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Beyond the Cheese: Discerning What Causes Dilution Under 15 U.S.C. 1125(c)–A Recomendation to Whittle Away the Liberal Application of Trademark Dilution to Internet Domain Names

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Beyond the Cheese: Discerning What "Causes Dilution" Under 15 U.S.C. § 1125(c)—A Recommendation to Whittle Away the Liberal Application of Trademark Dilution to Internet Domain Names

Matthew D. Caudill*

> *What do you call a phenomenon that cannot be seen, measured, or otherwise perceived or detected and that, for sixty-five years, has proven wholly resistant to analysis? In intellectual property law, it is known as dilution.*
>
> —Jonathan E. Moskin[1]

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1 *Dilution Law: At a Crossroad?, Dilution or Delusion: The Rational Limits of Trademark Protection*, 83 TRADEMARK REP. 122, 122 (1993).

INTRODUCTION

Trademark[2] law emerged as a means to protect against consumer confusion and reward investments in product quality.[3]

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[2] A trademark

> includes any word, name, symbol, or device, or any combination thereof—(1) used by a person, or (2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this [Act], to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.

15 U.S.C. § 1127 (2000). The Lanham Act is the federal trademark statute. Act of July 5, 1946, ch. 540, 60 Stat. 427 (1946) (codified as amended at 15 U.S.C. §§ 1051–1127 (2000)). The Commerce Clause affords Congress the ability to regulate trademarks and acts of unfair competition affecting interstate commerce. *See* U.S. CONST. art. I, § 8, cl. 3. For the purposes of this Article, the terms "trademark" and "mark" as used herein shall refer to both trademarks and service marks (as well as collective and certification marks) without distinction. A service mark is

> any word, name, symbol, or device, or any combination thereof–(1) used by a person, or (2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this [Act], to identify and distinguish the services of one person, including a unique service, from the services of others and to indicate the source of the services, even if that source is unknown. Titles, character names, and other distinctive features of radio or television programs may be registered as service marks notwithstanding that they, or the programs, may advertise the goods of the sponsor.

15 U.S.C. § 1127.

[3] *See* Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L.J. 1687, 1688 (1999).

The protection afforded the users of distinctive marks[4] evolved from the markings affixed to goods so as to indicate origin or ownership.[5] Whereas utility promoted quality and prevented piracy 400 years ago, the purposes of modern trademark protection may not be the same as its roots.[6]

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4 A mark is distinctive if

> the designation is "inherently distinctive," in that, because of the nature of the designation and the context in which it is used, prospective purchasers are likely to perceive it as a designation that, in the case of a trademark, identifies goods or services produced or sponsored by a particular person, whether known or anonymous, or in the case of a trade name, identifies the business or other enterprise of a particular person, whether known or anonymous, or in the case of a collective mark, identifies members of the collective group or goods or services produced or sponsored by members, or in the case of certification mark, identifies the certified goods or services; or
>
> the designation, although not "inherently distinctive," has become distinctive, in that, as a result of its use, prospective purchasers have come to perceive it as a designation that identifies goods, services, businesses, or members in the manner described in Subsection (a). Such acquired distinctiveness is commonly referred to as "secondary meaning."

RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 13 (1995) [hereinafter RESTATEMENT]. A mark is generally protected in a manner proportional to its distinctiveness. *See* Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 9 (2d Cir. 1976) ("Arrayed in an ascending order which roughly reflects their eligibility to trademark status and the degree of protection accorded, these classes are (1) generic, (2) descriptive, (3) suggestive, and (4) arbitrary or fanciful."). Generic marks, such as "car" for an automobile, are ineligible for protection because such words merely name the object or class to which the mark applies. Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 215 (2d Cir. 1999) [hereinafter *Nabisco II*]. Descriptive marks merely describe the attributes of a product. For instance, the mark "sticky" for glue would be descriptive of the texture of the product. *See id*. Descriptive marks must acquire secondary meaning to be eligible for trademark protection. *Id*. A mark acquires secondary meaning when the consuming public associates such mark with the products of its user rather than, or in addition to, its customary meaning. *Id*. Suggestive marks merely suggest the qualities of the product and are thus protectable without a showing of secondary meaning. *Id*. For example, "Tanaway" for suntan oil is suggestive of the effect of the product. Arbitrary or fanciful marks enjoy the highest level of protection. *See id.* at 216. Such marks bear no logical relationship between the mark and its product. *See id*. "Kodak" for camera equipment and "Aunt Jemima" for pancake syrup are examples of arbitrary or fanciful marks. *See id*.

5 *See* Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 814 (1927). Merchants also placed proprietary marks on their goods to prevent piracy or in case of shipwreck so that the goods could be identified and reclaimed by the owner. *Id*.

6 *Id*. Professor Schechter commented:

> To what extent does the trademark of today really function as either [indicating origin or ownership of the goods to which it is affixed]? Actually, not in the least! It has been repeatedly pointed out by the very courts that insist on

Modern trademarks promote product quality and thereby stimulate product sales.[7] While a trademark may manifest the goodwill of a product, it also may create and enhance such goodwill.[8] A manufacturer who affixes her mark to her product is able to directly sway the consumer, reaching "over the shoulder of the retailer."[9] With this powerful tool, trademark owners have sought increased protection for their investment in product quality and advertising as reflected in the strength of their trademarks.[10]

But not all marks are created equal. The protection afforded trademarks necessarily depends upon the strength of the marks. The stronger the association between a trademark and a product, the more protection the law affords the owner of the mark.[11] Coined or fanciful marks such as Kodak[12] or Aunt Jemima immediately bring to mind camera equipment or pancake syrup to the consuming public. On the opposite end of the spectrum, generic marks such as Bob's Tuna may not evoke any particular product or product quality. Trademark law serves to protect the investments in strong marks to prevent against consumer confusion.

The traditional means of enforcing one's trademark was the infringement cause of action. Trademark infringement occurs when "a person uses a trademark in a way that creates a 'likelihood of confusion' as to the affiliation, connection, or association of the

> defining trademarks in terms of ownership or origin that, owing to the ramifications of modern trade and the national and international distribution of goods from the manufacturer through the jobber or importer and the retailer to the consumer, the source or origin of the goods bearing a well known trademark is seldom known to the consumer.

Id. (citations omitted).

7 *See* David J. Franklyn, *The Apparent Manufacturer Doctrine, Trademark Licensors and the Third Restatement of Torts*, 49 CASE W. RES. L. REV. 671, 678 (1999).

8 Schechter, *supra* note 5, at 818–19 ("The mark actually *sells* the goods. And, self-evidently, the more distinctive the mark, the more effective is its selling power.").

9 *Id*. at 818.

10 *See id*. at 821.

11 *See* RESTATEMENT, *supra* note 4 and accompanying text.

12 One thing is for sure; a junior user should never even attempt to challenge the Kodak mark. Kodak is a favorite of courts and commentators upon which to expound. *See, e.g.*, Lemley, *infra* note 15.

junior user with the senior user."[13] Trademark infringement serves to protect the public from confusion over marks that may tend to indicate that two competing goods derived from the same manufacturer.[14] The application of this doctrine may seem apparent; one cannot legally apply the Kodak mark to camera products unless it actually originates (or receives consent) from the Eastman Kodak Company.

While Kodak brings to mind camera equipment, it does not project an association with auto parts. Certain strong trademarks have acquired a life of their own. Trademark law, in turn, has as well. The law of dilution protects strong trademarks against similar uses of the mark on non-competitive products.[15] Proponents of trademark dilution believe that the presence of similar marks on other goods will eventually weaken the consumer association with the strong mark and its product and thus blur or even tarnish the strong mark.[16] The growth of the dilution doctrine in the last sixty-five years culminated with the passage of the Federal Trademark Dilution Act of 1995 (FTDA).[17]

Subsequent to the passage of the FTDA, courts have inconsistently interpreted the causation element of the new cause of action. In *Nabisco, Inc. v. PF Brands, Inc.*,[18] the Second Circuit held that a mere showing of a likelihood of dilution will suffice to grant a senior user injunctive relief, preventing a junior user from

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13 Courtland L. Reichman, *State and Federal Trademark Dilution*, 17 FRANCHISE L.J. 111, 111 (1999). To prevail on a trademark infringement claim, a plaintiff must show: (1) a protectable mark and (2) likelihood of confusion as to the origin, affiliation or sponsorship of the defendant's product.

14 *See id.*

15 Lemley, *supra* note 3, at 1698 (illustrating the ideal situation wherein "[d]ilution laws . . . [protect] against the possibility that the unique nature of a mark will be destroyed by companies who trade on the renown of the mark by selling unrelated goods, such as Kodak pianos or Buick aspirin").

16 Thus, in a sense, while trademark infringement protects the public from confusion and, secondarily, the owner of the mark, trademark dilution protects the mark itself. William Marroletti, *Dilution, Confusion, or Delusion? The Need for a Clear International Standard to Determine Trademark Dilution*, 25 BROOK. J. INT'L L. 659, 662 (1999) ("Because dilution theory protects against harm to the mark itself, rather than its ability to signify goods or services, it is more akin to a property-based protection.").

17 15 U.S.C. § 1125(c) (2000).

18 191 F.3d 208, 223–24 (2d Cir. 1999).

using a similar mark on a non-competitive product.[19] Conversely, in *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development*,[20] the Fourth Circuit held that a plaintiff must show that a sufficiently similar junior mark must actually lessen the ability of the senior mark to distinguish its goods.[21] On April 14, 2002, the U.S. Supreme Court granted certiorari to consider the quandary presented by this circuit split.[22] The interpretation of the FTDA in *Nabisco* is particularly troubling, in that it effectively empowers the owner of a strong mark to curtail the use of any similar mark in areas wherein the owner does not even have a market for her goods. Rather than simply critique it as applied, however, this Article will analyze the effects of applying the Second Circuit's holding in *Nabisco* to Internet[23] domain names.[24]

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19 *Id.* Interestingly, the Second Circuit also applied the FTDA to competing products. *Id*.

20 170 F.3d 449 (4th Cir. 1999).

21 *Id.* at 458–59.

22 V Secret Catalogue, Inc. v. Moseley, 259 F.3d 464 (6th Cir. 2001), *cert. granted*, 122 S. Ct. 1536 (U.S. Apr. 15, 2002) (No. 01-1015) (adopting the "likelihood of dilution" analysis of the Second Circuit in *Nabisco II*). *See infra* Part II.B–C.

23 "Internet" refers to the worldwide information system that—

> (i) is logically linked together by a globally unique address space based on the Internet Protocol (IP) or its subsequent extensions/follow-ons;
> (ii) is able to support communications using the Transmission Control Protocol/Internet Protocol (TCP/IP) suite or its subsequent extensions/follow-ons, and/or other IP-compatible protocols; and
> (iii) provides, uses or makes accessible, either publicly or privately, high level services layered on the communications and related infrastructure described herein.

