Fordham Law Review

Volume 68 | Issue 5 Article 13

2000

Dilution-by-Blurring: A Theory Caught in the Shadow of Trademark Infringement

Kathleen B. McCabe

DILUTION-BY-BLURRING: A THEORY CAUGHT IN THE SHADOW OF TRADEMARK INFRINGEMENT

Kathleen B. McCabe[*]

"Dilution . . . remains a somewhat nebulous concept . . . ."[1]

Trademarks, the names, slogans, or symbols used by companies or individuals to identify and advertise their products and services to consumers,[2] primarily function to ensure that consumers receive a consistent level of quality in the goods and services they purchase in the marketplace.[3] Trademarks are "merchandising short-cut[s]"[4] because such marks efficiently convey to consumers that they will receive the same goods that they have previously purchased. Because trademarks are such an important tool, for businesses in marketing their goods and for consumers in purchasing them, both federal and state statutes have been passed to protect their commercial value.[5]

---

* J.D. Candidate, 2001, Fordham University School of Law. I would like to thank my father, James McCabe, for his continuous love and support.

1. Sally Gee, Inc. v. Myra Hogan, Inc., 699 F.2d 621, 625 (2d Cir. 1983). The Second Circuit held that the interest protected by the New York anti-dilution statute included both commercial goodwill and the selling power that a distinctive mark has created in the minds of the public. The court recognized that dilution was not defined by the state statute, but remained a cause of action even absent competition, and thus was separate from an infringement remedy. *See id.* at 624-25.

2. *See* 15 U.S.C. § 1127 (1994) ("The term 'trademark' includes any word, name, symbol, or device, or any combination thereof . . . [used] to identify and distinguish his or her goods . . . from those manufactured or sold by others and to indicate the source of the goods . . . ."); *see also* 3 Rudolf Callmann, The Law of Unfair Competition, Trademarks and Monopolies § 17.01, at 1-3 (4th ed. 1981) (stating that trademarks function to indicate ownership, guarantee constancy, and advertise the good or service).

3. *See* 1 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 2:3, at 2-3 (4th ed. Dec. 1999) ("[A] trademark is merely a symbol that allows a purchaser to identify goods or services that have been satisfactory in the past and reject goods or services that have failed to give satisfaction."). Trademark protection is for the overall impressions of the marks, incorporating visual, auditory, and definitional similarities of the marks. *See* 3 McCarthy, § 23:25, at 23-64.7 to 23-64.8. In a dilution claim, trademarks must be essentially the same to warrant protection. *See* 4 McCarthy, § 24:90.2, at 24-151.

4. Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co., 316 U.S. 203, 205 (1942). Justice Frankfurter, in the majority opinion, wrote that the purpose of trademarks is "to convey through the mark, in the minds of potential customers, the desirability of the commodity upon which it appears. Once this is attained, the trademark owner has something of value." *Id.*

5. *See* S. Rep. No. 79-1333 (1946), *reprinted in* 1946 U.S.C.C.A.N. 1274, 1274

While historically courts stalled in affording these statutory protections to aggrieved plaintiffs, over the past fifty years courts have increasingly granted protections against the most frequent trademark violation, infringement. As trademark doctrine has developed, the prevention of infringement, or the unauthorized use of another's mark,[6] has become the focus of nearly all trademark litigation. The "keystone" of measuring trademark infringement is the likelihood-of-confusion test,[7] which measures a customer's confusion, often at the time of sale, about the source of a good.[8] This confusion typically leads to the purchase of an inferior product. However, while protection against trademark infringement has heightened, other trademark protections, such as the remedy for dilution, have largely been ignored.

Trademark dilution occurs when a person or company uses a mark identical or substantially similar to a pre-existing trademark, triggering a mental association on the part of the consumer between the two marks, thereby eroding the strength of the original mark.[9] Dilution can take several forms, including dilution-by-blurring, tarnishment, and cybersquatting.[10] Dilution-by-blurring is the most common dilution claim, and occurs when a consumer views a junior, unauthorized use of a famous mark and is reminded of the more famous mark.[11] Famous examples of dilution-by-blurring include Dupont shoes, Buick aspirin, and Kodak pianos.[12]

Dilution evolved from the more traditional trademark claim of infringement, in which a trademark is "stolen" from the senior user by a junior user in order to entice a customer into mistakenly buying the junior user's product, thus confusing it for the senior user's.[13] For example, a junior user who begins manufacturing Rice's Peanut Butter Cups in a bright orange package will most likely confuse members of the public into believing they are actually purchasing Reese's Peanut Butter Cups, and that junior user is therefore guilty of trademark infringement. In a dilution scenario, however, a junior user typically uses a pre-existing trademark on items that bear no relation

(stating that the purpose of any trademark legislation is two-fold: first, to protect the public's interest in purchasing the brand or service they intend to purchase, and second, to protect a trademark owner's investment in the mark).

6. *See* Black's Law Dictionary 781 (6th ed. 1990).

7. *See* 3 McCarthy, *supra* note 3, § 23:1, at 23-6.

8. *See id.* § 23:5, at 23-15.

9. *See* 4 McCarthy, *supra* note 3, § 24:67, at 24-119.

10. For a discussion on dilution-by-blurring, tarnishment, and cybersquatting, see *infra* Part I.D.1.

11. *See* 4 McCarthy, *supra* note 3, § 24:68, at 24-120. For a discussion of dilution-by-blurring, see *infra* Part I.D.1.

12. *See* H.R. Rep. No. 104-374, at 3 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1030.

13. *See* 4 McCarthy, *supra* note 3, § 24:1, at 24-6.

to those that the trademark was originally associated with.[14] Thus, a junior user might use the "Blockbuster" name on fireworks, rather than on a product related to video entertainment.[15] While the public is not confused into believing that Blockbuster Video has sponsored the manufacture of fireworks, the Blockbuster trademark has nevertheless been weakened, because the public will begin to associate the mark with both video entertainment and fireworks.

The fifty-three year relationship between trademark dilution and the courts has not been a smooth one.[16] Dilution has long stood in the shadow of the traditional standard of trademark infringement. As courts and legal theorists have vacillated between embracing dilution as a redressable wrong that undermines the goodwill and investment made by business owners, and banishing it to the realm of quasi-property rights, afraid that full recognition of the doctrine will result in the grant of a monopoly to the owner on the trademark's language and design.[17] While the Supreme Court, Congress, and state legislatures increasingly recognize that providing a remedy for dilution is necessary to maintain a competitive economy,[18] courts appear more reluctant to embrace wholeheartedly the doctrine, particularly in a dilution-by-blurring claim.[19] They fear that full recognition of dilution would move trademark protections toward

---

14. While dilution generally occurs between non-competing goods, dilution can also be found in the case of competitive goods. Some courts, however, recognize dilution only in the case of non-competing goods. *See id.* § 24:72, at 24-128 to 24-129.

15. *See* Viacom Inc. v. Ingram Enters., Inc., 141 F.3d 886, 887-88 (8th Cir. 1998).

16. *See, e.g.*, Lynda J. Oswald, *"Tarnishment" and "Blurring" Under the Federal Trademark Dilution Act of 1995*, 36 Am. Bus. L.J. 255, 267 (1999) (opining that courts were reluctant to apply state anti-dilution statutes); Brendan Mahaffey-Dowd, Note, *Famous Trademarks: Ordinary Inquiry by the Courts of Marks Entitled to an Extraordinary Remedy*, 64 Brook. L. Rev. 423, 426 (1998) (stating that the lack of an easily utilized test for dilution has created uncertainty in dilution law). Frank I. Schechter has been credited with the introduction of the concept of dilution to the American legal system in his 1927 article *The Rational Basis of Trademark Protection*, 40 Harv. L. Rev. 813, 830 (1927) [hereinafter Schechter, *Rational Basis*]. Professor Schechter did not use the term "dilution" in his article, but discussed its theory in detail. *See id.* at 824-30.

17. *See, e.g.*, Allied Maintenance Corp. v. Allied Mechanical Trades, Inc., 399 N.Y.S.2d 628, 631 (1977) ("Generally, courts which have had the opportunity to interpret an anti-dilution statute have refused to apply its provisions literally."). The opinion went on to recognize the dilution doctrine as a viable remedy, calling dilution "a cancer-like growth of dissimilar products." *Id.* at 632.

18. *See* H.R. Rep. No. 104-374, at 3 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1030; S. Rep. No. 79-1333 (1946), *reprinted in* 1946 U.S.C.C.A.N. 1274, 1275 (Senate Committee on Patents noting that "[t]rade-marks, indeed, are the essence of competition, because they make possible a choice between competing articles by enabling the buyer to distinguish one from the other"); *see also* Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 774 (1992) ("National protection of trademarks is desirable ... because trademarks foster competition and the maintenance of quality by securing to the producer the benefits of good reputation." (quoting Park 'N Fly, Inc. v. Dollar Park and Fly, Inc., 469 U.S. 189, 198 (1985))).

19. For a discussion of dilution-by-blurring, see *infra* Part I.D.1.

property rights in gross, rather than remain a quasi-property right, thus resulting in a grant of monopoly to big businesses.[20] Courts are comfortable with the body of decision created in recognition of traditional infringement standards, which focus on protecting the public, but seem uneasy in granting trademark owners the even more powerful weapon of a remedy for trademark dilution.[21] This reluctance is due to the perception that dilution "is a potent legal tool, which must be carefully used as a scalpel, not a sledgehammer,"[22] because improperly applied, dilution without limitations is "a rogue law that turns every trademark, no matter how weak, into an anti-competitive weapon."[23] Moreover, the dilution doctrine is commonly misunderstood by courts, laboring under the impression that dilution is a consequence of infringement, and that confusion must therefore be found in order to sustain a dilution claim.[24]

This Note proposes that the doctrine of dilution is alive, but not well. Courts typically recognize dilution as a claim separate from infringement but fail to recognize the accompanying standards that measure dilution. Courts often erroneously decide dilution claims, particularly dilution-by-blurring, with the language of infringement, if not the infringement standard itself. This Note introduces each of the three types of dilution, but focuses on dilution-by-blurring as the most misunderstood and misapplied of dilution claims. Part I evaluates the history of dilution in light of the development of trademark infringement law, including the introduction of dilution and its development in state courts. Part II reviews the passage of the Federal Trademark Dilution Act of 1995 ("FTDA") in response to the increased state, agency, and academic support for dilution claims, and the Anticybersquatting Consumer Protection Act of 1999, the recent amendment to the Lanham Act. Part III examines the courts' mixed reaction to the FTDA in dilution-by-blurring claims, and the common mistakes made by courts in evaluating a blurring claim, often stemming from the continued overshadowing of dilution by traditional infringement standards, as well as the artificial limitations imposed on a dilution remedy by the courts. Finally, Part IV proposes that the courts' uneven and erroneous analyses of dilution-by-blurring claims

20. A property-right-in-gross is one that is similar to the rights attached to real property. On the other hand, a quasi-property right in trademark is one with limited protections, based primarily on the protection of the public from confusion. For a discussion of trademarks as property rights, see *infra* Part I.B.

21. *See* Mahaffey-Dowd, *supra* note 16, at 424. For the definition of dilution, see *infra* Part I.D.1.

22. Viacom Inc. v. Ingram Enters., Inc., 141 F.3d 886, 892 (8th Cir. 1998) (quoting 3 McCarthy, *supra* note 3, § 24:114, at 24-208.

23. *Id.* at 891.

24. Because the dilution doctrine grants remedies for three separate and distinct types of dilution, courts are forced to create three separate standards for deciding dilution claims, further confounding courts' understanding and analysis of the doctrine. For a discussion of the three types of dilution, see *infra* Part I.D.1.

are due to an unwillingness to grant property rights in gross to a trademark owner,[25] compounded by the courts' misunderstanding of dilution and a reluctance to engage in judicial innovation. This reluctance is fueled by the lack of a clear standard with which courts can measure blurring. The Note concludes by defining dilution as characterizing a separate state of perception from infringement, and advocates a comprehensive list of factors for analyzing a dilution-by-blurring cause of action, including the most important but most neglected factor in a dilution claim, the mental association triggered by the junior use.

Courts confronting a blurring claim must acknowledge the value of the dilution doctrine. They should not fear that following the clear language of the FTDA will result in a grant of property rights in gross, and thus a monopoly of language, through relief on a blurring claim. By using a modification of the *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*[26] factors,[27] courts can correctly evaluate a blurring claim without conferring unlimited property rights on a trademark owner. Further, the language of the FTDA limits relief in dilution to only the most famous of marks, in a commercial use. Indeed, courts need only look to tarnishment and cybersquatting claims to recognize that such limitations can be successful.[28] The recognition of dilution as a separate and viable trademark claim, rather than a monopolistic threat, is necessary in today's rapidly evolving marketplace. Continued shadowing of a dilution remedy by infringement undermines the entire doctrine of dilution and results in less investment in marks by their owners, to the public's detriment. In the modern marketplace, consumers need more information to make an informed purchasing decision, not less.

I. A BRIEF HISTORY OF TRADEMARK AND DILUTION

This part briefly defines and sets forth the history of trademark and trademark infringement, discussing the effect of these broad doctrines on the more narrow remedy for trademark dilution. It then describes the stilted evolution of dilution claims at common law.

25. The term "property" is defined as an "unrestricted and exclusive right to a thing; [with] the right to dispose of a thing in every legal way." Black's Law Dictionary 1216 (6th ed. 1990). In contrast, a trademark property right is contingent on commercial use and maintenance of the mark, along with the good or service it indicates. *See* United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90, 97 (1918) (holding that trademark rights are contingent on an affiliated trade or business).

26. 875 F.2d 1026 (2d Cir. 1989).

27. *See id.* at 1035 (Sweet, J., concurring). For a discussion of a proposed modification of the *Mead Data* factors, see *infra* Part IV.

28. For a discussion on cybersquatting and tarnishment, see *infra* Part I.D.1.

A. *Trademarks: Friend or Foe?*

Trademarks are the symbols used by companies to identify their products and services to consumers. The use of a trademark as an identifying mechanism removes the need for consumers to inspect the quality of the good or service at each and every purchase, an almost impossible task in the modern era of sealed packages and shrink-wrap.[29] Due to the value purchasers place on identifying mechanisms, Congress and state legislatures have passed statutes protecting a trademark owner's property right in its mark.[30] The purpose of trademark law is to promote economic efficiency[31] and incentivize businesses to invest in a mark, to the benefit of the consumer.[32] Despite statutory advancements during the past century in protecting trademarks, the nature of this protection continues to be embroiled in controversy, particularly in the area of dilution claims.

Critics of trademark law, known as "restrictionists,"[33] warn that federal trademark protection results in a restraint on the free use of language, a monopoly of trade by big businesses, and an overall decrease in competition to the detriment of the consumer.[34] Because trademark protections grant mark holders the ability to prevent competitors from using the language and design of a registered mark to describe their own products, restrictionists argue that the result is both a monopoly on language and a dampening of competition—small and unrecognized mark holders are prevented from using well-recognized terms to describe their own goods or services.[35]

Restrictionists also decry the expansion of trademark protections through the statutory grant of dilution remedies to trademark owners.[36] Because dilution claims focus on the use of a mark in an

---

29. *See* Schechter, *Rational Basis*, *supra* note 16, at 818 n.21. The plastic cellophane envelope that encloses most goods sold today performs the important function of protecting goods from tampering or damage, but also prevents the consumer from personally inspecting the good for quality.

30. *See* S. Rep. No. 79-1333 (1946), *reprinted in* 1946 U.S.C.C.A.N. 1274, 1274.

31. *See* 1 McCarthy, *supra* note 3, § 2:3, at 2-3.

32. *See id.* at 2-4.

33. *See* Simone A. Rose, *Will Atlas Shrug? Dilution Protection For "Famous" Trademarks: Anti-Competitive "Monopoly" or Earned "Property" Right?*, 47 Fla. L. Rev. 653, 675 (1995) (describing and critiquing the restrictionist point of view).

34. *See id.* at 679.

35. Trademark holders may not, however, register terms deemed to be non-distinctive. Terms that are considered to be generic, such as "milk" or "dairy" for dairy products, or descriptive of the good sold, such as "creamy" or "rich", are not registerable. But descriptive terms may be registered and protected if the mark holder can show that the term has achieved secondary meaning, that is, that the public, upon hearing the term, attributes it to the mark holder. For example, if the owner of "Creamy" milk products creates substantial recognition in the term "creamy" as affiliated with her products, she may federally register the mark, and competitors will thereafter be enjoined from using the term "creamy" to describe their own products. *See* 3 Callmann, *supra* note 2, § 18.01, at 2-3.

36. For a discussion of dilution under common law, see *infra* Part I.D.2. For a

unrelated market of goods and services, some critics question whether the identification element upon which Congress and other legislatures base their protections is a valid one, or whether the dilution doctrine merely grants increased property rights to trademark owners in the form of trademark protections.[37] These critics describe marks as merely another form of advertising, designed to entice consumers to purchase a product or service they neither want nor need,[38] rather than an essential identification tool. Such allegations exist even today,[39] and characterize dilution as a "remedy without a wrong." [40] Due to this belief in the need to restrict the property rights granted through trademarks, the restrictionist point of view both illustrates and reinforces courts' reluctance to expand trademark protections beyond the scope of infringement to encompass dilution claims.

