

1999

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### Recommended Citation

Edward E. Vassallo and Maryanne Dickey, *Protection in the United States for “Famous Marks”: The Federal Trademark Dilution Act Revisited*, 9 Fordham Intell. Prop. Media & Ent. L.J. 503 (1999).  
Available at: <https://ir.lawnet.fordham.edu/iplj/vol9/iss2/5>

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## ESSAYS

# Protection in the United States for “Famous Marks”: The Federal Trademark Dilution Act Revisited

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Maryanne Dickey\*\*

### INTRODUCTION

Section 43(c) of the Lanham Act,<sup>1</sup> known as the Federal Trademark Dilution Act of 1995 (“Dilution Act” or “Act”), became effective January 16, 1996.<sup>2</sup> The passage of the Act arguably represents a high-water mark in the federal recognition of trademark rights.<sup>3</sup> The Act creates a genuine property right in trademarks separate from any consumer confusion or deception.<sup>4</sup> The standards used to fully analyze a federal dilution claim are just beginning to emerge in court decisions.

To understand trademark dilution, one must first examine trademarks and trademark infringement. A trademark is any word, name, symbol, or device employed by a manufacturer or a merchant to identify his or her goods and to distinguish them from those of

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\*\* Associate, Fitzpatrick Cella Harper & Scinto. Boston University, B.A. 1983; Fordham University School of Law, J.D. 1988. This Essay is dedicated to the memory of Ms. Dickey.

1. Trademark Act of 1946, Pub. L. No. 79-489, 60 Stat. 427 (codified as amended at 15 U.S.C.A. §§ 1051-1127 (West 1998 & Supp. 1999)) [hereinafter Lanham Act].

2. Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, § 3(a), 109 Stat. 985 (effective Jan. 16, 1996) (codified at 15 U.S.C.A. § 1125(c) (West 1998)).

3. See Eric A. Prager, *The Federal Trademark Dilution Act of 1995: Substantial Likelihood of Confusion*, 7 FORDHAM INTELL. PROP. MEDIA & ENT. L. J. 121, 121 (1996).

4. See *id.*

another.<sup>5</sup> “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 party’s goods, the relevant purchasing public is likely to be confused, mistaken, or deceived as between the goods themselves.”<sup>6</sup> Dilution, by contrast, is the diminished capacity of a distinctive trademark to identify the source of goods bearing that mark.<sup>7</sup>

There are five distinct areas that have received the most judicial attention in the area of trademark dilution: (1) the attempted retroactive application of the statute; (2) the evidence used to determine whether or not a mark is famous; (3) the factors considered to determine dilution by blurring; (4) what use of a mark is exempt from the Act; (5) the “commercial use in commerce;”<sup>8</sup> and (6) the procedural matters to consider when pursuing, or defending against, a federal dilution claim. Conceptually, a defendant’s use of a mark can lead to trademark infringement without dilution, it can lead to dilution without infringement, or it can result in infringement and dilution. Trademark infringement without dilution occurs when a non-famous trademark is infringed.<sup>9</sup> Trademark dilution without infringement occurs when plaintiff’s mark is distinctive and famous but the defendant’s conduct does not result in a likelihood of confusion.<sup>10</sup> Finally, trademark dilution *and* infringement occur when a distinctive and famous mark is infringed.<sup>11</sup>

In those cases where there is dilution but not infringement only one of the two fundamental precepts of trademark infringement law is present. Trademark infringement is a tort because two

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5. See 15 U.S.C.A. § 1127 (West 1998); see also Steven M. Cordero, Note, *Cocaine-Cola, the Velvet Elvis, and Anti-Barbie: Defending the Trademark and Publicity Rights to Cultural Icons*, 8 Fordham Intell. Prop. Media & Ent. L. J. 599, 604 (1998).

6. See Prager, *supra* note 3, at 122 (citing 15 U.S.C.A. § 1114(1)).

7. See Prager, *supra* note 3, at 123. The Dilution Act defines “dilution” as the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of (1) competition between the owner of a famous mark and other parties, or (2) likelihood of confusion, mistake, or deception. 15 U.S.C.A. § 1125(c) (West 1998); see also Cordero, *supra* note 5, at 617 n.101.

8. 15 U.S.C.A. § 1125(c)(1) (West 1998).

9. See Prager, *supra* note 3, at 123.

10. See *id.* at 123.

11. See Appendix, *infra* p. 527 for illustrative diagram.

wrongs are being committed—a wrong to plaintiff for infringement of its mark, and a wrong to the public at large, which is being misled by the defendant’s activities. Dilution without infringement is primarily premised upon plaintiff’s property right, since the public is not being misled.<sup>12</sup> In a pure dilution case, the absence of a public interest has caused some courts to view dilution claims unfavorably.<sup>13</sup>

The Dilution Act provides that the owner of a “distinctive and famous” mark shall be entitled, under principles of equity, to an injunction against another’s commercial use of a mark or trade name, *if* such use begins *after* the mark has become famous, and *if* it causes dilution of the distinctive quality of the mark.<sup>14</sup> To determine if a mark is “distinctive and famous” a court *may* consider eight enumerated factors, but the statute states that the list is not exclusionary of other factors. Those eight factors will be discussed shortly.<sup>15</sup> The Act states that the owner of the famous mark will get only injunctive relief—unless the defendant “willfully” intended to trade on the owner’s reputation or to cause dilution. Then, if willfulness is present, damages, lost profits, attorneys fees, and increased damages are recoverable, subject to the discretion of the court and principles of equity.<sup>16</sup> If the defendant has a valid federal registration on the principal register, that registration is a

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12. See *Mortellito v. Nina of California, Inc.*, 335 F. Supp. 1288, 1296 (S.D.N.Y. 1972) (“Confusion leads to immediate injury, while dilution is an infection which if allowed to spread, will inevitably destroy the advertising value of the mark.”); *Allied Maintenance Corp. v. Allied Mechanical Trades, Inc.*, 42 N.Y.2d 538, 545 (distinguishing dilution as “[n]ot public confusion caused by similar products or services sold by competitors, but a cancer-like growth of dissimilar products or services which feeds upon the business reputation of an established distinctive trade-mark or name”).

13. See, e.g., *Genovese Drug Stores, Inc. v. TGC Stores, Inc.*, 939 F. Supp. 340 (1996) (concluding that there is no public interest in granting relief); *I.P. Lund Trading v. Kohler Co.*, 11 F. Supp.2d 112 (1998) (noting that preliminary injunction is appropriate only with showing of public interest).

14. See 15 U.S.C.A. § 1125(c)(1) (West 1998).

15. See *id.* § 1125(c)(1)(A)-(H); *infra* notes 34-42 and accompanying text. The original version of the anti-dilution bill stated that “[e]ach of the factors set forth in the provision should be weighed independently and it is the cumulative effect of these considerations which will determine whether a mark qualifies for federal protection from dilution.” S. REP. NO. 100-515, at 42 (1988), *reprinted in* 1988 U.S.C.C.A.N. 5577, 5604-05; see also Cordero, *supra* note 5, at 618, n.103.