John V. Erskine, *Don't Believe the Hyperlink—Potential Liability of Issuers Under Anti-Fraud Provisions of the Federal Securities Laws for Embedding Hyperlinks to Analysts' Reports on Their Web Sites*, 32 SETON HALL L. REV. 190, 190 n.1 (2001) (citing *Federal Networking Council (FNC) Resolution: Definition of "Internet," at* http://www.itrd.gov/fnc/Internet_res.html (last modified Oct. 30, 1995)).

24 The domain name system [DNS]

> uses a hierarchical naming scheme known as domain names, which is similar to the Unix filesystem tree. The root of the DNS tree is a special node with a null label. The name of each node (except root) has to be up to 63 characters. The domain name of any node in the tree is the list of labels, starting at that node, working up to the root, using a period ('dot') to separate the labels (individual sections of a name might represent sites or a group, but the domain system simply calls each section a label). The difference between the Unix filesystem

This Article contends that the liberal application of trademark dilution to trademarks associated with Internet domain names frustrates the original purposes of trademark protection. The limited availability of means to distinguish domain names, compared to the traditional uses of trademarks as pictures, words, and other two- or three-dimensional properties affixed to products (i.e., logos), allows the owners of strong trademarks to exclude a multitude of domain names. Rather than protecting the origin or ownership of a product, such application tends to produce a property right in gross, something trademark law should not do.

Part I traces the evolution of the modern dilution doctrine, from the common law to the enactment of the FTDA. Part II outlines the development of the doctrine after the FTDA, including the split between the federal circuits. Part III introduces particular difficulties that the Internet Domain Name System (DNS) introduces and explores ways Congress and the courts have attempted to handle these difficulties. This Article concludes by calling for a reexamination of the protection afforded to strong trademarks in the context of Internet domain names. The rapid expansion of trademark dilution should halt. Appropriate action by the U.S. Supreme Court in adopting the dilution causation standard of the Fourth Circuit[25] or by Congress in repealing the FTDA as

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> and the tree of the DNS is that in the DNS we start on the ground and 'go up' till the root. Writing them in this order makes it possible to compress messages that contain multiple domain names. Thus, the domain name 'tau.ac.il' contains three labels: 'tau', 'ac', and 'il'. Any suffix of a label in a domain name is also called a domain. In the above example the lowest level domain is 'tau.ac.il' (the domain name for the Tel-Aviv University Academic organization in Israel), the second level domain is 'ac.il' (the domain name for Academic organizations of Israel), and the top level domain [hereinafter TLD] (for this name) is 'il' (the domain name for Israel). The node il is the second level node (after root).

DNS: The Domain Name System, *at* http://www.rad.com/networks/1995/dns/dns.htm (last visited Nov. 20, 2002). There are many top level domains [TLDs] available, including: .arpa, .com, .edu, .mil, .il and .us. *Id*. Newer TLDs include: .aero, .biz, .coop, .info, .museum, .name, and .pro. Seven New TLD Proposals Selected for Introduction, *at* http://www.icann.org/tlds/ (last visited Nov. 20, 2002).

25 The position advocated by the Solicitor General would also serve these policy considerations and effectively resolve the circuit split. *See infra* notes 175–177 and accompanying text.

applied to Internet domain names would reinvigorate competition over the Internet.

I. EVOLUTION OF THE MODERN DILUTION DOCTRINE

The premise underlying trademark dilution is the inadequacy of trademark infringement protection. Trademark dilution "grants protection to strong, well-recognized marks even in the absence of a likelihood of confusion."[26] Ostensibly, a junior user can damage the senior user's mark without even a likelihood of consumers confusing the two marks. Such use may act to "diminish or dilute the strong identification value of the plaintiff's mark even while not confusing customers as to source, sponsorship, affiliation or connection."[27]

The protection afforded thereby to a senior user derives not from a concern for the consuming public but for the property right of the senior user in his mark. While trademark infringement protects the consuming public from a likelihood of confusion, trademark dilution protects against the "gradual attenuation or whittling away of the value of a trademark."[28] The essence of dilution, Professor McCarthy discerned, "constitutes an invasion of the senior user's *property right* in [her] mark and gives rise to an independent commercial tort."[29]

A. State and Common Law

Prior to the enactment of the FTDA, state law was the exclusive source of the dilution cause of action. Presently, most states provide relief either through statute[30] or common law.[31]

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[26] 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 24:70, at 24-122 (4th ed. 2002).

[27] *Id*.

[28] *Id*.

[29] *Id*. (emphasis added).

[30] *See, e.g.*, ALA. CODE § 8-12-17 (1993); ARK. CODE ANN. § 4-71-214 (Michie 2001); CAL. BUS. & PROF. CODE § 14330 (West 1987); DEL. CODE ANN. tit. 6, § 3313 (1993); FLA. STAT. ANN. § 495.151 (West 1997); GA. CODE ANN. § 10-1-451 (1994); IDAHO CODE § 48-113 (Michie 1997); IOWA CODE § 548.113 (1995); LA. REV. STAT. ANN. § 51:223.1 (West 1987); ME. REV. STAT. ANN. tit. 10, § 1530 (West 1997); MASS. ANN. LAWS ch. 110B, § 12 (Law. Co-op. 1995); MINN. STAT. ANN. § 333.285 (West 2001);

Most state dilution statutes follow the Model State Trademark Act, which provides:

> Likelihood of injury to business reputation or of dilution of the distinctive quality of a mark registered under this Act, or at a mark valid at common law, or a trade name valid at common law, shall be a ground for injunctive relief notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services.[32]

Injunctive relief is typically the only remedy accompanying a finding of dilution.[33] State dilution claims typically provide dilution relief in two instances: blurring and tarnishment.

1. Blurring

Dilution by blurring constitutes the traditional notion of dilution. Blurring occurs as "[c]ustomers or prospective customers . . . see the plaintiff's mark used by other persons to identify other sources on a plethora of different goods and services."[34] While no confusion exists as to the "source, sponsorship, affiliation or connection," the value of the plaintiff's mark decreases.[35] The mark loses its "unique and distinctive significance . . . to identify and distinguish one source . . . ."[36] The focus is upon damage to the inherent value of the mark as a symbol

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MISS. CODE ANN. § 75-25-25 (1996); MO. ANN. STAT. § 417.061(1) (West 1990); MONT. CODE ANN. § 30-13-334 (1993); N.H. REV. STAT. ANN. § 350-A:12 (1995); N.J. STAT. ANN. § 56:3-13.20 (West 1998); N.M. STAT. ANN. § 57-3B-15 (Michie 2001); N.Y. GEN. BUS. LAW § 360-L (McKinney 1997); OR. REV. STAT. § 647.107 (1993); 54 PA. CONS. STAT. ANN. § 1124 (West 1996); R.I. GEN. LAWS § 6-2-12 (1992); S.C. CODE ANN. § 39-15-1165 (Law. Co-op. 1996); TENN. CODE ANN. § 47-25-512 (1995); TEX. BUS. & COM. CODE ANN. § 16.29 (Vernon 1995); WASH. REV. CODE ANN. § 19.77.160 (West 1997).

31 *See* Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., Inc., 875 F.2d 1026 (2d Cir. 1989) (applying New York law); Toho Co. v. Sears, Roebuck & Co., 645 F.2d 788 (9th Cir. 1981) (applying California law).

32 MODEL STATE TRADEMARK ACT § 12 (1964) [hereinafter MODEL ACT], *reprinted in* 3 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 22:8 (4th ed. 2002); *see* Reichman, note 13, at 132.

33 Reichman, *supra* note 13, at 132.

34 4 MCCARTHY, *supra* note 26, § 24.68, at 24-120.

35 *Id*.

36 *Id*.

rather than upon whether the public has been misled with regard to origin or ownership.[37]

In *Hormel Foods Corp. v. Jim Henson Productions, Inc.*,[38] the Second Circuit considered whether the use of the character name "Spa'am" in a movie blurred the "Spam" mark for luncheon meat.[39] The court began by citing examples of dilution by blurring: "DuPont shoes, Buick aspirin tablets, Schlitz varnish, Kodak pianos, Bulova gowns, and so forth."[40] The court compared the use of the two marks and concluded that there was no likelihood the Henson parody would weaken the public association between Spam and lunch meat.[41] Instead, the court posited that the parody would "prevent the type of blurring which might result from a more subtle or insidious effort at humor at plaintiff's expense."[42]

2. Tarnishment

Dilution by tarnishment constitutes appreciable damage to the plaintiff's mark by another's unflattering or offensive use. The effect of the "unauthorized use is to tarnish, degrade, or dilute the distinctive quality of the mark."[43] Typical instances of tarnishment include "an attempted parody context that is totally dissonant with the image protected by the mark."[44] The effects of dilution by

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37 *See* Toho Co. v. Sears, Roebuck & Co., 645 F.2d 788, 793 (9th Cir. 1981) (finding "Sears' use of 'Bagzilla' has not impaired the effectiveness of the name and image of Godzilla").

38 73 F.3d 497 (2d Cir. 1996).

39 *Id.* at 500 (applying New York's anti-dilution statute).

40 *Id.* at 506 (quoting the legislative history of New York's trademark law, 1954 N.Y. LEGIS. ANN. 49–50).

41 *Id*.

42 *Id*. The court continued:

> This conclusion is strengthened when we consider that Henson's parody undermines any superficial similarities the marks might share. As we noted above, the name "Spa'am" will always appear next to the character likeness and the words "Muppet Treasure Island." This dissimilarity alone could defeat Hormel's blurring claim, for in order to establish dilution by blurring, the two marks must not only be similar, they "must be 'very' or substantially similar."

Id. (quoting Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., Inc., 875 F.2d 1026, 1029 (2d Cir. 1989)).

43 4 MCCARTHY, *supra* note 26, at § 24:69, at 24-121.

44 *Id*.

tarnishment are more readily apparent than the effects of dilution by blurring.