Trademark proponents concede that while trademark protections grant the holder a limited monopoly on language,[41] which enables them to control use of the mark,[42] they contest the negative implications of that limited right. Proponents reason that "[a]ll that the plaintiff in such cases asks is the preservation of a valuable ... link between him and his consumer, that has been created by his ingenuity and the merit of his wares or services [because] '[a]ll the rest of infinity is open to defendant.'"[43] Moreover, because the trademark holder created value in the mark and introduced it into commerce, she

---

discussion of the Federal Trademark Dilution Act and the subsequent handling of dilution claims by the courts, see *infra* Parts II, III.

37. *See* Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 Yale L.J. 1687, 1689 (1999).

38. *See* Ralph S. Brown, Jr., *Advertising and the Public Interest: Legal Protection of Trade Symbols*, 108 Yale L.J. 1619, 1635 (1999) (characterizing trademarks in the modern era as a "bombardment of stupefying symbols"); Glynn S. Lunney, Jr., *Trademark Monopolies*, 48 Emory L.J. 367, 428-29 (1999) (describing a consumer's response to trademarks as "Pavlovian," and noting that "the consumer's rational and conscious mind may simply disengage from the buying process, and the consumer may fail to recognize potentially competing substitutes should they become available").

39. *See, e.g.*, Lemley, *supra* note 37, at 1696.

> [P]ropertizing trademarks comes at a rather significant cost to society. Sometimes that cost takes the form of lost opportunities: Important political and social commentary and works of art may be suppressed entirely. It may also take the form of higher prices.... Our language and our culture are impoverished when we cannot use the most familiar words to discuss—or make fun of, or criticize—the products and companies that are the basis of our economy.

Id. But see Rose, *supra* note 33, at 663 (arguing that not all limited property right monopolies are negative or anti-competitive).

40. *See* Kenneth L. Port, *The "Unnatural" Expansion of Trademark Rights: Is a Federal Dilution Statute Necessary?*, 18 Seton Hall Legis. J. 433, 488 (1994).

41. *See* Schechter, *Rational Basis*, *supra* note 16, at 833; Rose, *supra* note 33, at 667.

42. *See* Port, *supra* note 40, at 487-88.

43. *See* Schechter, *Rational Basis*, *supra* note 16, at 833 (quoting Coca-Cola Co. v. Old Dominion Beverage Corp., 271 F. 600, 604 (4th Cir. 1921)).

is adding to the free use of language, not detracting from it.[44] Thus, advocates argue that trademarks in fact encourage competition and trade by providing the public with the information it requires to make an educated purchase,[45] and incentivize companies to develop marks that are unique or arbitrary.[46]

Because a dilution cause of action grants more protection than a standard infringement claim,[47] courts traditionally feared that protection from dilution would reduce market competition. Despite the arguments of proponents of trademark protection, the fear of monopoly exists even today, affecting courts' decisions in determining the relief to be granted in any type of trademark claim.[48] Courts are reluctant to grant what they perceive to be a monopoly in the language of the trademark. Courts therefore will often employ legal gymnastics to reject a dilution claim, imposing artificial limitations on the dilution remedy. As a result, the dilution doctrine has been distorted by the courts in ways that defy or misconstrue its original purpose and parameters.[49]

B. *Trademarks as Property Rights*

While copyrights, patents, or real property are considered property in gross,[50] trademarks are recognized only as quasi-property, with limited rights and protections very different from those associated with full-blown property rights.[51] Black's Law Dictionary defines

---

44. *See* Rose, *supra* note 33, at 662.

45. *See id.* at 675-76.

46. A mark that is unique or fanciful is one that has been invented or selected for the sole purpose of functioning as a trademark. *See* 2 McCarthy, *supra* note 3, § 11:5, at 11-12. An arbitrary mark is one that is commonly used in language, but when used as a trademark for goods or services neither suggests nor describes any characteristic of those goods or services. *See id.* § 11:11, at 11-15 to 11-16.

47. For the definition of dilution and a discussion on the remedies afforded a dilution claim, see *infra* Part I.D.1.

48. *See, e.g.*, Viacom Inc. v. Ingram Enters., Inc., 141 F.3d 886, 892 (8th Cir. 1998) ("Viacom is seeking a complete monopoly on the use of a rather common word with multiple meanings . . . .").

49. *See, e.g.*, Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449 (4th Cir. 1999), *cert. denied*, 120 S. Ct. 286 (1999) (requiring a plaintiff to demonstrate actual dilution to succeed in a dilution claim). For a discussion of recent efforts by the courts to legitimize dilution as a remedy, see *infra* Part III.

50. The Supreme Court recently hailed the right to exclude others as "[t]he hallmark of a protected property interest." College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd., 119 S. Ct. 2219, 2224 (1999). The Court further clarified that the right of exclusion is "one of the most essential sticks in the bundle of rights that are commonly characterized as property." *Id.* (quoting Kaiser Aetna v. United States, 444 U.S. 164, 176 (1979)).

51. *See, e.g.*, Playboy Enters. Inc. v. Netscape Communications Corp., 52 U.S.P.Q.2d 1162, 1170 (C.D. Cal. 1999) (recognizing that a trademark is "not an omnibus property right or a monopoly on the use of the words in the trademark"), *aff'd by* 202 F.3d 278 (9th. Cir. 1999). Restricting protections granted to trademark

property as an "unrestricted and exclusive right to a thing; [with] the right to dispose of a thing in every legal way."[52] In contrast, a trademark property right is contingent on commercial use and maintenance of the mark and the good or service it indicates. Specifically, property rights in trademark are defined in light of protecting the public, and are largely limited to the right to prevent customer confusion or dilution of a mark.[53]

This limited protection is the result of the historic jurisprudential uncertainty over whether trademarks encompassed property rights or simply operated as claims of unfair competition.[54] While some theorists have opined that trademark claims sound in trespass,[55] a claim traditionally affiliated with property in gross, trademark law is instead viewed as a tort, developing from the notion of unfair competition.[56] Unfair competition has its roots in the American business philosophy of fairness in commerce,[57] and in turn evolved from the commercial tort of fraud and deceit,[58] where one passed off her work as the goods of another.[59] It has also been suggested that trademark violations were originally deemed to be property, but that remedies historically originated in tort rather than trespass because injunctions for trademark infringement[60] were not available in a claim of trespass.[61] Hence, because of trademark's mixed evolution from both unfair competition and trespass theories, courts use elements of both the tort of deceit and trespass of property in deciding a claim, which results in quasi-property protections.[62]

---

owners is justified by both arguments against a grant of property rights in gross and a fear of monopoly. For a discussion on the role of monopoly concerns in trademark dilution cases, see *supra* Part I.A.

52. Black's Law Dictionary 1216 (6th ed. 1990).

53. *See* 1 McCarthy, *supra* note 3, § 2:14, at 2-30.1 to 2-31.

54. *See* Frank I. Schechter, Historical Foundations of Trade-mark Law 151-52 (1925) [hereinafter Schechter, *Foundations of Trademark*].

55. *See* Port, *supra* note 40, at 465-66.

56. *See id.* at 465.

57. *See* 1 McCarthy, *supra* note 3, § 1:8, at 1-16.

58. *See* Port, *supra* note 40, at 465.

59. *See* 1 McCarthy, *supra* note 3, § 5:2, at 5-3.

60. *See* Keith M. Stolte, *How Early Did Anglo-American Trademark Law Begin? An Answer to Schechter's Conundrum*, 8 Fordham Intell. Prop. Media & Ent. L.J. 505, 511-12 (1998) (describing the first known trademark infringement case, decided some time in the sixteenth century, in which a clothier affixed another's mark to his own goods, as an action heard on the tort of deceit).

61. *See id.*

62. *See* Port, *supra* note 40, at 466.

> The law of unfair competition has its roots in the common-law tort of deceit: its general concern is with protecting consumers from confusion as to source. While that concern may result in the creation of "quasi-property rights" in communicative symbols, the focus is on the protection of consumers, not the protection of producers as an incentive to product innovation.

Id. (quoting Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 157 (1989) (emphasis omitted)); Schechter, *Foundations of Trademark*, supra note 54, at 151-52.

> The courts ... have wavered between the two horns of a dilemma. While

Accordingly, while the intellectual labor invested in copyrights and patents is directly protected under the Constitution,[63] trademark protection is rooted in the Commerce Clause,[64] which is predicated on guaranteeing a predictable and consistent source of goods in commerce to the public. Unlike patents or copyrights, trademarks do not protect the intellectual investment of an underlying work, but are instead symbols that indicate source. Any goodwill or return of investment relates back to the source of the good, not to the symbol itself.[65]

Courts have thus strictly limited trademark protection to a quasi-property right,[66] finding that "the exclusive 'property' right of a trademark is defined by customer perception."[67] Hence, a

> 'property right' or protection accorded a trademark owner can only be understood in the context of trademark law and its purposes. A trademark owner has a property right only insofar as is necessary to prevent consumer confusion as to who produced the goods and to facilitate differentiation of the trademark owner's goods.[68]

As a result, a mark holder does not fully enjoy the use of her trademarks, because there are limitations on the use of them. For example, trademark owners may not license use of the mark without ensuring that the underlying product will maintain the current level of quality.[69] Another limitation on ownership is that the right to the mark is predicated on its use.[70] Notwithstanding these limitations, courts' and theorists' uniform referral to plaintiffs as mark "owners" implicitly acknowledges trademark property rights.[71] Indeed, some commentators argue that trademarks are already recognized as full

---

> desiring to afford protection to trade-marks, they have at various times manifested a very strong disinclination to base their relief in such cases upon a theory of the protection of property, although they have been able to discover no sound alternative ground for relief.

Id. But see Malla Pollack, *Time to Dilute the Dilution Statute and What Not To Do When Opposing Legislation*, 78 J. Pat. & Trademark Off. Soc'y 518, 541-42 (1996) (suggesting that the Supreme Court's dicta on quasi-property rights is irrelevant to a trademark analysis because *Bonito Boats* involved a claim under federal patent law).

63. *See* U.S. Const. art. I, § 8, cl. 8 (giving Congress the power to confer exclusive rights to authors and inventors for a limited time).

64. *See* 1 McCarthy, *supra* note 3, § 6:2, at 6-4.

65. *See* S. Rep. No. 79-1333 (1946), *reprinted in* 1946 U.S.C.C.A.N. 1274, 1275.

66. A quasi-property right in a trademark is one that is contingent on protecting the public from confusion, rather than those rights typically associated with real property. *See* 1 McCarthy, *supra* note 3, § 2:14, at 2-31; Pollack, *supra* note 62, at 520.

67. 1 McCarthy, *supra* note 3, § 2:14, at 2-30.

68. International Order of Job's Daughters v. Lindeburg & Co., 633 F.2d 912, 919 (9th Cir. 1980).

69. *See* Pollack, *supra* note 62, at 532. Without these quality controls, the mark is deemed abandoned.

70. *See* Rock & Roll Hall of Fame and Museum, Inc. v. Gentile Prods., 71 F. Supp. 2d 755, 758 (N.D. Ohio 1999).

71. *See* 3 Callmann, *supra* note 2, § 17.07, at 30-31.

property by the IRS, bankruptcy courts, and accountants, and should be recognized as such by the judiciary.[72]

Dilution is different from an infringement claim, however, because dilution "shifts the focus away from consumer protection and towards the protection of an owner's quasi-property right in a famous mark, itself."[73] Dilution is prototypically a "diminution of plaintiff's name as an advertising tool"[74] for underlying goods or services.[75] The Supreme Court recently held, however, that a "generalized right to be secure in one's business interests" does not qualify as a property right protected by the Due Process Clause.[76]

Because the Court concluded that "business in the sense of the activity of doing business, or the activity of making a profit is not property in the ordinary sense,"[77] it is likely that expansion of property rights in gross to include dilution will be denied. The conflict between free competition, unencumbered by monopoly,[78] and the need to protect trademark as a property right was recently described by one district court:

> As a nation, we long have extolled the virtues of free and vigorous competition, and frequently have cited our devotion to competition as a principal reason for our nation's unparalleled economic success. At the same time, we hold no less dear the right of individuals and corporations to control and use their own property, including intellectual property such as trademarks.[79]

Trademarks are thus the casualty of the conflict between open competition and the protection of ownership, resulting in the compromise of quasi-property rights. These rights grant trademark owners limited protections based on consumer perceptions, rather than on ownership in its own right.

C. *Infringement and the Likelihood-of-Confusion Standard*

The function of trademarks as an efficient way to convey

---

72. *See* Jerre B. Swann & Theodore H. Davis, Jr., *Dilution, an Idea Whose Time Has Gone; Brand Equity as Protectable Property, the New/Old Paradigm*, 1 J. Intell. Prop. L. 219, 230 (1994). *But see* Schechter, *Rational Basis*, *supra* note 16, at 820 (noting that equity has not treated trademark violations as trespasses on property, but as unfair competition).

73. Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 955 F. Supp. 605, 613 n.7 (E.D. Va. 1997), *aff'd*, 170 F.3d 449 (4th Cir. 1999), *and cert. denied*, 120 S. Ct. 286 (1999).

74. Wedgwood Homes, Inc. v. Lund, 659 P.2d 377, 383 (Or. 1983).

75. *See* College Savings Bank v. Florida Prepaid Postsecondary Educ. Expense Bd., 119 S. Ct. 2219, 2225 (1999).

76. *Id.* at 2224.

77. *Id.* at 2225 (emphasis omitted) (discussing property rights in the context of a false advertising claim).

78. For a discussion of monopoly in trademark, see *supra* Part I.A.

79. Planet Hollywood (Region IV), Inc. v. Hollywood Casino Corp., No. 96 C 4660, 1999 WL 1131887, at *1 (N.D. Ill. Dec. 3, 1999).

information to the public would be threatened if competitors were permitted to use the same mark to describe their own goods.[80] If there were more than one producer of Starbucks coffee, for example, consumers would no longer be confident that the Starbucks coffee they purchased had the same distinct features as the Starbucks coffee they had consumed in the past. The unauthorized use of the Starbucks mark by another junior user is known as trademark infringement. This infringement misleads the consumer to believing that the junior user's product is manufactured by the senior user, thereby devaluing the worth of the senior user's mark.[81]

In order to analyze an infringement claim, courts apply a likelihood-of-confusion test,[82] a standard that is viewed as the "linchpin" of trademark infringement tests.[83] This test measures the "likelihood

---

80. *See, e.g.*, McLean v. Fleming, 96 U.S. 245, 251 (1877). The *McLean* Court stated:

> Suppose the [senior user] has obtained celebrity in his manufacture, he is entitled to all the advantages of that celebrity, whether resulting from the greater demand for his goods or from the higher price the public are willing to give for the article, rather than for the goods of the other manufacturer, whose reputation is not so high as a manufacturer. Where, therefore, a party has been in the habit of stamping his goods with a particular mark or brand, so that the purchasers of his goods having that mark or brand know them to be of his manufacture, no other manufacturer has a right to adopt the same stamp; because, by doing so, he would be substantially representing the goods to be the manufacture of the person who first adopted the stamp, and so would or might be depriving him of the profit he might make by the sale of the goods which the purchaser intended to buy.

Id.

81. Examples of infringing uses of a mark include naming a restaurant "McBagel's," see McDonald's Corp. v. McBagel's, Inc., 649 F. Supp. 1268, 1282 (S.D.N.Y. 1986) (enjoining use of the name "McBagel's" for a restaurant as likely to produce confusion in possible sponsorship by McDonald's restaurant chain); using the trademark Ms. Dior of Flatbush for a dry cleaning business, see Christian Dior, S.A.R.L. v. Miss Dior of Flatbush, Inc., 173 U.S.P.Q. 416, 417 (E.D.N.Y. 1972); unauthorized use of the Nike swoosh on sportswear, see Nike, Inc. v. "Just Did It" Enters., 6 F.3d 1225, 1232-33 (7th Cir. 1993); and naming a heating and cooling services corporation "Polaraid," see Polaroid Corp. v. Polaraid, Inc., 319 F.2d 830, 837 (7th Cir. 1963) (finding the public may incorrectly infer an affiliation with the camera manufacturer).

82. *See* Lanham Act, Pub. L. No. 79-489, 60 Stat. 427 (1946) (codified as amended at 15 U.S.C. §§ 1051-1127 (1994)), which provides relief for any use of a mark that is "likely . . . to cause confusion, or to cause mistake, or to deceive" the public on the source of the goods. The Restatement notes that: "The term 'likelihood of confusion' has long been used to describe the standard of liability for trademark infringement in actions at common law and under federal and state trademark and unfair competition statutes." Restatement (Third) of Unfair Competition § 20 cmt. d (1995); *see also* 3 McCarthy, *supra* note 3, § 23:1, at 23-6 to 23-7 & 23-6 n.1 (describing likelihood-of-confusion as the "basic test of both common-law trademark infringement and federal statutory trademark infringement" and citing numerous examples of cases using it to determine infringement claims). *But see* James Burrough Ltd. v. Sign of Beefeater, Inc., 540 F.2d 266, 274 (7th Cir. 1976) (noting that "people do not confuse trademarks—trademarks confuse people" (quoting In re West Point-Pepperrell, Inc., 468 F.2d 200 (C.C.P.A. 1972)).