16. See 15 U.S.C.A. § 1125(c)(2) (West 1998).

complete bar to an action against that registration under a *state* statute or *state* common law.<sup>17</sup> So there is a degree of preemption under the Federal statute. Certain actions are exempt: fair use for comparative advertising or promotion of competing goods or services; noncommercial use of a famous trademark; and all forms of news reporting and commentary.<sup>18</sup> Finally, the statute defines the term “dilution.” “Dilution” means the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of competition between the famous mark and others, or a likelihood of confusion, mistake, or deception.<sup>19</sup>

This Essay revisits the Federal Trademark Dilution Act and explores the issues surrounding its application. Part I discusses how courts have dealt with the issue of whether the Act may be applicable retroactively. Part II examines what makes a mark distinctive and famous under the Act. Part III reviews dilution under the Act. This Essay concludes that there many uncertainties remain regarding the reach and long term impact of the Federal Dilution Act.

## I. RETROACTIVITY

The Dilution Act became effective on January 16, 1996. Clearly, activities completed before that date are not actionable under the statute.<sup>20</sup> Yet, for those marks that were adopted and used before the effective date of the statute, and remain in use, a question arises as to whether that use is properly enjoined. Thus far, a majority of district courts have refused to do so.

Both the Dilution Act and its legislative history are silent as to whether claims under the Act should be applied retroactively. In the absence of clear Congressional intent favoring retroactivity, the majority of the courts have followed the rule of the Supreme Court

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17. See 15 U.S.C.A. § 1125(c)(3) (West 1998).

18. See 15 U.S.C.A. § 1125(c)(4) (West 1998).

19. See *supra* note 7.

20. See, e.g., *Bonechi S.R.L. v. Irving Weisdorf & Co., Ltd.*, 95 Civ. 4008, 1998 WL 193246, at \*1 (S.D.N.Y. Apr. 21, 1998) (stating that the Dilution Act does not apply retroactively to permit recovery of damages for conduct that ceased prior to the effective date of the statute).

in *Landgraf v. USI Film Products*,<sup>21</sup> which disfavors retroactivity and requires examination of whether application of the statute would attach new legal consequences to events completed before enactment of the statute. New legal consequences would impair rights possessed by a party when he acted, increase a party's liability for past conduct, or impose new duties with respect to transactions already completed.<sup>22</sup>

In the leading district court case to consider retroactive application of the Dilution Act, *Circuit City Stores, Inc. v. Officemax, Inc.*,<sup>23</sup> the court found that when a defendant, in the years before the Dilution Act came into effect, was justified in selecting its marks, investing in advertising, and expanding its business operations—considerations of fairness required the court to reject a federal dilution claim for either money damages or injunctive relief.<sup>24</sup> To hold otherwise would cause the owner of the accused mark “[to] lose its very identity, achieved as the result of conduct and commercial investment, which was perfectly lawful at the time.”<sup>25</sup>

Guiding the court's decision was the reasoning in *Landgraf* that:

Elementary considerations of fairness dictate that individuals should have an opportunity to know what the law is and to conform their conduct accordingly; settled expectations should not be lightly disrupted. For that reason, the ‘principle that the legal effect of conduct should ordinarily be assessed under the law that existed when the conduct took place has timeless and universal appeal. . . . *In a free and dynamic society, creativity in both commercial and artistic endeavors is fostered by a rule of law that gives people confidence about the legal consequences of their actions.*<sup>26</sup>

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21. 511 U.S. 244, 270 (1994).

22. *See id.* at 280.

23. 949 F. Supp. 409 (E.D. Va. 1996).

24. *See id.* at 415.

25. *See id.*

26. *Id.* (quoting *Landgraf*, 511 U.S. at 265-66) (emphasis added).

Other district courts have followed the holding in *Circuit City*.<sup>27</sup> At least one district court, however, has rejected the *Circuit City* holding. In *Fuente Cigar, Ltd. v. Opus One*,<sup>28</sup> the court allowed a party to amend its complaint to add a claim for injunctive relief under the Dilution Act, even though the accused mark was adopted and used before the statute came into effect. The court in *Fuente* concluded that an injunction is a measure of *prospective* relief that does not attach new legal consequences to events completed before enactment of the Dilution Act.<sup>29</sup>

The only appellate court to consider this issue has rejected the *Circuit City* holding. In *Viacom Inc. v. Ingram Enterprises, Inc.*,<sup>30</sup> the Court of Appeals for the Eighth Circuit relied, *inter alia*, on the Supreme Court's pronouncement in *Landgraf* that an intervening statute "may 'authorize[] . . . prospective relief' without running afoul of the traditional presumption against retroactivity."<sup>31</sup> As noted in *Viacom*, the court in *Circuit City* dismissed this Supreme Court pronouncement as mere *dicta*.<sup>32</sup> Further, as the *Viacom* court recognized, the Dilution Act expressly provides that its injunctive relief is "subject to the discretion of the court and the principles of equity."<sup>33</sup>

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27. See, e.g., *S Industries, Inc. v. Diamond Multimedia Sys., Inc.*, 991 F. Supp. 1012 (N.D. Ill. 1998) (noting that the absence of express retroactivity language in the Federal Dilution Act precludes its application to conduct completed before its enactment); *Resorts of Pinehurst, Inc. v. Pinehurst Nat'l Dev. Corp.*, 973 F. Supp. 552 (M.D.N.C. 1997) (concluding that there is no evidence in the text or legislative history of the Dilution Act to support the Act's application retroactively).

28. 985 F. Supp. 1448 (M.D. Fla. 1997).

29. See *id.* at 1453.

30. 141 F.3d 886 (8th Cir. 1998).

31. *Id.* at 889 (quoting *Landgraf*, 511 U.S. at 297 n.3) (alteration in original).

32. See *Viacom*, 141 F.3d at 889.

33. *Id.* at 890.

## II. WHAT MAKES A MARK DISTINCTIVE AND FAMOUS?

The Dilution Act sets forth eight factors which Courts *may* consider to determine whether a mark is distinctive and famous.<sup>34</sup> These factors include: the degree of inherent or acquired distinctiveness of the mark;<sup>35</sup> the duration and extent of use of the mark in connection with the goods or services with which the mark is used;<sup>36</sup> the duration and extent of advertising and publicity of the mark;<sup>37</sup> the geographical extent of the trading area in which the mark is used;<sup>38</sup> the channels of trade for the goods or services with which the mark is used;<sup>39</sup> the degree of recognition of the mark in the trading areas and channels of trade of the mark's owner and the person against whom the injunction is sought;<sup>40</sup> the nature and extent of use of the same or similar marks by third parties;<sup>41</sup> and whether the mark was registered under a prior trademark act or on the principal register.<sup>42</sup>

Other factors, such as licensing revenue and the price of purchasing a trademark and its associated good will might be considered.<sup>43</sup> However, hearsay, anecdotal, and conclusory statements about alleged fame are given little, if any, weight when assessing the fame of a mark.<sup>44</sup>

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34. See 15 U.S.C.A. § 1125(c)(1)(A)-(H) (West 1998).

35. See *id.* § 1125(c)(1)(A) (West 1998).

36. See *id.* § 1125(c)(1)(B) (West 1998).

37. See *id.* § 1125(c)(1)(C) (West 1998).

38. See *id.* § 1125(c)(1)(D) (West 1998).

39. See *id.* § 1125(c)(1)(E) (West 1998).

40. See *id.* § 1125(c)(1)(F) (West 1998).

41. See *id.* § 1125(c)(1)(G) (West 1998).

42. See *id.* § 1125(c)(1)(H) (West 1998).

43. See *In re Leslie Fay Cos.*, 216 B.R. 117, 127-128 (Bankr. S.D.N.Y. 1997) (indicating that the list of factors a court may consider in determining whether a mark is distinctive and famous is non-exclusive).