In *Hormel*, the Second Circuit also considered whether the use of the character name "Spa'am" tarnished the "Spam" mark.[45] The court began this analysis by observing that tarnishment occurs when "the public . . . associate[s] the lack of quality or lack of prestige in the defendant's goods with the plaintiff's unrelated goods."[46] The court reviewed precedent wherein successful tarnishment claims typically involved a tarnished mark placed in context of obscenity, sexual activity, or illegal activity.[47] Hormel contended that the Spa'am character, "a 'grotesque,' 'untidy' wild boar," inspired unwelcome associations with Spam lunch meat.[48] The court again focused upon the humorous use of the Spa'am character, finding no corresponding negative association with Hormel's mark.[49]

B. The FTDA

In 1995, Congress passed the FTDA.[50] Partly due to the "patch-quilt system" of trademark protection available through

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[45] 73 F.3d at 507.
[46] *Id.* (citing Deere & Co. v. MTD Products, Inc., 41 F.3d 39, 43 (2d Cir. 1994)).
[47] *Id*.
[48] *Id*.
[49] *Id*.
[50] Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, § 3(a), 109 Stat. 985, 985–86 (1996) (codified as amended at 15 U.S.C. § 1125(c) (2000)):

> (c) Remedies for dilution of famous marks
>
> (1) The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark, and to obtain such other relief as is provided in this subsection. In determining whether a mark is distinctive and famous, a court may consider factors such as, but not limited to—
>
> (A) the degree of inherent or acquired distinctiveness of the mark;
> (B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;
> (C) the duration and extent of advertising and publicity of the mark;
> (D) the geographical extent of the trading area in which the mark is used;

state law, given that only about half of the fifty states provided a dilution cause of action,[51] Congress sought to provide a federal cause of action to discourage forum shopping.[52] The FTDA

> (E) the channels of trade for the goods or services with which the mark is used;
>
> (F) the degree of recognition of the mark in the trading areas and channels of trade used by the marks' owner and the person against whom the injunction is sought;
>
> (G) the nature and extent of use of the same or similar marks by third parties; and
>
> (H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.
>
> (2) In an action brought under this subsection, the owner of the famous mark shall be entitled only to injunctive relief as set forth in section 1116 of this title unless the person against whom the injunction is sought willfully intended to trade on the owner's reputation or to cause dilution of the famous mark. If such willful intent is proven, the owner of the famous mark shall also be entitled to the remedies set forth in sections 1117(a) and 1118 of this title, subject to the discretion of the court and the principles of equity.
>
> (3) The ownership by a person of a valid registration under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register shall be a complete bar to an action against that person, with respect to that mark, that is brought by another person under the common law or a statute of a State and that seeks to prevent dilution of the distinctiveness of a mark, label, or form of advertisement.
>
> (4) The following shall not be actionable under this section:
>
> (A) Fair use of a famous mark by another person in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark.
>
> (B) Noncommercial use of a mark.
>
> (C) All forms of news reporting and news commentary.

15 U.S.C. § 1125.

[51] *See* Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. B.E. Windows Corp., 937 F. Supp. 204, 208 (S.D.N.Y. 1996).

[52] *Id.* at 208; *see also* Kimbley L. Muller, *Dilution Law: At A Crossroad? A Position of Advocacy in Support of Adoption of a Preemptive Federal Antidilution Statute*, 83 TRADEMARK REP. 175, 181, 188, 191–92 (noting that state courts inconsistently interpret clear statutory language, states with greater populations and thereby more litigation control an important aspect of interstate commerce, and the injunctive relief afforded under state law is inadequate due to the geographic limitations). *Cf.* Richard L. Kirkpatrick & Sheldon H. Klein, *A Commentary on the New Federal Trademark Dilution Law*, *in* PROVING LIKELIHOOD OF CONFUSION IN TRADEMARK LAW: A COMMENTARY ON THE NEW FEDERAL TRADEMARK DILUTION LAW, at 60 (PLI Pats., Copyrights, Trademarks, & Literary Prop. Course, Handbook Series No. G4-3973, 1996) ("As a practical matter, the trademark lawyer who likes to leave nothing unpleaded will now

contributed several new concepts to the realm of trademark dilution law. First, the FTDA 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."[53] Second, the allegedly diluted mark must be famous and distinctive,[54] among other factors.[55] Additionally, unlike state dilution statutes which protect against a likelihood of dilution,[56] the FTDA protects against a junior mark that "*causes dilution* of the distinctive quality of the [senior] mark."[57]

1. Fame

For a mark to qualify for protection it must be famous.[58] The FTDA does not define the term "famous" nor does it provide quantitative measures for determining fame.[59] Rather, it sets forth eight factors,[60] applicable in deciding both distinctiveness and fame.[61] Courts and commentators have struggled in applying these

simply tack a federal dilution claim onto the principal claims of infringement and false designation of origin, instead of (or in addition to) a state dilution claim.").

53 15 U.S.C. § 1127.

54 *Id.* § 1125(c)(1).

55 The allegedly dilutive mark must not be on the principal register nor be validly registered. *Id.* § 1125(c)(3). In addition, the alleged dilutive party's use began after the allegedly diluted mark became famous. *Id.* § 1125(c)(1). The junior use of the allegedly dilutive mark is not considered a fair use, news reporting or news commentary. *Id.* § 1125(c)(4)(A). *See generally* Gregg Duffey, *Trademark Dilution Under the Federal Trademark Dilution Act of 1995: You've Come a Long Way Baby—Too Far, Maybe?*, 39 S. TEX. L. REV. 133 (1997).

In addition, the dilutive use must be one that is a commercial use in commerce. *See* Acad. of Motion Picture Arts & Scis. v. Network Solutions, Inc., 989 F. Supp. 1276, 1278 (C.D. Cal. 1997). For the purposes of this Article, it shall be assumed that such provisions outlined in this note are not at issue. The mere registration of a domain name without more is not commercial use. *Id.*; *but see infra* Part IV.A.

56 MODEL ACT, *supra* note 32 and accompanying text.

57 15 U.S.C. § 1125(c)(1) (emphasis added).

58 *Id*.

59 Xuan-Thao N. Nguyen, *The New Wild West: Measuring and Proving Fame and Dilution Under the Federal Trademark Dilution Act*, 63 ALB. L. REV. 201, 209–13 (1999).

60 15 U.S.C. § 1125(c)(1)(A)–(H).

61 Nguyen, *supra* note 59, at 212.

factors and distinguishing fame from distinctiveness.[62] While courts tend to consider fame[63] and distinctiveness as separate elements, the analyses seem to be quite similar.

In *WAWA Dairy Farms v. Haaf*, the U.S. District Court for the Eastern District of Pennsylvania considered whether the mark "Wawa" used for convenience stores was a famous mark.[64] The court considered that the mark had been used extensively for nearly ninety years in the convenience store market.[65] The mark, the court continued, achieved notoriety in the operation of the twenty-four hour convenience market by providing quality products, convenient locations and extensive advertising.[66] The court concluded the "Wawa" mark therefore was famous under the FTDA.[67]

In *Michael Caruso & Co. v. Estefan Enterprises*, *Inc.*,[68] the U.S. District Court for the Southern District of Florida considered whether the "Bongo" mark used on jeans was famous.[69] The court stated that a mark may be distinctive in a particular market, but to be considered famous it must effectuate the general recognition of

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62 *See* Avery Dennison Corp. v. Sumpton, 189 F.3d 868, 875–79 (9th Cir. 1999) (maintaining a stringent review of the eight non-exclusive statutory considerations for fame); Syndicate Sales, Inc. v. Hampshire Paper Corp., 2000 WL 1428665, at *11–*12 (S.D. Ind. Aug. 30, 2000) (recognizing current dispute among courts as to whether fame is a separate inquiry from whether a mark is distinctive, holding secondary meaning will suffice in either respect); Marjorie A. Shields, Annotation, *What Constitutes "Famous Mark" for Purposes of Federal Trademark Dilution Act, 15 U.S.C.A. § 1125(c), Which Provides Remedies for Dilution of Famous Marks*, 165 A.L.R. FED. 625 (2000) (cataloguing discussion of fame requirements for marks based upon recent decisions).

63 Notable findings of fame include: "Papal Visit 1999" for the papal visit to St. Louis; "Dennison" as part of a corporate name; "Nailtiques" as used in fingernail care products; "TeleTech" for customer care information services; "Gazette" for use in a local Maryland paper; "Intermatic" for electrical products; and "Wedgwood" for house builders in Oregon. Lemley, *supra* note 3, at 1698 n.50. Nonetheless, in many cases, courts "did not make an explicit finding that the mark in question was famous, or made such a finding only by confusing fame with distinctiveness." *Id*. at 1699 n.51 (citing Lori Krafte-Jacobs, Comment, *Judicial Interpretation of the Federal Trademark Dilution Act of 1995*, 66 U. CIN. L. REV. 659, 690 (1998) (citation omitted)).

64 40 U.S.P.Q.2d (BNA) 1629 (E.D. Pa. 1996), *aff'd*, 116 F.3d 471 (3d Cir. 1997).

65 *Id.* at 1629–30.

66 *Id*.

67 *Id*. at 1630.

68 994 F. Supp. 1454 (S.D. Fla. 1998).

69 *Id.* at 1454.

the public in that market.[70] Thus, while "Bongo" may have been distinctive in women's apparel, it was not inherently distinctive like "Exxon" or "Kodak."[71] In addition, the mere use of the "Bongo" mark for 15 years accompanied by extensive third-party uses of the term "bongo" weighed against a finding of fame.[72]

2. Distinctiveness

The FTDA mandates that the allegedly diluted mark be distinctive.[73] While fame is a new addition to the realm of trademark law, distinctiveness is a familiar concept. A trademark is generally protected in accordance with its distinctiveness.[74] To even achieve a modicum of protection under the law, a merely descriptive trademark must acquire secondary meaning.[75] The inclusion of a distinctiveness requirement in the FTDA has thereby puzzled courts and commentators.[76]

Some commentators, such as Professor McCarthy, suggest that distinctiveness is simply a synonym for fame and that no separate finding of distinctiveness is necessary under the FTDA.[77] On the other hand, in *Nabisco, Inc. v. PF Brands, Inc.*, the Second Circuit articulated that the inclusion of the term distinctiveness in the FTDA was meant to exclude non-distinctive marks from protection thereunder.[78] Although this dispute exists under the FTDA, this

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70 *Id.* at 1463; *see also* Syndicate Sales, Inc. v. Hampshire Paper Corp., 192 F.3d 633, 640–41 (7th Cir. 1999) (holding that fame may be restricted to a narrow market if it is the same market in which the defendant operates).

71 *Michael Caruso*, 994 F. Supp. at 1463.

72 *Id*.

73 *See* 15 U.S.C. § 1125(c) (2000).

74 *See* RESTATEMENT, *supra* note 4 and accompanying text.

75 *See* Abercrombie & Fitch Co. v. Hunting World, Inc., 537 F.2d 4, 9 (2d Cir. 1976); RESTATEMENT, *supra* note 4.

76 *See, e.g.*, Nguyen, *supra* note 59, at 209–13.