83. *See* Matrix Essentials, Inc. v. Cosmetic Gallery, Inc. 870 F. Supp. 1237, 1251

that an appreciable number of ordinarily prudent purchasers are likely to be misled, or indeed simply confused, as to the source of the goods in question."[84] In assessing the public's likelihood of confusion, the courts have developed a multi-factor test that considers:

> the strength of [plaintiff's] mark, the degree of similarity between the two marks, the proximity of the products, the likelihood that the prior owner will bridge the gap, actual confusion, and the reciprocal of defendant's good faith in adopting its own mark, the quality of defendant's product, and the sophistication of the buyers.[85]

The likelihood-of-confusion test has prevented a grant of property rights in gross to trademark owners by examining infringement strictly from the perspective of the consumer rather than simply enjoining each and every unauthorized use of the mark.[86] As a result, the test focuses primarily on consumer confusion. Accordingly, a trademark owner who is unable to demonstrate consumer confusion may not prevent the unauthorized use, and subsequent weakening of a mark through an infringement action.[87]

This focus on consumer confusion has caused courts to balance two competing factors: prevention of public deception and encouragement of marketplace competition.[88] Congress has echoed this dual-purpose policy in trademark legislation:

> The purpose underlying any trade-mark statute is twofold. One is to protect the public so it may be confident that, in purchasing a product bearing a particular trade-mark which it favorably knows, it will get the product which it asks for and wants to get. Secondly, where the owner of a trade-mark has spent energy, time, and money in presenting to the public the product, he is protected in his

(D.N.J. 1994), *aff'd*, 85 F.3d 612 (3d Cir. 1996).

84. Mushroom Makers, Inc. v. R.G. Barry Corp., 580 F.2d 44, 47 (2d Cir. 1978) (per curiam).

85. Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492, 495 (2d Cir. 1961).

86. *See, e.g.*, McLean v. Fleming, 96 U.S. 245, 251 (1877) (finding that while it is impossible to state the degree of resemblance in marks necessary to constitute an infringement, this resemblance can be defined as one that would mislead the ordinary purchaser).

87. At early common law, plaintiffs alleging trademark violations were provided with a remedy in state unfair competition statutes for defendants who "passed off" their goods as manufactured by the plaintiff and senior user. *See* 1 McCarthy, *supra* note 3, § 1:12, at 1-27. Yet many courts refused to expand the doctrine of unfair competition beyond actions that included copying labels and advertising, thus precluding a remedy for dilution. Because dilution typically involves marks on different products that would necessarily include different packaging, unfair competition would not be found. *See id.*

88. *See* Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 767-68 (1992) (stating that the purpose of the Lanham Act is to provide a remedy for deceptive uses of marks and protect businesses from unfair competition); Park 'N Fly, Inc. v. Dollar Park and Fly, Inc., 469 U.S. 189, 198 (1985) ("National protection of trademarks is desirable . . . because trademarks foster competition and the maintenance of quality by securing to the producer the benefits of good reputation.").

investment from its misappropriation by pirates and cheats.[89]

Congressional support for protection from trademark infringement has been steadfast and effective.[90] In 1946, Congress replaced the Trademark Acts of 1905 and 1920 with the Trademark Act of 1946 (the "Lanham Act").[91] The Lanham Act codified the common-law likelihood-of-confusion standard and established an infringement cause of action that incorporates non-competing goods.[92] This valuable legislation provided trademark owners with strong and effective statutory protection from infringement applied uniformly in federal courts. Unfortunately, statutory protection for dilution claims, as opposed to infringement claims, was not included in the original Lanham Act. Thus, trademark owners turned to the courts for acknowledgement of dilution as a viable theory and for protection from its evils.

D. *Dilution*

1. Dilution Defined

Unlike traditional infringement claims, where a trademark owner seeks protection from a competitor who uses a mark to confuse customers into buying the junior product,[93] dilution does not examine a trademark violation from the perspective of the consumer.[94] Rather, "where the likelihood of confusion test leaves off, the dilution theory begins."[95] Dilution safeguards famous marks against junior use, even

89. *See* S. Rep. No. 79-1333 (1946), *reprinted in* 1946 U.S.C.C.A.N. 1274, 1274.

90. *See id.* at 1274-75 (stating that the Federal Trade-Mark Act, in place since 1905, has been amended often to make relief against infringement prompt and effective).

91. Lanham Act, Pub. L. No. 79-489, 60 Stat. 427 (1946) (codified as amended at 15 U.S.C. §§ 1051-1127 (1994)).

92. The Act provides protection against any unauthorized use of a mark if that use "is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person . . . ." 15 U.S.C. § 1125(a)(1)(A)(1994). The Trademark Act of February 20, 1905, provided relief only for "[a]ny person who shall, without the consent of the owner thereof, reproduce, counterfeit, copy, or colorably imitate any such trademark and affix the same to merchandise of substantially the same descriptive properties . . . ." James Love Hopkins, The Law of Trademarks, Tradenames and Unfair Competition 578b (4th ed. 1924) (quoting the Trademark Act of February 20, 1905). As a result, the reformation of the Act provided relief even to those uses by non-competitors, and provided courts with the likelihood-of-confusion standard in measuring infringement.

93. *See* 4 McCarthy, *supra* note 3, § 24:1, at 24-6.

94. *See, e.g.*, Wrench LLC v. Taco Bell Corp., 49 U.S.P.Q.2d 1032, 1035 (W.D. Mich. 1998) ("The purpose of the [state anti-dilution] statute is to protect a mark from damage to its value as a symbol rather than to prevent confusion between products.").

95. 4 McCarthy, *supra* note 3, § 24:70, at 24-121.

when there is no confusion as to the source of that junior use.[96] "The underlying rationale of the dilution doctrine is that a gradual attenuation or whittling away of the value of a trademark, resulting from use by another, constitutes an invasion of the senior user's property right in its mark . . . ."[97]

In a recent case involving a dilution claim, a defendant attempted to use the mark "Blockbuster" on its fireworks.[98] In deciding the case, the Eighth Circuit described the difference between infringement and dilution:

> To put the difference between infringement and dilution more concretely, if a parent says to the kids, "Let's go pick something out at Blockbuster tonight," and the youngest child assumes they will be buying fireworks made by Viacom, that is evidence of the confusion that is essential to a claim of trademark infringement. But if the oldest child answers, "Which Blockbuster," that evidences dilution by blurring.[99]

Unauthorized use of a mark can therefore constitute both infringement and dilution.[100] In the mind of an individual, however, only one of these violations can occur. "Either a person thinks that the similarly branded goods or services come from a common source . . . or not. In that sense they are inconsistent states of customer perception."[101] Yet both perceptions are possible among various members of the public as to any given mark.

While a finding of dilution necessarily precludes a finding of infringement in the mind of a single consumer, it does not preclude a finding of infringement in the mind of her neighbor. Dilution requires a different type of mental association on the part of the public from infringement. Rather than causing confusion, a customer, upon viewing the junior mark, will mentally associate the junior mark with the senior mark, but without confusing the two marks as emanating from the same source. The customer is simply reminded of the senior mark. Yet, even this mental association weakens the strength of the senior mark because the association erodes its uniqueness.[102]

Courts have typically been wary of recognizing the dilution doctrine because dilution protection essentially expands the property rights of a trademark owner. Instead of the protection of the mark being

96. *See, e.g.*, Planet Hollywood (Region IV), Inc. v. Hollywood Casino Corp., No. 96 CIV. 4660, 1999 WL 1131887, at *67 (N.D. Ill. Dec. 3, 1999) (discussing the dilution of the Planet Hollywood mark by Hollywood Casino).

97. 4 McCarthy, *supra* note 3, § 24:70, at 24-122.

98. *See* Viacom Inc. v. Ingram Enters., Inc., 141 F.3d 886, 887-88 (8th Cir. 1998).

99. *Id.* at 891 n.9. For a discussion of dilution-by-blurring, see *infra* notes 107-12 and accompanying text.

100. *See* 4 McCarthy, *supra* note 3, § 24:70, at 24-122.

101. *Id.*

102. *See id.* (explaining that dilution is the gradual attenuation of the value of a trademark).

conditioned on safeguarding the public from consumer confusion, as in an infringement claim, dilution protects the very ownership of the mark and its consequent value. Dilution protection moves closer to a grant of property rights in gross because such a grant could create a monopoly on a mark's language and design to the detriment of business and competition.[103] For example, should United Airlines be able to enjoin a company from using the trademark "United Sugar?" Under a property-rights-in-gross paradigm, the answer would be yes. Despite the fact that the mark "United" is inherently weak,[104] "United Airlines" is sufficiently famous to have created secondary meaning in its mark, thereby turning a weak mark into a strong mark and one worthy of protection. Thus, under a property-rights-in-gross theory, because any use of a mark sufficiently similar to a famous mark would constitute dilution of that mark, United Airlines would be able to enjoin the use of the mark "United Sugar." Courts are understandably resistant to this grant of protection. In evaluating a dilution claim under the paradigm that exists today, courts apply factors that serve to limit dilution protection to a quasi-property right.

Traditionally, there are two different forms of a customer's mental association that create dilution of a mark, "blurring" and "tarnishment".[105] The recent onset of the Internet Age has created an additional type of dilution known as "cybersquatting."[106]

Blurring, the prototypical dilution claim, occurs when a junior holder's use of a mark creates an association in the mind of the consumer between the mark and the junior user's goods.[107] While the consumer recognizes that the senior user has not sponsored the usually non-competing junior use of the mark, the strength of the mark as a unique identifier of the senior holder's goods is nevertheless eroded.[108] Blurring would occur if, for example, the trademark "Dupont" was used for shoes, "Buick" for aspirin, "Schlitz" for varnish, or "Kodak" for pianos.[109] A trademark will "inevitably be lost in the commonplace words of the language . . . if it could [simultaneously] be used on pianos, shaving cream, and fountain pens."[110] The consumer's strong association of a mark with one product is "blurred" because the mark's association is now shared

103. *See, e.g.*, *Viacom*, 141 F.3d at 892 (holding that to grant plaintiff's dilution claim would constitute monopoly on the use of language in commerce).

104. "Weak" marks are those that are relatively unknown or similar to other marks or the name of the attached product or service. *See* 2 McCarthy, *supra* note 3, § 11:73, at 11-129.

105. *See id.* § 24:67, at 24-119.

106. *See id.* § 24:69.1, at 24-121.

107. *See id.* § 24:68, at 24-120.

108. *See* H.R. Rep. No. 104-374, at 3 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1030.

109. *See* Sally Gee, Inc. v. Myra Hogan, Inc., 699 F.2d 621, 625 (2d Cir. 1983).

110. Schechter, *Rational Basis*, *supra* note 16, at 830.

between two products. Blurring is usually decided through an application of the factors set forth in *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*[111] The *Mead Data* factors comprise the similarity of the marks, similarity of the products covered by the marks, sophistication of consumers, predatory intent of the junior user, renown of the senior mark, and renown of the junior mark.[112]

Dilution-by-tarnishment occurs when the association created by the junior holder's commercial use[113] of the mark tarnishes, degrades, or corrupts the senior holder's mark.[114] Tarnishment often takes the form of a parody on another's famous mark, such as a T-shirt bearing the logo "Mutant of Omaha"[115] or a red-and-white poster with script identical to the Coca-Cola logo that reads "Enjoy Cocaine."[116] Courts have found that these uses create an association between the two marks in the mind of the consumer to the detriment of the senior user.[117] Where the senior user once enjoyed a wholesome and unique association with the mark, it must now share that mark with an unsavory and distasteful product or service, thus eroding the strength of the senior mark.

To prove a dilution-by-tarnishment claim, a plaintiff must show first, that the unauthorized use weakens the strength of the mark, and second, that the weakness exists because of the junior user's unwholesome, poor quality, or degrading use causing damage to the senior user's creation of a positive image in the trademark.[118] The strongest case of tarnishment occurs in pornographic uses, because this type of violation "presents a special threat to the good name and goodwill of the true owner."[119] Courts are quick to enjoin the use of a

111. 875 F.2d 1026, 1035 (2d Cir. 1989) (Sweet, J., concurring). For a discussion of the *Mead Data* factors, see *infra* notes 189-201 and accompanying text.

112. *See Mead Data*, 875 F.2d at 1035-40 (Sweet, J., concurring).

113. Non-commercial instances of tarnishment fall under the umbrella of the First Amendment and are not actionable. *See* 4 McCarthy, *supra* note 3, § 24:105, at 24-206.

114. *See* Panavision Int'l, L.P. v. Toeppen, 141 F.3d 1316, 1326 n.7 (9th Cir. 1998).

115. *See* Mutual of Omaha Ins. Co. v. Novak, 836 F.2d 397, 398 (8th Cir. 1987).

116. *See* Coca-Cola Co. v. Gemini Rising, Inc., 346 F. Supp. 1183, 1187 (E.D.N.Y. 1972). Tarnishment that is the result of editorial or artistic parody is not actionable due to the rights afforded by the First Amendment, but the First Amendment becomes less protective of parodies that identify a commercial product, such as clothing. *See* 4 McCarthy, *supra* note 3, § 24:105, at 24-206.

117. *See* Hormel Foods Corp. v. Jim Henson Prods., Inc., 73 F.3d 497, 507 (2d Cir. 1996). Some forms of parody are protected. For example, the FTDA specifically exempts noncommercial use of a mark. *See* 15 U.S.C. § 1125(c)(4)(B)(1995).

118. *See* Ameritech, Inc. v. American Info. Techs. Corp., 811 F.2d 960, 965 (6th Cir. 1987).

119. Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema Ltd., 467 F. Supp. 366, 374 (S.D.N.Y. 1979) (enjoining the use of Dallas Cowboys Cheerleading costume in the pornographic film *Debbie Does Dallas*), *aff'd*, 604 F.2d 200 (2d Cir. 1979). *See, e.g.*, Pillsbury Co. v. Milky Way Prods., Inc., 215 U.S.P.Q. 124, 136 (N.D. Ga. 1981) (enjoining the use of the Poppin' Fresh trademark in pornographic film); Edgar Rice Burroughs, Inc. v. Manns Theatres, 195 U.S.P.Q. 159, 161-62 (C.D. Cal. 1976) (enjoining the use of Tarzan in a pornographic film).

famous mark in this type of claim. For example, the Southern District of New York enjoined the use of the Dallas Cowboy Cheerleaders' costumes and persona in the pornographic film *Debbie Does Dallas*, stating that it would be "hard to believe that anyone who had seen defendants' sexually depraved film could ever thereafter disassociate it from plaintiff's cheerleaders. This association results in ... [injury to] 'plaintiff's business reputation ....'"[120]

Cybersquatting is a more recent phenomenon recognized by the Ninth Circuit in *Panavision International L.P. v. Toeppen*[121] as an actionable type of dilution claim separate from tarnishment and blurring. Cybersquatting occurs when someone registers a trademark as a domain name for use on the Internet with the intention of ransoming the Internet site back to the senior user for a price.[122] The Ninth Circuit chose not to engage in legal contortions to find that customers were confused when they typed in the senior user's mark and instead brought up the junior user's site, or that they associated the blank or unrelated site with the senior product.[123] Instead, the court found that the strength of the mark was eroded by the defendant's actions. While the junior user holds the Internet site, the senior user may not fully capitalize on the mark by using it as a domain address, but must rely on a cumbersome search engine to gain customer access.[124] The court noted that "potential customers of Panavision will be discouraged if they cannot find its web page by typing in 'Panavision.com,' but instead are forced to wade through hundreds of web sites. This dilutes the value of Panavision's trademark."[125] Thus, the court created a third form of dilution, holding that "[t]o find dilution, a court need not rely on the traditional definitions such as 'blurring' and 'tarnishment.'"[126] Instead, the court determined that dilution automatically occurred when the defendant's actions "diminished the capacity of the Panavision marks to identify and distinguish Panavision's goods and services on the Internet."[127]

On November 29, 1999, Congress codified the Ninth Circuit's findings by passing the Anticybersquatting Consumer Protection Act (the "Anticybersquatting Act"),[128] which amended the Lanham Act to

120. *Dallas Cowboys Cheerleaders*, 604 F.2d at 205 (citation omitted).

121. 141 F.3d 1316 (9th Cir. 1998).

122. *See* 4 McCarthy, *supra* note 3, § 24:69.1, at 24-121.