44. See *King of the Mountain Sports, Inc. v. Chrysler Corp.*, 968 F. Supp. 568, 577-78 (D. Colo. 1997).

A. *Fame in the Eyes of the General Public—Or Fame in Plaintiffs' and/or Defendants' Channels of Trade?*

Being a major player in a particular market weighs in favor of finding a mark to be famous.<sup>45</sup> On the other hand, a high degree of recognition in a niche market is not enough to render a mark famous, and some courts at least have suggested that fame among the general public is required.<sup>46</sup> Yet, the general public may be the wrong universe. Factor F of section 1125(c)(1) calls into question the recognition of the allegedly famous mark in just two markets: the market in which the allegedly famous mark travels and the market in which the accused mark travels.<sup>47</sup> Thus, while fame among the public at large will always do, fame among a significant class might be enough to be entitled to protection under the Act. At least one commentator contends that, in view of Factor F, a plaintiff's mark should not be categorized as "famous" unless it is known to more than fifty percent of the defendant's potential customers.<sup>48</sup>

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45. See *Panavision Int'l, L.P. v. Toeppen*, 945 F. Supp. 1296, 1303 (C.D. Cal. 1996), *aff'd*, 141 F.3d 1316 (9th Cir. 1998).

46. See *Michael Caruso & Co., Inc. v. Estefan Enters., Inc.*, 994 F. Supp. 1454, 1463 (S.D. Fla. 1998) ("Bongo" may be a distinctive mark in the junior women's apparel market, but it is not a generally famous mark); *Knaack Mfg. Co. v. Rally Accessories, Inc.*, 955 F. Supp. 991, 1003 (N.D. Ill. 1997) (no evidence that recognition of "Weather Guard" spilled over into the general consumer market); *King of the Mountain*, 968 F. Supp. at 578 ("King of the Mountain" is not famous outside of its niche market); *Panavision*, 945 F. Supp. at 1303 ("Panavision," which had some advertisements and promotion directed to the public, is famous); *Golden Bear Int'l, Inc. v. Bear U.S.A., Inc.*, 969 F. Supp. 742, 749 (N.D. Ga. 1996) (although "Golden Bear" was found well known to golfers, it was not famous to the general public).

47. See 15 U.S.C.A. § 1125(c)(1)(F) (West 1998).

48. 3 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION, § 24:92, at 24-156 to 157 (4th ed. 1997) [hereinafter MCCARTHY ON TRADEMARKS].

B. *Acquiring Fame Takes Time and the “Buick”/“DuPont” Analogy*

Fame is seldom achieved overnight. Rather than attaining “instant fame,” a mark is much more likely to become famous over an extended period of time.<sup>49</sup> While one court has opined that 15 years “has been generally held an insufficient amount of time for a mark to become famous,”<sup>50</sup> generalities, of course may not apply in any one particular case.<sup>51</sup>

Distinctiveness and fame are sometimes measured against other marks. Citing to examples of dilution provided by Congress (“Dupont shoes,” “Buick aspirin” and “Kodak pianos”), courts sometimes consider whether the plaintiff’s mark “rises to the level” of a “Buick” or “Kodak.”<sup>52</sup> Trademarks such as “Bongo,” “Weather Guard,” and “Golden Bear,” it has been held, do not equal the fame of “Kodak,” and the like,<sup>53</sup> and they have been de-

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49. See, e.g., *WAWA, Inc. v. Haaf*, 40 U.S.P.Q.2d 1629, 1631 (E.D. Pa. 1996) (“Wawa,” used for almost 90 years, is famous), *aff’d*, 116 F.3d 471 (3d Cir. 1997); *Pirelli Armstrong Tire Corp. v. Titan Tire Corp.*, 4 F. Supp.2d 794, 802 (C.D. Ill. 1998) (“Pirelli” and “Armstrong,” registered trademarks for more than 80 years, are famous); *Toys “R” Us, Inc. v. Akkaoui*, 40 U.S.P.Q.2d 1836, 1838 (N.D. Cal. 1996) (“Toys ‘R’ Us,” used for 36 years, is famous); *Jews for Jesus v. Brodsky*, 993 F. Supp. 282 (D.N.J. 1998) (“Jews for Jesus,” used for more than 24 years, is famous); *In re Leslie Fay Cos.*, 216 B.R. 117, 127 (Bankr. S.D.N.Y. 1997) (the “Albert Nipon” family of trademarks, used for 15 years, were found to be famous); *Teletech Customer Care Management (California), Inc. v. Tele-Tech Co.*, 977 F. Supp. 1407, 1413 (C.D. Cal. 1997) (“Teletech,” used for about 15 years is probably famous). Short-term marks have not been found famous. See *Genovese Drug Stores, Inc. v. TGC Stores, Inc.*, 939 F. Supp. 340, 350 (D.N.J. 1996) (“We’ll Take Good Care of You”, used for 9 years, was not famous); *Appleseed Found., Inc. v. Appleseed Inst., Inc.*, 981 F. Supp. 672, 677 (D.D.C. 1997) (“Appleseed,” used for 3 years, is not famous).

50. *Michael Caruso*, 994 F. Supp. at 1463 (finding that use of mark for only fifteen years contradicts the contention that the mark is uniquely famous).

51. See *Michael Caruso*, 994 F. Supp. at 1463. See, e.g., *Teletech*, 977 F. Supp. at 1413; *Leslie Fay*, 216 B.R. at 127.

52. *Michael Caruso*, 994 F. Supp. at 1463 (“Bongo” clothing did not rise to the level of “Buick” or “Dupont”); *Golden Bear Int’l, Inc. v. Bear U.S.A., Inc.*, 969 F. Supp. 742, 749 (N.D. Ga. 1996) (“Golden Bear” does not rise to the level of “Exxon,” “Kodak” or “Coca-Cola”); *Knaack Mfg. Co. v. Rally Accessories, Inc.*, 955 F. Supp. 991, 1003 (N.D. Ill. 1997) (“Weather Guard . . . lacks the widespread fame and celebrity as marks such as Coca-Cola, Polaroid, Disney, Kodak or Rolls Royce.”).