77 4 MCCARTHY, *supra* note 26, § 24:91.1, at 24-157–58 ("A trademark cannot be 'famous' unless it is 'distinctive,' but it can be 'distinctive' without being 'famous.' In fact, a designation cannot be a trademark at all unless it is 'distinctive.' By definition, all 'trademarks' are 'distinctive'—very few are 'famous.'").

78 *Nabisco II*, 191 F.3d 208, 216 n.2 (2d Cir. 1999) ("We think the inclusion of the requirement of distinctiveness was intended, for good reason, to deny the protection of the statute to non-distinctive marks."). Of course, as Professor McCarthy recognized, this is unnecessary because distinctiveness is a requirement to first qualify as a trademark. 4 MCCARTHY, *supra* note 26, § 24.91.1, at 24-156 ("[B]asic trademark principles dictate

Article will focus on another quarrel over the statutory interpretation of the FTDA. After satisfying the fame and distinctiveness quandaries, the plaintiff must then demonstrate that the defendant's mark "causes dilution."[79]

II. "CAUSES DILUTION" SPLIT

The defendant's use must cause dilution of the distinctive quality of the plaintiff's mark. Notwithstanding the statutory language, from the enactment of the FTDA until 1999, courts proceeded with federal dilution claims in the same manner as state or common law dilution claims. Recently, the U.S. Supreme Court granted certiorari to resolve this circuit split.[80]

A. Pre-Split Standard

Courts initially considered the new FTDA as providing merely a higher standard of fame or distinctiveness. Rather than viewing the causation element as determining whether the defendant's mark causes dilution of the famous mark, courts instead considered whether there was a likelihood of dilution of the famous mark.

In *Clinique Laboratories, Inc. v. Dep Corp.*,[81] the U.S. District Court for the Southern District of New York examined the causation standard under the FTDA.[82] Judge Scheindlin began by asserting the plaintiff has a lighter burden under the new FTDA than under prior federal trademark infringement analysis.[83] Citing the legislative history rather than the text of the statute itself, the court observed that the "language mirrors the traditional New York dilution analysis, under which dilution can be established by a showing of either blurring or tarnishment."[84] Judge Scheindlin

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that a designation has to be 'distinctive' either inherently or through acquisition of secondary meaning.").

79 15 U.S.C. § 1125(c)(1) (2000).

80 *See* V Secret Catalogue, Inc. v. Moseley, 259 F.3d 464 (6th Cir. 2001), *cert. granted*, 122 S. Ct. 1536 (U.S. Apr. 15, 2002) (No. 01-1015).

81 945 F. Supp. 547 (S.D.N.Y. 1996).

82 *Id.* at 561.

83 *Id.*

84 *Id*. (referring to H.R. REP. NO. 374, at 3 (1995), *reprinted in* 1996 U.S.C.C.A.N. 1029, 1030).

considered the five-factor *Mead Data* test to assess the dilution by blurring claim: 1) similarity of the trademarks; 2) similarity of the products; 3) sophistication of the customers; 4) renown of the senior mark; and 5) renown of the junior mark.[85]

B. Nabisco, Inc. v. PF Brands, Inc.[86]

For nearly three years, district courts followed the standard set forth in *Clinique* for claims under the FTDA.[87] In 1999, the Second and Fourth Circuits considered the applicability of the FTDA for the first time. In *Nabisco, Inc. v. PF Brands, Inc.*,[88] the Second Circuit upheld an injunction preventing the distribution of Nabisco's cheese crackers into the marketplace due to the likelihood of diluting the goldfish cheese cracker trademark of Pepperidge Farm.[89] In this manner, the court interpreted the FTDA to "permit adjudication granting or denying an injunction, whether at the instance of the senior user or the junior seeking declaratory relief, before the [alleged] dilution has actually occurred."[90]

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85 *Id*. at 562 (citing Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., Inc., 875 F.2d 1026, 1035 (2d Cir. 1989)); *see also supra* Part I.A.

86 F.3d 208 (2d Cir. 1999). Certain factual findings are contained in the district court opinion, *see* Nabisco, Inc. v. PF Brands, Inc., 50 F. Supp. 2d 188 (S.D.N.Y. 1999) [hereinafter *Nabisco I*].

87 *See, e.g.*, Liquid Glass Enters., Inc. v. Dr. Ing, 8 F. Supp. 2d 398, 404 (D.N.J. 1998) (indicating that plaintiff need only show that the defendant's use of his trademarks is likely to cause dilution); Playboy Enters., Inc. v. Asiafocus Int'l, Inc., 1998 WL 724000, at *7 (E.D. Va. Apr. 10, 1998) (stating the FTDA protects a famous mark from a likelihood of dilution); Johnson Publ'g Co. v. Willitts Designs Int'l, Inc., 1998 WL 341618, at *7 (N.D. Ill. June 22, 1998) (providing plaintiff must establish that "defendant's use of defendant's mark creates a likelihood of dilution"); Minn. Mining & Mfg. Co. v. Taylor, 21 F. Supp. 2d 1003, 1005 (D. Minn. 1998) (finding defendant's use of his marks were likely to dilute plaintiff's famous mark); Fed. Express Corp. v. Fed. Espresso, Inc., 1998 WL 690903, at *20 (N.D.N.Y. Sept. 30, 1998) (utilizing the *Mead Data* five-factor test to determine whether dilution by blurring occurred under the FTDA).

88 191 F.3d 208 (2d Cir. 1999).

89 *Id.* at 228–29.

90 *Id.* at 224–25. *Contra* Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449 (4th Cir. 1999) (holding that a plaintiff must show that a sufficiently similar junior mark must actually lessen the ability of the senior mark to distinguish its goods).

Scholars contend that outlandish, specific factual scenarios generate generally applicable precedent;[91] it would, therefore, be useful to examine the facts of the cheese cracker dispute. Nabisco,[92] in an agreement with Nickelodeon,[93] sought to produce a snack food product based upon the CatDog[94] television show. The ensuing product consisted of miniature orange-colored, cheese-flavored crackers in the shapes of the two-headed CatDog character, as well as bones and fish.[95] The CatDog-shaped-cracker represented half of the crackers in a given package, the bone and the fish each represented one quarter.[96] The packaging featured the CatDog character with bones and fish in the background.[97]

Pepperidge Farm[98] began producing its Goldfish[99] line of crackers in 1962.[100] Since its inception, the Goldfish product has

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[91] *See, e.g.*, Lemley, *supra* note 3, at 1697 (noting that, particularly in trademark law, courts "seem to be making . . . law for the extreme case, but . . . then apply[ing] that law to a large number of run-of-the-mill trademarks").

[92] For the purposes of this Article, the term "Nabisco" includes both (i) Nabisco, Inc., a New Jersey corporation; and (ii) Nabisco Brands Co., a Delaware corporation. *See Nabisco*, 50 F. Supp. 2d at 194. Nabisco products include cookie and cracker foods, including "Cheese Nips," the third-best selling brand in the cheese-cracker market. *Id*.

[93] Nickelodeon Television Network, a subsidiary of Viacom International, Inc., airs television programs aimed at children. *Nabisco II*, 191 F.3d at 213.

[94] CatDog is a cartoon program on the Nickelodeon network. The "star" of the program is CatDog, "a two-headed creature that is half cat and half dog." *Id*. Apparently, CatDog has a split personality: the cat is "fastidious and emotionally reserved," while the dog is "slovenly and boisterous." *Nabisco I*, 50 F. Supp. 2d 188, 195–96 (S.D.N.Y. 1999). CatDog garnered a 3.9 Nielsen rating in its first quarter on the air, making it one of the most-watched children's programs. *Nabisco II*, 191 F.3d at 213.

[95] Nabisco contended the images of bones and fish represented the duality of the CatDog character. *Nabisco I*, 50 F. Supp. 2d at 196. CatDog lived in a house in the shape of a bone and a goldfish, the character's respective eating preferences. *Nabisco I*, 50 F. Supp. 2d at 196. While the shapes appear in CatDog's house on the wallpaper and furniture in Nickelodeon's marketing video and on the Internet, the district court noted:

> Although the CatDog house is built in the shape of a fish and a bone, it appears on the screen only a few times, for a few seconds. The fish on the wallpaper and furniture are almost indiscernible. If one were to sneeze while watching that portion of the video, one would miss the fish shape entirely.

Id. (commenting on the marketing video). CatDog images are available at http://www.nick.com/all_nick/tv_supersites/display_show.jhtml?show_id=cat. *Id*.

[96] *Nabisco II*, 191 F.3d at 213.

[97] *Id*.

[98] For the purposes of this Article, the term "Pepperidge Farm" includes both (i) Pepperidge Farm, Inc., a Connecticut corporation; and (ii) PF Brands, Inc., a Delaware

become quite successful. In 1998, net sales of Goldfish crackers reached $200 million.[101] The success of recent marketing efforts has attracted attention from the popular media[102] and trade press.[103] Pepperidge Farm also owns numerous registered trademarks related to Goldfish.[104] Upon learning of Nabisco's proposals related to the launch of the CatDog product, Pepperidge Farm took appropriate action to protect its Goldfish brand.

U.S. District Court Judge Scheindlin once again utilized the *Mead Data* five-factor test to determine whether there was a likelihood of dilution.[105] The judge held that Nabisco's mark had a likelihood of diluting Pepperidge Farm's goldfish mark.[106] The court focused on the distinctiveness of the Pepperidge Farm goldfish mark, finding Nabisco's confusingly similar fish-shaped cheese cracker to be a "signature element" of its product that "strikes at the heart" of what dilution should prevent:[107] "Over

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corporation. *See Nabisco I*, 50 F. Supp. 2d at 194. Pepperidge Farm products include crackers, snack mixes, pastries, cookies, and other baked goods. *Id*.

99 For the purposes of this Article, the term "Goldfish" shall refer to the Pepperidge Farm line of products, including "crackers in various flavors and mixes, the primary product . . . [being] . . . the orange, cheddar cheese-flavored, fish-shaped cracker, sold in a bag or box under the trade name 'Goldfish' and exhibiting a picture of the cracker on the exterior." *Nabisco II*, 191 F.3d at 212. In terms of sales volume, Goldfish is the number one selling cheese snack cracker in the United States. *Id*. at 213.

100 *Id*. at 212.

101 *Id*. at 213. The net sales more than doubled in the period from 1995 to 1998. *Id*.

102 *Id*. Both the Today Show and the sitcom Friends have prominently featured Goldfish crackers. *Id*.

103 The New York Times devoted a full page to the success of the Goldfish brand. *Nabisco I*, 50 F. Supp. 2d at 194 n.7 (citing Constance Hays, *Will Goldfish Tactics Help Campbell's Soups?*, N.Y. TIMES, Oct. 18, 1998, at A3).