123. *See Panavision*, 141 F.3d at 1326-27. Search engines, such as Yahoo!, Lycos, and Excite, locate Web sites by using key word searches. *See* Jennifer Golinveaux, *What's in a Domain Name: Is "Cybersquatting" Trademark Dilution?*, 33 U.S.F. L. Rev. 641, 643 (1999).

124. *See Panavision*, 141 F.3d at 1325.

125. *Id.* at 1327.

126. *Id.* at 1326.

127. *Id.* (quotations omitted).

128. *See* Anticybersquatting Consumer Protection Act, Pub. L. No. 106-113, 113 Stat. 1537 (1999) (codified as amended at 15 U.S.C. § 1125(d)(1999)). For a discussion of the Anticybersquatting Act, see *infra* Part II.

include a federal remedy for various trademark violations caused by cybersquatting. By requiring a showing of bad faith by the defendant, the Anticybersquatting Act excludes from prosecution those innocent registrants who either unintentionally registered a trademark or had no intention of profiting from the goodwill of the mark.[129] Rather, the Act allows trademark owners a federal remedy for the damage done to their marks by registrants who intend to profit from use of the senior mark as a domain name by selling it to the senior user.

2. Development of the Dilution Cause of Action

Recognition of dilution began in the early 1900s, when courts and legal theorists noticed an increase in "trademark piracy."[130] Companies began using famous trademarks to attract consumer interest in their own non-competing products. For example, junior producers used famous trade names such as Kodak to market bicycles,[131] Rolls-Royce to sell radio parts,[132] and Beech-Nut to market cigarettes.[133] In most instances, the consumer would recognize that the senior user had not sponsored the mark, thereby precluding a finding of confusion. But because the consumer would still connect the junior mark with the senior mark, the senior mark's uniqueness and strength was eroded.[134] Nevertheless, courts felt that this "piracy" was a type of unfair competition, and would often enjoin continued use of the mark by finding a likelihood-of-confusion when in fact none existed.[135]

In 1927, Professor Frank Schechter addressed these types of trademark violations in his seminal article *The Rational Basis of Trademark Protection*.[136] Professor Schechter pointed out that certain trademark uses on non-competing goods did not trigger confusion in the minds of consumers, but nevertheless constituted a wrong against

129. *See* 15 U.S.C § 1125(d)(1)(B)(1999).

130. Schechter, *Rational Basis*, *supra* note 16, at 825 (noting that "[t]rademark pirates are growing more subtle and refined").

131. *See* Eastman Photographic Materials Co. v. Kodak Cycle Co., 15 Rep. Pat. Cas. 105, 105 (1898).

132. *See* Wall v. Rolls-Royce of Am., Inc., 4 F.2d 333, 333 (3d Cir. 1925).

133. *See* Beech-Nut Packing Co. v. P. Lorillard Co., 7 F.2d 967, 968 (3d Cir. 1925), *aff'd*, 273 U.S. 629 (1927).

134. *See* 4 McCarthy, *supra* note 3, § 24.70, at 24-122 ("The underlying rationale of the dilution doctrine is that a gradual attenuation . . . of the value of a trademark . . . constitutes an invasion of the senior user's property right in its mark . . . ."); Steven B. Pokotilow & Heather L. Danzig, *Whittling Away at Dilution: Attorneys, Courts Mistake "Confusion" for "Blurring"*, N.Y. L.J. (Intell. Prop. Insert), Oct. 18, 1999, at 1.

135. *See, e.g.*, *Rolls-Royce*, 4 F.2d at 334 (holding that a consumer could mistakenly assume that Rolls-Royce had begun producing radio tubes because both cars and radio tubes use electricity). *But see Beech-Nut*, 7 F.2d at 970 (denying injunctive relief to the senior holder of the mark because food and tobacco are unrelated categories of goods).

136. *See* Schechter, *Rational Basis*, *supra* note 16, at 830.

the trademark owner.[137] Schechter contended that dilution, "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,"[138] is just as harmful as infringement.[139] Schechter argued that failing to enjoin such dilution was akin to allowing infringement because a diluted trademark "gradually but surely loses its effectiveness and unique distinctiveness,"[140] thereby eroding the goodwill and capital a company has invested in a trademark.

Unfortunately, Schechter's theory met with resistance.[141] Critics feared monopoly by trademark owners and a dampening of competition,[142] and as a result, formal relief incubated for decades.[143] A proposal drafted by Schechter to amend existing federal trademark law to include dilution was introduced in 1932 and rejected by Congress.[144] Meanwhile, trademark violations that were tantamount to dilution continued to be incorrectly analyzed under infringement standards.[145] Because of an absence of consumer confusion in these violations,[146] courts would often deny relief.[147]

---

137. *See id.* at 825 ("[W]e have intimated the possibility that the use of trademarks on entirely non-related goods may of itself concretely injure the owner of the mark even in the absence of [confusion].").

138. *Id.* Despite his reputation as the father of the American dilution doctrine, Schechter did not coin the term "dilution." Rather, it was reportedly first used in a German case that found that a steel manufacturer using the mark "Odol" constituted dilution (verwassert) of the more senior mouthwash manufacturer. *See* Rose, *supra* note 33, at 658 n.19.

139. *See* Schechter, *Rational Basis*, *supra* note 16, at 825 ("The history of important trademark litigation within recent years shows that the use of similar marks on *non*-competing goods is perhaps the *normal* rather than the exceptional case of infringement." (emphasis in original)).

140. *Id.* at 830.

141. *See* Robert N. Klieger, *Trademark Dilution: The Whittling Away of the Rational Basis for Trademark Protection*, 58 U. Pitt. L. Rev. 789, 802-10 (1997).

142. *See* Schechter, *Rational Basis*, *supra* note 16, at 833.

143. *See* Patrick M. Bible, Comment, *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, 300 (1999) (noting that after Professor Schechter's 1927 article, twenty years passed before the first state adopted an anti-dilution statute).

144. *See* Susan L. Serad, *One Year After Dilution's Entry Into Federal Trademark Law*, 32 Wake Forest L. Rev. 215, 217 (1997) (citing H.R. 11,592, 72d Cong. (1932)).

145. For a discussion of infringement standards, see *supra* Part I.C.

146. *See* Yale Elec. Corp. v. Robertson, 26 F.2d 972, 973-74 (2d Cir. 1928) ("What harm did it do to a chewing gum maker to have an ironmonger use his trademark? ... However, it has of recent years been recognized that a merchant may have a sufficient economic interest in the use of his mark outside the field of his own exploitation to justify interposition by a court."). Despite Judge Hand's prophetic description of dilution, the case was decided under infringement standards by noting that many consumers had mistaken the junior user's products as emanating from the senior user. *See id.* at 973. As a result, a remedy for dilution remained dormant. *See also* L.E. Waterman Co. v. Gordon, 72 F.2d 272, 273 (2d Cir. 1934) (finding that defendant's use of trademark "Waterman" for razor blades infringed plaintiff's trademark in the manufacture of pens); Del Monte Special Food Co. v. California Packing Corp., 34

Dilution recognition began gaining momentum in 1947 when Massachusetts passed the first anti-dilution statute.[148] The commencement of modern dilution enforcement, however, occurred in 1964 when the United States Trademark Association (the "USTA") amended the Model State Trademark Bill to reflect dilution protections.[149] The language of the bill provided that:

> [l]ikelihood of injury to business reputation or of dilution of the distinctive quality of a mark registered under this Act, or a mark valid at common law . . . shall be a ground for injunctive relief *notwithstanding the absence of competition between parties or the absence of confusion as to the source of goods or services.*[150]

The explicit statement that injunctive relief would be provided for dilution even in the absence of consumer confusion affirmed the traditional concept of a dilution claim.[151] Moreover, the USTA's acceptance of the dilution doctrine encouraged other states to pass anti-dilution statutes.[152] To date, over half of the states have enacted such statutes,[153] and several additional state courts have recognized dilution as a cause of action.[154]

In 1957, the First Circuit became one of the first courts to uphold a state anti-dilution statute in *Esquire, Inc. v. Esquire Slipper Manufacturing Co., Inc.*[155] In deciding allegations by Esquire Magazine of both infringement and dilution of its famous mark by a slipper manufacturer, the First Circuit legitimized dilution as a remediable form of relief by explicitly supporting the dilution doctrine as a separate claim from infringement, even absent customer

---

F.2d 774, 777 (9th Cir. 1929) (enjoining use of "Del Monte" on margarine, despite the fact that plaintiff did not manufacture or distribute margarine); Alfred Dunhill of London, Inc. v. Dunhill Shirt Shop, Inc., 3 F. Supp. 487, 487 (S.D.N.Y. 1929) (finding that the only motive for defendant to choose the name "Dunhill" for its shirts was to trade on the goodwill established by plaintiff in its manufacture of cigarettes); Philadelphia Storage Battery Co. v. Mindlin, 296 N.Y.S. 176, 180-81 (N.Y. Sup. Ct. 1937) (enjoining as infringing the use of the trademark "Philco," a famous manufacturer of radio sets, for marketing razor blades).

147. *See* Arrow Distilleries, Inc. v. Globe Brewing Co., 117 F.2d 347, 351 (4th Cir. 1941) (finding that because the products were in two different classes, there was no infringement of the shared "Arrow" mark).

148. *See* Mass. Ann. Laws ch. 110B, § 12 (Law. Co-op 1995).

149. *See* Mahaffey-Dowd, *supra* note 16, at 430.

150. *See* Model State Trademark Bill § 12 (reprinted in 3 McCarthy, *supra* note 3, § 22:8, at 22-22 (emphasis added).

151. *See id.*

152. *See* Mahaffey-Dowd, *supra* note 16, at 430.

153. *See* Oswald, *supra* note 16, at 266.

154. *See id.* at 266 n.59 ("Dilution claims . . . are cognizable under Ohio's common law." (citing Ameritech, Inc. v. American Info. Technologies Corp., 811 F.2d 960, 965 (6th Cir. 1987)); Hartford House Ltd. v. Hallmark Cards Inc., 647 F. Supp. 1533, 1541-42 (D. Colo. 1986) (applying Colorado common law), *aff'd*, 846 F.2d 1268 (10th Cir. 1988).

155. 243 F.2d 540, 542 (1st Cir. 1957).

confusion.[156] The court defined dilution as a trademark violation between non-competing parties,[157] and recognized that a plaintiff may simultaneously bring both infringement and dilution claims.[158] Ultimately, the First Circuit denied both claims in that case, finding that the weakness of the senior mark combined with the dissimilarity between the junior and senior marks did not afford protection of the senior mark.[159]

In 1963, the Seventh Circuit also upheld a state anti-dilution statute in *Polaroid Corp. v. Polaraid, Inc.*[160] The famous camera manufacturer sued a heating and refrigeration contractor for infringement, dilution, and unfair competition violations, yet both the trial court and the plaintiff conceded an absence of customer confusion.[161] Accordingly, the Seventh Circuit granted injunctive relief on the dilution and unfair competition claims alone, recognizing that a dilution injury "differs materially from that arising out of the orthodox confusion.... Such confusion leads to immediate injury, while dilution is an infection which, if allowed to spread, will inevitably destroy the advertising value of the mark."[162] The court discerned that dilution is a substantially different action from infringement, requiring not consumer confusion, but rather a continuous, eroding use of the plaintiff's mark.[163] The court acknowledged that while there was no reported dilution case law to aid in deciding the merits of the dilution claim, the "plain, unambiguous language" of the statute "lays a heavy hand upon one who adopts the trade name or mark of another."[164]

By setting forth a standard for analyzing dilution claims absent consumer confusion, the Seventh Circuit both strengthened the precedent available to other courts deciding dilution claims[165] and issued a clear warning to potential trademark dilutionists. Indeed, courts began recognizing that allowing defendants' unauthorized use of a mark created a "risk of an erosion of the public's identification of

156. *See id.*

157. *See id.* ("This is obviously a dilution case, for clearly the parties are not directly competing with one another in the sale of similar goods."). Absence of competition, however, is no longer required in a dilution claim. *See* 4 McCarthy, *supra* note 3, § 24:72, at 24-128 to 24-129.

158. *See Esquire*, 243 F.2d at 542.

159. *See id.* at 544-45.

160. 319 F.2d 830, 837 (7th Cir. 1963).

161. *See id.* at 835.

162. *Id.* at 836 (quoting 3 Rudolf Callmann, The Law of Unfair Competition and Trademarks, § 84.2, at 1643 (2d ed. 1950)).

163. *See id.*, 319 F.2d at 836 (quoting 3 Rudolf Callmann, The Law of Unfair Competition and Trade-marks, § 84.2, at 1643 (2d ed. 1950)).

164. *Id.*

165. *See, e.g.*, Hyatt Corp. v. Hyatt Legal Servs., 736 F.2d 1153, 1157 (7th Cir. 1984) (discussing *Polaroid*); Intermatic, Inc. v. Toeppen, 947 F. Supp. 1227, 1236 (N.D. Ill. 1996) (same); Instrumentalist Co. v. Marine Corps League, 509 F. Supp. 323, 331-32 (N.D. Ill. 1981) (same), *aff'd*, 694 F.2d 145 (7th Cir. 1982).

[a] very strong mark with the plaintiff alone, thus diminishing its distinctiveness, uniqueness, effectiveness, and prestigious connotations . . . ."[166]

Each subsequent successful dilution claim, while seemingly less and less revolutionary, represented tremendous inroads into the traditional view of trademarks as mere quasi-property rights that must rely on a consumer confusion standard for protection.[167] Each court that recognized dilution implicitly acknowledged the statutory decree that trademark owners deserve protection for the goodwill and investment made in their marks, even absent a transgression against the public. Dilution theories expand the protection afforded because dilution relies on a different standard from trademark infringement. The recognition of dilution as a viable cause of action thus demonstrated that a consumer's mental association, in the absence of confusion, can also create an injury against which trademark law attempts to protect.

In contrast, other courts have refused to acknowledge dilution claims absent a showing of customer confusion, despite clear statutory language to the contrary.[168] For example, in *Cue Publishing Co., Inc. v. Colgate-Palmolive Co.*,[169] a New York state court held that "[i]t would appear therefore, and the cases have so held, that to give effect to the dilution doctrine some measure of confusion must be present and in those cases where it was found to exist the rights of the senior user were upheld."[170] Similarly, a New York federal court held in *Geisel v. Poynter Products, Inc.*[171] that New York's anti-dilution statute required a showing of customer confusion,[172] while in *Holiday Inns, Inc. v. Holiday Out in America*,[173] the Fifth Circuit refused to find that a defendant's mark used in connection with its campgrounds constituted a dilution of the nationally recognized Holiday Inn hotel chain.[174] While the court in *Holiday Inns* recognized that dilution is

166. Tiffany & Co. v. Boston Club, Inc., 231 F. Supp. 836, 844 (D. Mass. 1964).

167. *See* Lunney, *supra* note 38, at 393.

168. See, for example, N.Y. Gen. Bus. Law § 368-d (McKinney 1961), which states that:

> Likelihood of injury to business reputation or of dilution of the distinctive quality of a mark or trade name shall be a ground for injunctive relief in cases of infringement of a mark registered or not registered or in cases of unfair competition, notwithstanding the absence of competition between the parties or *the absence of confusion as to the source of goods or services.*

Id. (emphasis added).

169. 256 N.Y.S.2d 239, 245 (N.Y. Sup. Ct. 1965) (holding that Cue toothpaste did not dilute Cue magazine because the plaintiff had not shown either consumer confusion or that the mark had achieved the secondary meaning necessary to sustain a right to relief), *aff'd*, 259 N.Y.S.2d 377 (1st Dep't 1965).

170. *Id.* (citations omitted).

171. 295 F. Supp. 331 (S.D.N.Y. 1968).

172. *See id.* at 355.

173. 481 F.2d 445 (5th Cir. 1973).

174. *See id.* at 450.

appropriate in cases where there is no likelihood of confusion, it stated that in this case, dilution was not appropriate because the marks were not "confusing."[175]

This latter finding has caused a flurry of law review and journal articles condemning the court's application of the likelihood-of-confusion standard to a dilution claim.[176] But in fact, while the court appeared to impose infringement standards by using the term "confusing" in its dilution analysis, it was merely discussing the similarity of the marks.[177] Thus, when the court stated that the marks were "not confusing," it meant that they were "dissimilar." After finding that the plaintiff's mark "Holiday Inn" was sufficiently dissimilar from defendant's "Holiday Out in America," and thus not confusing, the court applied the finding to the allegation of dilution.[178] The court properly noted that:

> Dilution is a concept most applicable where a subsequent user uses the trademark of a prior user for a product so dissimilar from the product of the prior user that there is no likelihood of confusion ... but where the use of the trademark by the subsequent user will lessen the uniqueness of the prior user's mark with the possible future result that a strong mark may become a weak mark.[179]

In finding that dilution was not applicable because the marks were not similar,[180] the court tacitly determined that the dissimilarity of the marks would therefore fail to trigger the mental association in the mind of the consumer between the junior and senior mark necessary to dilute the senior user's mark.[181]

The Fifth Circuit's imprecise reasoning is typical of the burden under which dilution claims labor. Courts frequently decide dilution claims using the language of infringement standards, resulting in a miscommunication of the court's analysis of the law.[182] The word

175. *Id.*

176. *See, e.g.*, Lunney, *supra* note 38, at 409 n.161 (describing *Holiday Inns* as requiring likelihood of confusion in a dilution case); James Robert Hughes, Comment, *The Federal Trademark Dilution Act of 1995 and the Evolution of the Dilution Doctrine—Is it Truly a Rational Basis for the Protection of Trademarks?*, 1998 Det. C.L. Mich. St. U.L. Rev. 759, 765 (1998) (stating that the Fifth Circuit denied plaintiff's dilution claim in *Holiday Inns* because of lack of confusion); Terry R. Bowen, *The Federal Trademark Dilution Act of 1995—Does it Address the Dilution Doctrine's Most Serious Problems?*, 7 DePaul-LCA J. Art & Ent. L. 75, 78 n.17 (1996) (same).

