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VICTORIA'S BIG SECRET: WHITHER DILUTION UNDER THE FEDERAL DILUTION ACT?

By Jonathan Moskin[*]

I. INTRODUCTION

In Moseley v. V Secret Catalogue, Inc.,[1] the Supreme Court undertook to resolve the question "whether objective proof of actual injury to the economic value of a famous trademark (as opposed to a presumption of harm arising from a subjective 'likelihood of dilution' standard) is a requirement for relief under the [Federal Trademark Dilution Act]" or FTDA.[2] The issue has been the subject of a split among the circuits[3] and prompted efforts as recently as February 2002, to amend the FTDA to require only "likelihood of dilution" as a basis for relief.[4] The Court's March 4, 2003, decision answers the question affirmatively. And negatively. And in certain shades of gray.

The Court did affirmatively hold that proof of causation of dilution is required by the FTDA,[5] thereby reversing not only the decision of the Sixth Circuit[6] but also presumably overruling the Second and Seventh Circuit precedent on which the Sixth Circuit had relied in finding that a likelihood of dilution was sufficient to warrant relief under the FTDA.[7] Yet Justice Stevens' opinion also noted that in some instances (at least involving identical marks), causation could be inferred without direct evidence,[8] thus

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* Partner in the New York office of Pennie & Edmonds, LLP, Associate Member of the International Trademark Association. Based on Mr. Moskin's publication concerning state dilution statutes, Dilution or Delusion: The Rational Limits of Trademark Protection, 83 TMR 122 (1993), he was invited to testify before Congress when it was considering adoption of the Federal Trademark Dilution Act. The views expressed in this article are of the author and not necessarily those of his clients or firm.

1. 123 S. Ct. 1115, 155 L. Ed. 2d 1, 65 U.S.P.Q.2d 1801 (2003).

2. Id. at 1119, 1121, 65 U.S.P.Q.2d at 1802-03, 1805.

3. See infra n.25 and accompanying text.

4. Oversight Hearing on The Federal Trademark Dilution Act Before the House Comm. on the Judiciary, Subcomm. on Courts, The Internet and Intellectual Property, 107th Cong., 2d Sess. (2002).

5. Moseley, 123 S. Ct. at 1121, 65 U.S.P.Q.2d at 1807.

6. V Secret Catalogue, Inc. v. Moseley, 259 F.3d 464 (6th Cir. 2001).

7. Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208 (2d Cir. 1999) and Eli Lilly & Co. v. Natural Answers, 233 F.2d 456 (7th Cir. 2000).

8. Moseley, 123 S. Ct. at 1124, 65 U.S.P.Q.2d at 1808. Said the Court: "It may well be, however, that direct evidence of dilution such as consumer surveys will not be necessary if

seemingly permitting use in such cases of the same inferential proof the Sixth Circuit and other courts had allowed. The Court noted as well that although causation must be proven, "that does not mean that the consequences of dilution, such as an actual loss of sales or profits, must also be proven."[9] That clarification certainly lessens the burden on a party invoking the FTDA, even if it stops well short of identifying what must actually be shown (indeed, even if it leaves considerable doubt as to what must actually be shown). At the same time clarifying that the actual economic consequences of dilution need not be demonstrated, Justice Stevens also made clear that merely proving an association between an accused mark and a senior famous mark is not sufficient to show causation.[10] Because proof of such association has been one of the few concrete types of proof relied on in dilution cases to date, this qualification may be a considerable obstacle to proving dilution henceforth. Beyond the bare conclusion that insufficient proof had been established in this particular case, thus requiring a remand to better develop the record, the Supreme Court's meditations and musings on an already muddled area of law provide only modest guidance as to how the FTDA henceforth should be interpreted or applied.

The difficulty with dilution—not of the Supreme Court's making—is that although the broad conceptual outlines of the theory are readily understood, it is extraordinarily difficult to prove in any given case that a mark has been diluted, or even to know how to go about assembling such proof. In a twist on Justice Stewart's well-known observation regarding pornography[11] it appears that we *can* define dilution but do not know it when we see it. Although the dilution theory is in many ways a natural outgrowth of twentieth century trademark law, which witnessed the expansion of trademark rights from a tort-based theory preventing direct diversion of sales between competitors to a

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actual dilution can reliably be proven through circumstantial evidence—the obvious case is one where the junior and senior marks are identical."

9. Id. at 1124, 65 U.S.P.Q.2d at 1807.

10. Id. at 1124, 65 U.S.P.Q.2d at 1807-08. Referring to the case, Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449 (4th Cir. 1999), in which no dilution of plaintiff's mark THE GREATEST SHOW ON EARTH was found to be caused by defendant's use of the phrase "The Greatest Snow on Earth," the Court noted that ". . . the mere fact that consumers mentally associate the junior user's mark with a famous mark is not sufficient to establish actionable dilution. As the facts of that case demonstrate, such mental association will not necessarily reduce the capacity of the famous mark to identify the goods of its owner, the statutory requirement for dilution under the FTDA. . . . 'Blurring' is not a necessary consequence of mental association. (Nor, for that matter, is 'tarnishing.')."

11. "I shall not today attempt to further define the kinds of material I understand to be embraced within that shorthand description [hardcore pornography]; and perhaps I could never succeed in intelligently doing so. But I know it when I see it." Jacobellis v. Ohio, 378 U.S. 184 (1969).

broader set of rights resting on a recognition that trademarks themselves possess economic value, the underlying phenomenon of dilution is also a fundamentally different event from the underlying factual predicate of infringement, namely, confusion or the likelihood of confusion. Consumers know what it is to be confused or mistaken, and it is indeed a matter of personal concern to be swindled or cheated (in cases of outright piracy and fraud) or even surprised or disappointed by getting something other than expected. Yet consumers do not similarly know (or presumably care) if their loyalty to a brand is weaker at any given moment than it was at any time prior.

Moreover, the dilution *theory*, which accords to at least some (famous) trademarks rights akin to patents or copyrights, independent of any confusion or diversion of sales, is fundamentally different from traditional trademark theory, which is rooted in tort principles of fraud and deceit. Yet, while the dilution theory aims to confer more or less absolute rights in famous marks (without a need to prove confusion), the FTDA also qualifies this right by demanding proof of something further—something, however, that is so ethereal and evanescent that it may be incapable of proof in ordinary cases. (Moseley, moreover, makes clear this something, a lessening of the distinctive capacity of a mark, must actually be proven; it can not simply be presumed). Viewing dilution theory as the leading edge of a property-based theory of trademark law undoubtedly goes a great way to explain why the theory has held such a particular fascination and why it has been such a challenge to implement effectively: it is awkward to engraft on a long-standing tort-based system of rights a new and peculiarly limited set of property-based rights.