104 *Nabisco I*, 50 F. Supp. 2d at 192 n.1. Pepperidge Farm owns trademark registrations on (i) the name Goldfish for bakery products, U.S. Reg. No. 739,118; (ii) the product design of the cracker, U.S. Reg. No. 1,640,659; (iii) the product design of a container for crackers in the shape of a Goldfish, U.S. Reg. No. 1,804,657; (iv) the product design of a smiling Goldfish for cookies U.S. Reg. No. 1,845,811; (v) the name "Goldfish" for snack mix U.S. Reg. No. 1,869,834; (vi) the product design of a Goldfish with a smile for crackers and snack mix U.S. Reg. No. 2,054,823; (vii) and the product design of a smiling Goldfish with sunglasses for crackers U.S. Reg. No. 2,176,927. *Nabisco I*, 50 F. Supp. 2d at 192 n.1. Such registrations become incontestable after five years of use and compliance with Lanham Act formalities. *Id*. at 192 n.2.

105 *Id*. at 205–09; *see also* RESTATEMENT, *supra* note 4.

106 *Id*. at 210.

107 *Id*. at 209.

time, the presence of Nabisco's goldfish-shaped cracker within the CatDog mix is likely to weaken the focus of consumers on the true source of the Goldfish."[108]

While upholding the District Court's ultimate finding of dilution, the Second Circuit disagreed with the application of the *Mead Data* test to the new federal cause of action set forth in the FTDA.[109] The court, citing several deficiencies with the *Mead Data* test,[110] commented, "it is by far premature for federal courts to declare and close the list of factors that will be deemed pertinent in cases under the new federal act."[111] The Second Circuit also considered the language of the FTDA in fashioning precisely what showing was necessary to demonstrate causation.[112] The court acknowledged that the FTDA required causation in the present tense ("causes dilution") as opposed to the state law dilution standard of "likelihood of dilution."[113] Nonetheless, if one reads the statute to require consummated dilution, one is engaging in "excessive literalism to defeat the intent of the statute."[114] The court rejected any contention that the complaining party would have to demonstrate diminished revenues or produce consumer surveys to establish dilution.[115] Rather, contextual factors, such as

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[108] *Id*. at 210.
[109] *Nabisco II*, 191 F.3d 208, 227–29 (2d Cir. 2001).
[110] The test (i) confuses fame and distinctiveness, and (ii) fails to include pertinent factors such as "actual confusion, likelihood of confusion, shared consumers and geographic isolation, the adjectival quality of the junior use, and the interrelated factors of duration of the junior use, harm to the junior user, and delay by the senior [sic] in bringing the action." *Id*. at 228; *cf*. Polaroid Corp. v. Polarad Elects. Corp., 287 F.2d 492, 495 (2d Cir. 1961) (presenting the oft-cited *Polaroid* test for trademark infringement: (i) strength of the senior mark; (ii) similarity of the marks in question; (iii) product proximity; (iv) quality proximity; (v) likelihood that senior user will bridge the gap and enter the junior user's market; (vi) actual confusion; (vii) good faith of the junior user; (viii) sophistication of the buyers). The *Polaroid* test is also known as the *Sleekcraft* or *Frisch* test. The factors suggested by the Second Circuit in *Nabisco II* seem to provide a senior user with a trademark infringement action with a lower standard of proof. *Nabisco II*, 191 F.3d at 228 (applying the FTDA to competitors).
[111] *Nabisco II*, 191 F.3d at 227.
[112] *Id*. at 224.
[113] *See id*.
[114] *Id*.
[115] *See id*. at 223–24.

those used to prove trademark infringement, are sufficient to establish dilution before any harm actually occurs to the mark.[116]

By rejecting the *Mead Data* test used by the district court and applying "the factors . . . we believe to be pertinent,"[117] the Second Circuit left the FTDA in a state of confusion. The court provided no framework, but instead rejected a standard used previously in a body of precedent and interpreted the FTDA in a manner that frustrated the statutory language.

C. Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development[118]

In *Ringling Bros.*, the Fourth Circuit affirmed the judgment of the district court denying Ringling Brothers' FTDA claim based upon Utah Division's use of the mark, "The Greatest Snow on Earth."[119] In so doing, the court interpreted the FTDA to provide a "remedy only for actual, consummated dilution and not for the mere 'likelihood of dilution' proscribed by the state statutes."[120] The Fourth Circuit also applied the definition of dilution in the FTDA, finding that the harm the FTDA intends to remedy is a mark's selling power, not its distinctiveness.[121] This reading of the FTDA is diametrically opposed to the Second Circuit's opinion in *Nabisco*.[122]

Ringling Brothers employed "The Greatest Show on Earth" mark for over one hundred years, enjoying great success.[123] In 1962, the Utah Division of Travel began using "The Greatest Snow on Earth" to advertise its skiing facilities.[124] Ringling Brothers

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116 *Id*. at 224; *see also* Reichman, *supra* note 13.

117 *Nabisco II*, 191 F.3d at 228.

118 170 F.3d 449 (4th Cir. 1999).

119 *Id.* at 451.

120 *Id*. at 458.

121 *See* 25 U.S.C. § 1125(c) (2000); *Ringling Bros.*, 170 F.3d at 458.

122 191 F.3d 208 (2d Cir. 1999); *see supra* Part I.B.

123 Ringling Brothers owns full and valid federal registration of its service mark "The Greatest Show on Earth." Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 955 F. Supp. 605, 609 (E.D. Va. 1997), *aff'd*, 170 F.3d 449 (4th Cir. 1999). Registration issued on December 5, 1961. *Id*. In 1996, Ringling produced over 6.5 billion reproductions of their mark. *Id.* at 610. In 1997 alone, concession merchandise featuring the mark exceeded $100 million in sales. *Id.* at 609.

124 *Id*. at 611.

challenged the federal registration of the Utah mark.[125] Ringling Brothers commissioned a consumer survey to demonstrate the dilution of its mark.[126] In relevant part, the survey showed that 41% of the respondents in the U.S. associated "The Greatest ___ on Earth" with Ringling alone, while only 25% of the respondents within Utah so associated the statement.[127]

U.S. District Court Judge Ellis began by observing that Ringling Brothers' mark was famous and that the alleged dilutive use began after Ringling Brothers' mark became famous.[128] The judge then considered the causation element in "determining how this phenomenon can be detected or measured."[129] Judge Ellis applied the *Mead Data* test to determine dilution, reasoning that such application was not inconsistent with the FTDA.[130] The court concluded that the survey evidence, accompanied by a balancing of the *Mead Data* factors, did not demonstrate dilution.[131]

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[125] *See id*. at 613.

[126] *Id*. at 612. RL Associates conducted the survey by interviewing consumers at seven shopping malls throughout the U.S. Randomly selected shoppers received a card with a series of fill-in-the-blank statements. The first statement was "I Love ___." The second was "Don't Leave ____ Without It." The final statement was "The Greatest ___ on Earth." If the shopper could correctly identify the final statement, RL Associates inquired as to with whom or what the shopper associated the completed statement. RL Associates then inquired further as to whether the shopper associated the statement with any other source. *Id*.

[127] *Id*. at 616.

[128] *See id*. at 613.

[129] *Id*.

[130] *See id*. at 613–14.

[131] *See id*. at 616–22. The court found that the survey evidence did not indicate dilution in Utah. Survey respondents who filled in the blank with "Show" did not associate the statement with the Utah Division of Travel. Furthermore, 46% of the respondents in Utah, compared to 41% elsewhere in the country, associated "The Greatest Show on Earth" with Ringling Brothers. "This is strong evidence of the absence of dilution, not the presence of it." *Id*. at 617.

The court then turned to the "[c]ircumstantial [e]vidence of [d]ilution" as applied under the *Mead Data* test. *Id*. at 618. The court adduced that (i) the marks were not relevantly similar; (ii) the products were entirely dissimilar; (iii) the corresponding lack of sophistication of the Ringling Brothers' consumers with the sophistication of the Utah Division of Travel consumers was a neutral factor; (iv) there was no predatory intent; (v) Ringling Brothers' mark was famous and thereby well-known; and (vi) Utah Division of Travel's mark is not very well-known. *Id*. at 618–22. The resolution of these factors thereby weighed in favor of Ringling Brothers. *Id*. at 622.

While upholding the district court's decision, the Fourth Circuit refused to apply the *Mead Data* test.[132] The court believed the extension of the test to the FTDA was "a chancy process at best."[133] Factors such as "consumer sophistication" and "predatory intent" may be useful in proving a "likelihood of dilution," but provided little utility in determining "actual harm and effective causation."[134] Dissatisfied with the *Mead Data* test, the court turned to the language of the FTDA to determine dilution causation.[135]

Recognizing the experience of the "likelihood of dilution" analysis under state and common law dilution, the court considered the causation provision of the FTDA.[136] The court viewed the language defining dilution in conjunction with the commercial use provisions in an economic sense:

> However amorphously they may be expressed, and however difficult to prove in practice, the [FTDA] literally prescribes as elements of its dilution claim both specific harm to the senior mark's economic value in the form of a "lessening of [its] capacity . . . to identify and distinguish goods and services," and a causal connection between that harm and the "commercial use" of a replicating junior mark.[137]

Any other application of the FTDA would produce a property right in gross for famous marks, comparable to a copyright or patent but without a specific time limit.[138] The Fourth Circuit insisted that Congress did not intend to create unlimited property rights in famous trademarks through the use of injunctions for a mere likelihood of dilution.[139]

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[132] Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449, 451, 453 (4th Cir. 1999).

[133] *See id*. at 464.

[134] *See id*.

[135] *See id*. at 458–62.

[136] *See id*.

[137] *Id*. at 459 (citing 15 U.S.C. §§ 1125(c)(1), 1127 (1995)).

[138] *See id*. at 456.

[139] *See id*. at 459 ("Had that been the intention, it is one easily and simply expressed by merely proscribing use of any substantially replicating junior mark."); i*d*. at 461 n.6 ("If the words convey a definite meaning, which involves no absurdity, nor any contradiction

The court acknowledged the difficulty of proving dilution under its interpretation of the FTDA;[140] this difficulty may have led to earlier courts simply applying the "likelihood of dilution" analysis rather than "facing up to th[is] interpretive difficulty."[141] Despite these problems of proof, the Fourth Circuit refused to allow courts to ignore the FTDA's causes dilution requirement, holding that "actual, consummated dilutive harm" was necessary.[142] The court outlined potential evidentiary sources, including (i) actual lost revenues accompanied by replicating junior use to disprove other possible causes; (ii) surveys from which actual harm and cause may be rationally inferred;[143] and (iii) other "relevant contextual factors."[144]

In analyzing whether such proof was present in this case, the Fourth Circuit upheld the findings of Judge Ellis.[145] The court reiterated that the survey evidence failed to show any actual harm to the Ringling Brothers' mark.[146] The use of the junior mark did not lessen the ability of the Ringling Brothers' mark to identify and distinguish its service.[147] Focusing entirely upon evidence of consumers' mental impressions, Ringling Brothers needed to show actual harm to the selling or advertising power of its mark.[148] Mere mental impressions without accompanying economic harm failed to satisfy this threshold.[149] Remaining true to the language of the FTDA while enunciating a potential framework for

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of other parts of the instrument, then that meaning, apparent on the face of the instrument, must be accepted . . . ." (quoting Lake County v. Rollins, 130 U.S. 662, 670 (1889))).

