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# THE FEDERAL TRADEMARK DILUTION ACT: POTENT WEAPON OR UPHILL BATTLE

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## INTRODUCTION

With the enactment of the "Federal Trademark Dilution Act of 1995,"<sup>1</sup> (the "FTDA") on January 16, 1996, the legal community proclaimed that a new era in U.S. trademark law had begun.<sup>2</sup> Before its enactment, U.S. trademark owners were entitled to legal relief under the Lanham Act<sup>3</sup> only if owners could prove unauthorized, subsequent use of a same or similar mark that was likely confuse the public concerning: the source of the goods or services in question, or the sponsorship, affiliation or approval by the senior mark holder of such junior use.<sup>4</sup> Dilution protected a trademark owner directly against the diminution of a trademark's commercial value by an unauthorized use of a same or substantially similar mark, without the need to prove a likelihood of confusion. With the passing of the FTDA, dilution is now federally protected.<sup>5</sup> However, despite the initial scholarly elation at the passage of the FTDA, the Act has proved to be less effective than the legal community had initially hoped. The FTDA has been ineffective in completely protecting famous marks as was its intent. The reasons include: the absence of a definition of "dilution," its lack of a reconciliation with the Lanham Act's definition of trademark protection, the weak application of the "famous mark" standards, and the improper use of tests to determine the existence of dilution.

Following a brief discussion of the history of trademark infringement law, the events leading to the FTDA, and an overview of the FTDA, this paper discusses the major causes of the FTDA's ineffectiveness. We will then review the application of the act, discuss its implications on the future of trademark ownership in business, and suggest improvements to the legal application of the act.

## WHAT IS DILUTION?

The theory of the dilution of trademarks was discussed in a seminal article by Frank Schechter in 1927, nearly twenty years before the adoption of the Lanham Act governing the registration and protection of trademarks.<sup>6</sup> While Schechter did not expressly use the

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term "dilution," he did discuss the concept that has become the definition of dilution accepted by most scholars today. Schechter proposed to protect trademark owners from the "whittling away or dispersion of the identity and hold upon the public mind of the mark."<sup>7</sup> Today, this concept has evolved even further to embrace protecting a trademark's "commercial magnetism" or selling power against unauthorized use by another party, especially in protecting very famous, or well-known marks.<sup>8</sup>

Unlike trademark infringement, dilution does not rely upon the "likelihood of confusion" to impose an injunction against a junior user of a mark. While the concept of dilution seems very simple to grasp, applying the theory in practical situations has proved troublesome.<sup>9</sup> Much of the difficulty in applying the theory has risen out of the natural conflict between the traditional purpose of trademark law, and the dilution concept. Briefly, dilution, protects a mark notwithstanding the absence of a likelihood of confusion, as the mark is seen as property which deserves protection. Dilution confers a property-like right upon the trademark holder, entitling the holder to maintain the mark against uses that, although are not confusing, may over a period of time diffuse the power of the mark to distinctively identify itself commercially. This cause of action gives the trademark owner an absolute property right in the trademark, and its violation is similar to the policy involved in the tort of appropriation.<sup>10</sup>

The tort of appropriation is the use of one person's name or likeness by another, without permission and for the benefit of the user. In *Carson v. Here's Johnny Portable Toilets*,<sup>11</sup> a Michigan corporation advertised its rentable toilets as "Here's Johnny" toilets. Johnny Carson, famous late-night talk show host, brought suit claiming that the Michigan corporation had violated his right to privacy by publicly appropriating his celebrity status for the corporation's commercial benefit.<sup>12</sup> The court held that the use of "Here's Johnny" was an appropriation because the phrase was so strongly associated with Carson's public personality.

In contrast, traditional trademark law protects a manufacturer's trademark from competitor's using the same mark on different but competing goods, thereby dishonestly profiting for the manufacturer's reputation for quality goods. Infringement is shown by proving a likelihood of consumer confusion.<sup>13</sup> Such confusion is shown by the fact that the use of an infringing mark is likely to mislead a substantial number of potential customers as to the manufacturer of a particular good.<sup>14</sup> As trademark infringement requires a finding that consumers are being misled, it has its basis in the tort of fraudulent misrepresentation or deceit.<sup>15</sup> The trademark holder may only protect the trademark when such protection is beneficial to consumers by enabling them to identify quality goods or services from an infringing mark of lower quality. Therefore, a trademark holder or owner holds only a limited right in his mark. He may only protect his mark when such protection is beneficial to an individual relying on the correct recognition of his mark. He cannot protect the mark, itself, simply to maintain its own value to the owner.

For example, in *Vuitton et Fils, S.A. v. Crown Handbags*,<sup>16</sup> the court granted Vuitton, a manufacturer of luxury handbags, permanent injunctive relief from Crown Handbag's use of a mark similar to that which Vuitton used on its handbags. Vuitton et Fils is a manufacturer of high quality handbags bearing the Vuitton registered trademark, the firm's

initials and a "fleur-de-lis." Crown handbags was not a Vuitton retail outlet, but sold imitations of the Vuitton handbags. At the trial, the imitation Crown handbags were shown to be cheap, low quality imitations of Vuitton's product. Such use violated Vuitton's trademark rights. Judge Briant stated:

When an alleged infringing mark is used in connection with the sale of similar goods, the long standing rule...has been that the second comer to the marketplace 'has a duty to so name and dress his product as to avoid all likelihood of consumers confusing it with the product of the first comer.'<sup>17</sup>

Similarly, all trademark infringement cases rely upon the likelihood of confusion to prove that a junior mark infringes upon the distinct nature of the senior mark.