Following the Victoria's Secret decision, there will no doubt be calls to "clarify" the FTDA by amending the statute to insert an express "likelihood of dilution" standard. There likely will also be calls to clarify that there is a federal right to prevent tarnishment, because the Supreme Court also revealed in its decision (and at oral argument) substantial doubt whether the FTDA remedies the sort of baneful associations the theory of tarnishment is meant to prevent.[12] However, merely amending the federal statute to make it more like its state law antecedents is no more than a palliative, not a cure, for the underlying theoretical and practical problems of applying the theory in actual disputes—or doing so with sufficient consistency in such disputes to serve as a meaningful guide to non-litigants who wish to remain non-litigants by determining in advance what conduct is or is not lawful.

The state anti-dilution laws are indeed no more readily understandable than the FTDA and have been applied with no

12. Moseley, 123 S. Ct. at 1121, 65 U.S.P.Q.2d at 1807.

more consistency than the federal statute, and for the same basic reason: they are all premised on a psychological concept—the gradual diminishment in consumers' minds of the vitality of commercial symbols—that, however understandable it may be in the abstract, is extraordinarily difficult to translate into concrete legal proof.

And although the FTDA and state dilution laws may all strive to confer on famous trademarks copyright or patent-like protection from all similar uses (irrespective of the tort concept of likelihood of confusion), they all fail in greater or lesser measure to achieve this goal because the courts, unable to give concrete meaning to the extraordinarily ethereal and abstract concept of dilution, create arbitrary limits, deny relief entirely or render unexpected or inconsistent rulings that give little guide to govern future conduct. Even the most thoughtful decisions merely orbit the main issue in some greater or lesser arc without ever alighting on the actual problem, and do not resolve the theoretical conflict underlying the hybrid property and tort-based right.

Rather than perpetuating the problem in which courts interpret dilution as itself a diluted or diffuse form of trademark infringement (if they interpret it at all), or simply refuse to grant protection, it would be preferable to make a clean break and devise a means of protecting from dilution what actually warrants protection: the economic value of famous marks.[13] Such a statute should do so, moreover, in a direct and theoretically straightforward and simple manner. A statute that might, perhaps, achieve these ends was presented to Congress in 1995, when it was considering the bill, H.R. 1295, that became the FTDA.[14] However, passage of H.R. 1295 was at the time already all but assured, and in the final hour no dissenting voices were to be seriously considered. Such a proposed statute accompanies (and is the ultimate focus of) this article.

II. THE FTDA

The FTDA, which was enacted in 1995, provides that the owner of a famous mark is entitled to injunctive and possibly monetary relief against junior use of a mark that "causes dilution of the distinctive quality of the [famous] mark. . . ."[15] The statute

13. See Steve Hartman, Brand Equity Impairment—The Meaning of Dilution, 87 TMR 418, 420 (1997) (identifying three key elements of the economic value of trademarks: price premium, market share and durability).

14. Statement of Jonathan Moskin at Hearing on H.R. 1295 Before Subcomm. On Courts and Intell. Prop. of Comm. On Judiciary, 104th Cong. 1st Sess. (1995), reprinted in 9 Jerome Gilson and Anne Gilson LaLonde, Trademark Protection & Practice, § 43 at 43-283, 286 (LexisNexis Matthew Bender 1996).

15. 15 U.S.C. § 1125(c).

defines dilution as "the lessening of the capacity of a famous mark to identify and distinguish goods or services. . . ."[16] The legislative history of the act reveals Congress' concern that famous marks may be vulnerable to a sort of harm not remediable under established theories of trademark infringement, the latter of which all require proof that consumers are likely to be confused or misled by some unauthorized use of the same or similar marks. To cite examples from the legislative record, KODAK pianos or BUICK aspirin may not confuse consumers, who do not picture pianos as the forte of the camera company and do not associate analgesics and automobiles. Even so, such non-confusing uses may water down, erode or "dilute" the goodwill in a famous mark. Congress explained the general rationale of the FTDA:

> Even in the absence of confusion, the potency of a mark may be debilitated by another's use. This is the essence of dilution. Confusion leads to immediate injury, while dilution is an infection, which if allowed to spread, will inevitably destroy the advertising value of the mark.[17]

Prior to enactment of the FTDA, at least 27 states had some protection (mostly statutory) against dilution.[18] Most of these statutes were (and still are) based on the Model State Trademark Bill and provide in relevant part that "Likelihood of injury to

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16. Id. § 1127.

17. H.R. Rep. No. 104-374 (1995), reprinted in 1995 U.S.C.C.A.N. 1029, 1030, quoting Mortellito v. Nina of California, Inc., 335 F. Supp. 1288, 1296, 173 U.S.P.Q. 346, 351 (S.D.N.Y. 1972).

18. Alabama, Ala. Code § 8-12-17 (Supp. 1983); Arkansas, Ark. Stat. Ann. § 70-550 (1979); California, Cal. Bus. & Prof. Code § 14330 (West Supp. 1984); Connecticut, Conn. Gen. Stat. Ann. § 35-11i(c) (West 1981); Delaware, Del. Code Ann. tit. 6, § 3313 (Supp. 1982); Florida, Fla. Stat. Ann. § 495.151 (West 1972); Georgia, Ga. Code § 106.115 (1984); Idaho, Ida. Code § 48-512 (1977); Illinois, Ill. Rev. Stat. Ch. 140, § 22 (Supp. 1984); Iowa, Ia. Code Ann. § 548.11(2) (Supp. 1984); Louisiana, La. Rev. Stat. § 223.1 (1984); Maine, Me. Rev. Stat. Ann. tit. 10 § 1530 (1980); Massachusetts, Mass. Gen. Laws Ann. ch. 110B § 12 (West Supp. 1980); Missouri, Mo. Ann. Stat. § 417.061(1) (Vernon 1979); Montana, Mont. Code Ann. § 30-13-334 (1983); Nebraska, Neb. Rev. Stat. § 87-122 (1981); New Hampshire, N.H. Rev. Stat. Ann. § 350-A:12 (Supp. 1981); New Mexico, N.M. Stat. Ann. § 57-3-10 (1987); New York, N.Y. Gen. Bus. Law § 368-d (McKinney's 1984); Oregon, Ore. Rev. Stat. § 647.107 (1987); Pennsylvania, 54 Pa. Cons. Stat. Ann. § 1124 (Purdon Supp. 1984); Rhode Island, R.I. Gen. Laws § 6-2-12 (Supp. 1983); Tennessee, Tenn. Code Ann. § 47-25-433 (Supp. 1983); Texas, Tex. Code Ann. Bus. & Comm. § 16.29 (Vern. Supp. 1993); and Washington, Rev. Code Wash. Ann. § 19.77.160 (Supp. 1990). At least two states, Michigan and Ohio, have also recognized the theory at common law. See Consolidated Freightways, Inc. v. Central Transport, Inc., 201 U.S.P.Q. 524, 529 (E.D. Mich. 1978); Koffler Stores, Ltd. v. Shoppers Drug Mart, Inc., 434 F. Supp. 697, 704, 193 U.S.P.Q. 165, 172 (E.D. Mich. 1976), aff'd, 559 F.2d 1219 (6th Cir. 1977); Kimberly Knitwear, Inc. v. Kimberley Stores, Inc., 331 F. Supp. 1339, 1341-42, 171 U.S.P.Q. 536, 538 (W.D. Mich. 1971); Ohio: Ameritech, Inc. v. American Information Technologies Corp., 811 F.2d 960, 965, 1 U.S.P.Q.2d 1861, 1865 (6th Cir. 1987). See also Tiffany & Co. v. Tiffany Productions, Inc., 147 Misc. 679, 264 N.Y.S. 459 (Sup. Ct.), aff'd, 237 A.D. 801, 260 N.Y.S. 821 (1932), aff'd, 262 N.Y. 482, 188 N.E. 30 (1933) (dilution recognized at common law before enactment of New York antidilution statute).