140 *See id*. at 464.

141 *Id*. ("Courts must of course presume in interpreting statutes creating new civil causes of action that they have enforceable substantive content. So, within permissible interpretative bounds, they must seek to find such a meaning rather than ascribe to Congress the intended or inadvertent doing of a vain legislative deed.").

142 *See id*. at 464–65.

143 *Id*. at 465 ("'An effective survey . . . must establish not only that consumers associate the mark with both parties, but also that some quanta of the original mark's identifying ability or selling power has been diminished.'" (citing Patrick M. Bible, *Defining and Quantifying Dilution Under the Federal Trademark Dilution Act of 1995: Using Survey Evidence to Show Actual Dilution*, 70 U. COLO. L. REV. 295, 327–28 (1999))).

144 *Id*.

145 *See id*. at 463–64.

146 *See id*. at 463.

147 *Id*.

148 *Id*.

149 *See id*.

analyzing future cases, the Fourth Circuit prudently interpreted the new federal statute.

D. Policy Considerations

Subsequent writings on FTDA causation tend to be polarized. Courts and commentators unabashedly support one circuit over another, raising various new questions and concerns. Several courts considering the issue followed the Fourth Circuit's strict adherence to the FTDA's language. In *Westchester Media v. PRL USA Holdings, Inc.*,[150] the Fifth Circuit followed the rationale of the *Ringling Bros.* court.[151] The court emphasized the present tense of the verb "causes" in the FTDA,[152] the lack of modification of the term "dilution,"[153] the use of the phrase "another person's . . . use" (not merely threatened use)[154] and the provision of damages for willful conduct to strongly indicate that "actual, consummated dilution, " rather than mere "likelihood of dilution," is required.[155] Other district courts deciding to follow the Fourth Circuit also echoed these observations.[156]

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[150] 214 F.3d 658 (5th Cir. 2000).
[151] *Id.* at 670. For an interesting discussion about the implications of the dilution dilemma to trade dress, see I.P. Lund Trading ApS v. Kohler Co., 163 F.3d 27, 47–51 (1st Cir. 1998).
[152] *Westchester*, 214 F.3d at 670–71.
[153] *Id*. at 671. The court referenced language from state statutes modifying the term dilution. *Id*. at 670 n.16 (citing TEX. BUS. & COM. CODE ANN. § 16.29 (Vernon 2002) ("A person may . . . enjoin an act *likely to . . . dilute* the distinctive quality of a mark . . . .") (emphasis added); N.Y. GEN. BUS. LAW § 360-1 (McKinney 2002) ("*Likelihood of . . . dilution* of the distinctive quality of a mark . . . shall be a ground for injunctive relief . . . .") (emphasis added).
[154] *Id.* at 669–70 (highlighting one of the most critical differences between the FTDA and state statutes— the provisions of the state statutes focus upon the prevention of future harm whereas the FTDA contemplates actual harm).
[155] *See id*.
[156] *See, e.g.*, Deborah Heart & Lung Ctr. v. Children of the World Found., 99 F. Supp. 2d 481, 492–93 (D.N.J. 2000) (following the Fourth Circuit's actual harm standard); Am. Cyanamid Co. v. Nutraceutical Corp., 54 F. Supp. 2d 379, 391–92 (D.N.J. 1999) (adopting the *Ringling* standard); Playboy Enters., Inc. v. Netscape Comm., Corp., 55 F. Supp. 2d 1070, 1075 (C.D. Cal. 1999) (applying the *Ringling* standard and stating "dilution is 'not intended to serve as a mere fallback protection for trademark owners unable to prove trademark infringement'" (quoting *I.P. Lund Trading ApS*, 163 F.3d at 48)); HQM, Ltd. v. Hatfield, 71 F. Supp. 2d 500, 509 (D. Md. 1999) (obligating a showing of actual harm); Planet Hollywood (Region IV), Inc. v. Hollywood Casino

Some courts considering the issue viewed the *Ringling Bros.* standard as too stringent, its high standard of proof allegedly preventing recovery in many circumstances. In *Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C.*, the Third Circuit adopted the "improved" *Mead Data* test articulated by the Second Circuit in *Nabisco*.[157] Without expressly addressing the split, the majority upheld the application of the *Nabisco* approach.[158] Judge Barry, in a dissenting opinion,[159] nonetheless agreed with such application:

> I agree [in siding with the Second Circuit and rejecting the Fourth Circuit's position on the issue], and note only that it would be well-nigh impossible for a widely sold product such as Kodak to show that its sales have been impacted by a diluting use of its mark. Indeed, Kodak's sales might well be increasing even as the distinctiveness of its truly famous mark is being whittled away by an unauthorized user.[160]

Corp., 80 F. Supp. 2d 815, 899 (N.D. Ill. 1999) (requiring showing of economic harm to prove dilution).

Due to the opinion of the Third Circuit in *Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C.*, 212 F.3d 157 (3d Cir. 2000), the opinions of the U.S. District Court for the District of New Jersey in both *American Cyanamid* and *Deborah Heart* are presumably overruled. *Id.* at 179 n.11, (Barry, J., dissenting) ("The majority also holds that the District Court did not err in finding that irreparable injury may be shown even in the absence of actual economic harm, presumably siding with the Second Circuit and rejecting the Fourth Circuit's position on the issue."). The Third Circuit filed the *Times Mirror* decision on April 28, 2000. *Id*. at 157. The U.S. District Court for the District of New Jersey decided the *Deborah Heart* case on May 24, 2000. 99 F. Supp. 2d at 481. Presumably, therefore, *Deborah Heart* was not "good" law when it was issued.

157 *Times Mirror Magazines*, 212 F.3d at 169.

158 *Id*.

159 The purpose of Judge Barry's dissent is not germane to this Article. Judge Barry disagreed with the majority in its application of the fame framework under the FTDA. *Id*. at 170 (Barry, J., dissenting).

160 *Id*. at 179 n.11 (Barry, J., dissenting); *cf*. Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449, 460 (4th Cir. 1999), providing:

> It is not at all improbable that some junior uses will have no effect at all upon a senior mark's economic value, whether for lack of exposure, general consumer disinterest in both marks' products, or other reasons. Indeed, common sense suggests that an occasional replicating use might even enhance a senior mark's "magnetism"—by drawing renewed attention to it as a mark of unshakable eminence worthy of emulation by an unthreatening non-competitor. Imitation,

This view espoused by the dissenting judge (and implicitly by the Third Circuit) protects the trademark itself, rather than its selling power or the ability of consumers to identify the famous mark.[161]

In *Eli Lilly & Co. v. Natural Answers, Inc.*,[162] the Seventh Circuit followed the "improved" *Mead Data* test, finding that the Fourth Circuit's rule required an insurmountable level of proof[163] and left senior mark holders without a remedy.[164] Because it would be necessary to prove actual harm under the Fourth Circuit's interpretation, senior mark holders would not be able to bring a lawsuit prior to an injury.[165] At the time the senior mark holders sustain an injury compensable under the FTDA, a junior mark holder may have a defense that the senior mark is no longer distinctive due to the many other uses of the mark.[166] Furthermore, new companies would be unable to determine if their mark was distinct enough from a famous mark and would require greater and riskier investments in their advertising.[167] The Seventh Circuit

> that is, may occasionally operate in the marketplace as in social manners as the "sincerest form of flattery."

Id.

161 *See generally* Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A. Inc., 875 F.2d 1026, 1035 (2d Cir. 1989) (Sweet, J., concurring).

162 233 F.3d 456 (7th Cir. 2000).

163 *Id.* at 468 ("It is hard to believe that Congress would create a right of action but at the same time render proof of the plaintiff's case all but impossible.").

164 *See id.*

165 *See id*.

166 *See id*. at 468–69.

167 *See id*. at 468. Of course, this ignores the entire federal trademark registration scheme. *See generally* Silverman v. CBS, Inc., 870 F.2d 40, 46–49 (2d Cir. 1989) (reviewing the registration process). A company so worried would be able to apply for a federal registration of its proposed mark and the examiner would bring up concerns over conflicting marks. *Id*. It also neglects the availability of state remedies under the "likelihood of dilution" standard. *See supra* Part I.A.

In 1999, Congress authorized the Patent and Trademark Office [PTO] to consider the FTDA when considering the registration of a trademark or the cancellation of a registered trademark. *See* 15 U.S.C. §§ 1052(f), 1063, 1064 (2000); Brief for the United States as Amicus Curiae at 25–26, V Secret Catalogue, Inc. v. Moseley, 259 F.3d 464 (6th Cir. 2001), *cert. granted*, 122 S. Ct. 1536 (U.S. Apr. 15, 2002) (No. 01-1015) [hereinafter U.S. Brief], *available at* http://supreme.lp.findlaw.com/supreme_court/briefs/01-1015/01-1015.mer.ami.usa.pdf (last visited Nov. 22, 2002). An opposition may be filed with the PTO to a trademark registration application when such applicant believes "that he would be damaged by the registration of a mark . . . as a result of dilution." *Id.* at 15 (citing § 1063). Such person may also petition the PTO to cancel the registration of a mark when concluded, "Congress could not have intended these unjust and inefficient results."[168]

In *V Secret Catalogue, Inc. v. Moseley*,[169] the Sixth Circuit adopted the *Nabisco* "likelihood of dilution" standard, finding the *Ringling Bros.* "actual economic harm" standard contrary to congressional intent.[170] The court acknowledged that the dilution cause of action essentially involves a "property right in the 'potency' of a mark."[171] The Sixth Circuit also construed a statement in the congressional record to evince that the FTDA provides a remedy prior to any actual economic harm to the senior mark.[172] A study of the legislative history led the court to conclude that "it [is] highly unlikely that Congress would have intended to create such a statute but then make its proof effectively unavailable."[173] The U.S. Supreme Court granted Moseley's

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she believes "that [s]he is or will be damaged, including as a result of dilution." *Id.* (citing § 1064). The PTO may also refuse the registration of "[a] mark which when used would cause dilution," and the PTO may cancel "[a] registration for a mark which when used would cause dilution." *Id.* (citing § 1052(f).