Today, dilution theory has further evolved. Current dilution theory recognizes the theory of dilution as presented by Schechter, embracing the notion that dilution protects a mark notwithstanding the absence of a likelihood of confusion. However, this theory has broadened to include areas not initially recognized as a part of dilution by Schechter. Further, current cases on dilution have distinguished two distinct types of dilution cases: "dilution by blurring" and "dilution by tarnishment." "Dilution by blurring" is defined as the "continuous use of a mark similar to a plaintiff's mark that works an adverse effect upon the distinctiveness of a plaintiff's mark whereby, if the plaintiff is unable to stop such use, his mark will lose its distinctive quality entirely."<sup>18</sup> "Dilution by tarnishment" strives to prevent the diminution of the positive associations a holder has labored to create through his advertising and promotion. The tarnishment theory holds the notion that a trademark represents the reputation and goodwill of the holder, and any unauthorized use of the mark make that reputation and goodwill susceptible to injury. Dilution by tarnishment is considered to occur in two ways: (1) the unauthorized junior use of a senior holder's mark on goods or services of inferior quality and (2) by the unauthorized junior use of a senior holder's mark in an unwholesome context.<sup>19</sup>

Dilution received very little attention until 1933 when the dilution theory first appeared in a New York court. In the case of *Tiffany & Co. v. Tiffany Productions*,<sup>20</sup> the New York Supreme Court granted relief to the famous Tiffany jewelers against the defendant movie theater which used the Tiffany name in association with adult entertainment. The plaintiff claimed that such use would diminish and tarnish the reputation of Tiffany & Co., a famous merchandiser of expensive jewelry. Although the court found that there existed little likelihood of confusion, since the two parties were not competing services, it granted the injunction to protect the reputation of the jeweler.<sup>21</sup> The court considered the matter under New York infringement law because a dilution statute did not then exist under New York law. However, the court used dilution terminology, instead of the confusion terminology associated with trademark infringement, to justify its decision.

Once again, however, little was heard concerning trademark dilution until 1946. General fear of monopolization of trademarks, and the misunderstanding and misinterpretation of dilution theory kept it from becoming a provision in the original version of the Lanham Act.<sup>22</sup> However, the following year, the first state anti-dilution measure was passed in Massachusetts.<sup>23</sup> Subsequently, other concerns surrounding the power and scope of a potential dilution statute kept it from becoming part of federal legislation until 1995.<sup>24</sup>

While the federal government was reluctant to adopt the dilution theory, over half of the states adopted dilution statutes or included dilution theory in their common law.<sup>25</sup> The International Trademark Association (ITA) even urged states to adopt a model trademark dilution bill.<sup>26</sup> Most state laws follow the ITA model and provide injunctive relief on a finding of likelihood of dilution. However, until the late 1970s, courts were reluctant to apply dilution principles despite their authority to do so from their respective legislatures.<sup>27</sup>

In 1977, the New York Court of Appeals brought dilution into the mainstream of trademark protection in *Allied Maintenance Corp. v. Allied Mechanical Trades, Inc.*<sup>28</sup> Although the court in *Allied Maintenance* did not find dilution, it provided a judicial definition of dilution that was consistent with Schechter's original analysis. The decision stated that dilution was not confusion, as was the case with trademark infringement. It was, instead, a "cancer-like growth of dissimilar products or services which feed upon the business reputation of an established distinctive trademark."<sup>29</sup> Because *Allied* was not a distinct mark, the court found no dilution. It stated that this case "erected one of the most formidable barriers to dilution relief: the requirement that the plaintiff's mark be somehow famous."<sup>30</sup> Thus, the court limited such dilution protection to those marks that were sufficiently distinctive.

Despite its impact, the *Allied Maintenance* case did not prove to be the catalyst for a boom in dilution case filings as some had expected.<sup>31</sup> In dilution cases reported in Federal Courts since 1977, only forty-three considered dilution as more than a boilerplate issue. Only ten cases resulted in an injunction based on dilution in part, while only four cases based their entire rationale on dilution.<sup>32</sup> The Restatement on Unfair Competition reiterates the view that while courts were reluctant to utilize the dilution rationale before *Allied Maintenance*, there had been a general acceptance of the theory in the years since even though its application by legal community had been sparse. However, the Restatement cautions that courts continue to confine the cause of action for dilution to cases in which the protectable interest is clear.<sup>33</sup> Courts were more willing to use dilution as a complement to traditional trademark cases than to create a broad dilution cause of action.