53. See *Michael Caruso*, 994 F. Supp. at 1463; *Golden Bear*, 969 F. Supp. at 749; *Knaack*, 955 F. Supp. at 1003;

nied protection under the Act. At the same time, some courts have already held marks to be famous and protectable from dilution even though they unquestionably do not have the notoriety of “DuPont”, “Buick” or “Kodak.”<sup>54</sup>

*C. Third Party Usage and the Geographic Extent of the Mark's Trading Area*

It is important to remember that a mark must not only be “famous,” it must also be “distinctive” to be protected under the Dilution Act.<sup>55</sup> Extensive third party use of the same or similar marks is a strong indication that a mark is not distinctive. Third party use of the same or similar mark diminishes its distinctiveness, regardless of whether the third party use is found within the same market<sup>56</sup> and regardless of whether it causes confusion.<sup>57</sup>

Although the Dilution Act does not require nationwide fame, “fame in only one state militates strongly against meriting protection from dilution under federal law.”<sup>58</sup> The legislative history of the act supports this conclusion: “[t]he geographic fame of the mark must extend throughout a substantial portion of the U.S.”<sup>59</sup> Yet, in *WAWA, Inc. v. Haaf*, the “WAWA” name for convenience stores was found famous even though those stores operated in only

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54. See *Augusta Nat'l, Inc. v. Sir Christopher Hatton, Inc.*, 41 U.S.P.Q.2d 1846 (N.D. Ga. 1996) (granting preliminary injunction based on likelihood that “Augusta” golf towels infringes and dilutes “Augusta” golf-related goods); *Nailtiques Cosmetic Corp. v. Salon Sciences Corp.*, 41 U.S.P.Q.2d 1995, 1998 (S.D. Fla. 1997) (granting preliminary injunction based on likelihood that “Pro-Techniques,” “Double P Design,” “Formula 2,” and “Formula 2 Ultra” fingernail care products and trade dress infringe and dilute “Nailtiques,” “Double N Design” and “Formula 2 Plus” fingernail care products and trade dress); *Gazette Newspapers, Inc. v. New Paper, Inc.*, 934 F. Supp. 688, 696 (D. Md. 1996) (finding that “The Frederick Gazette” newspaper infringes and dilutes plaintiff’s 18 Maryland newspapers which include “Gazette” in their name).

55. Note, however, that some commentators contend that as used in the Dilution Act, “distinctiveness” is synonymous with fame or, at the very least, distinctiveness is redundant. See 3 MCCARTHY ON TRADEMARKS, *supra* note 48, § 24:91, at 24-147 to 148.

56. See *Sports Authority, Inc. v. Abercrombie & Fitch, Inc.*, 965 F. Supp. 925, 941 (E.D. Mich. 1997); *Star Mkts., Ltd. v. Texaco, Inc.*, 950 F. Supp. 1030, 1035 (D. Haw. 1996) (considering same or similar marks by third parties in any industry).

57. See *Hershey Foods Corp. v. Mars, Inc.*, 998 F. Supp. 500, 517 (M.D. Pa. 1998).

58. *Star Markets*, 950 F. Supp. at 1035.

59. H.R. REP. NO. 104-374 (1995), *reprinted in* 1996 U.S.C.C.A.N. 1029, 1034.

five states.<sup>60</sup>

Geographic considerations, of course, highlight the importance of pursuing state dilution claims, where appropriate. Indeed, Congress recognized that “[s]tate laws could continue to be applied in cases involving locally famous or distinctive marks.”<sup>61</sup>

#### D. *Surveys Designed to Show that a Mark is Distinctive and Famous*

Owners of famous marks have used surveys in their attempts to prove that their marks are famous and protectable pursuant to the Dilution Act. The surveys used in three recent cases illustrate different approaches taken in an attempt to show the distinctiveness and fame of a word mark, slogan and trade dress.

##### 1. The Star Markets Survey

In *Star Markets, Ltd. v. Texaco, Inc.*,<sup>62</sup> plaintiff had a secondary meaning survey conducted to measure the association between the word “Star” and plaintiff’s grocery stores.<sup>63</sup> The survey showed that more than seventy-five percent of the survey respondents in Hawaii associated the word “Star” with plaintiff’s “Star Market” supermarket.<sup>64</sup> Both parties and the Court agreed that the survey proved that “Star” had acquired distinctiveness (also known as secondary meaning), but the court did not agree with plaintiff’s contention that the high degree of association necessarily equates to a high level of distinctiveness.<sup>65</sup> Instead, the court faulted the survey for not measuring the *relative* strength of consumers’ association between the plaintiff’s use of the word “Star” and third party uses of the same or similar mark.<sup>66</sup> Thus, the court found that although the mark was distinctive, it had less than a high level

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60. See *WAWA, Inc. v. Haaf*, 40 U.S.P.Q.2d 1629, 1632 (E.D. Pa. 1996).

61. *Star Markets*, 950 F. Supp. at 1034 (quoting H.R. REP. NO. 104-374 (1995), *reprinted in* 1996 U.S.C.C.A.N. 1029, 1030-31).

62. 950 F. Supp. 1030 (D. Haw. 1996).

63. See *id.* at 1033.

64. See *id.*

65. See *id.*

66. See *id.*

of distinctiveness.<sup>67</sup>

In that same case, plaintiff also had a “recognition” survey conducted, in which respondents were asked the names of any grocery stores or supermarkets they could recall.<sup>68</sup> Over ninety six percent of respondents recalled plaintiff’s mark, “Star Markets.”<sup>69</sup> The results of the survey also showed that “Star Markets” received more recognition than “DuPont,” and only slightly less recognition than “Kodak” or “Buick.”<sup>70</sup> While the survey may have established the fame of plaintiff’s mark in Hawaii, even plaintiff did not contend that a national survey would yield the same results.<sup>71</sup>

## 2. The Ringling Bros. Survey

A “recognition” survey in *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development*<sup>72</sup> asked respondents to fill in the blank in the following statements: “The Greatest \_\_\_\_\_ On Earth” and “Don’t Leave \_\_\_\_\_ Without It.”<sup>73</sup> Once the statements were completed, respondents were asked with whom or what they associated the completed statement. About forty percent of respondents formed the statement “The Greatest *Show* On Earth” and associated it with the Circus.<sup>74</sup> In the control, about the same percentage of respondents formed the statement “Don’t Leave *Home* Without It” and associated that statement with American Express.<sup>75</sup> Since the American Express slogan was assumed to be famous, the equal recognition of the two slogans was evidence that “The Greatest Show On Earth” is a famous mark.<sup>76</sup>

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67. *See id.* at 1034.

68. *See id.* at 1035.

69. *See id.*

70. *See id.*

71. *See id.* at 1035.

72. 955 F. Supp. 605 (E.D. Va. 1997).

73. *See id.* at 612.

74. *See id.*

75. *See id.*

76. *See id.* at 612, 613 n.4.

### 3. The Hershey Survey

In *Hershey Foods Corp. v. Mars, Inc.*,<sup>77</sup> a claim for dilution of trade dress was at issue. Plaintiff sought to protect only certain *elements* of the packaging of its “Reese’s” peanut butter candy—namely its combination of orange, brown and yellow—from alleged dilution by the packaging of peanut butter “M&M’s.”<sup>78</sup> Hershey’s expert conducted a secondary meaning and fame survey by relabeling the “Reese’s” package as “Brand X” and altering other aspects of the trade dress, and then asking respondents to identify the brand and their reason for doing so.<sup>79</sup> Some ninety four percent of respondents identified the mock-up as “Reese’s” and only “Reese’s.”<sup>80</sup> Nevertheless, the court considered the color combination at issue as similar to enough third-party marks in the food industry that it did not seem worthy of protection as famous, and the court declined to enter a preliminary injunction.<sup>81</sup>

## III. DILUTION

The Dilution Act defines dilution as “the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of (1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake, or deception.”<sup>82</sup>

How dilution occurs, or by what means it may be measured or detected is not specified in the Act. Congress intended the above definition “to encompass all forms of dilution recognized by the courts, including dilution by blurring, by tarnishment and disparagement, and by diminishment.”<sup>83</sup> Blurring and diminishment injure the mark’s selling power by “whittling away” the distinctive-

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77. 998 F. Supp. 500 (M.D. Pa. 1998).