Therefore, while amending the law to permit the PTO to consider future dilution and making no changes in the "causes dilution" standard, Congress "intended to channel claims of prospective dilution to [the] PTO, and to limit judicial relief to causes where some dilution had already occurred." *Id.* at 15–16.

[168] *Eli Lilly*, 233 F.3d at 468 ("In the case of an immensely successful product such as PROZAC, it is possible that the distinctiveness of its mark could be diluted even as its sales are increasing, albeit not increasing as much as they would in the absence of the offending mark.").

[169] V Secret Catalogue, Inc. v. Moseley, 259 F.3d 464 (6th Cir. 2001), *cert. granted*, 122 S. Ct. 1536 (U.S. Apr. 15, 2002) (No. 01-1015).

[170] *Id.* at 475–76

[171] *Id*. at 475.

[172] *See id*. at 475–76. The statement provided that dilution is

> an injury that differs materially from that arising out of the orthodox confusion. Even in the absence of confusion, the potency of a mark may be debilitated by another's use. That is the essence of dilution. Confusion leads to immediate injury, while dilution is an infection, which if allowed to spread, will inevitably destroy the advertising value of the mark.

Id. at 475 (citing H.R. REP. No. 104-374 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1032).

[173] *Id*. at 476. It appears remarkable that Congress would adopt statutory language contrary to the state-law "likelihood of dilution" standard all the while intending to replicate it. MODEL ACT, *supra* note 32.

petition for certiorari to determine whether the FTDA requires actual consummated harm.[174]

In its amicus curiae brief, the United States advocated a novel solution to the circuit split. The Solicitor General contended that the FTDA does not require actual economic harm nor a likelihood of dilution, but, simply, present dilution.[175] The American Bar Association argued that using "Buick" for aspirin would diminish the capacity[176] of such a famous mark to distinguish its goods, but inferring economic harm from this act alone would be problematic.[177] Evidence of economic harm, if available, would be highly probative but should not be a requirement.[178] This intriguing proposition seems to lay between the speculative "likelihood of dilution" *Nabisco* standard and the consummated "actual economic harm" *Ringling Bros.* standard.

The approach adopted by the Second Circuit creates a two-tiered protection framework for trademark holders. Those marks that achieve fame can rely on the lax "likelihood of dilution" analysis for all potentially diluting or infringing marks. Since this standard is much easier to evaluate than the infringement analysis,[179] judges are more likely to decide a case on dilution than

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[174] 122 S. Ct. 1536 (U.S. Apr. 15, 2002) (No. 01-1015).

[175] U.S. Brief, *supra* note 167, at 25–26. The Solicitor General contrasted the state law dilution statutes that allow relief based upon a "likelihood of dilution" with the FTDA's language of "causes dilution." *Id.* at 6. If Congress intended the former, it could have used language such as the conditional tense "would cause" or the future tense "will cause" (or simply adopted the state law language). *Id.*

[176] *Cf.* Brief of the American Bar Association as Amicus Curiae at 4–5, 9, 12–13, V Secret Catalogue, Inc. v. Moseley, 259 F.3d 464 (6th Cir. 2001), *cert. granted*, 122 S. Ct. 1536 (U.S. Apr. 15, 2002) (No. 01-1015), *available at* http://www.abanet.org/intelprop/amicubrief.pdf (last visited Aug. 15, 2002) (utilizing Webster's dictionary to illuminate the term "capacity" contained within the statutory definition of "dilution" in 15 U.S.C. § 1127 (2000) to eventually arrive at the contention that the FTDA textually supports the "likelihood of dilution analysis"). The ABA further contended that the Solicitor General "focuses unduly on the [statutory] phrase 'causes dilution' and pays insufficient attention to the definition of dilution." *Id*. at 6 n.11 (citing U.S. Brief, *supra* note 167, at 25–26 at 6–7, 13–14, 26–27).

[177] U.S. Brief, *supra* note 167, at 25 ("[T]he text of the FTDA only requires proof that a junior use causes a lessening in the capacity of the famous mark to distinguish goods and services.").

[178] *Id*. at 26.

[179] *See* Reichman, *supra* note 13 and accompanying text.

face a more difficult infringement analysis.[180] The non-famous marks, on the other hand, would have to rely upon the more difficult infringement analysis and state or common law dilution, if available.

Commentators are split over the implications of the *Nabisco* court's broad reading. Some commentators purposefully advocate a property right for the holders of famous trademarks.[181] Other commentators view the property right as a dangerous expansion of trademark rights to the detriment of competition.[182]

III. THE DOMAIN NAME SYSTEM

While the application of the *Nabisco* standard alarms some commentators and courts when applied to run-of-the-mill trademarks, it is especially alarming when applied to domain names. The special features of domain names preclude the potential for differentiation among other domain names, unlike that of trademarks affixed to goods that may differ in color, size, smell, placement on product, etc. Today (if not by the mid-1990s), no major corporation can deny the importance of an Internet site.[183] Businesses with a brand name product typically seek to employ the website "http://www.brandname.com."[184] The unavailability of the brand name domain led many corporations to turn to trademark

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[180] *See* U.S. Brief, supra note 167 at 25.

[181] *See, e.g.*, Maya Alexandri, *The International News Quasi-Property Paradigm and Trademark Incontestability: A Call for Rewriting the Lanham Act*, 13 HARV. J.L. & TECH, 303, 343–44 (2000) (acknowledging the movement in trademark law towards recognizing trademarks as property and outlining the argument for granting such rights).

[182] Marroletti, *supra* note 16, at 688–90 ("Because an injunction based on the likelihood of trademark dilution protects against an injury that is speculative and therefore immeasurable, the potential cost of this protection outweighs the benefit to plaintiffs."). The author agrees.

[183] *See Developments in the Law: The Law of Cyberspace*, 112 HARV. L. REV. 1574, 1578 (1999) (mentioning that there were 200 million Internet users by the end of 1998 and speculating that Internet commerce is likely to reach nearly $300 billion of the U.S. GDP by 2002).

[184] Yochai Benkler, *How (if at all) to Regulate the Internet: Net Regulation: Taking Stock and Looking Forward*, 71 U. COLO. L. REV. 1203, 1256–57 (2000) (Consumers, "rather than going to a search engine, shopping software, or review site, hunt around for http://www.brandname.com, or http://www.brand-name.com, or http://www.brandname.net.").

law "as a means of stripping domain names from their holders—even where those holders are not infringing any trademarks."[185]

Whereas a trademark can consist of "[a]ny word, name, symbol or device, or any combination thereof,"[186] a domain name can *only* consist of "combinations of letters, numbers, and some typographic symbols"[187] up to 63 characters in total length.[188] The resultant query is "how different Internet governance should be in order to accommodate the Internet's novel circumstances and adapt to explosive growth in users, commerce, and political stakeholders."[189] While courts initially struggled with trademark law to encompass disputes over Internet domain names,[190] Congress passed new legislation to partially address the novel challenges presented by the new technology.

Two challenges presented themselves to the courts in resolving domain name disputes. The first scenario involved a legitimate dispute between entities with similar product or trade names, wherein existing trademark law served as a useful mechanism. The other scenario involved persons who traffic in domain names, at the expense of trademark holders.[191] In 1999, Congress passed

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185 Carl Oppedahl, *Half a Century of Federal Trademark Protection: The Lanham Act Turns Fifty: Analysis and Suggestions Regarding NSI Domain Name Trademark Dispute Policy*, 7 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 73, 75–76 (1996).

186 15 U.S.C. § 1127 (2000).

187 Sporty's Farm L.L.C. v. Sportsman's Mkt., Inc., 202 F.3d 489, 492 (2d Cir. 2000). *See also id.* at 492 n.2 ("Certain symbols, such as apostrophes ('), cannot be used in a domain name.").

188 *DNS: The Domain Name System, supra* note 24.

189 *Developments in the Law: The Law of Cyberspace*, *supra* note 183, at 1657.

190 While entities exist providing arbitration for certain domain name disputes (e.g., ICANN, NSI), all such organizations honor a valid judgment from a court. Kevin Eng, *Breaking Through the Looking Glass: An Analysis of Trademark Rights in Domain Names Across Top Level Domains*, 6 B.U. J. SCI. & TECH. L. 7, 9 (2000). Consideration of the history, development, and procedure governing such disputes is outside the scope of this Article. For information regarding such issues, see Stuart D. Levi et al., *The Domain Name System & Trademarks*, *in* THIRD ANNUAL INTERNET LAW INSTITUTE, 453–63 (PLI Pats., Copyrights, Trademarks, and Literary Prop. Course, Handbook Series No. G0-0051, 1999).

191 *Sporty's Farm*, 202 F.3d at 495 ("[M]any cybersquatters are now careful to no longer offer the domain name for sale in any manner that could implicate liability under existing trademark dilution case law.").

the Anticybersquatting Consumer Protection Act (ACPA)[192] to address the latter. Existing trademark law, especially that of trademark dilution, remained to address the former.

A. Federal Cybersquatting Legislation

Congress enacted the ACPA to stop cybersquatters[193] "who register numerous domain names containing American trademarks . . . only to hold them ransom in exchange for money."[194] Under the ACPA, a plaintiff must first demonstrate that the mark is distinctive or famous.[195] The plaintiff must then demonstrate the domain name in question is "identical or confusingly similar to" the plaintiff's mark.[196] A court then considers a number of factors to determine if the defendant had a "bad faith intent to profit" from the domain name registration.[197] A court may enjoin the use of the domain name[198] and award damages to a successful plaintiff.[199]

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[192] Pub. L. No. 106-113, §§ 3001–3010, 113 Stat. 1537, 537–43 (codified at 15 U.S.C. § 1125(d)).

[193] Cybersquatting "involves the registration as domain names of well-known trademarks by non-trademark holders who then try to sell the names back to the trademark owners." Morrison & Foerster LLP v. Wick, 94 F. Supp. 2d 1125, 1127 (D. Colo. 2000) (quoting *Sporty's*, 202 F.3d at 493).

[194] H.R. REP. NO. 106-412, at 5 (1999).

[195] 15 U.S.C. § 1125(d)(1)(A)(ii)(I), (I)(B), (II) (2000); *see also Sporty's Farm*, 202 F.3d at 497.

[196] 15 U.S.C. § 1125(d)(1)(A)(ii)(I); *see also Sporty's Farm*, 202 F.3d at 497–98.