As a result, state remedies, and the willingness of each court system to issue injunctive relief, varied, encouraging forum shopping.<sup>34</sup> Ironically, under all relevant state law, the two essential elements of a trademark dilution claim are the same: the senior holder must possess a distinctive trademark, and there must be a likelihood of dilution.<sup>35</sup> Most states that had adopted the dilution doctrine are in agreement on two crucial points, at least in theory: trademark dilution can occur regardless of the lack of a likelihood of confusion and despite the absence of competition between parties.<sup>36</sup>

Yet, even in searching for the most favorable outcome, plaintiffs were often surprised at the difficulty they faced in obtaining a remedy. Only half of the states had dilution laws by 1995; therefore, many state courts were hesitant to grant a nationwide injunction as a remedy, as national enforcement of the injunction seemed impossible.<sup>37</sup> Holders of famous marks increasingly pushed for national dilution protection hoping to gain national protection for their marks. The Assistant General Counsel for Campbell Soup Company,

in support of federal trademark protection stated:

When the rights which we try to enforce are not clearly stated, we must either commit ourselves to expensive, protracted and uncertain litigation or fail to act in defense of our brands. Such cases represent a financial loss for the trademark owner and a loss of efficiency for the judicial system which could be remedied by legislative adoption of dilution as a basis for the protection of famous trademarks.<sup>38</sup>

Increasing recognition of and support for a dilution provision at a national level, spurred the owners of famous trademarks to push for a dilution debate outside the academic arena. With growing restlessness for greater national protection than that which the Lanham Act offered, the federal government began to take serious action towards nationalizing dilution protection.

## HISTORY OF TRADEMARK INFRINGEMENT LAW

When the Lanham Act was adopted in 1946, providing for the federal registration and protection of trademarks, no state had previously adopted trademark laws. While the idea of trademarks, as well as dilution, had been around in academic circles for some number of years, the economic fear of monopolies had delayed the adoption of the Lanham Act or similar trademark protection legislation.<sup>39</sup> The Senate committee on Patents, in recommending the passage of the Lanham Act, assured Senate that it would not "foster hateful monopolies."<sup>40</sup> The major apprehension lay in the belief that a trademark would allow one producer to essentially corner a product market.<sup>41</sup> After the holder's mark became synonymous with the product, one could raise market entry barriers preventing additional competition for that product.<sup>42</sup> It was largely because of this overwhelming fear of monopoly that the Lanham Act was written as it was, initially ignoring the idea of dilution.

From the outset, the Act sought to protect the public from deceit and swindling. It also sought to promote fair competition.<sup>43</sup> These goals were consistent with the roots of trademark law in fraud and deceit. Likewise, these goals addressed the monopolistic fears voiced by opponents of the Lanham Act.<sup>44</sup> Trademark law, therefore, did not evolve as the protector of an ownership interest in a mark. Instead, its aim was to establish a real relationship between the trademark and the trademark holder.

The balance of the above mentioned goals was addressed in the language of the Lanham Act which required the proof of the likelihood of confusion. As it was designed, the Lanham Act protected a trademark holder against unauthorized, subsequent use of the same or similar mark that was likely to result in public confusion concerning the source of the goods or services in question, or the sponsorship, affiliation or approval by the senior mark holder to such junior use.<sup>45</sup> The likelihood of confusion requirement placed a limitation on the trademark holder and the exclusive right to use the mark. Before exercising the exclusivity of one's mark, one would have to demonstrate that, through a likelihood of confusion, the public was being harmed.<sup>46</sup> Therefore, the exclusive right, or the monopoly right, could only be exercised when it was in the interest of the public



to prevent fraud and deceit. This limitation furthered the current and historical goals of trademark regulation while counterbalancing fears about the conduct of monopolies.

However, dilution statutes do not require likelihood of confusion. The harm that the dilution statutes seek to prevent are not harms to the public, but rather, harms to the trademark holder because the distinctive quality of the mark is impaired. Clearly, then, the principles underlying the state dilution statutes seem to diverge from the intent of the Congress when it enacted the Lanham Act.<sup>47</sup> In light of this divergence from trademark law, why would Congress enact a federal dilution statute as an amendment to the Lanham Act?

There exists another Congressional purpose that academic circles and at least one district court have found persuasive.<sup>48</sup> Arguably, Congress intended to achieve national uniformity in trademark laws via the Lanham Act.<sup>49</sup> The Senate Committee on Patents suggested that one of the attractions of a federal trademark statute was that if the states would change the law with respect to trademarks, that there would be "as many different varieties of common law as there are states."<sup>50</sup> Citing growth in interstate trade, the Committee on Patents stated that it would be unwise for trademark rights to vary from state to state.<sup>51</sup> The Committee urged that national registration was needed to "secure to the owners of trademarks in interstate commerce definite rights."<sup>52</sup>

Section 45 of the Lanham Act supports the uniformity argument which supports the notion of federal protection of marks. Over the seven and a half years that the Act was debated, few issues were debated more often than the inclusion of a national uniformity clause. Congress expressed the goal "...to protect registered trademarks used in such (interstate) commerce from interference by State, or territorial legislation."<sup>53</sup> Eventually, this statement was included, suggesting the overwhelming intent of the Act to encourage federal, not state, regulation of trademarks.