177. *See Holiday Inns*, 481 F.2d at 449.

178. *See id.* at 450.

179. *Id.*

180. *See id.* at 448 ("The trial court correctly found that the manner of advertising and use of the defendants' marks would not be likely to cause a prospective customer to conclude that the defendants were in any way affiliated or connected with plaintiff.").

181. For a discussion on the mental association component of a dilution claim, see *supra* Part I.D.1.

182. *See, e.g.*, *Holiday Inns*, 481 F.2d at 450; *supra* notes 173-80 and accompanying

"confusion" has become a term of art in trademark law, affiliated specifically with a finding of infringement.[183] To use the term in any other analysis diminishes the clarity of the court's reasoning and misleads the audience. Yet courts are so comfortable with the use of the term in trademark cases, that another term, such as "dissimilar," "mistaken," "misconstrued," or "misunderstood," is rarely used. Hence, courts unfortunately continue to use "confusion" to describe a consumer's mental association between marks, even when consumer confusion does not exist and even if the court has otherwise properly analyzed the claim. Such imprecise language contributes to the misapplication of dilution law because it sets a precedent that seemingly imparts an infringement analysis in a dilution standard, thereby encouraging other courts to misapply that erroneous precedent.

Further support for dilution claims and clarification of its underlying rationale was advanced in *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*[184] in 1989, in which the concurrence formulated the standard for a dilution-by-blurring analysis that virtually all courts hearing blurring claims have since adopted.[185] While dilution-by-tarnishment claims are easily detectable by courts because they involve a commercial use of the senior mark that damages the senior user's reputation,[186] dilution-by-blurring is harder to demonstrate, as it consists of an erosion of the strength of the mark, but without a corresponding event that courts can point toward as a linchpin[187] similar to infringement's likelihood-of-confusion test.[188] The *Mead Data* factors thus gave the courts the tools, albeit faulty ones, with which to identify and analyze a dilution-by-blurring claim.

In *Mead Data*, plaintiff-owner of the Lexis-Nexis legal database

---

text.

183. *See* 3 McCarthy, *supra* note 3, § 23:1, at 23-6 (describing likelihood-of-confusion as the basic test for common-law and federal trademark infringement).

184. 875 F.2d 1026 (2d Cir. 1989); *see also* Allied Maintenance Corp. v. Allied Mechanical Trades, Inc., 42 N.Y.2d 538, 544 (1977). The court there found that:

> Notwithstanding the absence of judicial enthusiasm for the anti-dilution statutes, we believe that [the New York dilution statute] does extend the protection afforded trade-marks and trade names beyond that provided by actions for infringement and unfair competition [as] [t]he evil which the Legislature sought to remedy was not public confusion caused by similar products or services sold by competitors, but a cancer-like growth of dissimilar products or services which feeds upon the business reputation of an established distinctive trade-mark or name.

Id.

185. *See* Oswald, *supra* note 16, at 285 ("Every court to date to have decided a blurring case under the federal Act has applied these factors.").

186. For a discussion of dilution-by-tarnishment claims, see *supra* Part I.D.1.

187. *See Mead Data*, 875 F.2d at 1035 (stating that a "blurred" mark is only slightly more illustrative of a wrong than "dilution").

188. For a discussion of infringement and the likelihood-of-confusion test, see *supra* Part I.C.

sued defendant Toyota, owner of the Lexus line of automobiles, under a state-based dilution claim.[189] The court emphasized the importance of following the legislative intent behind the state anti-dilution statute by providing a remedy for unauthorized use of a mark absent confusion in the minds of the public.[190] Moreover, the majority accurately defined dilution as requiring "some mental association between [the] marks .... [D]ilution theory presumes *some kind of mental association* in the reasonable buyer's mind between the two [parties'] uses of the mark."[191] The court found for the defendant, however, holding that the differences in spelling and pronunciation were sufficient to prevent the requisite mental association in the minds of the public between the two marks.[192]

Judge Sweet concurred, but disagreed with the court's analysis of the claim,[193] which focused on the assessment of the mental association between the marks.[194] Judge Sweet pointed out that a multi-factor balancing test is most appropriate in blurring claims, which require a case-by-case analysis rather than a blanket prohibition against the use of a mark.[195] He proposed balancing certain relevant elements that are now known as the "*Mead Data* factors":

> Similarity of the marks;
> Similarity of the products covered by the marks;
> Sophistication of consumers;
> Predatory intent;
> Renown of the senior mark; and
> Renown of the junior mark.[196]

The *Mead Data* factors set forth in Judge Sweet's concurrence examine the technical aspects of dilution, such as the similarity of the marks, the similarity of the products, and the fame of each of the marks.[197] However, only two of the factors even implicitly evaluate the mental association made by the consumer between the two marks as relied on by the majority.[198] In setting forth these mental association factors, Judge Sweet first examined the sophistication of

189. *See Mead Data*, 875 F.2d at 1028.
190. *See id.* at 1028-29.
191. *Id.* at 1031 (emphasis in original) (citation omitted).
192. *See id.* at 1029.
193. *See id.* at 1032-33 (Sweet, J., concurring).
194. *See id.* at 1031.
195. *See id.* at 1035 (Sweet, J., concurring). Judge Sweet may have feared a grant of a property-right-in-gross to the owner. For a discussion of the property rights in trademarks, see *supra* Part I.B.
196. *See Mead Data*, 875 F.2d at 1035-40 (Sweet, J., concurring).
197. *See id.*
198. While Judge Sweet does not create a separate factor to assess the mental association necessary to a dilution claim, he alludes to such an assessment in his discussion of the factor evaluating renown of the senior mark, in which he discusses the extent to which the renown of the senior mark affects the mental association consumers make between the two marks. *See id.* at 1038.

the consumer to determine whether a consumer can understand that the marks emanate from two different sources and whether a connection between the two marks is made.[199] Second, Judge Sweet assessed the predatory intent of the junior user, asking whether the junior user chose the mark with the intention of capitalizing on the mental association a consumer makes between the marks.[200]

Each of the remaining factors, on the other hand, examines merely the technical aspects of the trademark. Additionally, four of these universally applied factors—similarity of the products, sophistication of consumers, predatory intent, and renown of the junior mark—incorporate a likelihood-of-confusion standard into dilution claims by duplicating four of the factors applied to an infringement claim.[201] While certain of these four factors have relevance in a dilution claim, they must be considered in light of the dilution standard, and in conjunction with other factors appropriate to dilution.[202] Indeed, Judge Sweet proposed the *Mead Data* factors in light of the majority's finding, which focuses on a finding of a mental association between the two marks.

Yet, the most important factor in determining a dilution claim, recognized and emphasized in the majority opinion[203]—the mental association made between the two marks—is not incorporated into Judge Sweet's enumeration of factors. Nor are the factors themselves based on a measurement of true dilution. Rather than individually examining whether each factor actually applies in a dilution analysis, Judge Sweet simply culled the various factors used by courts in the Second Circuit in prior dilution decisions.[204] Additionally, because many courts have adopted this incomplete analysis, most opinions ignore the necessary measurement of the erosion in the strength of the mark by explicitly assessing the mental association between the marks. Thus, while courts are gradually affording protection from dilution, the nearly ubiquitous use of an incomplete analysis has caused dilution-by-blurring to remain a weak measure of protection for trademark owners.

Despite its shortcomings, the act of creating a dilution standard, although one nearly identical to an infringement model,[205] marks an

199. *See id.* at 1036-37.

200. *See id.* at 1037-38.

201. *See* Oswald, *supra* note 16, at 295-97. For a discussion of the likelihood-of-confusion standard, see *supra* Part I.C. The two additional factors used to evaluate an infringement claim are: 1) actual confusion; and 2) will the gap be bridged? *See* Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492, 495 (2d Cir. 1961). For a discussion of the *Polaroid* factors, see *supra* note 85 and accompanying text.

202. For a discussion of the factors applicable to a dilution claim, see *infra* Part IV.

203. *See Mead Data*, 875 F.2d at 1031.

204. *See id.* at 1032-35 (Sweet, J., concurring).

205. For a discussion of infringement and the factors used to evaluate an infringement claim, see *supra* Part I.C.

important milestone in the recognition of trademark dilution. *Mead Data* acknowledged the lack of guidance provided to courts and practitioners in defining a dilution-by-blurring claim, and attempted to create the elements of a blurring cause of action. However, the guidance Judge Sweet attempted to forge potentially caused even more problems for dilution theory. Instead, a standard incorporating both the majority's focus on a required mental association and certain of Judge Sweet's factors would provide courts and practitioners with a far more useful tool in assessing a dilution-by-blurring claim than the current standard.[206]

Regardless of the *Mead Data* factors' shortcomings, it encouraged courts to analyze dilution, and particularly dilution-by-blurring, as a claim separate from infringement, and avoided using the likelihood-of-confusion standard.[207] Yet, by 1996 only sixteen cases had been decided on dilution standards alone,[208] and many dilution violations continued to be decided under or in conjunction with traditional infringement standards. Dilution thus had yet to emerge as a viable separate remedy, and remained in the shadow of trademark infringement. The next part describes the enactment of the Federal Trademark Dilution and Anticybersquatting Acts, passed in response to the difficulties experienced by trademark owners in forging both traditional claims of dilution of a famous mark by blurring or tarnishment, and more recently, of dilution-by-cybersquatting.

II. THE FEDERAL TRADEMARK DILUTION ACT AND THE ANTICYBERSQUATTING CONSUMER PROTECTION ACT OF 1999

Uneven application of dilution standards and the inconsistent availability of state anti-dilution statutes led to several problems,

---

206. For a proposal advocating an incorporation of the majority opinion in *Mead Data* with certain of the *Mead Data* factors, see *infra* Part IV.

207. *See, e.g.*, Hyatt Corp. v. Hyatt Legal Servs., 736 F.2d 1153, 1157 (7th Cir. 1984) (holding that consumer confusion was not necessary to a claim of dilution).

208. *See* Klieger, *supra* note 141, at 820 n.174 (citing Deere & Co. v. MTD Prods., Inc., 41 F.3d 39, 45 (2d Cir. 1994); Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Celozzi-Ettelson Chevrolet, Inc., 855 F.2d 480, 485 (7th Cir. 1988); *Hyatt Corp.*, 736 F.2d at 1158; Community Fed. Sav. & Loan Ass'n v. Orondorff, 678 F.2d 1034, 1037 (11th Cir. 1982); Eventide Inc. v. DOD Elecs. Corp., No. 93 CIV. 2713(SS), 1995 WL 239044, at *18 (S.D.N.Y. Apr. 24, 1995); McDonald's Corp. v. Arche Techs., 17 U.S.P.Q.2d 1557, 1560 (N.D. Cal. 1990); Hester Indus. Inc. v. Tyson Foods, Inc., 16 U.S.P.Q.2d 1275, 1280 (N.D.N.Y. 1990); Coca-Cola Co. v. Alma-Leo U.S.A., Inc., 719 F. Supp. 725, 729 (N.D. Ill. 1989); Eastman Kodak Co. v. D.B. Rakow, 739 F. Supp. 116, 120 (W.D.N.Y. 1989); American Express Co. v. Vibra Approved Labs. Corp., 10 U.S.P.Q.2d 2006, 2013 (S.D.N.Y. 1989); Sykes Lab., Inc. v. Kalvin, 610 F. Supp. 849, 858 (C.D. Cal. 1985); Estee Lauder, Inc. v. Cinnabar 2000 Haircutters, Inc., 218 U.S.P.Q. 191, 192 (S.D.N.Y. 1982), *aff'd*, 714 F.2d 112 (2d Cir. 1982); Pillsbury Co. v. Milky Way Prods., Inc., 215 U.S.P.Q. 124, 135 (N.D. Ga. 1981); Instrumentalist Co. v. Marine Corps League, 509 F. Supp. 323, 333 (N.D. Ill. 1981), *aff'd*, 694 F.2d 145 (7th Cir. 1982); Dawn v. Sterling Drug, Inc., 319 F. Supp. 358, 363 (C.D. Cal. 1970); Wedgwood Homes, Inc. v. Lund, 659 P.2d 377, 383 (Or. 1983)).

including forum shopping.[209] Even when a dilution remedy was available and properly issued, the fate of injunctions was uncertain in jurisdictions that did not recognize dilution claims, making judges reluctant to issue nationwide injunctions based on state law.[210] Lack of nationwide relief for a trademark violation was increasingly important to those trademark owners with multi-state markets. Seeking injunctive relief in all fifty states would be incredibly burdensome, and probably impossible, for such owners. Finally, lack of federal dilution relief damaged negotiations conducted by the United States in forging the General Agreement on Tariffs and Trade ("GATT").[211] Foreign countries used the lack of federal dilution relief available in the United States as an excuse for their own lack of intellectual property protection in other areas, thus frustrating agreement among the nations.[212]

As a result, in 1988 the United States Trademark Association ("USTA") and Senators DeConcini and Hatch proposed to include in the Trademark Law Revision Act,[213] an amendment to the Lanham Act, federal relief for dilution claims.[214] The President of the USTA testified before the Senate that modern commercial realities mandated amending the Lanham Act to include, among other things, a federal remedy for dilution claims.[215] Thus, the proposed act aimed to protect "federally-registered marks that are truly famous from uses that trade upon their goodwill and exceptional renown and dilute their distinctive quality."[216] The 1988 proposal was struck down, however, largely due to free speech concerns, as the proposed act did not exempt those non-commercial or media uses that may otherwise constitute a dilution claim.[217]

In 1995, the concerns that led to the failure of the proposed 1988 act were readdressed by the Federal Trademark Dilution Act. As incorporated into the Lanham Act in 1995,[218] the language of the Act

209. *See* The United States Trademark Ass'n, The Trademark Law Revision Act of 1988, 333 (1989); H.R. Rep. No. 104-374, at 3-4 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1030-31.

210. *See id.* at 3-4, *reprinted in* 1995 U.S.C.C.A.N. at 1030-31.

211. *See* The United States Trademark Ass'n, The Trademark Law Revision Act of 1988 334 (1989).

212. *See id.*

213. *See* Trademark Law Revision Act of 1988, Pub. L. No. 100-667, 102 Stat. 3935.

214. *See* The United States Trademark Ass'n, The Trademark Law Revision Act of 1988 333 (1989).

215. *See id.* at 228.

216. *Id.* at 243.

217. *See id.* at 242; Elliot B. Staffin, *The Dilution Doctrine: Towards a Reconciliation with the Lanham Act*, 6 Fordham Intell. Prop. Media & Ent. L.J. 105, 150 (1995).

218. *See Remarks of the Honorable Carlos J. Moorhead Before the Patent and Trademark Office Society*, 78 J. Pat. & Trademark Off. Soc'y 225, 226-27 (1996). Senator Moorhead testified that:

Presently, the nature and extent of the remedies against trademark dilution is similar to the Model State Trademark Bill, which in turn tracks the language of most state anti-dilution statutes.[219] The Act provides that:

> The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark . . . .[220]

The Act adopted the common law definition of 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."[221] The legislative history of the Act also clarified the drafters' intent by stating that relief was available only to famous marks, even absent competition, and most importantly, absent consumer confusion. The House Report stated: "Dilution does not rely upon the standard test of infringement, that is, likelihood of confusion, deception or mistake. Rather, it applies when the unauthorized use of a famous mark reduces the public's perception that the mark signifies something unique, singular, or particular."[222]

The Act responded to restrictionist concerns by limiting dilution relief to only the most famous of marks.[223] Notably, trademarks are not referred to as property in the FTDA,[224] suggesting that Congress did not intend to confer full property rights on trademark owners.

> varies from state to state and, therefore, can provide unpredictable and inadequate results for the trademark owner. The federal remedy provided in [the FTDA] against trademark dilution will bring uniformity and consistency to the protection of famous marks and is also consistent with our international obligations in the trademark area.

Id. But see Pollack, *supra* note 62, at 522-24 (questioning the effectiveness of a dilution statute in addressing the United States's international trading positions and uneven application of state dilution laws).

219. *See* Melanie M. Routh, Note, *Trademark Dilution and the Effect of the Federal Trademark Dilution Act*, 50 Rutgers L. Rev. 253, 261 (1997).