78. *See id.* at 502.

79. *See id.* at 509-10.

80. *See id.* at 511.

81. *See id.* at 517.

82. 15 U.S.C.A. § 1127 (West 1998).

83. *Intermatic, Inc. v. Toeppen*, 947 F. Supp. 1227, 1238 (N.D. Ill. 1996) (quoting H.R. Rep. No. 104-374 (1995), *reprinted in* 1996 U.S.C.C.A.N. 1029); *see also* *Ringling Brothers-Barnum & Bailey Combined Shows, Inc. v. B.E. Windows Corp.*, 937 F. Supp. 204, 208 (S.D.N.Y. 1996); *Toys “R” Us, Inc. v. Akkaoui*, 40 U.S.P.Q.2d 1836, 1838 (N.D. Cal. 1996).

ness of a mark and the ability of the mark to serve as a unique identifier of the source of goods and services.<sup>84</sup> Tarnishment and disparagement damage the image of the trademark.<sup>85</sup> For example, they involve the unauthorized use of a trademark with goods of poor quality or the unauthorized association of a trademark with a disparaging, negative or unwholesome message.

Dilution can also result from conduct that does not neatly fit into the categories of tarnishment and blurring. For example, in *Panavision International, L.P. v. Toeppen*,<sup>86</sup> the defendant registered famous trademarks of others as Internet domain names for the purpose of selling the domain name registrations to the trademark owners. Although the court did not find either tarnishment or blurring, it found that the defendant “diminished ‘the capacity of the Panavision marks to identify and distinguish Panavision’s goods and services on the Internet’ [as a domain name].”<sup>87</sup>

A. *Dilution by Tarnishment or Disparagement and Dilution by Blurring*

Cases that involve dilution by tarnishment or disparagement generally are easier for the courts to decide than are those involving dilution by blurring. As Justice Stewart has stated in connection with obscenity and pornography, obscenity may be hard to define but “he knows it when he sees it.”<sup>88</sup> Similarly, courts have had little difficulty, for example, in finding that “Adults R Us” in an Internet site tarnished and thereby diluted “Toys ‘R’ Us” and

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84. See 3 MCCARTHY ON TRADEMARKS, *supra* note 48, § 24:68.

85. See *id.* § 24:95.

86. 141 F.3d 1316 (9th Cir. 1998), *aff’g*, 945 F. Supp. 1296 (C.D. Cal. 1996).

87. *Id.* at 1326 (quoting *Panavision Int’l, L.P. v. Toeppen*, 945 F. Supp. 1296 (C.D. Cal. 1996)). CHECK CASE NAME

88. *Jacobellis v. State of Ohio*, 378 U.S. 184, 197 (1964) (Stewart, J., concurring). Justice Stewart opined:

I have reached the conclusion, which I think is confirmed at least by negative implication in the Court’s decisions since *Roth* and *Alberts*, that under the First and Fourteenth Amendments criminal laws in this area are constitutionally limited to hard-core pornography. I shall not today attempt further to define the kinds of material I understand to be embraced within that shorthand description; and perhaps I could never succeed in intelligibly doing so. But I know it when I see it, and the motion picture involved in this case is not that.

*Id.* (citations omitted).

“Kids ‘R’ Us” when used to sell sexual products.<sup>89</sup>

To determine whether conduct constitutes dilution by blurring, a number of courts follow the six factor test set forth by Judge Sweet in *Mead Data, Inc. v. Toyota Motor Sales*.<sup>90</sup> The factors considered are the similarity of the marks, the similarity of the products covered by the marks, the sophistication of consumers, the predatory intent, the renown of the senior mark, and the renown of the junior mark.<sup>91</sup>

Protection under the Dilution Act is not limited to offending marks that are identical to the famous mark; marks that are similar or imitative may dilute the value of a famous mark.<sup>92</sup>

A number of courts have considered five of the above factors, without considering predatory intent.<sup>93</sup> Indeed, predatory intent is not required under section 43(c). The Dilution Act contemplates the issuance of an injunction where dilution is found and an award of damages in only those cases where the defendant “willfully intended to trade on the owner’s reputation or to cause dilution.”<sup>94</sup>

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89. See *Toys “R” Us, Inc. v. Akkaoui*, 40 U.S.P.Q.2d 1836, 1836-39 (N.D. Cal. 1996) (granting preliminary injunction). See also *Polo Ralph Lauren L.P. v. Schuman*, 46 U.S.P.Q.2d 1046, 1048 (S.D. Tex. 1998) (permanent injunction granted prohibiting the tarnishing use of “The Polo Club” and “Polo Executive Retreat” for an adult entertainment establishment).

90. 875 F.2d 1026, 1035 (2d Cir. 1989) (Sweet, concurring). See, e.g., *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 955 F. Supp. 605, 618 (E.D. Va. 1997) (applying the six factor test); *WAWA, Inc. v. Haaf*, 40 U.S.P.Q.2d 1629, 1632 (E.D. Pa. 1996) (same); *American Express Co. v. CFK, Inc.*, 947 F. Supp. 310, 316-17 (E.D. Mich. 1996) (same).

91. See *Mead Data*, 875 F.2d at 1035; *Sara Lee Corp. v. American Leather Prods., Inc.*, No. 97-C-4158, 1998 U.S. Dist. LEXIS 11914, at \*31 (N.D. Ill. July 27, 1998); *Ringling Bros.*, 955 F. Supp. at 618; *WAWA*, 40 U.S.P.Q.2d at 1632; *American Express Co. v. CFK, Inc.*, 947 F. Supp. 310, 316-17 (E.D. Mich. 1996).

92. See, e.g., *Ringling Bros.*, 955 F. Supp. at 618 (“For blurring to occur, a junior mark must be substantially similar to a senior mark.”); *WAWA*, 40 U.S.P.Q.2d at 1632 (finding that “HAHA 24 HR. Market” and “Wawa” are similar in sight, sound, and context).

93. See, e.g., *Lexington Management Corp. v. Lexington Capital Partners*, 10 F. Supp.2d 271, 289 (S.D.N.Y. 1998); *Johnson Publ’g Co. v. Willitts Designs Int’l, Inc.*, No. 98-C-2653, 1998 U.S. Dist. LEXIS 9264, at \*7-8 (N.D. Ill. June 19, 1998); *In re Leslie Fay Cos.*, 216 B.R. 117, 133 (Bankr. S.D.N.Y. 1997); *Clinique Labs., Inc. v. Dep Corp.*, 945 F. Supp. 547, 562 n.22 (S.D.N.Y. 1996); *Ringling Brothers-Barnum & Bailey Combined Shows, Inc. v. B.E. Windows Corp.*, 937 F. Supp. 204, 215 (S.D.N.Y. 1996).

94. *Ringling Bros.*, 937 F. Supp. at 215 n.3 (quoting 15 U.S.C.A. § 1125(c)(2)).