From the 1946 legislative history, it is easy to demonstrate an inconsistency between the Congressional intention behind the Lanham Act which focused on consumer protection and the intent of state dilution statutes which focused on protection of the owner's investment in the mark. However, the legislative history of the Act does not end in 1946.<sup>54</sup> In 1988, Congress passed the Trademark Revision Act.<sup>55</sup> While the Trademark Revision Act, itself, is of little interest when discussing trademark dilution statutes, the legislative history illustrates the shift in emphasis from exclusive consumer protection to include protection of the mark holder since the passage of the Lanham Act.

Although, the Senate approved an anti-dilution provision within the Trademark Revision Act, which would provide a federal cause of action for dilution, the House of Representatives struck that provision.<sup>56</sup> The Senate report that accompanied the bill to the House stated that the federal antidilution provision had the narrow purpose of protecting truly famous registered trademarks.<sup>57</sup> The anti-dilution provision made clear that its benchmark was not the likelihood of confusion, deception, or mistake by the public.<sup>58</sup> Instead, the statute protects the trademark's owner against actions by a third party that "destroy the public's perception that the mark signifies something unique, singular or particular."<sup>59</sup> The accompanying Senate report goes on to state that instead

of intending to protect the public, it "focuses on the investment the owner has made in the mark."<sup>60</sup>

The report also acknowledged the inconsistency among the states in the area of trademark dilution. The federal provision was intended to "establish a nationwide floor for protection against dilution."<sup>61</sup> The Senate report noted that although many states had dilution statutes, the court decisions interpreting these statutes were inconsistent and, therefore, "combined with the number of states that [did] not have dilution laws, [created] a patchwork-type of protection."<sup>62</sup> The Senate report further noted that passage of a federal dilution provision would help the United States in the negotiations concerning the foreign protection of U.S. trademarks abroad as part of the General Agreement on Tariffs and Trade (GATT) process, as many "GATT nations" already possessed dilution protection.<sup>63</sup>

Further, the bill was not intended to pre-empt state regulation to the extent that, at that time, such provisions provided greater protection than did the federal statute.<sup>64</sup> It was designed, like the original Lanham Act, to provide a nationwide minimum level of dilution protection.

When the bill was introduced into the House, however, it was met with Constitutional concerns related to the First Amendment.<sup>65</sup> The concerns dealt with the freedom of comparative speech and parody and this provision's possible effects upon the continued protection of these two types of speech. Concerns that this provision would, in effect, make such forms of speech virtually illegal, led to the removal of the antidilution provision from the bill that would eventually become the Trademark Revision Act.<sup>66</sup>

The legislative history surrounding the Trademark Revision Act laid the groundwork for future attempts at the adoption of federal anti-dilution measures. Both houses of Congress now spoke approvingly of the protection of the trademark holder's interest in the mark.<sup>67</sup> The shift from a limited right to an absolute right in the mark reflects Schechter's thesis; the mark, itself, is something to be protected for its own value. Given the apparent lessening of the concern over monopolization, and the new intent of the legislation to protect the trademark holder's investment, the likelihood of confusion test became superfluous.

The new intent of the dilution doctrine involved providing a federal foundation of a dilution law upon which the states could build greater protections. This new intent, combined with the diminishment of both the fear of monopolies and the lack of need for the likelihood of confusion standard, laid the ground work for the next significant attempt at establishing a federal dilution statute, The Federal Trademark Dilution Act of 1995.

## THE BIRTH OF THE FEDERAL TRADEMARK DILUTION ACT OF 1995

Following the failure to include a dilution provision within the 1988 Trademark Revision Act, mark holders continued to rely on developing state law to protect against trademark dilution. However, the variety of problems associated with state dilution laws were once

again brought to the forefront. Most notable among the many problems was the difficulty of obtaining a remedy. The only remedy available under most state laws was an injunction preventing the use of the diluting mark.<sup>68</sup> However, as previously mentioned, some state courts were reluctant to grant national injunctions for violation of state dilution laws because of the difficulty of enforcement. Consequently, the scope of an injunction became a primary issue in the debate over federal dilution protection. If an injunction was issued only for the jurisdiction granting the injunction, the unauthorized use of the mark could continue in any other state, eventually spilling over into the jurisdiction in which the injunction was originally granted. Conversely, if a nationwide injunction was granted, the legal basis for applying the injunction in states without dilution laws was suspect.<sup>69</sup> As time went on, it became increasingly apparent that this patchwork system of dilution law was inadequate to protect distinctive marks which were, almost by definition, nationally recognized and required a nationwide injunction.