business reputation or of dilution of the distinctive quality of a mark . . . shall be a ground for injunctive relief notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services." Although the state statutes were largely ineffective (with only a handful of cases in sixty-five years before passage of the FTDA finding liability without a concurrent finding of infringement and none demonstrating actual dilution),[19] it was hoped that the federal statute would repair this failing by creating a uniform national remedy.[20]

However, the FTDA has not brought uniformity, as various circuits have established diverse limitations to rein in the statute. The Second Circuit, for instance, has determined that a mark must be both famous *and* distinctive to qualify for protection under the statute.[21] Other courts have not required that both elements be proven.[22] Courts have disagreed whether fame in a narrow geographic or market niche is sufficient to prove fame.[23] The Ninth Circuit has added a limitation that the accused mark be identical or nearly identical to the allegedly famous mark—not because the FTDA expressly says so but because of the practical need to narrow the statutory reach.[24] And of course the divisive split among the circuits that led the Supreme Court to grant certiorari was the issue whether causation of actual dilution must be shown or whether a likelihood of dilution is enough.[25]

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19. See J. Moskin, Dilution or Delusion: The Rational Limits of Trademark Protection, 83 TMR 122, at 122-23 (1993).

20. See H.R. Rep. No. 104-374 (1995), reprinted in 1995 U.S.C.C.A.N. 1029, 1030 ("The federal remedy will bring uniformity and consistency to the protection of famous marks. . . .").

21. TCPIP Holding Co. v. Haar, 244 F.3d 88, 93, 98 (2d Cir. 2001).

22. See 4 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition at § 24: 91.1 (West 2001).

23. TCPIP Holding Co., 244 F.3d at 99 ("It seems most unlikely that Congress intended to confer on marks that have enjoyed only brief fame in a small part of the country, or among a small segment of the population, the power to enjoin all other users throughout the nation in all realms of commerce."); compare Avery Dennison Corp. v. Sumpton, 189 F.3d 868, 877-78 (9th Cir. 1999) (fame in a "narrow market segment" may suffice if it overlaps the accused mark).

24. Thane Int'l, Inc. v. Trek Bicycle Corp., 305 F.3d. 894, 905 (9th Cir. 2002), citing Playboy Enterprises, Inc. v. Welles, 279 F.3d 796, 805 (9th Cir. 2002); compare Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 218 (2d Cir. 1999) (sufficiently similar to "conjure an association"). Similarly, in Toho Ltd. v. Sears, Roebuck & Co., 645 F.2d 788 (9th Cir. 1981), the court said of applicable state law:

> We have regarded the antidilution doctrine with some concern lest it swallow up all competition in the claim of protection against trade name infringement.

Id at 703 (citation omitted).

25. Compare Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. Of Travel Dev., 170 F.3d 449 (4th Cir. 1999) and Westchester Media v. P.R.L. USA Holdings, Inc., 214 F.3d 658 (5th Cir. 2000) (actual dilution required) with Nabisco, Inc. v. PF Brands,

Prior to the Sixth Circuit decision in Moseley, the Fourth Circuit in Ringling Bros.[26] had held the FTDA does require proof of actual present injury.[27] This was found to follow from the actual language of the FTDA, which unlike the state laws that preceded it, did not adopt a likelihood of dilution standard; from concern that absent proof of actual economic injury, the FTDA would create perpetual patent-like rights *in gross* in famous trademarks, and from a sense that even the state statutes sought to remedy injury to a mark's *selling power*, not simply its distinctiveness. The Second Circuit, by contrast, concluded in Nabisco, that there is no need to prove actual present dilution, in part because contextual factors have long been used to prove likelihood of *confusion* and in part because it recognized that proving actual dilution may be difficult or impossible.[28] The Sixth Circuit in Moseley elected to follow the Second rather than the Fourth Circuit.

In adopting a likelihood of dilution standard, the Second Circuit did note at least some concern how even such a likelihood of dilution is to be proven. "It is not entirely clear," Nabisco noted, "how courts should determine whether a junior use causes a senior mark to suffer dilution."[29] To answer that question, the Second Circuit did not attempt to analyze the nature of the injury the FTDA seeks to remedy and then craft a test to expose whether the junior use might indeed lessen the distinctive capacity of the senior mark in the minds of consumers. Instead, with expressed "caution" but without analysis whether "confusion" and "dilution" are similar psychological or legal events, the court turned to the familiar multifactor "Polaroid" test of infringement,[30] adopting many of its elements and adding further related considerations as well.[31] Although many of these factors are no doubt relevant to

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Inc., 191 F.3d 208 (2d Cir. 1999) and Eli Lilly & Co. v. Natural Answers, 233 F.2d 456 (7th Cir. 2000) (likelihood enough).

26. Supra n.25.

27. Ringling Bros., 170 F.3d at 458.

28. Nabisco, 191 F.3d at 217, 223-24.

29. Id. at 217.

30. See Polaroid Corp. v. Polarad Electronics Corp., 287 F.2d 492, 495 (2d Cir. 1961).

31. The ten factors the Second Circuit identified are: (i) distinctiveness of the senior mark; (ii) similarity of the marks; (iii) proximity of the products and likelihood of bridging the gap; (iv) interrelationship among the distinctiveness of the senior mark, the similarity of the junior mark, and proximity of the products; (v) shared consumers and geographic limitations; (vi) sophistication of consumers; (vii) actual confusion; (viii) adjectival or referential quality of the junior use; (ix) harm to the junior user and delay by the senior user; and (x) effect of senior user's prior laxity in protecting the mark. Courts in the Second Circuit and elsewhere applying the FTDA and state anti-dilution statutes have also relied on the six-part test enunciated by Judge Robert Sweet in his concurrence in Mead Data Central, Inc. v. Toyota Motor Sales, Inc., 875 F.2d 1026, 1032-40, 10 U.S.P.Q.2d 1961, 1966-72 (2d Cir. 1989). (That test was also derived in large measure from the Polaroid infringement analysis.) For a discussion how that test only indirectly—if at all—gets at the

assessing the likelihood of dilution, or at the least providing the context against which to assess whether dilution is likely, none directly expose or examine the central issue: whether the junior use causes a lessening of the *distinctive capacity* of the senior mark in the minds of consumers or rather, whether consumers will be able to retain in their minds the two (or more) marks in issue without any deleterious effects on the distinctive capacity of the senior mark. For instance, there do seem to be instances in which two very well-known marks can coexist without any such adverse effects, such as APPLE for computers and sound recordings or FORD for cars and a modeling agency. The factors the court identified in Nabisco do not help distinguish those instances where there is or will be a dilutive effect from use of similar marks by unrelated entities from those where there will not.