220. 15 U.S.C. § 1125(c)(1) (Supp. IV 1998).

221. *Id.* § 1127.

222. H.R. Rep. No. 104-374, at 3 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1030.

223. The Act suggests eight factors for courts to consider in determining whether a mark is famous: (1) the degree of inherent or acquired distinctiveness of the mark; (2) the duration and extent of use of the mark in connection with the goods or services with which the mark is used; (3) the duration and extent of advertising and publicity of the mark; (4) the geographical extent of the trading area in which the mark is used; (5) the channels of trade for the goods or services with which the mark is used; (6) the degree of recognition of the mark in the trading areas and channels of trade used by the mark's owner and the person against whom the injunction is sought; (7) the nature and extent of use of the same or similar marks by third parties; and (8) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register. *See* 15 U.S.C. § 1125(c)(1).

224. *See* Pollack, *supra* note 62, at 532.

The Act also carved out exceptions to dilution claims, including non-commercial uses, news reporting, and a fair use defense for comparative advertising, emphasizing that "[n]othing in this bill is intended to alter existing case law on the subject of what constitutes 'commercial' speech."[225]

The Lanham Act was recently amended once again, when the Anticybersquatting Act was signed into law on November 29, 1999.[226] The Anticybersquatting Act was passed in the wake of courts' attempts to confront the current trend of cybersquatters registering domain names with the intent of selling the site to the registered owner of the mark.[227] Under the newly created section 43(d) of the Lanham Act, a trademark owner may sue any person who has a bad faith intent[228] to profit from the mark and who registers, traffics in, or uses a domain name that: (1) is identical or confusingly similar to a mark that is distinctive at the time of registration of the domain name; (2) is dilutive of a mark that is famous at the time of registration of the domain name; or (3) falls within certain statutory protections set forth in the Act.[229]

Due to the passage of the Anticybersquatting Act, courts were relieved from defining cybersquatting itself as an infringing or dilutive act. Instead, courts can now find that any domain name registered in bad faith that infringes or dilutes a distinctive or famous name may be deemed a violation of the Anticybersquatting Act.[230] Courts need not struggle to explain how a blank web site, or a site unrelated to the senior user's product, necessarily dilutes the senior user's mark.[231] For

225. H.R. Rep. No. 104-374, at 4 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1030.

226. *See* Lanham Act, § 43 (d), 15 U.S.C. § 1125(d), Pub. L. No. 106-113, 113 Stat. 1537 (1999). The Anticybersquatting Act is discussed briefly *supra*, Part I.D.1.

227. For a brief discussion of cybersquatting and treatment by the courts, see *supra* Part I.D.1.

228. *See* 15 U.S.C. § 1125(d). Congress provided several factors to be considered in determining a defendant's bad faith intent in registering a mark, including: (1) the trademark rights of the defendant; (2) whether the domain name is the legal name of the defendant; (3) prior lawful use of the domain name; (4) lawful noncommercial or fair use of the mark; (5) defendant's intent to divert consumers from the plaintiff's website; (6) whether the defendant has offered to transfer or sell the domain name to the plaintiff solely for financial gain; (7) whether the defendant has provided false contact information in registering the site; (8) whether the defendant has acquired multiple domain names that may infringe distinctive marks or dilute famous marks; (9) the defendant's history of offering to transfer domain names for financial gain to third parties; (10) defendant's history of providing false contact information in registration of other domain names; (11) whether the trademark incorporated into the domain name registration is distinctive or famous within the meaning of Section 43 of the Trademark Act of 1946 (15 U.S.C. 1125). *See id.*

229. *See* 15 U.S.C. § 1125(d).

230. *See id.*

231. *See* Panavision Int'l, L.P. v. Toeppen, 141 F.3d 1316, 1327 (9th Cir. 1998); *see also* H.R. Rep. 106-412, at 13 (1999) (enacted) ("[Certain] cyberpirates have been largely successful in evading the case law developed under the Federal Trademark Dilution Act.").

example, a consumer who types in "Starbucks.com" and brings up a blank site will not associate the defendant's product with the plaintiff's product because there is no such product. Yet courts, burdened with the necessity of applying traditional trademark law principles to the Internet,[232] were previously compelled to find that a blank or unrelated site was dilutive of a mark in order to grant a remedy.[233] Passage of the Anticybersquatting Act has put to rest the argument that a domain name is nothing more than an address, incapable of being registered or protected as a trademark.[234]

As a result of the passage of the FTDA and the Anticybersquatting Act, trademark owners seeking a remedy for the dilution of their famous mark may now obtain statutory relief in federal court, even absent customer confusion.[235] Because the FTDA does not preclude state claims,[236] a trademark owner will often bring both federal and state law dilution claims. However, because the FTDA requires that a mark be both distinctive and famous, certain trademark owners are even more likely to continue to bring claims under more lenient state anti-dilution laws.[237] Plaintiffs prevailing on FTDA claims may be entitled in certain instances to attorney's fees, treble damages, an accounting of profits, and an order to destroy products bearing the junior mark.[238] In contrast, plaintiffs in a state dilution suit will typically be granted only injunctive relief.[239] The next part discusses the effect of the passage of the FTDA on courts' analysis of dilution claims, focusing on courts' resistance in following the language of the statute. This resistance is due partially to a misunderstanding of the doctrine of dilution, and partially to an imagined fear of a grant of a

232. Using traditional trademark law to address trademark violations over the internet has been likened to "trying to board a moving bus . . . ." *See* 145 Cong. Rec. S14986-15003, S15024 (1999) (testimony of Senator Leahy) (quoting Bensusan Restaurant Corp. v. King, 126 F.3d 25, 27 (2d Cir. 1997)).

233. *See, e.g.*, Avery Dennison Corp. v. Sumpton, 999 F. Supp. 1337, 1341 (C.D. Cal. 1998) (finding that in the interest of equity, registering names for commercial e-mail purposes necessarily diluted plaintiff's mark because of plaintiff's $1.2 million investment in the mark), *rev'd by* 189 F.3d 868 (9th Cir. 1999).

234. *See Panavision*, 141 F.3d at 1327. Congress set forth several reasons why cyberpirates can damage a mark: "First, a cyberpirate's expropriation of a mark as part of a domain name prevents the trademark owner from using the mark as part of its domain name. As a result, consumers seeking a trademark owner's Web site are diverted elsewhere, which means lost business opportunities for the trademark owner. A cyberpirate's use may also blur the distinctive quality of a mark and, when linked to certain types of Internet activities such as pornography, may also tarnish the mark. Finally, businesses are required to police and enforce their trademark rights by preventing unauthorized use, or risk losing those rights entirely." H.R. Rep. 106-412, at 6 (1999) (enacted).

235. *See* 15 U.S.C. § 1125(c). For definitions of blurring, tarnishment, and cybersquatting, see *supra* Part I.D.1.

236. *See* Oswald, *supra* note 16, at 269-70.

237. *See id.* at 271.

238. *See id.* at 272.

239. *See id.*

monopoly of language and design to trademark owners through a remedy for dilution.

III. CONTINUING "CONFUSION" UNDER THE FTDA

Even after the FTDA's enactment, both state and federal courts have continued to struggle with the notion of dilution as a remedy separate from infringement that does not require a showing of consumer confusion.[240] Often, courts will refuse to impose liability absent establishment of customer confusion, even where trademark dilution exists as defined by both federal and state statutory law.[241] One reason for this reluctance may be that the volumes of case law examining consumer confusion make it easier for courts to analyze a dilution violation under those standards. Courts find it difficult to ignore that precedent, even though the standard is inapplicable in a dilution claim. It is simply easier and more efficient to apply existing trademark infringement law and language to the concept of dilution, rather than create entirely new standards, especially in light of the three different types of dilution claims. Applying existing case law has the additional benefit of predictability of outcome. Courts have already seen the effects of enforcing trademark infringement law, and need not hypothesize over possible outcomes detrimental to competition or free use of language. Many courts do not fully understand the concept of dilution as separate from infringement,[242] believing that dilution is simply damage to a mark that flows from infringement, and therefore, a finding of infringement automatically dictates a finding of dilution. Finally, one commentator has hypothesized that judicial reluctance to enforce dilution-by-blurring in particular stems from the subtlety of the injury to the mark, compounded by the judicial perception that dilution grants too much exclusivity to a mark.[243]

Even when courts use existing dilution law standards, the most popular standard, set forth by the *Mead Data* factors, is merely a consumer confusion standard under a different name.[244] Unfortunately, while those factors purport to create a dilution standard, they merely recreate an infringement standard.[245] Hence,

240. *See* 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, 213 (1999) (describing the evolving case law on dilution as a "wasteland").

241. *See* 145 Cong. Rec. S14986-15003, S15024 (1999) (testimony of Senator Leahy).

242. *See* 4 McCarthy, *supra* note 3, § 24:100, at 24-192.

243. *See id.*

244. *See* Oswald, *supra* note 16, at 285 ("Every court to date to have decided a blurring case under the federal Act has applied these factors."). For a discussion of the *Mead Data* factors, see *supra* Part I.D.2.

245. *See* Consolidated Cigar Corp. v. Monte Cristi de Tabacos, 58 F. Supp. 2d 188, 200 (S.D.N.Y. 1999) (calling the first four factors of the *Mead Data* test nearly

courts deciding cases of dilution-by-blurring frequently evaluate the facts under an infringement analysis,[246] and not based on whether there is a mental association by the public between the two marks that erodes the strength of the senior mark.[247]

The FTDA was passed to rectify and clarify erroneous analyses of dilution. Yet the FTDA's passage has done little to change the courts' perceptions of dilution. Many courts seem to ignore the language of the FTDA, or misapply the precepts set forth by the statute. Instead, both state and federal courts continue to apply erroneous precedent to a dilution analysis, including the *Mead Data* factors. Worse, many courts have begun imposing artificial restrictions on a finding of dilution, without statutory basis.

Such misapplications exist even today. In *Guess ?, Inc. v. Tres Hermanos*,[248] the district court found that the purpose of protection from dilution is to "preserve the logo as an indicator of source."[249] Because infringement was found, it followed that dilution could also be found because source confusion was likely.[250] Similarly, in *Sara Lee Corp. v. American Leather Products, Inc.*,[251] the court found that defendant's "use of a confusingly similar [product] will thus dilute [plaintiff's product] from serving as a unique identifier of high quality ... goods."[252] In *Sony Computer Entertainment Inc. v. Connectix Corp.*,[253] the Northern District of California defined tarnishment as occurring "when a famous mark is linked to products of poor quality or is portrayed in an unwholesome manner,"[254] yet found that it was consumers' confusion over the source of an inferior quality video game that tarnished Sony's "PlayStation" mark; the court thereby imposed a likelihood-of-confusion analysis to the tarnishment claim.[255] The trial court was later reversed by the Ninth Circuit for failure to sufficiently demonstrate a negative association between the goods, yet the Ninth Circuit made no mention of the

---

identical to infringement standards).

246. *See* 4 McCarthy, *supra* note 3, § 24:94.2, at 24-176 ("[I]n the author's view, these factors are the offspring of classical likelihood of confusion analysis and are not particularly relevant or helpful in resolving the issues of dilution by blurring."). For the definition of dilution-by-blurring, see *supra* Part I.D.1.

247. *See* Nguyen, *supra* note 240, at 231 (proposing that none of the *Mead Data* factors are appropriate to a dilution analysis under the FTDA); Oswald, *supra* note 16, at 282 (pointing to a failure by the courts to distinguish between blurring and infringement as the reason for muddled blurring analyses).

248. 993 F. Supp. 1277 (C.D. Cal. 1997).

249. *Id.* at 1285.

250. *See id.*

251. No. 97 C 4158, 1998 WL 433764, at *1 (N.D. Ill. July 29, 1998).

252. *Id.* at *11.

253. 48 F. Supp. 2d 1212, 1223 (N.D. Cal. 1999), *rev'd*, 53 U.S.P.Q.2d 1706 (9th Cir. 2000).

254. *Sony Computer*, 48 F. Supp. 2d at 1223 (citation omitted) (emphasis omitted).

255. *See id.*

infusion of a confusion standard into the district court's decision.[256] These courts' conclusions exemplify how courts intertwine their analyses of infringement and dilution claims under the improper umbrella of "likelihood-of-confusion."

Circuit courts have also misinterpreted the dilution doctrine as set forth in the FTDA. The most egregious misapplications of dilution law include a requirement of actual harm in a dilution claim, a limitation of dilution protection to only arbitrary or fanciful marks rather than suggestive or descriptive marks, an application of the dilution doctrine to only non-competitive goods, and most startlingly in light of the principles of the dilution doctrine, the imposition of a likelihood-of-confusion element. These cases are discussed in turn.

The Fourth Circuit recently required a showing of actual harm in a dilution claim in *Ringling Brothers-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development*.[257] The plaintiff, known for its trademark "The Greatest Show on Earth," attempted to enjoin Utah's use of the trademark "The Greatest Snow on Earth" in its travel ads.[258] Interestingly, while the lower court defined dilution to include confusion as a required element in a blurring claim,[259] the Fourth Circuit recognized and corrected the lower court's erroneous definition.[260] However, the circuit court then incorrectly concluded that a plaintiff must demonstrate actual harm to its selling power in order to prove a claim of dilution.[261] The court reasoned that because the FTDA provides a remedy only for "dilution," rather than "likelihood of dilution," and the FTDA defines dilution as the "lessening of the capacity of a famous mark to identify and distinguish goods or services,"[262] the court held that the FTDA therefore requires an "actual lessening of the senior mark's selling power."[263] The Fourth Circuit acknowledged that proof of actual harm would be difficult,[264] and was in fact more stringent in its interpretation of the

256. *See* Sony Computer Entertainment, Inc. v. Connectix Corp., 53 U.S.P.Q.2d 1706, 1714-15 (9th Cir. 2000).

257. 170 F.3d 449 (4th Cir. 1999), *cert. denied*, 120 S. Ct. 286 (1999).

258. *Id.* at 451.

259. *See* Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 955 F. Supp. 605, 615 (E.D. Va. 1997), *aff'd*, 170 F.3d 449 (4th Cir. 1999), *and cert. denied*, 120 S. Ct. 286 (1999).

260. *See Ringling Bros.-Barnum & Bailey*, 170 F.3d at 463.

261. *See id.* The court held:

> If you seek to rely for proof of dilution only upon evidence of the mental impressions evoked in consumers upon viewing the marks, then those impressions must go beyond mere recognition of a visual similarity of the two marks to allow a reasonable inference that the junior mark's use has caused actual harm to the senior mark's selling or advertising power.

Id.

262. *Id.* at 458.

263. *Id.*

264. *See id.* at 464.

FTDA than other courts,[265] but justified its stringent reading as necessary to avoid granting property rights in gross to trademark owners.[266] But in imposing this requirement of actual harm, the court erred in two respects. First, the court assumed that dilution results in immediate injury.[267] The court failed to acknowledge that rather than occurring overnight, dilution is the "death by a thousand cuts" of a mark, occurring slowly over time.[268] Second, the court read too much into the meaning of the statute, substituting "excessive literalism to defeat the intent of the statute."[269] Preventing a senior user from bringing an action until the junior user has established enough presence in the marketplace to cause actual measured harm to the senior user would hurt both users,[270] and in fact may be even more detrimental to a junior user by allowing that user to make a substantial investment in a mark that may later be enjoined.[271] Moreover, the FTDA offers only injunctive relief rather than monetary damages in most cases, so it is presumable that the statute contemplated a remedy for likelihood of dilution rather than actual dilution, because the extreme injury of loss of revenue and diminishment of strength of the mark in an actual dilution model could not be compensated under the FTDA's injunction remedy.[272]

Unfortunately, the Fourth Circuit's actual harm requirement has been followed in numerous district court decisions, which have accordingly denied plaintiffs relief for failure to demonstrate actual harm.[273] As a result, state law dilution claims may increase because the less stringent state anti-dilution statutes require only a demonstration of a likelihood of dilution.[274] If this occurs, trademark

265. *See id.* at 458.

266. *See id.* at 459. The court recognized proof of actual harm through lost revenue, surveys, or factors such as popularity of the marks and their similarity. *See id.* at 465. For a discussion of property rights in trademark, see *supra* Part I.B.

267. *See* Nguyen, *supra* note 240, at 235 (positing that because the FTDA limits most dilution claims to injunctive relief, it implicitly acknowledges that actual harm is difficult to demonstrate or quantify).

268. *See* Coca-Cola Co. v. Stewart, 621 F.2d 287, 292 (8th Cir. 1980) (using the phrase in an infringement context).

269. Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 224 (2d Cir. 1999).