Second, many state dilution statutes struggled to define the varying degrees of mark distinctiveness. Courts struggled to draw a line between those marks distinctive enough to be diluted and those marks that were not so distinctive. The problem with dilution in this respect is that the dilution concept was a prediction of the effects of impairment resulting from a secondary use over time, making the future value of a mark to holders almost impossible to quantify.<sup>70</sup>

Third, anti-dilution laws were often susceptible to improper judicial application. In most cases, dilution as a state claim was pleaded as a boilerplate supplement to the Lanham Act trademark infringement claims.<sup>71</sup> Consequently, many rulings on dilution were by Federal Courts applying a state's law based on pendant jurisdiction.<sup>72</sup> These results led to questionable precedential value of any dilution rationale at all. Many courts implied a confusion standard similar to traditional trademark law in order to find dilution.<sup>73</sup>

These major problems with state anti-dilution statutes are best demonstrated in *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A. Inc.*<sup>74</sup> Mead, the provider of LEXIS legal research services, brought a suit to enjoin Toyota Motor Sales from marketing a luxury automobile using the name LEXUS.<sup>75</sup> Utilizing the New York anti-dilution statute, Mead claimed that the name LEXUS would dilute the LEXIS mark for legal services.<sup>76</sup> The trial court held that the name LEXUS was likely to dilute the LEXIS mark, without finding a likelihood of confusion.<sup>77</sup> The Second Circuit reversed the decision, however, stating that the LEXIS mark was not likely to be diluted because it was only recognizable and distinctive to the legal community, not the general public.<sup>78</sup> The court of appeals stated that the senior mark needed to be distinctive to the general public to qualify for dilution protection.<sup>79</sup>

In the *Mead Data* case, the trial courts granted the plaintiffs a nationwide injunction based on New York's dilution statute.<sup>80</sup> Enjoining the LEXUS mark on any basis other less than a national one would have rendered the injunction virtually useless. However, a state dilution statute could not provide a sufficiently strong legal basis to support a nationwide injunction.<sup>81</sup> If a nationwide injunction had been upheld using New York's law, Toyota Motor Sales would have been penalized for engaging in an activity that was legal in half of the United States. Also, because of the inconsistency of the judicial

application of dilution statutes, *Mead Data* might not have been upheld in the remaining states which did have dilution laws.<sup>82</sup> Still another argument against imposing state injunctions on a national basis concerns the constitutionality of extraterritorial injunctions.<sup>83</sup>

*Mead Data* also accentuated the problems with the varying definitions of distinctiveness. In *Mead Data*, both the trial court and the court of appeals relied on the New York dilution statute language to determine whether the LEXIS mark was distinctive, but their analyses resulted in two different decisions. Holding that the LEXIS mark was distinctive, the trial court determined that the proper test for distinctiveness was "whether the mark [could] distinguish its product from others and [was] uniquely associated with the source of the product."<sup>84</sup> The Court of Appeals considered other factors in arriving at its decision that the LEXIS mark was not distinctive: (1) The strength of the mark and, (2) whether the mark had a distinctive quality to the general public.<sup>85</sup> The *Mead Data* cases reflected the "dichotomy [that developed] between those courts stressing and those deprecating strong distinctiveness as a sine qua non for protectability against dilution."<sup>86</sup> Some courts emphasized the mark's uniqueness, arbitrariness, fame and celebrity while others supported the position that if a mark serves as an identifier and, in fact, identifies a product to consumers, it is distinctive enough to qualify for protection from dilution.<sup>87</sup> Further, courts have found a variety of marks to be "distinctive;" while some of the marks determined to be "distinctive" are nationally known,<sup>88</sup> many others are not.<sup>89</sup>

Analyzing decisions such as *Mead Data* also accentuates problems associated with the improper judicial application of the dilution definition within and between state courts. For instance, the Second Circuit in *Mead Data* considered whether the average consumer would find LEXIS and LEXUS confusingly similar, though dilution theory expressly disregards likelihood of confusion in its analysis.<sup>90</sup> The federal court, applying the New York dilution statute, stated that prior New York decisions that granted relief in a dilution claim required a finding of "confusion, fraud, [or] deception."<sup>91</sup> Thus, this court felt that a likelihood of confusion should be a factor in dilution analysis, even though a likelihood of confusion is not expressly required by the New York statute.<sup>92</sup> Further, even though the New York and Illinois dilution statutes are identical, decisions in their respective courts often differed substantially.<sup>93</sup> For example, Illinois courts often refused to find dilution if no confusion existed, while New York courts often found dilution only in the presence of confusion.<sup>94</sup>

Further, while not expressly discussed in *Mead Data*, the issue of the application of dilution statutes to non-competing goods has been disputed by the courts and scholars. Scholars have argued whether the definition of "dilution" includes a need for parties to be competitors. Scholars have noted that "there is...nothing in the statutes which suggest or implies that dilution should be limited to...where the parties are...related...the statutory language strongly implies that the proximity between the parties' goods or services is irrelevant to a finding of dilution."<sup>95</sup> However, the New York court interpreted New York's dilution statute as requiring the plaintiff and defendant to be in related businesses,<sup>96</sup> even though the New York statute expressly states that dilution can be found even in the absence of competition between the parties.<sup>97</sup> Finally, state courts had also interpreted the definition of "dilution" to include the necessity for wrongful intent on the



part of the defendant, despite the lack a wrongful intent requirement in any state dilution statute.<sup>98</sup>

As a result of such state inconsistencies, Rep. Carlos Morehead (R-Ca.) introduced the FTDA before the House of Representatives in March, 1995.<sup>99</sup> Backed strongly by the International Trademark Association (INTA), the American Bar Association (ABA), the U.S. Patent and Trademark Office (PTO), the United States Trademark Association (USTA) and bipartisan support, this federal dilution proposal was approved.<sup>100</sup> The House passed the FTDA on December 12, 1995 and the Senate did the same on December 29, 1995.<sup>101</sup> On January 16, 1996, President Clinton signed the FTDA<sup>102</sup> into law.<sup>103</sup>