Treating dilution as itself a diffuse or diluted theory of infringement (with fewer rules and broader reach) merely masks the theoretical and legal difficulties of reconciling the dilution *theory* with the actual *language* of the FTDA or indeed with the realities of the Federal Rules of Evidence. As the Fourth Circuit acknowledged in Ringling Bros., the FTDA does not expressly authorize courts to accord to trademarks—even famous marks—the property status enjoyed by patents or copyrights. Although Congress could expressly have conferred on famous marks such property status, and although such a statute could well be more effective in preventing injury to the economic value of trademarks, the FTDA merely hints at such a status while conditioning the broad rights it does confer on the satisfaction of a singularly challenging threshold of proof: actual dilution of the ability of a mark to identify and distinguish the senior user's goods or services. Proving this event was scarcely any easier under state anti-dilution statutes. The Restatement (Third) of Unfair Competition aptly sums up the problem:

> Direct evidence of a dilution of distinctiveness is seldom available because the harm at issue is a blurring of the mental associations evoked by the mark, a phenomenon not easily sampled by consumer surveys and not normally manifested by unambiguous consumer behavior.[32]

III. MOSELEY v. V SECRET

Victoria's Secret is well-known for its minimally covering garments and maximally revealing catalogs. In Moseley, Victoria's

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psychological phenomenon of dilution, see Dilution or Delusion, supra n.19, 83 TMR at 139-43.

32. Restatement (Third) on the Law of Unfair Competition § 25, comment f at 270 (1995).

Secret has objected that defendants' operation of a "Victor's Little Secret" gift and novelty store in Elizabethtown, Kentucky, selling a range of items including lingerie and adult toys, violates the FTDA. Although summary judgment was granted in the district court dismissing Victoria's Secret's trademark *infringement* claim, the district court and the Sixth Circuit did sustain its *dilution* claim. The trial and appellate courts made no express finding, however, whether the Moseleys' chosen name for their store had caused actual present dilution of the economic value of the VICTORIA'S SECRET trademark. The Supreme Court hence granted certiorari to resolve this issue.

The Sixth Circuit offered a detailed historical and legal analysis of the dilution theory, including the split among other circuits, ultimately agreeing with the Second Circuit that proof of actual dilution is not required. After noting the phonetic similarities of the parties' names and the irrelevance of the Moseleys' intent to the question of injunctive relief, the court concluded the key question is "whether a consumer would link a store called 'Victor's Little Secret' that sold women's lingerie with the more famous Victoria's Secret."[33] Said the court: "We have little doubt that the average lingerie consumer would make just such an association."[34] After observing that the sophistication of the relevant consumers and the differences in quality of the parties' products would *prevent* actual confusion, the court concluded its analysis:

> While no consumer is likely to go to the Moseleys' store expecting to find Victoria's Secret's famed Miracle Bra, consumers who hear the name "Victor's Little Secret" are likely automatically to think of the famous store and link it to the Moseleys' adult-toy, gag gift, and lingerie shop. This, then, is a classic instance of dilution by tarnishing (associating the Victoria's Secret name with sex toys and lewd coffee mugs) and by blurring (linking the chain with a single, unauthorized establishment).[35]

Although the mental "link" the Sixth Circuit noted might support a finding of sponsorship confusion (which was no longer at issue), the Supreme Court concluded that merely proving an association does not compel the conclusion that the distinctive capacity of a mark will be or has been diluted.[36] Although the Court noted that such a link might be presumed in some cases

33. V Secret Catalogue, Inc., 259 F.3d 464, 477 (6th Cir. 2001).

34. Id.

35. Id.

36. Said the court: "'Blurring' is not a necessary consequence of mental association. (Nor, for that matter, is 'tarnishing.')" Moseley, 123 S. Ct. at 1125, 65 U.S.P.Q.2d at 1808.

where those marks are identical, VICTORIA'S SECRET and VICTOR'S LITTLE SECRET are not.

Justice Ginsburg further illuminated the problem when she noted during oral argument that proof of blurring of the mark VICTORIA'S SECRET requires, at a minimum, that Victoria's Secret's *own customers* no longer exclusively associate the mark with its original source.[37] It does not matter what the Moseleys' patrons think or whether they in some way link the Kentucky store with Victoria's Secret. That might be proof of infringement, but not dilution. The injury, that is, is to the potency of the senior mark, irrespective of what benefits or other effects befall the accused mark. Writing for the majority, Justice Stevens echoed the same sentiment when he noted that the witness whose complaint to Victoria's Secret launched the litigation expressed only his disapprobation of the Moseleys; his mental association of the two names did not change his impression of Victoria's Secret in the least.[38]

The Sixth Circuit (and other courts) have not acknowledged or applied this basic structural distinction between dilution and confusion. As we have seen, in Nabisco and other cases following the Second Circuit's reasoning, the dilution statute is applied as simply a modified form of protection from sponsorship confusion or unjust enrichment, albeit available only to famous marks. Although Congress could have simply provided that famous marks are entitled to broader infringement protection (something the case law already acknowledges to a considerable extent in decreeing that strong marks are entitled to broader protection than weak marks), that is not what the FTDA says. And the multi-factor test applied does not purport to assay actual effects on the senior mark. Nor is it clear the longstanding use of contextual factors to prove likelihood of confusion is the proper standard to prove actual dilution given both the differences between the two theories of relief and (which may be more important) the actual language selected by Congress.

As the Supreme Court determined, unlike the state statutes that expressly adopt a "likelihood of dilution" standard, the FTDA on its face requires proof that the accused mark "*causes* dilution of

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37. Rejecting the notion that any association would prove dilution, Justice Ginsburg identified what she understood would comprise proof of harm in this case:

> When you see Victor's Secret, of course you're going to think of Victoria's, but what counts is, when you think of Victoria's Secret, do you think of Victor's. That's—that's what dilution is, and if it's the latter, then it's—those are two very different things, aren't they?

November 12, 2002, Transcript at 24. See also Moseley, 123 S. Ct. at 1125, where the opinion noted that there was no adverse effect on the customers' conception of the trademark owners or expert evidence about an adverse impact on its name.