270. *See id.*

271. *See id.*

272. *See id.*

273. *See, e.g.*, Planet Hollywood (Region IV), Inc. v. Hollywood Casino Corp., No. 96 C 4660, 1999 WL 1131887, at *68 (N.D. Ill. Dec. 3, 1999) (following the *Ringling Bros.* holding that requires actual economic harm for a dilution claim); Playboy Enters. Inc. v. Netscape Communications Corp., 52 U.S.P.Q.2d 1162, 1166 (C.D. Cal. 1999) (denying plaintiff injunctive relief for failing to demonstrate actual harm), *aff'd by* 202 F.3d 278 (9th Cir. 1999); American Cyanamid Co. v. Nutraceutical Corp., 54 F. Supp. 2d 379, 393 (D.N.J. 1999) (same); World Gym Licensing, Ltd. v. Fitness World, Inc., 47 F. Supp. 2d 614, 625 (D. Md. 1999) (following the *Ringling Bros.* decision that proof of actual dilution is required and may not be inferred).

274. *See The Federal Trademark Dilution Act Becomes the "Greatest Show on Earth"?*, Intell. Prop. L. Newsletter (A.B.A. Section of Intell. Prop. L.), Summer

owners would be confronted with the same problems the FTDA was originally enacted to resolve, including diversified protections afforded by the various state and federal courts,[275] and limited injunctive relief provided by state courts.

A second recent misapplication of the dilution standard occurred in *Viacom Inc. v. Ingram Enterprises, Inc.*,[276] in which the nationwide entertainment franchise attempted to enjoin the defendant's use of the trademark "Blockbuster Fireworks" for its fireworks stands in Missouri and California.[277] While properly defining dilution as a non-confusing indicator of multiple sources, the Eighth Circuit refused to find that a mark which is not fanciful or arbitrary, but merely suggestive, merits dilution protection.[278] The court held that because the term "Blockbuster" is a suggestive trademark[279] rather than a fanciful one,[280] the term did not merit dilution protection. The court asserted that granting protection for a suggestive mark would constitute "a complete monopoly on the use of a rather common word with multiple meanings . . . ."[281] While the language of the FTDA requires a "distinctive and famous" mark to be protected, most commentators believe the statutory meaning of "distinctive" is a synonym for fame,[282] not requiring that a mark must be either arbitrary or fanciful to be protected. Even a weak mark that is famous may have acquired enough secondary meaning to become distinctive.[283] Because most marks are "merely" suggestive,[284] however, denial of dilution protection to suggestive marks will result in a lack of protection for a majority of marks, hence undermining the entire doctrine of dilution.

The Eighth Circuit incorporated a third misapplication of the dilution standard in *Luigino's Inc. v. Stouffer Corp.*,[285] where it decided to recognize a federal claim of dilution only for dissimilar

1999, at 1, 4.

275. For a discussion of the circumstances that prompted the passage of the FTDA, see *supra* Part II.

276. 141 F.3d 886 (8th Cir. 1998).

277. *See id.* at 887-88.

278. *See id.* at 891-92 & n.9.

279. A suggestive mark is one that indirectly describes a product or service in a way that requires a mental leap on the part of the consumer. For example, "greyhound" may indirectly suggest that a bus service is swift and efficient, but such a connection requires mental energy on the part on the consumer. *See* 2 McCarthy, *supra* note 3, §11:67, at 11-111.

280. A fanciful mark is one that has been invented solely to function as a trademark. *See id.* § 11:5, at 11-12. Examples of fanciful marks are Kodak cameras, Clorox bleach, and Exxon gasoline. *See id.* § 11:8, at 11-14 to 11-15.

281. *Viacom*, 141 F.3d at 892.

282. *See* 4 McCarthy, *supra* note 3, § 24:91, at 24-154.

283. *See id.* at 24-154 to 24-155.

284. *See* 2 McCarthy, *supra* note 3, § 11:65, at 11-108.

285. 170 F.3d 827 (8th Cir. 1999).

goods.[286] The court, using a 1948 case for support, held that the trademark "Michelina's Lean 'N Tasty," used for frozen entrees, did not dilute Stouffer's "Lean Cuisine" trademark for the same product.[287] The court stated that dilution applies only in "cases where 'similar marks are used on dissimilar goods.'"[288] Yet, dilution of a mark can occur even in the case of competing goods.[289] If a junior user uses a mark similar to the "Starbucks" logo on her coffee product, a consumer may recognize the slight differences between the marks and not be confused about the source of the junior product, but the senior mark is nevertheless diluted by the unauthorized mark. In fact, the language of the FTDA specifically states that dilution can be found "regardless of the presence or absence of... competition between the owner of a famous mark...."[290] While a court's decision not to uphold a judicially-created doctrine is a common enough phenomenon, the Eighth Circuit's disregard or obvious misinterpretation of the FTDA is very disturbing. The court gives no insight into its reinterpretation of the FTDA, stating only that an action will not lie in a case of competing goods.[291]

A final blow to the dilution doctrine, as conceived by the FTDA, occurred in *Nabisco, Inc. v. PF Brands, Inc.*[292] The district court had properly found, through an application of the *Mead Data* factors, that Nabisco's manufacture of goldfish-shaped cheese crackers as part of a snack mix diluted Pepperidge Farm's famous goldfish crackers.[293] The court determined that over time, consumers would no longer exclusively associate a goldfish cracker with Pepperidge Farm, thus diluting the strength of the mark.[294]

On appeal, the Second Circuit affirmed the lower court's decision but modified its reasoning.[295] While it properly questioned the *Mead Data* factors as an exhaustive determination of dilution-by-blurring, the circuit court erred by stating that dilution-by-blurring factors should incorporate an additional finding of actual confusion or a

286. *See id.* at 833.
287. *See id.* at 832-33.
288. *Id.* at 833 (quoting Pro-Phy-Lac-Tic Brush Co. v. Jordan Marsh Co., 165 F.2d 549, 553 (1st Cir. 1948)).
289. *See* 4 McCarthy, *supra* note 3, § 24:90, at 24-146 to 24-147.
290. 15 U.S.C. § 1125(c)(1995).
291. *See Luigino's*, 170 F.3d at 833.
292. 191 F.3d 208 (2d Cir. 1999).
293. *See* Nabisco, Inc. v. PF Brands, Inc., 50 F. Supp. 2d 188, 209-10 (S.D.N.Y. 1999) ("Nabisco's inclusion of [Pepperidge Farm's] signature element as part of the CatDog product strikes at the heart of what dilution law is intended to prevent: the 'gradual diminution or whittling away of the value of the famous mark by blurring uses by others'.... Over 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." (citations omitted)), *aff'd*, 191 F.3d 208 (2d Cir. 1999).
294. *See id.* at 210.
295. *See Nabisco*, 191 F.3d at 228 (modifying the application of the *Mead Data* factors by the lower court).

likelihood of confusion.[296] The court acknowledged that neither actual confusion nor likelihood of confusion was necessary to a dilution claim, but found that evidence of confusion could be "highly probative" of dilution,[297] reasoning that "[c]onfusion lessens distinction" and results in the blurring of a mark.[298] While the court was correct in stating that a mark causing customer confusion may also cause dilution, it erred by inserting a confusion element into a dilution analysis because the claims require two separate states of consumer perception.[299] One event does not necessarily trigger the other. More dangerously, to reinsert a confusion standard into a dilution claim causes dilution to fall prey once again to doctrinal murkiness, reestablishing infringement as the only grounds for recovery in a trademark violation. Despite Congressional intent, demonstrated by the clear language of the FTDA stating that dilution can be found absent likelihood-of-confusion, the Second Circuit reintroduced a confusion element into the dilution doctrine.[300] By doing so, the Second Circuit in essence devolved dilution back into infringement and disregarded a federal statute in the process.

Despite courts' continued melding of the elements of infringement claims with dilution claims, consumer confusion has no place in a dilution analysis. The doctrines have separate factors and separate states of consumer perception.[301] A mark found to be infringing because it confuses a portion of the population may also be deemed diluting because another segment of the population, while not confused by the mark, nevertheless associates it with the junior mark. But dilution does not flow from infringement. Accordingly, the reintroduction of a confusion element essentially denies plaintiffs a dilution remedy because they are once again forced to demonstrate confusion where none exists.

Moreover, because plaintiffs are not required to prove confusion under the FTDA's definition of dilution, the dilution standard necessarily has a lower burden of proof than an infringement claim. This lower burden of proof, in theory, gives plaintiffs an opportunity to minimize damage to their marks because dilution acts to protect trademark owners from irreparable harm to a trademark's unique features. Unfortunately, because of the on-going mischaracterization of the dilution standard, as exemplified by *Nabisco*, such plaintiffs

296. *See id.* at 228.
297. *Id.* at 221.
298. *Id.*
299. *See* 4 McCarthy, *supra* note 3, § 24:70, at 24-122.
300. *See, e.g.*, New York State Soc'y of Certified Pub. Accountants v. Eric Louis Assocs., Inc., 99 Civ. 3030, 1999 WL 1084220, at *13 (S.D.N.Y. Dec. 2, 1999) (following the Second Circuit's factoring in of actual confusion in deciding a dilution claim).
301. For a discussion of the definition of dilution as compared to infringement, see *supra* Part I.D.1.

often are not afforded the protections they deserve.

Despite the continued muddling of the dilution doctrine even after the passage of the FTDA, a few courts have cast light on the shadows of statutory interpretation of the Act. Those courts have recognized that a finding of confusion is not a prerequisite for a finding of dilution, but that dilution requires a different mental association.[302] In *Hasbro, Inc. v. Clue Computing, Inc.*,[303] for example, the manufacturer of the board game, Clue, sought an injunction preventing a computer consulting partnership from using the website "clue.com."[304] In assessing the plaintiff's claim, the district court defined the required mental association as "something akin to confusion—the mistaken association of both products with the mark . . . ."[305] After stating that this mental association is necessary to a successful dilution claim, the court took the additional step, typically neglected by most courts, of assessing this mental association and determining whether it rose to the level of endangerment of dilution in the public mind.[306] While the court concluded that dilution did not exist in that case,[307] it recognized that if consumers associate both the junior and senior product with the senior mark, even if they are not confused about the differing sources of those products, the senior mark is vulnerable to dilution.[308]

While most courts continue to ignore dilution as a doctrine separate and apart from infringement and hence consumer confusion,[309] the district court's analysis in *Hasbro* does give hope. If federal courts would look to the FTDA's text and Congressional intent in enacting federal protection for dilution claims, dilution could emerge from the shadow of infringement as a separate and unique theory of trademark

302. *See, e.g.*, I.P. Lund Trading ApS v. Kohler Co., 163 F.3d 27, 48-49 (1st Cir. 1998) ("While there may be a tendency to think of dilution in terms of confusion, Congress made it clear that dilution can occur even in the absence of confusion."); Nexxus Prods. Co. v. CVS New York, Inc., No. CIV. A. 97-40197-PBS, 1999 WL 498051, at *4 (D. Mass. July 8, 1999) ("Consumer perception . . . is a key element in establishing a dilution claim."); Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 219 (2d Cir. 1999) ("Consumer confusion—the nub of an action for infringement—is, of course, unnecessary to show the actionable dilution of a famous mark."); Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. B.E. Windows Corp., 937 F. Supp. 204, 208 (S.D.N.Y. 1996) (acknowledging that dilution may be found even absent customer confusion). For an analysis of the lower court's decision in *Nabisco*, see notes 293-95 and accompanying text.

303. 66 F. Supp. 2d 117 (D. Mass. 1999).

304. *See id.* at 120.

305. *Id.* at 134.

306. *See id.*

307. *See id.* at 136.

308. *See id.*

309. *See, e.g.*, Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 228 (2d Cir. 1999) (inserting a confusion factor into analysis of dilution claims); Guess ? Inc. v. Tres Hermanos, 993 F. Supp. 1277, 1284-85 (C.D. Cal. 1997) (holding that a finding of dilution necessarily follows a finding of infringement); Sara Lee Corp. v. American Leather Prods., Inc., No. 97 C 4158, 1998 WL 433764, at *1 (N.D. Ill. July 29, 1998) (finding that customer confusion dilutes products).

protection. Even where courts give the FTDA its full due, however, an appropriate standard by which to measure dilution is still lacking.[310] The next part proposes a model that sets forth factors courts can use to analyze dilution in keeping with the purpose and clear language of both the FTDA and most state anti-dilution statutes, and without resulting in a grant of monopoly to trademark owners.

IV. PROPOSED SOLUTIONS TO THE SHADOWING OF DILUTION

Many courts still cannot distinguish between a blurring claim and an infringement claim,[311] despite the straightforward Congressional language in the FTDA and the increasing number of suits that include a separate claim for dilution. Often, courts believe that the perception of consumer confusion is identical to the perception of mental association, and will use the two states of mind interchangeably.[312] Thus, courts will view dilution and infringement as descriptions of the same phenomenon. Courts frequently believe that infringement describes the confusion a customer experiences upon viewing a similar mark, and that dilution is the ensuing weakening of the mark. Dilution is not, however, a consequence of infringement.[313] Rather, dilution is a separate concept, independent of an infringement claim, and should not be analyzed using infringement standards. Those courts that do understand that dilution should be analyzed apart from infringement resist properly evaluating dilution-by-blurring, the most common dilution claim. Those courts fear that following the language of the FTDA will result in an overexpansion of trademark protections, resulting in a monopoly of a mark's language and design by its owner to the detriment of competition.[314]

This part will examine and allay those fears, and suggest a modified standard that is neither a grant of property rights in gross nor an ineffectual strawman, but one that courts can use to evaluate a dilution-by-blurring claim so that blurring may be identified by courts as effectively as dilution-by-tarnishment and dilution-by-cybersquatting. Courts should adopt this standard rather than using a traditional customer confusion standard that results in the re-incorporation of an infringement standard into dilution.

Courts' reluctance to recognize dilution as a distinct claim equal to or greater in remedy than an infringement claim is demonstrated by

---

310. *See* Nguyen, *supra* note 240, at 202 (describing dilution analyses as a "wasteland").

311. *See* Oswald, *supra* note 16, at 282.

312. *See* Holiday Inns, Inc. v. Holiday Out in Am., 481 F.2d 445, 450 (5th Cir. 1973) (finding that two marks are not "confusing").

313. *See* 4 McCarthy, *supra* note 3, § 24:70, at 24-121.

314. *See, e.g.*, Viacom Inc. v. Ingram Enters., Inc., 141 F.3d 886, 892 (8th Cir. 1998) (refusing to grant a dilution claim because it would constitute "a complete monopoly on the use of a rather common word with multiple meanings").

the Second, Fourth, and Eighth Circuits' recent imposition of artificial limitations on the dilution doctrine.[315] In raising the burden for dilution plaintiffs, the Fourth Circuit, while holding that confusion need not be proved, required that a plaintiff show actual harm.[316] The Eighth Circuit held that suggestive marks are not protected from dilution,[317] and the Second Circuit actually reincorporated a confusion standard back into its analysis of a dilution claim.[318] Yet other courts, while not incorrectly modifying dilution standards, have embraced the *Mead Data* factors which are basically a reincarnation of the likelihood-of-confusion standard.[319] By incorporating these six factors into a balancing test, courts seemingly weigh the evidence instead of blindly granting injunctions simply because a famous mark has been copied. Yet, the *Mead Data* factors both incorporate inappropriate standards of infringement[320] and overlook the paramount factor of mental association in dilution claims.[321] What appears to be an objective evaluation of the evidence is in fact an erroneous application of an inappropriate standard.

Some courts have recognized the weaknesses of the existing standard and have attempted to modify the *Mead Data* factors in order to provide a new and improved test for dilution.[322] One suggested solution is to apply to a dilution analysis only two of the *Mead Data* factors, similarity of the marks and fame of the senior mark, because the other criteria simulate an infringement analysis.[323] However, even this amended version ignores the utility of some of the factors in measuring blurring and the requirement of a finding of a

315. For a discussion of property rights in trademarks, see *supra* Part I.B.

316. *See* Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449, 463 (4th Cir. 1999), *cert. denied*, 120 S. Ct. 286 (1999). For a discussion of the *Ringling Brothers* opinion, see *supra* notes 257-75 and accompanying text.

317. *See Viacom*, 141 F.3d at 892. For a discussion of the *Viacom* case, see *supra* notes 276-84 and accompanying text.

318. *See* Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 227-28 (2d Cir. 1999). For a discussion of the *Nabisco* case, see *supra* notes 292-300 and accompanying text.

319. Commentators have decried the "factorization" of decisions by courts in trademark law, which encourages courts to run down a checklist rather than weigh the evidence and make a finding of fact. *See* Oswald, *supra* note 16, at 297. For a discussion of the *Mead Data* factors, see *supra* Part I.D.2.

320. *See, e.g.*, Oswald, *supra* note 16, at 297-98 (opining that the *Mead Data* factors are inappropriate to a dilution-by-blurring analysis); 4 McCarthy, *supra* note 3, § 24:94.2, at 24-176 (stating that the *Mead Data* factors "are not particularly relevant or helpful in resolving the issues of dilution-by-blurring").

321. For a discussion of mental association in dilution and the *Mead Data* factors, see *supra* Part I.D.2.

322. *See, e.g.*, Oswald, *supra* note 16, at 297-98 (proposing to eliminate the *Mead Data* factors and rely on an analysis of the similarity of the marks and empirical data provided by the parties that demonstrate blurring).