The FTDA is similar to the dilution provision the USTA attempted to include in the 1988 Trademark Revision Act. Like the USTA provision, the purpose of the FTDA is to "protect famous trademarks from subsequent uses that blur the distinctiveness of the mark or tarnish or disparage it, even in the absence of a likelihood of confusion."<sup>104</sup> It attempts to accomplish this purpose by adding an amendment to the Lanham Act allowing legal action to be taken when the unauthorized use of a famous mark "causes dilution to the distinctive quality of the mark."<sup>105</sup> The federal statute was deemed "necessary because famous marks ordinarily are used on a nationwide basis and dilution protection is currently only available on a patch-quilt system of protection."<sup>106</sup> The House report on the proposed bill also stated that the federal remedy would "bring uniformity and consistency to the protection of famous marks,"<sup>107</sup> lessening forum-shopping and reducing litigation necessary to protect famous marks.<sup>108</sup> Testifying before the House Committee on the Judiciary in further support of the FTDA, the Assistant General Counsel for Campbell Soup Company stated that the "damage to the Campbell Soup Company's trademarks as a result of dilution 'is at the heart of our endorsement of dilution legislation.'"<sup>109</sup>

A further goal of the FTDA was to be consistent with the international treaties in which the United States had previously engaged in the trademark area.<sup>110</sup> According to the House Report, a portion of the agreement during the "Uruguay Round of the GATT agreement include[d] a provision designed to provide dilution protection to famous marks."<sup>111</sup> Therefore, an impetus for the passage of the FTDA was the urgency in complying with the terms of the agreement. Legislators further assumed that the "passage of a federal dilution statute would ...assist the executive branch in...negotiations with other countries to secure greater protection for the famous marks owned by U.S. companies."<sup>112</sup> Rep. Carlos Morehead reiterated, however that "foreign countries [would be] reluctant to change their laws to protect famous U.S. marks if the United States, itself, [did not] afford special protection for such marks."<sup>113</sup>

Similar to the 1988 version, the FTDA defines dilution as the "lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of (1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake, or deception."<sup>114</sup> Although this definition is very similar to the "dilution by blurring" definition in the 1988 dilution provision, the FTDA's legislative history clearly indicates that it protects against both dilution by blurring and tarnishment.<sup>115</sup> The legislative history also reveals that the FTDA's intended scope is to

protect against dilution caused by the unauthorized use of a famous mark on competitive as well as non-competitive goods.<sup>116</sup> The FTDA also makes it clear that likelihood of confusion is not necessary as a factor in dilution analysis.

The FTDA limits a claimant's remedies to injunctive relief "unless the person against whom the injunction is sought willfully intended to trade on the owner's reputation or to cause dilution of the famous mark."<sup>117</sup> It enumerates several factors determinative of whether a mark is "distinctive and famous."<sup>118</sup> The FTDA's intent was to provide a federally enforceable injunction as the main remedy for a successful dilution suit. However, it also provided for the awarding of damages in instances of willful intent.<sup>119</sup> In addition, the owner of the famous mark is entitled to any profits, and costs up to the treble amounts as well as the destruction of any offending articles.<sup>120</sup> It also makes federal trademark registration a "complete bar" to a state dilution action, though it does not preempt any state dilution law.<sup>121</sup>

The FTDA's one notable improvement over any earlier federal dilution proposal is its attempt to address First Amendment concerns raised by critics of the dilution doctrine. The Act precludes a federal dilution cause of action against the "fair use of a famous mark by another person in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark."<sup>122</sup> It also renders non-actionable the non-commercial use of a mark as well as its use in news reporting and commentary.<sup>123</sup>

The FTDA, while seemingly straightforward in its approach to dilution law, only solves some of the problems encountered by the state dilution laws. In the next sections the strengths and weaknesses of the FTDA will be examined.

#### STRENGTHS OF THE FEDERAL TRADEMARK DILUTION ACT OF 1995

The two main strengths of the FTDA lay within its legislative intent to solve the problems associated with the previous "patchwork" of state dilution laws. By definition, a victim of dilution, under the FTDA, should be able to nationally enforce an injunction against the diluting use of the mark. Enforcing an injunction from state to state will no longer be scrutinized, thus making a dilution claim and injunction more nationally uniform, as intended.

Second, it should provide for a measure of consistency in the application of dilution principles. Instead of federal courts applying state laws, the FTDA allows federal courts to apply federal law. The federal courts should be able to establish precedents based upon the measures prescribed in the FTDA.

As a sidebar, the FTDA also notes that non-commercial, critical, and comparative advertising uses of a famous mark are not subject to dilution law. These exceptions should allow this Act survive First Amendment challenge.