38. Moseley, 123 S. Ct. at 1122, 65 U.S.P.Q.2d at 1808.

the distinctive quality of the famous mark. . . ." The Supreme Court concluded that "[t]his text unambiguously requires a showing of actual dilution, rather than a likelihood of dilution."[39] As the Court also observed, the statutory definition of dilution[40] also presents a contrast between the actual "lessening of the capacity of a famous mark to identify and distinguish goods or services" (required by the first clause of the definition) with the mere "*likelihood* of confusion mistake or deception" referenced in the definition's final clause (as a factor that need *not* be proven).[41] This contrast, the Court concluded, confirmed the actual dilution requirement.

Although metaphors and analogies make abundantly clear what the dilution *theory* aims to remedy, and some psychological studies provide a rough theoretical underpinning for the theory that an increase of extraneous associations with a mark or other symbol may interfere with recall of the mark,[42] even the state law precedents show that proving simply a *likelihood* of dilution in any given instance is daunting. The actual statutory language of the FTDA adds even additional layers of ambiguity beyond even the actual dilution requirement found by the Supreme Court.[43] And although the Supreme Court made clear certain types of proof that would *not* suffice to demonstrate dilution, it gave little *positive* guidance as to what must actually be shown or how to do so.

IV. TRADEMARK LAW'S LITTLE SECRET: PROVING DILUTION

Before enacting the FTDA, Congress recognized that dilution is "an injury that differs materially from that arising out of

39. Moseley, 123 S. Ct. at 1124, 65 U.S.P.Q.2d at 1807.

40. 15 U.S.C. § 1127.

41. Moseley, 123 S. Ct. at 1124, 65 U.S.P.Q.2d at 1807 (emphasis added).

42. Jacob Jacoby, The Psychological Foundations of Trademark Law: Secondary Meaning, Genericism, Fame, Confusion and Dilution, 91 TMR 1013 (2001); Dilution or Delusion, supra n.19, 83 TMR at 134-36 and n.108 and accompanying text. Although subtle effects of dilution may be provable under some circumstances, the dilution remedy seems designed not simply to protect the ability of consumers to call to mind or *remember* the name of a famous mark. For instance, no one would suggest that the injury, if any, Victoria's Secret suffered was that no one would be able to *remember* the name any longer. Rather, dilution theory aims to protect the *economic value* of a mark, and it is not clear that the psychological event on which the FTDA focuses has anything to do with this broader economic and proprietary interest behind dilution protection.

43. Various statutory ambiguities are noted above. See supra nn.21-24. The Justices did not address one further issue of statutory interpretation raised in the briefs: is loss of distinctiveness the same as dilution or does the FTDA's definition of dilution as the lessening of the capacity of a mark to identify *and* distinguish goods or services require something further. That is, even if BUICK aspirin rendered BUICK less unique or "distinct" in some real or abstract sense, would BUICK still have the same capacity to *identify* cars?

orthodox confusion."[44] Congress also had at least some awareness of the difficulty of proving actual dilution. Indeed, it was this author's testimony to Congress before it enacted the FTDA that the statute may prove "less than fully effective because, in any given instance, trademark owners will be unable to present concrete evidence that the capacity of their marks to identify or distinguish their goods has been lessened by the unauthorized use of a similar mark. Indeed, as earlier noted,[45] there are no known cases under existing state dilution statutes in which evidence of actual dilution has been presented."[46] Those cases were decided under a state law likelihood of dilution standard.

Whatever else the Supreme Court may have done, it has clarified that the FTDA requires proof of actual dilution; likelihood of dilution is not enough. Although the Court did not question that properly designed consumer surveys might suffice to prove actual dilution, most dilution surveys to date have focused principally on establishing that the junior mark causes an association with the senior mark.[47] The Supreme Court held, however, that merely establishing an association is not proof of actual dilution.[48] In the wake of Moseley, it remains to be seen if some other effective (or at least acceptable) methods can be designed of surveying actual effects on consumers caused by any given accused mark.[49] Although the Supreme Court did not foreclose use of contextual principles in at least some cases where the marks are identical, that scarcely resolves what must be proven in all other cases and may be cold comfort even in cases where the marks are identical because litigants will not want to risk trying a case without any evidence and the Court did not say that contextual factors are appropriate even in all cases where the marks are identical.

The enigma enfolding actual dilution is that the "watering down" of the goodwill represented by a trademark is a fundamentally different phenomenon from "confusion." The difference exceeds even the structural distinction detected by Justice Ginsburg.[50] Consumers know (or readily are able to know) when they have been deceived or confused. This gives us at least some sound basis to grasp when confusion is likely. Yet consumers

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

45. See supra n.19. The same basic argument was also made to Congress earlier in the author's testimony.

46. Statement of Jonathan Moskin, supra n.14, at 43- 279.

47. See William G. Barber, How To Do a Trademark Dilution Survey (or Perhaps How Not To Do One), 89 TMR 616 (1999).

48. See supra n.10.

49. See Hartman, supra n.13, 87 TMR at 433-35; Eric A. Prager, The Federal Trademark Dilution Act of 1995: Substantial Likelihood of Confusion, 7 Fordham Intell. Prop. Media & Ent. L.J., 121, 132-33 (1996).

50. See supra n.37 and accompanying text.

are unlikely to know (or care) whether, in their own minds, the distinctive capacity of a mark has been lessened. Thus, whereas infringement remedies grow out of the law of fraud and deceit, familiar psychological events and recognizable forms of injury, dilution is something altogether different, with little or no common law antecedent.

Put differently, the FTDA and state anti-dilution laws take an abstract (if seemingly common-sense) premise of law that the more widely used a term is the weaker it is as a trademark, and demand that in any given instance this *legal concept* be proven as a *psychological fact* (or probable fact, if only a likelihood of dilution is required). Indeed, the legal concept applied in infringement cases is based on various practical and policy considerations having little or nothing to do with cognitive psychology. Descriptive and other widely used terms, such as "American," for instance, are given lesser protection as trademarks than inventive names because, as a matter of law, no one can have a monopoly in the lexicon (and conversely, although less often expressed, because the law favors creativity). Moreover, it is perhaps unfair to prohibit one accused party from using a given name when the trademark owner permits other entities to use similar or identical marks. Moreover, establishment and invocation of this legal concept in the context of an infringement analysis does not require proof that AMERICAN AIRLINES and AMERICAN EXPRESS, for instance, have any actual (or probable) causal effect on each other. Yet, the FTDA and state anti-dilution laws do contemplate proof of such actual or likely effects. Moseley, although confirming the higher standard of proof that must be established under the FTDA, does not demonstrate how such proof is established.