Likewise, some courts have stated that similarity of the products should not be considered in an analysis of a federal dilution claim,<sup>95</sup> in that Congress recognized that dilution may exist “whether or not the parties market the same or related goods . . .”<sup>96</sup> Nevertheless, some courts hold that when the products covered by the marks are dissimilar, a stronger showing of blurring is required than if the products were similar.<sup>97</sup>

Renown of the junior user has also been ignored as a factor, or considered of marginal relevance, by some courts when the junior user is new to the market.<sup>98</sup> However, other courts have held that where the fame of the junior user’s mark is low or non-existent, it is unlikely that the such mark will cause even minimal, if any, dilution by blurring.<sup>99</sup>

Commentators have also weighed in with opinions on which of the six *Mead* factors should be used in a court’s analysis of a federal dilution claim. No doubt, more debate on this issue will follow.<sup>100</sup>

#### B. *Surveys Designed to Show Dilution and “Likelihood” of Dilution*

In *Hershey Foods Corp. v. Mars, Inc.*,<sup>101</sup> the plaintiff sought to protect elements of the trade dress of its “Reese’s” peanut butter candy from alleged dilution by the packaging of peanut butter “M&M’s” and relied on a survey to show a likelihood of dilution. For the “Hershey,” “M&M’s” and control packages used in the

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95. See *Hershey Foods Corp. v. Mars, Inc.*, 998 F. Supp. 500, 519-20 (M.D. Pa. 1998).

96. *Intermatic, Inc. v. Toeppen*, 947 F. Supp. 1227, 1238 (N.D. Ill. 1996) (quoting H.R. REP. NO. 104-374 (1995), reprinted in 1996 U.S.C.C.A.N. 1029).

97. See *Ringling Bros.*, 937 F. Supp. at 212; *American Express Co. v. CFK, Inc.*, 947 F. Supp. 310, 317 (E.D. Mich. 1996); *Genovese Drug Stores, Inc. v. TGC Stores, Inc.*, 939 F. Supp. 340, 350 (D.N.J. 1996).

98. See *Clinique Labs.*, 945 F. Supp. at 563; *Leslie Fay*, 216 B.R. at 133 n.9; *Lexington Management*, 10 F. Supp.2d at 289.

99. See *Ringling Bros.*, 937 F. Supp. at 214; *American Express*, 947 F. Supp. at 318.

100. See, e.g., *Hershey*, 998 F. Supp. at 504 (citing 3 MCCARTHY ON TRADEMARKS, *supra* note 48, § 24:94.1, at 24-163 to 164) (factors 2, 3, 4 and 6 are not relevant); Prager, *supra* note 3, at 135 n.51 (stating that factors 2, 3, 5 and 6 are not relevant)).

101. 998 F. Supp. 500 (M.D. Pa. 1998).

survey, Hershey relabeled the packages as “Brand X” and also altered the packages to selectively retain more design elements for some brands and less design elements for others.<sup>102</sup> In denying Hershey’s request for a preliminary injunction, the court found that the unfairly altered “M&M’s” and control packages provided no evidence of any alleged dilution caused by the “M&M’s” trade dress.<sup>103</sup>

In *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development*,<sup>104</sup> the plaintiff in a dilution survey showed that twenty five percent of Utah respondents, compared to forty one percent of respondents nationwide, associated the statement “The Greatest \_\_\_\_\_ on Earth” with Ringling Bros. alone.<sup>105</sup> In Utah, respondents also heavily associated the incomplete statement with the defendant, Utah Division of Travel’s (“Utah Travel’s”) slogan “The Greatest Snow on Earth.”<sup>106</sup> Outside Utah, the Utah Travel slogan is essentially unknown. The court rejected this survey as evidence of dilution because (1) outside of Utah the survey provides no evidence of dilution, (2) within Utah there was no evidence that persons associate the slogan “The Greatest *Show* On Earth” with Utah Travel, snow or skiing, (3) there was no evidence that fewer respondents in Utah associate the Ringling Bros. mark with a circus, and (4) the survey provided no evidence that the Ringling Bros. slogan no longer “call[s] immediately to mind” the circus in Utah.<sup>107</sup> Clearly, the main defect of the survey was that it tested the fill-in-the-blank statement “The Greatest \_\_\_\_\_ On Earth,” rather than the famous Ringling Bros. mark.<sup>108</sup> The high percentage of respondents that associated the completed statement, “The Greatest Show on Earth,” with only Ringling Bros. also showed the absence of dilution.<sup>109</sup>

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102. *See id.* at 509-10, 518-19.

103. *See id.* at 511.

104. 955 F. Supp. 605 (E.D. Va. 1997)

105. *See id.* at 618.

106. *See id.*

107. *Id.* at 617 (quoting *Exxon Corp. v. Exxene Corp.*, 696 F.2d 544, 550 (7th Cir. 1982)).

108. *See id.* at 618.

109. *See id.* at 616-618.

In *WAWA, Inc. v. Haaf*,<sup>110</sup> twenty nine percent of survey respondents located in the neighborhood of defendant's market associated the "HAHA 24 Hr. Market" with plaintiff's "Wawa" market.<sup>111</sup> The court found that this survey was credible and supports its own conclusion that "HAHA 24 HR. MARKET" dilutes the value of plaintiff's mark.<sup>112</sup>

Clearly, the issuance of a preliminary injunction in a dilution case requires a determination of the likelihood of dilution, that is, the likelihood of prevailing on the dilution claim at trial. When considering the issuance of a permanent injunction, some courts mistakenly based their decision on the "likelihood" of dilution,<sup>113</sup> perhaps because of the "likelihood of confusion" language for infringement in the Lanham Act.<sup>114</sup> Where the means for measuring and detecting dilution are not always apparent, these mistaken references make a proper determination of dilution all the more difficult.

### C. *Media, Parody, and Noncommercial Use Exceptions and Protection on the Internet*

The Dilution Act specifically exempts certain uses of a mark as not actionable under the statute.<sup>115</sup> These exempt uses include the "[f]air use of a famous mark by another person in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark . . . [the] [n]oncommercial use of a mark . . . [and] [a]ll forms of news reporting and news commentary."<sup>116</sup>

Non-commercial use of a mark includes constitutionally protected speech. Congress intended that parody, satire, editorial and

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110. 40 U.S.P.Q.2d 1629 (E.D. Pa. 1996)

111. *See id.* at 1632.

112. *See id.*

113. *See Polo Ralph Lauren L.P. v. Schuman*, 46 U.S.P.Q.2d 1046, 1048 (S.D. Tex. 1998) (basing permanent injunction on "likelihood" of dilution); *In re Leslie Fay Cos.*, 216 B.R. 117, 133 (Bankr. S.D.N.Y. 1997) (basing permanent injunction on "likelihood" of dilution); *Intermatic*, 947 F. Supp. at 1240 (granting summary judgment on the finding of "likelihood" of dilution).

114. *See* 15 U.S.C.A. § 1125(a)(1)(A) (West 1998).

115. *See* 15 U.S.C.A. § 1125(c)(4) (West 1998).