While the FTDA has improved upon the state dilution statutes, its lack of attention to a few important matters has left federal courts searching for a uniform interpretation and application of dilution and the statute. In essence, the FTDA is not serving its intended legislative purpose to date, due to the following shortcomings: an inadequate definition of "dilution," its lack of a reconciliation with the Lanham Act's definition of trademark protection, the weak application of the "famous mark" standards, the improper use of tests to determine the existence of dilution, and the policy decision not to preempt state laws.

#### Lack of a Workable Dilution Definition

First, the definition of dilution provided by the FTDA gives no additional insight into the problems of the state statutes in defining dilution.<sup>124</sup> "Dilution" is so broadly defined in the FTDA that any lessening of value could be considered dilution, and thus subject to injunction.<sup>125</sup>

The lack of clarification, leaves trademark dilution open to ownership and monopolization debates. The broad terminology used comes very close to providing the owner of a famous mark a monopoly on the mark itself, as well as almost anything resembling the mark.

Proponents of federal trademark dilution action argue that a trademark can be "owned."<sup>126</sup> In fact, the FTDA, itself, refers to a trademark holder as an owner of the mark.<sup>127</sup> However, based upon case law, others argue that a trademark "owner" does not truly own his trademark, instead, he has a limited right in his trademark. "Ownership" used in connection with trademarks is merely a figure of speech to delineate the holder of different marks.<sup>128</sup> Because, some argue a trademark is incapable of being "owned," there can be no trespass by an illicit user of a mark, just as an individual cannot sue for trespass of real property if he does not own that property.<sup>129</sup>

One of the strongest opponents of trademark dilution protection, George Middleton, argues that in order to grant statutory rights to a trademark holder to "enjoin a third party's dilution of the mark essentially creates a copyright in the trademark."<sup>130</sup> Granting a copyright of the mark, he argues, would be essentially the same as giving the trademark holder a monopoly on the mark as used in any context.

#### Lack of an Express Reconciliation with the Lanham Act

The property-like right debatably conferred upon trademarks is in direct conflict with trademark law as delineated in the Lanham Act. As discussed previously, the legislative intent since the enactment of the Lanham Act in 1946 has seemingly changed from its sole purpose to aid the consumer by easy identification of product quality, to additionally aiding the consumer in identifying a mark in the marketplace. However, the FTDA does nothing to reconcile the two differing viewpoints. In fact, it seems to ignore the

dichotomy between exclusive consumer protection, as stated in the original text of the Lanham Act, and the inclusion of trademark owner protection in the FTDA altogether. Also, there is no guarantee that, even with the new dilution definition and the seven factors defining "famous," courts will do a better job, in the long-run, at defining "true" dilution from supposed dilution. Without express resolution of the dichotomy, the differing viewpoints on the potential property-rights due to a trademark are left up to individual court interpretation. The current lack of uniformity by the courts in applying those standards which are expressly delineated in the FTDA does not bode well for the uniform interpretation of the implied reconciliation of the dichotomous viewpoints of the FTDA and the Lanham Act. Without uniform application of both express and implied standards of the FTDA, legal claimants are left without consistent precedents.

#### Weak "Famous Mark" Standards

The first criticism concerning the "famous mark" standards presupposes that the level of distinctiveness required for dilution protection should be the same as that required for traditional trademark protection.<sup>131</sup> Under such an interpretation, virtually all trademarks would be subject to dilution protection. Courts have been unable to come to agreement on the definition of "fame," either before or after the passage of the FTDA.<sup>132</sup> *Mead Data* held that before dilution protection would apply, a plaintiff must prove that its mark is not only strong, but famous among the general public, as well.<sup>133</sup> If the defendant's market is nationwide, then the plaintiff's mark must also be nationally famous. Consequently, under *Mead Data*, the fact that a plaintiff's mark is well known in a narrow product market would not be sufficient to trigger dilution protection.<sup>134</sup>

However, since *Mead Data*, courts have interpreted distinctiveness differently. Either the courts relied upon the *Mead Data* concurring opinion which stated that strong, local marks or marks in a narrow product area could qualify for dilution protection<sup>135</sup> or courts had reinterpreted the majority opinion in *Mead Data* to mean that distinctiveness, for dilution purposes, is the same as distinctiveness for trademark infringement purposes.<sup>136</sup>

Other circuits defined "famous" or "distinctive" in yet other manners.<sup>137</sup> The FTDA was supposed to remedy this incongruence between circuits, but has, instead, added a new problem concerning "famous marks." The FTDA lists eight factors which are to be considered in deciding upon the "fame" of a mark. The FTDA's eight "famous factors" most closely resemble the Second Circuit's majority definition of a famous mark, thus uniformly applying that definition at the federal level. The eight "famous factors" are as follows: (1) the degree of inherent or acquired distinctiveness of the mark, (2) the duration and extent of the 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 owner's mark is used, (6) the degree of recognition of the mark in 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 mark 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



Since the enactment of the FTDA, some thirty-five reported cases have directly discussed dilution.<sup>139</sup> While some cases have protected the owners of "famous marks" based upon the factors delineated in the FTDA and based upon the majority opinion in *Mead Data*, others have left questions concerning this definition of "famous." For instance, in *Ringling Bros. v. Utah Division of Travel Dept.*,<sup>140</sup> the U.S. District Court for the Eastern District of Virginia held that the FTDA protects the holders of famous marks against the unauthorized use of marks that imitate, but are not identical to, the famous mark because such use blurs the famous mark's distinctiveness. Even though Ringling Bros. had used the trademark "The Greatest Show on Earth" in connection with its circus shows for many years, the state of Utah was not enjoined from using a similar slogan "The Greatest Snow on Earth" to promote its skiing industry.<sup>141</sup> Utah's slogan was not considered to appeal to a market large enough to warrant "famous" treatment.