323. *See* 4 McCarthy, *supra* note 3, § 24:94.2, at 24-176 (proposing to eliminate all but the fame of the senior mark and similarity between the marks from a dilution analysis).

mental association between the marks.[324] More importantly, such an analysis becomes a grant of property rights in gross to the senior user because dilution would thus be found from the use of any mark sufficiently similar to a famous mark. Yet, this paradigm would in fact create the very monopoly courts are attempting to restrict. For example, assuming the mark "United Sugar" is sufficiently similar to the mark "United Airlines," dilution would be found. But many[325] consumers may view "United Sugar" and have no mental association whatsoever with United Airlines, either because of the inherent weakness of the term "United" or because of the dissimilarity of the products. Therefore, further analysis of the factors contributing to dilution must be utilized to avoid conceding a monopoly of language to famous marks in each alleged case.

In light of the harm that blurring inflicts, it is not surprising that the standards analyzing dilution set forth by courts are incomplete. Blurring is a subtle injury, a "death by a thousand cuts,"[326] and therefore is difficult to quantify. To evaluate such a claim, courts must make an assessment unique to a dilution analysis—the likelihood that consumers will begin associating the two marks, thereby weakening the strength of the senior mark. No court thus far has encompassed all of the factors important to a sound analysis of a dilution claim. Instead, courts use a set of factors that may create the impression that an assessment is made. In fact, they assess only the relative placement of the marks in commerce, rather than the relationship created in the mind of the public between the two marks.

This Note proposes that the factors that courts should consider in addressing any dilution-by-blurring claim are:

Renown of the senior mark;
Similarity of the marks;
Similarity of the products;

324. An important exception is *Hasbro, Inc. v. Clue Computing, Inc.*, 66 F. Supp. 2d 117, 121-22 (D. Mass. 1999), discussed *supra*, notes 303-308 and accompanying text. The Massachusetts district court found that in addition to the Sweet factors approved by McCarthy as appropriate to a dilution claim, the court must also assess the mental association made by customers upon viewing both marks. *See id.* at 134-36. The Fourth Circuit also added a mental association factor to a modified *Mead Data* analysis in *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development*, 170 F.3d 449, 453 (4th Cir. 1999), *cert. denied*, 120 S. Ct. 286 (1999), as originally proposed in the lower court's decision, but the circuit court inserted an additional requirement of actual confusion. *See* notes 257-75 and accompanying text for a discussion of the *Ringling Bros.* holding.

325. The number of consumers who have a mental association between the marks to constitute a dilution of the senior mark may be analogized to the infringement standard, which holds that an "appreciable" number of buyers must be confused by similar marks to constitute an infringement claim. *See* 3 McCarthy, *supra* note 3, § 23:2, at 23-9. An "appreciable" number of consumers has been found to be anywhere from 11 to 49 percent. *See id.*

326. Coca-Cola Co. v. Stewart, 621 F.2d 287, 292 (8th Cir. 1980).

Predatory intent;[327]
Mental association.

The first four factors replicate four of the six *Mead Data* factors, while the final factor reflects the majority's analysis in *Mead Data.* While the third factor, similarity of the products, and the fourth factor, predatory intent, have been criticized as factors appropriate to an infringement analysis but irrelevant in a dilution claim,[328] this Note proposes that in fact these factors are helpful in gauging dilution when used in conjunction with the other factors.

First, assessing the renown of the senior mark answers the FTDA's requirement that the plaintiff's mark be famous.[329] Second, by evaluating the similarity of the marks to measure whether they are "essentially the same"[330] or of "sufficient similarity . . . to evoke an 'instinctive mental association' of the two [marks],"[331] a court can gauge the likelihood that a consumer will perceive the junior user's mark to be similar to the senior user's, thereby weakening the latter. If a mark bears only a slight resemblance to the senior mark, dilution of the senior mark will probably not occur.

Next, an appraisal of the similarity of the products at issue is important, as similar products reinforce a consumer's perception of similar marks.[332] While the "Starbucks" mark for coffee products may be diluted by, for example, a "Marducks" mark for coffee products, the "Marducks" mark for sneakers would probably have little or no effect on the "Starbucks" mark. While lack of similarity between goods is not a definitive indication of lack of dilution and is not required under the FTDA, similarity between goods can create dilution where the same claim would not exist between non-competing goods. Some commentators argue, however, that a similarity-of-goods analysis is appropriate only to an infringement claim,[333] because the purpose of dilution is to provide a remedy for

327. *See* Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., Inc., 875 F.2d 1026, 1037-38 (2d Cir. 1989) (Sweet, J., concurring).

328. *See* 4 McCarthy, *supra* note 3, § 24:94.2, at 24-176.

329. *See* 15 U.S.C. § 1125(c)(1995).

330. 4 McCarthy, *supra* note 3, § 24:90.2, at 24-151 to 24-152 (quoting I.P. Lund Trading ApS v. Kohler Co., 163 F.3d 27, 50 (1st Cir. 1998)).

331. 4 McCarthy, *supra* note 3, § 24:90.2, at 24-152 (quoting Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449, 458 (4th Cir. 1999)).

332. *See* Planet Hollywood (Region IV), Inc. v. Hollywood Casino Corp., No. 96 C 4660, 1999 WL 1131887, at *52 (N.D. Ill. Dec. 3, 1999) (finding that an analysis of similarity of products is appropriate to a dilution-by-blurring claim because similarity of goods will strengthen the likelihood that a consumer makes a mental association between the two marks).

333. *See, e.g.*, Nguyen, *supra* note 240, at 214 ("[T]he 'similarity of the products' factor is improper in determining dilution-by-blurring because it focuses on likelihood of confusion and is contrary to the Congressional intent under the Dilution Act."); Gregg Duffey, Comment, *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.

non-competing goods.[334] However, to preclude a plaintiff from relief for dilution of a mark simply because the junior user's products are competitive with her own is to deny redress to an even more flagrant attempt to capitalize on the goodwill and investment of a senior holder, the very act that the FTDA was intended to prevent.[335] Further, the language of the FTDA specifically allows dilution to be found "regardless of the *presence* or absence of... competition" between the marks.[336]

Additionally, predatory intent can gauge the defendant's own evaluation of the likelihood of a mental association between the marks.[337] While the language of the FTDA does not include an element weighing the bad faith of the defendant, except in assessing damages,[338] a finding that the defendant purposely chose the senior user's mark for her own goods in order to benefit from the investment and goodwill made in the senior mark can provide empirical evidence of a mental association between the marks, thereby causing dilution.[339] The recent Anticybersquatting amendment to the Lanham Act, which sets forth a bad faith intent requirement for a cause of action for using a domain name, demonstrates Congress's belief that a defendant's bad faith intent is a worthwhile gauge of trademark dilution.[340] If a defendant's very purpose in choosing a name is to dilute the goodwill and value invested in that name by the senior mark holder, dilution is likely to be found by a court.[341]

Finally, the most significant factor in measuring dilution is a finding of mental association as proposed by the majority in *Mead Data*.[342]

133, 162 (1997) ("[S]imilarity of the products—should not be included in any blurring claim, especially in a claim under the FTDA.").

334. *See* 4 McCarthy, *supra* note 3, § 24:94.2, at 24-176.

335. *See Statement of the United States Trademark Assoc. in Support of S. 1883 (DeConcini) The Trademark Law Revision Act, reprinted in* 78 Trademark Rep. 382, 404 (1988).

336. 15 U.S.C. § 1125(c)(1995) (emphasis added).

337. Predatory intent exists where a junior user chooses a trademark in order to benefit commercially from the senior mark. *See* Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., Inc., 875 F.2d 1026, 1037 (2d Cir. 1989) (Sweet, J., concurring).

338. *See* 15 U.S.C. § 1125(c).

339. *See Mead Data*, 875 F.2d at 1037 (Sweet, J., concurring) ("[T]he fact that the junior user believes it can benefit commercially from copying the senior user's trademark provides strong evidence of the likelihood of blurring.").

340. For a discussion of the Anticybersquatting Act, see *supra* notes 226-34 and accompanying text.

341. *See, e.g.*, Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 955 F. Supp. 598, 620 (E.D. Va. 1997) (finding that the likelihood of blurring is increased by a junior user's selection of a famous mark for the purpose of benefiting from that mark). The district court's use of predatory intent was overruled by the Fourth Circuit, which found that predatory intent and other of the *Mead Data* factors were irrelevant to a dilution analysis. *See* Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. Of Travel Dev., 170 F.3d 449, 464 (4th Cir. 1999), *cert. denied*, 120 S. Ct. 286 (1999).

342. *See Mead Data*, 875 F.2d at 1030-31.

This mental association assesses whether a consumer, upon viewing the junior mark, will be reminded of the senior mark.[343] The appraisal is crucial to a dilution-by-blurring evaluation, because dilution-by-blurring is defined as the creation of a mental association between the marks that falls short of confusion. If such a mental association is not found, there is de facto no dilution and the claim fails. To attempt to analyze blurring without evaluating the public's perception of the marks is to fall prey to a vague standard that only skirts the borders of dilution.

Two of the *Mead Data* factors, renown of the junior mark and sophistication of consumers, on the other hand, are irrelevant to a dilution analysis. Renown of the junior mark was incorporated by Judge Sweet[344] into the dilution analysis from the infringement standard that measures the likelihood that the senior user will expand into the field of the junior user.[345] Yet this factor is immaterial[346] because any exposure to the junior mark, small or large, will dilute the senior mark.[347] Indeed, even Judge Sweet acknowledged that such a factor would be irrelevant in a typical dilution claim,[348] and introduced it into his analysis because of the peculiar nature of *Mead Data*'s facts—the threat that the junior user's line of Lexus automobiles would someday overwhelm the less famous Lexis-Nexis mark.[349] Further, because trademark dilution seeks a remedy in equity, the doctrine of laches applies, requiring senior users to police their marks vigorously, regardless of the extent of the unauthorized use.[350] Fame of the senior mark is a requirement of the FTDA,[351] and therefore the overall analysis of dilution has already determined the senior mark's renown. Accordingly, even the small segment of the population that recognizes the junior and senior mark will link them, thereby diluting the strength of the senior mark for that small exposed segment of the population. Thus, even a geographically isolated junior user can still cause dilution to the senior mark, although only in that area and only for a limited number of consumers.[352]

---

343. *See* 4 McCarthy, *supra* note 3, § 24:70, at 24-122.

344. *See Mead Data*, 875 F.2d at 1038.

345. *See* Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492, 495 (2d Cir. 1961).

346. *See* Oswald, *supra* note 16, at 294-95.

347. *See, e.g.*, Christian Dior, S.A.R.L. v. Miss Dior of Flatbush, Inc., 173 U.S.P.Q. 416, 418 (E.D.N.Y. 1972) ("A well-known trademark is entitled to protection against the use of the name in a non-competing business and even by a small operator.").

348. *See Mead Data*, 875 F.2d at 1038 (Sweet, J., concurring) ("This case raises an issue that is likely to arise rarely in dilution law—the prospect that a junior mark may become so famous that it will overwhelm the senior mark.").

349. *See id.* at 1038-39.

350. *See* 15 U.S.C. § 1125(c)(1) (granting owners of senior marks equitable relief for unauthorized use of a mark that dilutes the senior mark).

351. *See id.* § 1125(c).

352. *See* 4 McCarthy, *supra* note 3, § 24:68, at 24-120.

Moreover, the sophistication of buyers is unimportant.[353] This factor, which measures a customer's likelihood of making a mental association between the two marks, is based on the supposition that the more sophisticated the consumer, the less likely that the consumer would make a mistaken mental association between the two marks.[354] In dilution, however, the opposite effect occurs. The more sophisticated the consumer, the more likely the consumer will make the mental leap between the marks where an association between the two marks is made.[355]

Rather than dodging dilution claims by reverting to a likelihood-of-confusion standard, or inventing new barriers to successful claims, courts should continue to apply the *Mead Data* factors but in modified form, limiting a blurring analysis to the four *Mead* factors preserved above.[356] Additionally, courts should incorporate an element that analyzes the likelihood of the public's mental association between the marks. While these findings of fact may be based on empirical forms of evidence, such as survey data or demonstrations of loss of revenue, a fact-finder should not hesitate to make a determination of mental association simply by viewing the junior mark and assessing her own reaction to it.

Additionally, finders of fact should not censor their opinions in order to avoid granting an imagined property-right-in-gross.[357] Because federal dilution relief is limited to only the most famous of marks, occurring only after the mental association that constitutes dilution is found,[358] recognizing blurring claims will not result in a blanket grant of property rights in gross, and a resulting monopoly over the trademark's words and designs to all trademark owners in all situations. Indeed, existing recognition by courts of dilution-by-tarnishment and cybersquatting has resulted in an expansion of traditional trademark protections without a commensurate grant of monopoly. Specifically, the recent passage of the Anticybersquatting Act[359] codifies judicially created solutions to cybersquatting and consequentially expands trademark protection. Under the Anticybersquatting Act, protection may be given against a registrant who purchases domain names but does not contact the senior user of the mark to ransom back the site.[360] To define dilution as a mere purchase of a site with intent to dilute the mark but with no substantial action taken expands existing property rights and rises to

353. *See* Oswald, *supra* note 16, at 292.
354. *See* Mead Data, 875 F.2d at 1036-37.
355. *See* Hershey Foods Corp. v. Mars, Inc., 998 F. Supp. 500, 521 (M.D. Pa. 1998).
356. *See supra* notes 327-41 and accompanying text.
357. For a discussion of property rights in trademark, see *supra* Part I.B.
358. *See* 15 U.S.C. § 1125(c)(1995).
359. For a discussion of the Anticybersquatting Act, see *supra* notes 226-34 and accompanying text.
360. *See* 15 U.S.C. § 1125(d).

the level of a grant of property rights in gross to a trademark owner.[361] But no resulting monopolies occur because there are other limitations in place on such protections.[362] A similar expansion of protection in blurring claims will likely have the same negligible effect on monopoly. Moreover, the modified *Mead Data* analysis would effectively limit dilution remedies only to those famous marks that would truly suffer dilution by the junior user. Finally, fair use limitations are already set forth by the FTDA, effectively preserving competition among products.[363]

Hence, while courts may continue to hesitate to grant property rights in trademark, this Note advocates an expansion in protection by embracing dilution-by-blurring as set forth in the FTDA. Further, this Note proposes a standard that objectively evaluates both marks by using several of the *Mead Data* factors to measure blurring, including: renown of the senior mark; similarity of the marks; similarity of the products; and predatory intent.[364] Furthermore, this Note sets forth an additional factor to a blurring analysis: a measurement of mental association. Where such an association exists, balanced by the existence of other of the factors listed above, dilution of a famous mark has occurred.

To perpetuate the present suspicion and avoidance of the dilution standard is to undermine the promotion of business and commerce. Without dilution protection, trademark owners fall prey to those junior users who could wantonly steal a mark without fear of reprisal, thereby discouraging investment in a trademark by its owner. Trademarks impart valuable information to the purchasing public about the quality of goods and services, and are therefore worthy of courts' protection even absent traditional consumer confusion and despite fear of monopoly.

---

361. Black's Law Dictionary defines the term "property" as entailing an ownership that includes the "unrestricted and exclusive right to a thing," and "to possess it, to use it, and to exclude everyone else from interfering with it." *See* Black's Law Dictionary 1216 (6th ed. 1990). *But see* Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449, 459 (4th Cir. 1999), *cert. denied*, 120 S. Ct. 286 (1999) (holding that if Congress had intended to create property rights in gross in passage of the FTDA, it would have stated such a drastic intention). By analogy, Congress would have been equally explicit in setting forth such a grant in the Anticybersquatting Act amendment to the Lanham Act.

362. Other requirements set forth by the Anticybersquatting Act may include bad faith, use in commerce, and history of cybersquatting. *See* 15 U.S.C. § 1125(d). For a discussion of the Anticybersquatting Act, see *supra* notes 226-34 and accompanying text.

363. H.R. Rep. No. 104-374, at 4 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1030.

364. *See* Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., Inc., 875 F.2d 1026, 1035-40 (2d Cir. 1989) (Sweet, J., concurring).

CONCLUSION

The dilution doctrine has struggled for over fifty years to emerge from the shadow of trademark infringement. As American business and trade has increased, along with different ways of infringing a mark, so has the need for multiple protections for the goodwill and investment made by trademark owners. While the recognition of dilution has gained momentum, first in state law and then by Congress through the passage of the FTDA, the doctrine continues to be plagued by courts' reluctance to afford protection due to a distaste for granting monopolies and because of a misunderstanding of the appropriate standard for assessing a dilution claim. Hence, instead of the dilution doctrine gaining more acceptance, it continues to be compromised by the courts. The only hope for recognition of the dilution doctrine in its own right lies in the acceptance of dilution theory in general, and more importantly, in the adoption of a revised dilution standard. Only when this revised standard is adopted by all courts will trademark owners be afforded the protection from dilution that Congress intended.

Notes & Observations