116. *Id.*

other forms of expression that are not part of a commercial transaction” should be exempt from the reach of the Dilution Act.<sup>117</sup>

The Dilution Act has become a useful tool for resolving Internet trademark disputes, as was intended by Congress. Frequently cited by the courts is Senator Leahy’s statement that he “hope[d] that this anti-dilution statute can help stem the use of deceptive Internet addresses taken by those who are choosing marks that are associated with the products and reputations of others.”<sup>118</sup>

Dilution has been found where a defendant has used an organization’s mark as a domain name to make disparaging statements about the organization and/or as a platform to advance views contrary to the teachings and practices of the organization. These sites are intended to intercept, through the use of deceit and trickery, the audience sought by the legitimate organization. Such conduct amounts to dilution by tarnishment or blurring.<sup>119</sup>

Even the danger of potential tarnishment has been cited as a basis for finding dilution. In *Intermatic Inc. v. Toeppen*,<sup>120</sup> the defendant used plaintiff’s mark in his Internet site domain name, even though the site contained nothing more than a map and con-

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117. See *Dr. Seuss Enters., L.P. v. Penguin Books USA, Inc.*, 924 F. Supp. 1559, 1574 (S.D. Cal. 1996) (quoting 141 CONG. REC. S19310 (daily ed. Dec. 29, 1995) (statement of Sen. Hatch)), *aff’d*, 109 F.3d 1394 (9th Cir. 1997). *The Cat Not in the Hat! A Parody by Dr. Juice*, a book about the O.J. Simpson murder trial which mimics the distinctive style of the Dr. Seuss works, was held to be an expressive use exempt from the reach of the Dilution Act. See *id.*; see also *Mattel Inc. v. MCA Records Inc.*, 46 U.S.P.Q.2d 1407, 1419-20 (C.D. Cal. 1998) (denying motion for preliminary injunction absent stronger evidence that “Barbie Girl” song and video parody actually tarnishes the image of Mattel’s “Barbie” doll).

118. See *Panavision Int’l, L.P. v. Toeppen*, 141 F.3d 1316, 1326 (9th Cir. 1998) (quoting 141 CONG. REC. S19312-01 (daily ed. Dec. 29, 1995) (statement of Sen. Leahy)); see also, *Teletech Customer Care Management (California), Inc. v. Tele-Tech Co.*, 977 F. Supp. 1407, 1413 (C.D. Cal. 1997); *Intermatic, Inc. v. Toeppen*, 947 F. Supp. 1227, 1238 (N.D. Ill. 1996).

119. See, e.g., *Jews for Jesus v. Brodsky*, 993 F. Supp. 282 (D.N.J. 1998) (issuing a preliminary injunction against the defendant from using the name of the plaintiff organization, Jews for Jesus, as a domain name). Other examples of tarnishment on the Internet include the use of the name “Adults R Us” in an Internet site in association with sexual products that are inconsistent with the “Toys ‘R’ Us” image, see *Toys “R” Us, Inc. v. Akkaoui*, 40 U.S.P.Q.2d 1836, 1838 (N.D. Cal. 1996), and the use of the domain name “candyland.com” in association with sexually explicit material, see *Hasbro, Inc. v. Internet Entertainment Group, Ltd.*, 40 U.S.P.Q.2d 1479 (W.D. Wash. 1996).

120. 947 F. Supp. 1227 (N.D. Ill. 1996).

tained no information about the plaintiff's products.<sup>121</sup> As explained by the court, "if [defendant] were allowed to use 'intermatic.com,' Intermatic's name and reputation would be at [defendant's] mercy and could be associated with an unimaginable amount of messages on [defendant's] web page . . . . Attaching Intermatic's name to a myriad of possible messages . . . is something that the [Lanham] Act does not permit."<sup>122</sup>

Dilution has occurred on the Internet, not only through the use of a famous trademark as a domain name, but also through metatags. Metatags are the machine readable codes found in Internet web pages that can be used by individuals or search engines to access a trademark owner's web site by searching for the trademark. In *Playboy Enterprises, Inc. v. Calvin Designer Label*,<sup>123</sup> the unauthorized use of the trademarks "Playboy" and "Playmate," as part of a domain name and metatag, was preliminarily enjoined. However, when a defendant makes fair use of a famous mark, either in a website or in metatags, there is no dilution.<sup>124</sup>

#### D. *The "Commercial Use in Commerce" Requirement*

The Dilution Act protects owners of famous marks from "another person's *commercial use in commerce* of a mark or trade name, if such use . . . causes dilution . . ."<sup>125</sup> Both "commercial use" and "in commerce," two distinct requirements, must be established to succeed on a federal dilution claim.

The "in commerce" requirement is a jurisdictional predicate to many federal laws. For example, the Lanham Act claims for infringement, false designation of origin, and false descriptions also have an "in commerce" requirement.<sup>126</sup> Although the Lanham Act's definition of "in commerce" may appear, at first glance, to

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121. *See id.* at 1232.

122. *Id.* at 1239-40.

123. 985 F. Supp. 1220 (N.D. Cal. 1997).

124. *See Playboy Enters., Inc. v. Welles*, 47 U.S.P.Q.2d 1186, 1192 (S.D. Cal. 1998) (denying preliminary injunction where the defendant used the trademarks "Playmate" and "Playmate of the Year" in her website and metatags to identify herself because it constituted fair use).

125. 15 U.S.C.A. § 1125(c) (West 1998) (emphasis added).

126. *See* 15 U.S.C.A. §§ 1114, 1125(a) (West 1998).

be a narrow one,<sup>127</sup> the scope of “in commerce” has been given a broad and sweeping interpretation by the courts.

For example, in *Planned Parenthood Federation v. Bucci*,<sup>128</sup> the court found that defendant’s use of plaintiff’s service mark in his Internet domain name “plannedparenthood.com” and web site satisfied the “use in commerce” requirement for two reasons.<sup>129</sup> First, the defendant used the Internet and his actions had an effect on the plaintiff’s interstate commerce activities. Second, Internet users must use interstate telephone lines to access defendant’s web site.<sup>130</sup>

In the same case, the “commercial use” requirement, however, was met for three reasons: (1) defendant promoted a third party’s book on his web site; (2) defendant was a non-profit political activist who solicited funds for his activities (although he did not directly solicit funds on his web site); and (3) defendant’s actions were designed to, and did, harm the plaintiff commercially.<sup>131</sup> The

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127. See 15 U.S.C.A. § 1127 (West 1998). The statute provides that: The term ‘use in commerce’ means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For purposes of this chapter, a mark shall be deemed to be in use in commerce-

(1) on goods when-

(A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and

(B) the goods are sold or transported in commerce, and

(2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.

*Id.*

128. 42 U.S.P.Q.2d 1430, 1434 (S.D.N.Y. 1997).