Recalling an example noted above, absent clear psychological evidence to the contrary, it is possible, at least in some instances, that use of even a well-known mark, e.g., APPLE for computers, on utterly unrelated products, such as sound recordings, will have no effect on consumer recognition of the mark. Consumers may be able to retain both symbols in their minds without confusing or even associating the two, and without thinking any less of APPLE computers because of other APPLE trademarks (of which there are many). Other like examples (FORD for cars and a modeling agency or DELTA for an airline and plumbing fixtures) were cited in the briefs and at oral argument before the Supreme Court. Perhaps this is what prompted the Court's assessment that even an association between two marks is not, intrinsically, proof of dilution: even if consumers do in some way associate APPLE records and computers or DELTA airlines and plumbing fixtures, the mental link may not be of a relevant kind. Moreover, in at least some cases, two or more such brands may be able to coexist in the minds of consumers without any mental link, and of course without any meaningful lessening of the distinctiveness or source-identifying capacity of the famous mark. These conceptual difficulties were all revealed to Congress before it enacted the FTDA.[51]

The Supreme Court, in deciding that actual dilution must be proven, did not attempt to instruct what must be shown. That task falls now to the lower courts—in Moseley itself and other cases—unless the statute itself is clarified by amendment.

V. THE FUTURE OF THE FTDA

The Supreme Court's decision has already prompted calls to amend the FTDA,[52] and undoubtedly one such proposal will be to add to the statute a likelihood of dilution standard. The failure of the FTDA to provide expressly for tarnishment as a basis for relief will likely also be a subject for possible amendment. Indeed, Justice Stevens expressed some doubt whether the FTDA protects against tarnishment when he noted that although "the concept was prominent in litigation brought under state antidilution statutes and . . . was mentioned in the legislative history . . . [w]hether it is actually embraced by the statutory text, however, is another matter."[53] Casting doubt on whether tarnishment is encompassed by the FTDA, the Court thus noted that "the contrast between the state statutes, which expressly refer to both 'injury to business reputation' and to 'dilution of the distinctive quality of a trade name or trademark,' and the federal statute, which refers only to the latter, arguably supports a narrower reading of the FTDA."[54]

However, even if the FTDA were amended to provide a likelihood of dilution standard, and to provide expressly for tarnishment, the key conceptual defects of the FTDA will remain, because the definition of dilution is premised on a psychological

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51. Statement of Jonathan Moskin, supra n.14, at 43-278-80.

52. On March 25, 2003, for instance, three weeks after the decision, the International Trademark Association (INTA) announced the formation of a committee on the FTDA. http://www.inta.org/press/pr2003_06.shtml.

53. Moseley, 123 S. Ct. at 1124, 65 U.S.P.Q.2d at 1807.

54. Id. At oral argument, Justice Rhenquist likewise expressed doubt whether the literal language of the statute could be altered or supplemented by legislative intent, no matter how clearly manifested. He first observed that "[n]othing could be clearer than that Congress adopted a definition of what—of what dilution consists of and, to my mind, that definition does not at all cover disparaging the other product." November 12, 2002, Transcript at 46. When Victoria's Secret's counsel then made reference to the legislative history for evidence what Congress meant, Justice Scalia interjected: "What Congress thought was the definition that Congress adopted." Id. That Justice Scalia did not join in Part III of Justice Stevens' opinion, concerning the legislative history of the FTDA, is consistent with this view. The author objected to this oversight of draftsmanship in testimony to the House when it was weighing passage of H.R. 1295. See Statement of Jonathan Moskin, supra n.14, at 43- 281, 293-94.

phenomenon—one that is, moreover, largely unquantifiable—rather than any reasonably definite economic or legal event. Because goodwill, like personal reputation, cannot meaningfully be said to "exist" in any physical sense in one's conscious or unconscious mind, it is misleading (if superficially tempting) to picture a physical thing being eroded or worn away. Imagine, for instance, trying to measure over time how much you like a flavor of ice cream or wine vintage; even if you are convinced your feelings have changed, how do you establish a baseline or prove the extent of a change? Goodwill is better understood as a vague favorable disposition towards a product or a service, detectable principally (or only) from the conduct it precipitates. Goodwill does not generally (if ever) present itself in concrete form to the conscious mind, and direct measurement of its vaporous metes and bounds—including its diminution—is elusive at best. Proving dilution thus is unlike proving readily understandable occurrences such as confusion, mistake or deception, on which traditional trademark remedies rest, or substantial similarity, on which copyright infringement turns.

It is certainly curious that from among the ample briefs submitted to the Supreme Court, none cite any case law or marketing case studies identifying a mark that was discernibly diluted. If diminution of the distinctive capacity of a mark were truly the "inevitable" result of unauthorized third-party use of similar marks, there should be some ready concrete examples from the history of trademark law or marketing generally. Although examples of marks that have become generic quickly come to mind (e.g., aspirin or cellophane), the "destruction" of these marks was the result of marketing *successes* that caused the terms to become symbols for, or literally define, entire product categories—not third party use on unrelated products that diminished their distinctiveness.

That there are no ready examples of marks that actually have suffered discernible diminution of goodwill from third party use should give pause whether the gradual watering down or diminution of good will is even what trademark theorists find objectionable from unauthorized conduct such as that complained of, for instance, in Moseley or any other case alleging dilution by blurring.[55] Indeed, even if it can be safely predicted that the goodwill in the VICTORIA'S SECRET mark will survive essentially intact if the Moseleys are permitted ultimately to continue operating their store, what the plaintiff most obviously has lost is not some subtle subtraction from the source-identifying capacity of its still well-known mark, but the ability to enjoy exclusive (or sufficiently exclusive) use of a mark it made famous.

55. See supra n.42.

Meanwhile, it is feared that the Moseleys have unfairly benefited from that fame (even if no one is confused). What Victoria's Secret and other similar trademark owners want is not amelioration of some metaphysical malady but a concrete (if not complete) monopoly in their marks. Owners of famous marks thus wish to retain for themselves *all* of the economic value of the marks they make famous—no questions asked. They wish to enjoy rights similar to those conferred on copyright owners or patentees. Only by creating a *property right* in trademarks (even if only a limited property right) will this goal be fulfilled. It will not be satisfied by continuing to insist that trademark owners pursue evidence that in the minds of some consumers the capacity of a mark to identify and distinguish goods or services has been lessened in some imperceptible way or is likely to be lessened in some imperceptible way.

It was this author's testimony to Congress that because practical proof of the psychological phenomenon of dilution is baffling (or worse), effective protection of the economic value of famous trademarks requires a simpler and more direct approach. It requires recognition of a property right similar to copyright or patent. Seven years after the FTDA became law, it is still the author's view. Two alternate bills submitted to Congress (and appended to this article with minor modifications) attempt to create such a direct approach, by defining dilution as any use of a mark identical or substantially identical to a famous mark (and including within the definition protection for tarnishment).[56] These proposed statutes avoid entirely any notion that diminution in goodwill meaningfully can be proven, but instead seek to rein in the scope of the property right created by creating appropriate defenses derived from familiar concepts in trademark law.