[197] 15 U.S.C. § 1125(d)(1)(A)(i); *see also Sporty's Farm*, 202 F.3d at 498. The ACPA lists the nine factors at 15 § 1125(d)(1)(B)(i)(I)–(IX). The ACPA also provides a safe harbor: if the defendant "believed and had reasonable grounds to believe that the use of the domain name was fair use or otherwise lawful." *Id.* § 1125(d)(1)(B)(ii). *See also* Virtual Works, Inc. v. Volkswagen of Am., Inc., 238 F.3d 264, 270 (4th Cir. 2001).

[198] The ACPA permits a court to order the defendant to forfeit, cancel or transfer the domain name to the plaintiff. 15 U.S.C. § 1125(d)(1)(C); *see also Sporty's Farm*, 202 F.3d at 500. The entity in charge of the particular domain name registration must honor a valid judgment from a court. *See Developments in the Law: The Law of Cyberspace*, *supra* note 183.

[199] The Second Circuit stated "[a]lthough the [ACPA] uses the term 'liable,' it does not follow that damages will be assessed." *Sporty's Farm*, 202 F.3d at 499–500 n.14. At any rate, damages are not available for activity contemplated under the ACPA prior to November 17, 1999 (the date of the passage of the ACPA). *Id.*

In *Morrison & Foerster LLP v. Wick*,[200] the U.S. District Court for the District of Colorado applied the ACPA to a defendant that registered domain names similar to that of the plaintiff's trademark.[201] Defendant registered "http://www.morrisonfoerster.com," "http://www.morrisonandfoerster.com" and other common misspellings of the plaintiff's law firm.[202] The court granted summary judgment for the plaintiff, indicating the defendant had no intellectual property rights in the domain names,[203] the domain names were confusingly similar to the plaintiff's mark[204] and the defendant had the requisite bad faith under the ACPA.[205] Thus, the court ordered the defendant to forfeit his interests in the domain names, to permanently avoid hindering the law firm's ability to obtain subject domain names and awarded plaintiff its costs.[206]

Cases decided under the ACPA are less complex than those ultimately decided under the FTDA because of the bad faith element.[207] When bad faith is not present and a dispute arises over two potentially legitimate uses of the same domain name, that challenges the reach of the FTDA.

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200 94 F. Supp. 2d 1125 (D. Colo. 2000).

201 *Id.* at 1126.

202 *Id.* at 1127. Defendant also registered "http://www.morrisonforester.com" and "http://www.morrisonandforester.com." *Id*. Defendant also registered other law firm names as domain names, as well as various offensive terms that he linked to the sites he registered in a similar manner as the Morrison & Foerster LLP trademark. *Id*. at 1128.

203 *Id.* at 1131. Interestingly, defendant registered to do business in Colorado under the name "Morri, Son & Foerster" several months after he acquired the domain names in question. *Id*. The court mentioned this was indicative of the defendant's bad faith since he did not offer any bona fide services or goods in connection with these domain names. *Id*.

204 *Id*. at 1130 ("Because ampersands cannot be used in Internet domain names, two of . . . [the defendant's] domain names are, in all practical aspects, identical to [the plaintiff's mark]."); *see also* Brookfield Comms., Inc. v. W. Coast Entm't Corp., 174 F.3d 1036, 1055 (9th Cir. 1999) (indicating the differences between the mark "MovieBuff" and the "moviebuff.com" domain name are "inconsequential in light of the fact that Web addresses are not caps-sensitive").

205 *Morrison & Foerster*, 94 F. Supp. 2d at 1130–32.

206 *Id*. at 1136.

207 *See* Virtual Works, Inc. v. Volkswagen of Am., Inc., 238 F.3d 264, 269 (4th Cir. 2001) (stating that the case would be much closer over the domain name "http://www.vw.net" if not for the direct evidence establishing bad faith).

B. Domain Name Dilution

Application of a liberal standard in determining what exactly "causes dilution" most clearly exemplifies the concerns of many commentators regarding the creation of the property right in gross. The limited means available to distinguish characters on a domain name make disputes under the FTDA difficult. It is inconsistent to allow competition to foster in real space while simultaneously enjoining it in cyberspace.

For instance, Time Warner Cable operates a high-speed Internet service entitled "Roadrunner."[208] Warner Brothers employs the trademark "Road Runner" for a popular cartoon character and conducts sales of merchandise, television programming, etc., under its mark.[209] While no infringement and dilution dispute existed in real space, Time Warner's registration and use of the domain name "http://www.roadrunner.com" brought forth such a dispute.[210] Although the court dismissed the action because Time Warner failed to demonstrate the requisite harm,[211] the adoption and expansion of the *Nabisco* court's causation framework would potentially grant the Warner Brothers of the world a monopoly, to the detriment of legitimate users like Time Warner.

In *Toys "R" Us, Inc. v. Feinberg*,[212] the U.S. District Court for the Southern District of New York considered the claim that the domain name "http://www.gunsareus.com" diluted the "Toys 'R' Us" mark under the FTDA.[213] Acknowledging the rights of the plaintiff to the family of marks ending in the phrase "'R' Us," the court contemplated the safety provided by two characters ("a_e")

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[208] Peter Brown, *New Issues in Internet Litigation*, *in* 17TH ANNUAL INSTITUTE ON COMPUTER LAW: THE EVOLVING LAW OF THE INTERNET—COMMERCE, FREE SPEECH, SECURITY, OBSENITY AND ENTERTAINMENT, at 169–71 (PLI Pats., Copyrights, Trademarks, & Literary Prop. Course, Handbook Series No. G4-3987, 1997).
[209] *Id*.
[210] *Id*.
[211] *Id*. (citing Roadrunner Computer Sys., Inc. v. Network Solutions, Inc., Civil Docket No. 96-413-A (E.D. Va. June 21, 1996)). Note that the Eastern District of Virginia falls under the appellate jurisdiction of the Fourth Circuit.
[212] 26 F. Supp. 2d 639 (S.D.N.Y. 1998), *vacated by* 201 F.3d 432 (2d Cir. 1999).
[213] *Id.* at 640.

to the defendant.[214] Judge Schwartz granted the defendant's motion for summary judgment, observing:

> Defendants neither make use of the single letter 'R' nor do they space or color the letters and words in a manner remotely related to plaintiffs. The name "gunsareus" appears in all lower case letters with no spaces in between the letters. The Court finds that the use of such an [I]nternet domain name, without naming the website itself 'Guns 'R' Us'' or 'Guns Are Us,' will not, as a matter of law, blur [or tarnish] the distinctiveness of plaintiffs' 'R' Us family of marks.[215]

The Second Circuit overruled the opinion of Judge Schwartz, requiring the judge to apply the law as stated in *Nabisco*, decided in the interim.[216]

Other courts have also made similarly tough decisions under similar circumstances.[217] Due to the potential good faith argument on both sides of these issues,[218] the action of trademark infringement[219] (and/or the dilution standard of the Fourth Circuit)[220] would resolve such disputes in a prudent manner. The good faith disputes over trademarks in Internet domain names should, ergo, return to the original purposes of trademark

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214 *Id.* at 643.

215 *Id*. at 644.

216 Toys "R" Us, Inc. v. Feinberg, 201 F.3d 432 (2d Cir. 1999). Judge Schwartz, for the U.S. District Court for the Southern District of New York, decided *Toys "R" Us*, 26 F. Supp. 2d at 639, on October 28, 1998. The Second Circuit decided *Nabisco II,* 191 F.3d 208, 208 (2d Cir. 1999), nearly a year later on August 31, 1999.

217 *See, e.g.*, Avery Dennison Corp. v. Sumpton, 189 F.3d 868, 873 (9th Cir. 1999) (finding triable issue of fact in dispute over the same phrases followed by the top-level domain ".com" for the plaintiff and ".net" for the defendant); Jews for Jesus v. Brodsky, 993 F. Supp. 282, 291, 306–08 (D.N.J. 1998) (deciding for plaintiff on dilution analysis over the domain names "http://www.jewsforjesus.org" and "http://www.jews-for-jesus.com" even though plaintiff only had the right to use the trademark "Jews f_r Jesus," the "_" accounting for a depiction of the star of David); Cardservice Int'l, Inc. v. McGee, 950 F. Supp. 737, 738–40 (E.D. Va. 1997), *aff'd*, 129 F.3d 1258 (4th Cir. 1997) (holding defendant liable under infringement analysis for using the domain name "http://www.cardservice.com" for his company "EMS—Card Service on the Caprock" to the detriment of the plaintiff corporation "Cardservice International").

218 Courts should handle cases with bad faith under the ACPA. *See supra* Part IV.A.

219 *See* Reichman, *supra* note 13 and accompanying text.

220 *Supra* Part II.C.

protection, preventing confusion as to the source of origin or ownership.[221]

CONCLUSION

Trademark protection allows the public to easily identify the source of a particular product.[222] While courts expand the dilution concept further and further, trademark rights become more of a property right in gross than a source identifier.[223] Dilution law, at first envisioned as a means to protect famous marks against uses on non-competing products,[224] has now become a backup plan in case a trademark infringement claim is unsuccessful.[225] This concept now applies to non-competing, non-identical marks that have a speculative possibility of diluting a famous mark. This "merely masks the circular reasoning in thinking that the distinctive quality of a mark will be diluted by unauthorized use; all that has been proven is that a mark will be diluted if it is diluted."[226]

Although alarming when applied to tangible products and services, the liberal application endorsed by the Second Circuit becomes even more concerning when applied to Internet domain names. The expansive doctrine, derived from the intricacies in the shapes of cheese crackers, truly echoes Professor Lemley's prognostication, "we . . . seem to be making trademark law for the extreme case, but we then apply that law to a large number of run-of-the-mill trademarks."[227] With the limited ability to differentiate a finite universe of typewritten characters with a finite length, Internet domain names can only be so unique. Rather than protect some notional whittling away of distinctiveness, trademark law as

[221] *Supra* notes 5–6 and accompanying text.
[222] Lemley, *supra* note 3, at 1688.
[223] *Id*. at 1699. A trademark in gross is "unconnected to a particular product—to a wide variety of owners." *Id*.
[224] Schechter, *supra* note 5, at 825 ("It is the gradual whittling away or dispersion of the identity and hold upon the public mind of the *mark or name* by its use upon *non-competing goods*.") (emphasis added).
[225] Kirkpatrick & Klein, *supra* note 52, at 57.
[226] Moskin, *supra* note 1, at 132.
[227] Lemley, *supra* note 3, at 1697.

applied to Internet domain names should be constructed around the single question: Is the public confused as to the origin or ownership of the domain name?

The best means to this end is to suspend application of trademark dilution to Internet domain names or apply the Fourth Circuit's dilution causation framework. Actual, demonstrable harm rather than a likelihood of dilution rewards competition, protects the public from being misled, and allows for even-handed application by a court. Therefore, Congress should amend the FTDA or the Supreme Court should interpret the Act accordingly.