHA for the same services. Wawa submitted a marketing survey in support of its dilution claim, and the court found the survey persuasive: “[p]laintiff buttresses its position by introducing evidence of a marketing survey which concludes that persons in HAHA’s neighborhood who were interviewed about Defendant’s market tended, in 29% of the cases, to associate Defendant’s market with a Wawa market.”<sup>43</sup> Unfortunately, however, the court did not provide any more detail than this.

Courts may also elect to find “actual dilution” based upon a finding of bad faith or predatory intent. In fact, two of the four cases that have to date reached the merits of a federal dilution claim have appeared to rule implicitly on

---

42. 40 U.S.P.Q.2d (BNA) 1629 (E.D. Pa. 1996).

43. *Id.* at 1632.

this basis.<sup>44</sup> Under strict analysis, of course, this is neither a form of nor even evidence of dilution. However, courts have viewed predatory intent as relevant to their dilution analyses because of the equitable origins of the dilution doctrine.<sup>45</sup> This approach seems sensible under the federal dilution statute, which by its very terms provides protection “subject to the principles of equity and upon such terms as the court deems reasonable.”<sup>46</sup> This approach is also consistent with that taken under trademark infringement analysis, wherein intentional copying of a trademark gives rise to a presumption of a likelihood of confusion.<sup>47</sup>

In addition, one court has suggested that—where identical marks are concerned—dilution may be found under the new federal statute upon a sort of *res ipsa loquitur* analysis. In *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. B.E. Windows Corporation*,<sup>48</sup> the court opined that in cases where a junior user’s mark is identical to the senior user’s mark dilution by blurring is “obvious” since “the public now associates [the mark] with a single source.”<sup>49</sup> However, in that same case, the court took a surprisingly restrictive view of what it means to be a similar mark, and it proceeded to find no dilution under the new federal statute (despite the fact

---

44. See *Panavision Int’l, L.P. v. Toeppen*, 40 U.S.P.Q.2d (BNA) 1908 (C.D. Cal. 1996) (F. Supp. publication pending); *Intermatic Inc. v. Toeppen*, 40 U.S.P.Q.2d (BNA) 1412 (N.D. Ill. 1996) (F. Supp. publication pending). These two cases were brought against the same individual defendant who made a business of registering the trade names of over 200 major corporations as Internet domain names and attempting to sell the domain names back to the corporations. *Panavision* and *Intermatic* each sued under the federal dilution statute to force the return of the domain names. Each moved for summary judgment, and each succeeded on that basis.

45. See, e.g., *Sally Gee, Inc. v. Myra Hogan, Inc.*, 699 F.2d 621, 626 (2d Cir. 1983).

46. 15 U.S.C.A. § 1125(c)(1).

47. See, e.g., *Warner Bros., Inc. v. American Broadcasting Cos.*, 720 F.2d 231, 246-47 (2d Cir. 1983); *Harold F. Ritchie, Inc. v. Cheseborough-Pond’s, Inc.*, 281 F.2d 755, 758-59 (2d Cir. 1960).

48. 937 F. Supp. 204 (S.D.N.Y. 1996).

49. *Id.* at 210.

that the court read a “likelihood of dilution,” rather than “causes dilution,” standard into the statute).<sup>50</sup>

The idea that dilution is more likely when identical marks are at issue is not a controversial one. Similarity of the marks in suit is one of the six factors in the “traditional” dilution test by the Second Circuit Court of Appeals.<sup>51</sup> However, identity of the marks has not previously been offered in and of itself as “obvious” proof of blurring. The usual formulation has called for a balancing of the six factors.<sup>52</sup>

It is clear in any event that the Federal Trademark Dilu-

---

50. *Id.* at 210-11.

51. The test was created by Judge Sweet in his concurring opinion in *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026 (2d Cir. 1989). By 1994, the Second Circuit had begun to call the test “traditional.” See *Deere & Co. v. MTD Prods., Inc.*, 41 F.3d 39, 43 (2d Cir. 1994). The six factors are: (1) similarity of the marks, (2) similarity of the products covered by the marks, (3) sophistication of consumers, (4) predatory intent, (5) renown of the senior mark, and (6) renown of the junior mark. *Mead Data Cent.*, 875 F.2d at 1035 (Sweet, J., concurring).

52. *Mead Data Cent.*, 875 F.2d at 1039-40 (Sweet, J., concurring). The six-factor test is valuable because it provides at least some mode of analysis, but it is also flawed in substantial ways. The first factor—similarity of the marks—certainly merits consideration in the blurring analysis. However, the second factor—similarity of the products—does not belong in the analysis because blurring is no less cognizable when it occurs in connection with unrelated goods; in fact, this may be the archetypal blurring situation. The third factor—sophistication of the consumers—does not belong in the analysis either. While the sophistication of consumers is certainly relevant in determining whether they are likely to be confused among goods in the marketplace, dilution law has a different aim and operation. There is no reason to think that a diluted mark will be less diluted among sophisticated consumers than among unsophisticated consumers; indeed, the opposite may be true if sophisticated consumers are capable of retaining more “meanings” for any particular mark. See Alexander F. Simonson, *How and When Do Trademarks Dilute: A Behavioral Framework to Judge “Likelihood” of Dilution*, 83 TRADEMARK REP. 149, 154 n.27 (1993). The fourth factor—predatory intent—merits consideration, although it is not technically germane to the analysis. The fifth factor—renown of the senior mark—is redundant, since one may not get to the blurring analysis without clearing the distinctive or famous mark hurdle. Finally, the sixth factor—renown of the junior mark—does not belong in the analysis because the renown of the junior mark measures only the probable rapidity of dilution (assuming, as this Essay has been, that the senior mark is distinctive and capable of being diluted).



tion Act should work a major change in proof of dilution claims at the federal level. While courts have not yet articulated the level of proof they will require to establish a dilution claim, there do exist means to show “actual dilution” if courts read the new statute as requiring this level of proof.

#### CONCLUSION

The provisions of the Federal Trademark Dilution Act have a familiar ring to them, but there are very important differences between the new federal statute and the state statutes with which many are familiar. This is certainly no cause for alarm, but it is no less certainly worthy of attention. Courts will play a major role in determining the metes and bounds of federal dilution protection, and it may be some time before the effects of the Federal Trademark Dilution Act can be fully understood.