Meeting the two initial thresholds that a mark be famous and that a junior mark be identical or substantially identical to the famous mark would not itself entitle the trademark owner to relief; rather, it would shift the burden of proof to the defendant to establish one of many defenses, including that the accused mark is not likely to dilute the senior mark; that the senior mark was not (or had ceased to be) famous; that it had already been diluted by similar third party uses; that the accused use was a fair use or non-commercial use, etc. It is no accident (and no secret) that many of these defenses are borrowed from Section 33 of the Lanham Act.[57]

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56. The actual proposed definition of a dilutive mark was (and is) that it "Consists of a mark that is identical to or substantially indistinguishable from a famous registered mark or the dominant distinctive element thereof, or is likely to injure the business reputation of the registrant of a famous mark." Such a statute could be adopted with or without a requirement that the senior mark be registered. See Statement of Jonathan Moskin, supra n.14, at 43-283, 43-286.

57. 15 U.S.C. § 1115(b).

Nor would proof of fame necessarily be left to the whims of a jury deciding after an alleged infringement had occurred whether to punish the infringer. One of two alternative models submitted to Congress in 1995 would have created a federal registry of famous marks. Such a registry could easily be self-funding by requiring those who believe their marks are famous not only to prove it—but to pay for the honor (and accompanying rights). More important, a registry of famous marks would give greater certainty to businesses at the time they are first adopting marks for use, without leaving them to guess what marks might be deemed famous some years hence by a judge or jury. As Justice Breyer noted at oral argument in Moseley,[58] an ambiguous FTDA can have a chilling effect on free speech—not perhaps in simple cases, but in many others where a purportedly famous mark is not especially unique. A registry could resolve such concerns.

The proposed legislation also does away with the ambiguous requirement of the FTDA that, to merit protection, a mark must be famous *and* distinctive.[59] The proposed statute provides as well an explicit remedy for damages in cases of tarnishment, the theory being that tarnishment, like trade libel, may warrant enhanced protection. Further, the proposed statute provides a remedy to prevent generic uses of trademarks, because, even if rare, that is a direct form of dilution that truly famous marks do face. A limited remedy against such "genericide" is proposed even for non-commercial uses.

According to the so-called Ellsberg paradox,[60] people have so great a preference for definite information over ambiguity that we make irrational choices by focusing on what we think we know as against what we do not. *Familiarity* with the existing dilution theory, which we have, should not be mistaken for *knowledge*, which clearly we do not have. Seventy years is sufficient to demonstrate that the psychological theory of dilution is not effectively transformed into a theory of law. Thus, even if the FTDA is amended to provide a likelihood of dilution standard, and

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58. Justice Breyer said to counsel for the Moseleys, for instance:

> . . . there's a pretty significant speech interest on—on your side of the case. That is, if this statute gets out of hand, advertising is part of—whether we like it or not—our children's, anyway, daily communications, and all of a sudden, if there's no real harm you're going to cut off what people can say in commercial contexts.

November 12, 2002 Tr. at 17-18.

59. TCPIP Holding Co. v. Haar, 244 F.3d 88 (2d Cir. 2001).

60. See Daniel Ellsberg, Risk, Ambiguity and the Savage Axioms, 75 Quarterly Journal of Economics 643-69 (1961). Mr. Ellsberg's decision theory research showed that subjects asked to make a blind selection of one colored ball from an urn containing a known percentage of two colors or another urn with an unknown percentage of three colors will pick from the former, even though there is no good reason to believe the odds are better. Variations on the test further demonstrate the preference for known information rather than unknown.

expressly remedy tarnishment, in the end trademark owners are not well served because, if the past is prologue, it will remain difficult or even impossible to apply the statute in all but the most obvious cases. Because the FTDA has proved to be neither an effective nor uniform means of protecting the economic value of famous trademarks, as Congress and the statute's sponsors hoped, it is time to break with the past to seek some new solution.

VERSION I

(PROPOSED) BILL TO ESTABLISH LANHAM ACT PROTECTION AGAINST DILUTION

SECTION 1 SHORT TITLE.

This Act may be cited as the "Federal Trademark Dilution Act of 2003."

SECTION 2 REFERENCE TO THE TRADEMARK ACT OF 1946.

For purposes of this Act, the Act entitled, "An Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes," approved July 5, 1946 (15 U.S.C. § 1051 and following), will be referred to as the "Trademark Act of 1946."

SECTION 3 REGISTRATION OF MARKS LIKELY TO CAUSE DILUTION.

Section 2 of the Trademark Act of 1946 (15 U.S.C. § 1052) is amended by adding a new subsection (g):

> (g) Consists of a mark that is identical to or substantially the same as a famous registered mark or is likely to injure the business reputation of the registrant of a famous mark, subject to the defenses enumerated in Section 33(c) hereof.

SECTION 4 RIGHTS AGAINST DILUTION.

Section 33 of the Trademark Act of 1946 (15 U.S.C. § 1115) is amended by adding the following subsection:

> (c) To the extent that the registered mark has become famous, the registrant shall be entitled to the exclusive use of the mark or any other name or mark substantially the same as the registered mark, notwithstanding the presence or absence of (1) competition between the owner of the famous registered mark or (2) likelihood of confusion, mistake or deception, subject to the following conditions and defenses:
>
> That the name, term or device whose use by a party is charged as an infringement is shown by such party not to be likely to dilute the distinctiveness or injure the business reputation of the registrant's mark; or

That the registrant's mark does not identify goods or services coming from a single source or origin but rather, at the time of commencement of use of the name, term or device charged to be an infringement, the registrant's mark identifies varying goods or services coming from varying sources or origins;

That the registration of the mark was obtained fraudulently; or

That the mark has ceased to be famous; or

That the mark is being used, by or with the permission of the registrant or a person in privity with the registrant, so as to misrepresent the source of the goods or services on or in connection with which the mark is used; or

That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin: *Provided, however*, that this defense or defect shall not apply to the intentional misuse of the registrant's mark as a generic term; or

That the use of the name, term or device charged to be an infringement is not a commercial use: *Provided, however*, that this defense or defect shall not apply to the intentional misuse of the registrant's mark as a generic term; or

That the name, term or device whose use by a party is charged as an infringement has been continuously used by such party or those in privity with him from a date prior to the acquisition of fame by the registrant's mark; or

That the mark whose use is charged as an infringement is incontestably registered under Section 1065 of this title; or

That the mark has been or is being used to violate the antitrust laws of the United States; or

That equitable principles, including laches, estoppel, and acquiescence are applicable; and

In an action brought under this subsection, the registrant shall be entitled only to injunctive relief unless the person against whom the injunction is sought has intentionally misused the registrant's mark or has used the registrant's mark or a mark substantially the same as the registrant's mark in a manner likely to injure the business reputation of the registrant. In such circumstances, the registrant shall also be entitled to the remedies set forth in Sections 1117(a) and 1118 of this title, subject to the discretion of the court and the principles of equity.