129. See *id.* at 1434.

130. See *id.*

131. See *id.* at 1435. See also *Jews for Jesus v. Brodsky*, 993 F. Supp. 282 (D.N.J. 1998) (dicta that “commercial use” was present for three reasons: (1) where there are indirect sales on the Internet, via the use of a hyperlink to a separate organization which sells merchandise; (2) by “disparaging the plaintiff organization and preventing [it] from exploiting [its own m]ark”; and (3) by inhibiting the efforts of Internet users to locate the trademark/service mark owner’s Internet site); *Panavision Int’l, L.P. v. Toeppen*, 141 F.3d 1316, 1325 (9th Cir. 1998) (trading on the value of plaintiff’s trademark by registering it as a domain name and attempting to sell the domain name to the plaintiff constitutes commercial use.); *Intermatic, Inc. v. Toeppen*, 947 F. Supp. 1227, 1239 (N.D. Ill.

court's recognition of the effect of the defendant's actions on the plaintiff's commercial use and use in commerce illustrates the expansive interpretation of the "commercial use"/"in commerce" requirements.<sup>132</sup>

The cases against Network Solutions Inc. ("NSI") in *Academy of Motion Picture Arts & Sciences v. Network Solutions Inc.*,<sup>133</sup> also highlight the importance of the "commercial use" and "in commerce" requirements.<sup>134</sup> NSI is a private company which performs the function of registering Internet domain names.<sup>135</sup> The district court denied a motion for preliminary injunction against NSI where there was no likelihood that the Academy of Motion Picture Arts and Sciences, holder of the registered trademarks "Academy Awards" and "Oscars," would succeed in demonstrating that domain names themselves are goods or services, the sale of which may cause dilution.<sup>136</sup> The court held that the mere registration of a domain name does not constitute "commercial use" or use "in commerce."<sup>137</sup> That is because the registration of a domain name, without more, does not constitute use of the name as a trademark.<sup>138</sup> NSI's limited action, mere registration, did not involve the sale or offer for sale of goods or services.<sup>139</sup>

#### E. *Other Considerations When Pursuing, or Defending Against, a Federal Dilution Claim*

Section 1125(c)(1) of title 15 provides that "the owner of a famous mark" shall be entitled to an injunction where another person's use of a mark causes dilution.<sup>140</sup> An exclusive licensee of a

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1996) (finding of "commercial use" based on intention to arbitrage the registered domain name; "in commerce" requirement met by use of the Internet which transmits communications worldwide).

132. See *Intermatic*, 947 F. Supp. at 1239-40.

133. 989 F. Supp. 1276 (C.D. Cal. 1997).

134. See *id.* at 1279.

135. See *id.* at 1277.

136. See *id.* at 1281.

137. See *id.* at 1278-79.

138. See *id.* at 1280.

139. See *Lockheed Martin Corp. v. Network Solutions, Inc.*, 985 F. Supp. 949, 957-960 (C.D. Cal. 1997) (basing summary judgment on dilution claim in favor of NSI on the conclusion that NSI does not make "commercial use" of domain names as trademarks).

140. See 15 U.S.C.A. § 1125(c)(1) (West 1998).

mark is not an “owner” and does not have standing to seek injunctive relief for its federal dilution claim.<sup>141</sup> Contributory dilution is a new theory of liability, and no cases were found in which a party succeeded with this claim. In the few cases mentioning contributory dilution, there has been no meaningful discussion of such claim.<sup>142</sup> Due to the essentially equitable nature of the provisions of the Dilution Act, at least one court has held the parties in that case were not entitled to a jury trial.<sup>143</sup>

One goal of the Dilution Act was to prevent the forum shopping that resulted from the limited number of states with anti-dilution statutes.<sup>144</sup> Certainly, in those states where there was no state dilution law the federal statute has filled in the gaps by making a federal dilution claim available. The federal dilution statute, however, does not preempt state dilution law with one minor exception.<sup>145</sup> Thus, to the extent state dilution law is more favorable than the federal law, forum shopping may still appeal to the owner of a famous mark. A frivolous claim under the Dilution Act may result in an award of attorneys fees to the defendant. Attorneys

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141. See *STX, Inc. v. Bauer USA, Inc.*, 43 U.S.P.Q.2d 1492, 1495-96 (N.D. Cal. 1997).

142. See *Academy*, 989 F. Supp. at 1279 (the plaintiff’s failure to cite any case law or statutory basis for its claim of contributory dilution weighed strongly against the issuance of a preliminary injunction on this claim); *Lockheed Martin Corp. v. Network Solutions, Inc.*, 175 F.R.D. 640, 645-646 (C.D. Cal. 1997) (denying plaintiff’s motion to amend the complaint to add a claim for contributory dilution in view of the tenuous nature of the claim and the plaintiff’s undue delay); *Kegan v. Apple Computer, Inc.*, 42 U.S.P.Q.2d 1053, 1062 (N.D. Ill. 1996) (denying the defendant’s motion for summary judgment on the claim of contributory dilution because of the existence of genuine issues of material fact).

143. See *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 955 F. Supp. 598, 600 (E.D. Va. 1997).

144. See *Ringling Brothers-Barnum & Bailey Combined Shows, Inc. v. B.E. Windows Corp.*, 937 F. Supp. 204, 208 (S.D.N.Y. 1996) (citing 141 CONG. REC. H14317-01, H14317 (daily ed. Dec. 12, 1995) (statement of Rep. Moorhead)); *American Express Co. v. CFK, Inc.*, 947 F. Supp. 310, 314 (E.D. Mich. 1996).

145. See *Kegan v. Apple Computer, Inc.*, 42 U.S.P.Q.2d 1053, 1061 (N.D. Ill. 1996); *Ringling Bros.*, 937 F. Supp. at 208 (citing H.R. REP. NO. 104-374, at 4 (1995), reprinted in 1995 U.S.C.C.A.N. 1029, 1031 (“the Act was not intended to ‘pre-empt existing state dilution statutes . . . [A] federal dilution statute should . . . co-exist with state dilution law.’”)); *Intermatic, Inc. v. Toeppen*, 947 F. Supp. 1227, 1238 (N.D. Ill. 1996). However, the Act does bar a state dilution claim against a federally registered mark. See *supra* Part I.

fees were awarded in a case where the plaintiff failed to allege that the mark was famous and supplied no evidence to show that the mark was famous.<sup>146</sup>

#### CONCLUSION

There remain many uncertainties about the reach and long term impact of the Federal Dilution Act. It will be interesting to see whether the appellate courts will apply the statute to marks not as notorious as “Buick” or “Kodak”; whether they too, like the *Hershey* court, will reject attempts by plaintiffs to argue that portions of a defendants’ trade dress dilutes their own trade dress; and to what extent the *Mead* factors are deemed relevant to a determination of dilution by blurring.

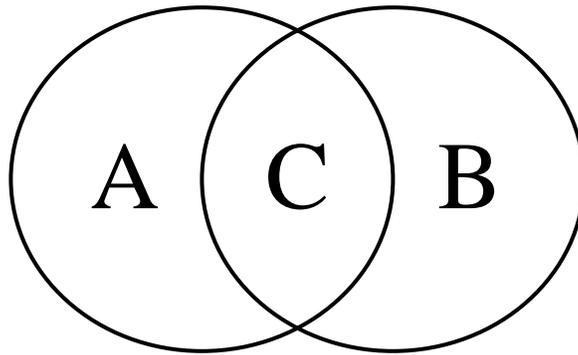
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146. See *S Industries, Inc. v. Diamond Multimedia Sys., Inc.*, 991 F. Supp. 1012, 1024 (N.D. Ill. 1998).

## APPENDIX

PRINCIPLES OF TRADEMARK INFRINGEMENT AND TRADEMARK  
DILUTION: AN ILLUSTRATION.

Principles of Trademark Infringement, Trademark Dilution,  
and their convergence may be illustrated as follows:



A—Dilution: “Famous and Distinctive” marks diluted but not infringed because of the absence of likelihood of confusion.

B—Infringement: Marks infringed because of likelihood of confusion, but marks are not diluted because they are not “Famous and Distinctive.”

C—Infringement and Dilution: Dilution of “Famous and Distinctive” marks and infringement because of likelihood of confusion.