SECTION 5 DEFINITION.

Section 45 of the Trademark Act of 1946 (15 U.S.C. § 1127) is amended by inserting after the paragraph defining the term "collective mark" the following:

The term "famous mark" means a trademark or service mark of national renown as determined by the following factors:

(A) the degree of inherent distinctiveness of the mark;

(B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;

(C) the duration and extent of advertising of and publicity for the mark;

(D) the geographical extent of the trading area in which the mark issued;

(E) the breadth of the channels of trade for the goods or services with which the mark is used;

(F) the degree of national recognition of the registrant's mark; and

(G) the extent to which the mark or other similar marks, names, terms or other devices are associated with or are used to identify other goods, services or other matter.

SECTION 6 EFFECTIVE DATE.

This Act and the amendments made by this Act shall take effect on the date of the enactment of this Act.

VERSION II

(PROPOSED) BILL TO ESTABLISH LANHAM ACT PROTECTION AGAINST DILUTION

SECTION 1 SHORT TITLE.

This Act may be cited as the "Federal Trademark Dilution Act of 2003."

SECTION 2 REFERENCE TO THE TRADEMARK ACT OF 1946.

For purposes of this Act, the Act entitled, "An Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes," approved July 5, 1946 (15 U.S.C. § 1051 and following), will be referred to as the "Trademark Act of 1946."

SECTION 3 REGISTRATION OF MARKS LIKELY TO CAUSE DILUTION.

Section 2 of the Trademark Act of 1946 (15 U.S.C. § 1052) is amended by adding a new subsection (g):

> (g) Consists of a mark that is identical to or substantially the same as a famous registered mark or is likely to injure the business reputation of the registrant of a famous mark, subject to the defenses enumerated in Section 33(c) hereof.

SECTION 4 CERTIFICATION OF FAMOUS MARKS.

The Trademark Act of 1946 (15 U.S.C. § 1051 et seq.) is amended by adding a new Section 15(a) (15 U.S.C. § 1065(a)) as follows:

> (1) Certification of Fame of Certain Marks
>
> At any time after registration of a mark registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register under this Act, the registrant may file with the Commissioner an application and supporting affidavit or other materials establishing the fame of the mark, and the payment of the prescribed fee, and the Commissioner shall cause an examination to be made and, if on such examination it shall appear that the mark should be certified as a famous mark, the Commissioner shall certify the mark as a famous mark

and cause the mark to be published in the Official Gazette of the Patent and Trademark Office as having been so certified.

(2) In determining whether a mark is famous, the Commissioner may consider factors such as,

(A) the degree of inherent distinctiveness of the mark;

(B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;

(C) the duration and extent of advertising of and publicity for the mark;

(D) the geographical extent of the trading area in which the mark issued;

(E) the breadth of the channels of trade for the goods or services with which the mark is used;

(F) the degree of national recognition of the registrant's mark; and

(G) the extent to which the mark or other similar marks, names, terms or other devices are associated with or are used to identify other goods, services or other matter.

(3) If the registrant's mark is found not entitled to certification as a famous mark, the examiner shall advise the applicant for certification thereof and of the reasons therefor. The applicant for certification shall have a period of six months in which to reply or amend his application for certification, which shall then be reexamined. This procedure may be repeated until (1) the examiner finally refuses to certify the mark as a famous mark or (2) the applicant for certification fails for a period of six months to reply or amend or appeal, whereupon the application for certification shall be deemed to have been abandoned.

(4) Any person who believes that he would be damaged by the certification of a mark as a famous mark may at any time, upon payment of the prescribed fee, file a petition in the Patent and Trademark Office to cancel the certification of the mark as a famous mark, stating the grounds therefor.

(5) Each certification of the fame of a mark shall remain in force for five years. The owner of a mark certified as a famous mark may within six months before the expiration of

any five-year period following the certification of the mark as a famous mark, and the payment of the prescribed fee, file with the Commissioner a verified application to renew said certification for additional five-year periods, setting forth the grounds for continued certification of the mark as a famous mark. If the Commissioner refuses to renew the certification, he shall notify the registrant of his refusal and the reasons therefor.

SECTION 5 RIGHTS AGAINST DILUTION.

Section 33 of the Trademark Act of 1946 (15 U.S.C. § 1115) is amended by adding the following subsection:

(c) To the extent that the registered mark has become famous under Section 1065(a) of this title, the registrant shall be entitled to the exclusive use of the mark or any other name or mark substantially the same as the registered mark, notwithstanding the presence or absence of (1) competition between the owner of the famous registered mark or (2) likelihood of confusion, mistake or deception, subject to the following conditions and defenses:

(1) that the name, term or device whose use by a third party is charged as an infringement is shown by such party not to be likely to dilute the distinctiveness or injure the business reputation of the registrant's mark; or

(2) that the registrant's mark does not identify goods or services coming from a single source or origin but rather, at the time of commencement of use of the name, term or device charged to be an infringement, the registrant's mark identifies varying goods or services coming from varying sources or origins;

(3) that the registration or the certification of fame of the mark was obtained fraudulently; or

(4) that the mark has ceased to be famous; or

(5) that the mark is being used, by or with the permission of the registrant or a person in privity with the registrant, so as to misrepresent the source of the goods or services on or in connection with which the mark is used; or

(6) that the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and

in good faith only to describe the goods or services of such party, or their geographic origin—*provided*, *however*, that this defense or defect shall not apply to the intentional misuse of the registrant's mark as a generic term; or

(7) that the use of the name, term or device charged to be an infringement is not a commercial use—*provided*, *however*, that this defense or defect shall not apply to the intentional misuse of the registrant's mark as a generic term; or

(8) that the name, term or device whose use by a party is charged as an infringement has been continuously used by such party or those in privity with him from a date prior to the certification of fame of the registrant's mark; or

(9) that the mark whose use is charged as an infringement is incontestably registered under Section 1065 of this title; or

(10) that the mark has been or is being used to violate the antitrust laws of the United States; or

(11) that equitable principles, including laches, estoppel, and acquiescence are applicable; and

(12) in an action brought under this subsection, the registrant shall be entitled only to injunctive relief unless the person against whom the injunction is sought has intentionally misused the registrant's mark or has used the registrant's mark or a mark substantially the same as the registrant's mark in a manner likely to injure the business reputation of the registrant. In such circumstances, the registrant shall also be entitled to the remedies set forth in Sections 1117(a) and 1118 of this title, subject to the discretion of the court and the principles of equity.

SECTION 6 EFFECTIVE DATE.

This Act and the amendments made by this Act shall take effect on the date of the enactment of this Act.