Conversely, "famous" has been applied to parties who are not well known. In *Intermatic, Inc. v. Toeppen*<sup>142</sup> and *Panavision International L.P. v. Toeppen*, both Intermatic, Inc. and Panavision International L.P.<sup>143</sup> were described as "famous marks" and, thus, were given dilution protection.<sup>144</sup> Granting "famous" status to these marks seems inappropriate when testing these marks against the "famous" factors in the FTDA, the majority decision in *Mead Data*,<sup>145</sup> and the majority decision in *Ringling Bros.*<sup>146</sup> An injunction was not granted to the plaintiff in *Ringling Bros.* because one of the two parties involved was deemed to not have marks famous enough to be recognized in connection with the goods or services they represented. However, plaintiffs in both the *Toeppen* cases were granted an injunction despite the obvious lack of fame of at least one of the parties involved in each case. According to the factors in the FTDA and the majority decision in both *Mead Data* and *Ringling Bros.*, a famous mark must be famous among the general public. If, for instance, a plaintiff's mark is only well-known within a narrow product market, then it arguably is not afforded dilution protection as a famous mark.<sup>147</sup> Practitioners have argued that neither Intermatic, Inc. or Panavision International L.P. could be considered "famous" under the FTDA.<sup>148</sup>

Similarly, in a case settled out of court in January of 1997, Coca-Cola settled with Babson Bros. Co., an Illinois distributor of dairy and agricultural equipment, for an undisclosed amount. Coca-Cola was attempting to market a new soda, Surge, as part of a \$50 million advertising campaign during the Super Bowl. Based upon cases like *Toeppen*, however, Coca-Cola settled fearing that Babson Bros. Co. might prevail in a dilution action as they had been using the name Surge on its products for decades, even though its status as a "famous" mark might be questionable.<sup>149</sup>

#### Improper Use of Tests to Determine the Existence of Dilution

One of the most significant barriers, to date, to a finding of liability in several cases under the FTDA has been the requirement of proving dilution. Although in some situations, relief under the FTDA has been easy to obtain, many trademark owners who contend that their famous marks have been diluted have faced uphill battles. The courts that have

interpreted the FTDA have found that it prohibits both dilution by "blurring" and "tarnishment."<sup>150</sup>

When trademark owners have sought relief, demonstrating the existence of tarnishment, the courts have not hesitated to afford plaintiffs relief under the act.<sup>151</sup> When trademark owners have not been able to show tarnishment, however, and have attempted, instead to establish that marks on non-competing goods are likely to cause blurring, they have had less success to date.<sup>152</sup>

#### Tarnishment

The first tarnishment case decided under the FTDA was *Hasbro, Inc. v. Internet Entertainment Group*.<sup>153</sup> Hasbro, the maker of the children's board game, "Candyland," brought action against the defendants for use of the name "Candyland" to identify a sexually explicit Internet site.<sup>154</sup> Hasbro claimed that its mark was associated with innocence and wholesomeness and would be "irreparably harmed" by the defendant's use of the mark in connection with a sexually explicit web site.<sup>155</sup> The defendant argued that Candyland did not warrant protection as a famous mark nor did the adult-oriented market overlap with Hasbro's child-oriented market. Thus, there was no possibility of confusion between the two products.<sup>156</sup> The federal judge agreed with Hasbro and granted a preliminary injunction against the defendant.<sup>157</sup>

A similar case, *Toys 'R' Us v. Akkaoui*,<sup>158</sup> the court granted Toys 'R' Us an injunction based upon the FTDA. Toys 'R' Us sued the defendants for using "Adults 'R' US" in connection with an adult-oriented web page. The plaintiffs argued that its Toys 'R' Us mark would be associated with sexual products if the defendants were able to continue using the toy company's mark.<sup>159</sup> The court found that Toys 'R' Us was famous enough to warrant FTDA protection, and granted a preliminary injunction against the defendants.<sup>160</sup>

#### Blurring

The outcomes of blurring cases have been less predictable than those categorized as tarnishment cases. For example, *Sunbeam Products, Inc. v. West Bend Co.*<sup>161</sup> addressed the fact that the defendant was marketing a stand mixer that looked very similar to the stand mixer Sunbeam marketed and that Sunbeam was the first and only company to continuously use, promote and sell a stand mixer that looked as this one did.<sup>162</sup> The court found that Sunbeam must establish "that it is the owner of a famous mark trademark, that West Bend's use of its stand mixer configuration (affixed with) the West Bend mark applied thereto commenced after Sunbeam's mark became famous and that such use by West Bend cause[d] dilution of the distinctive quality of Sunbeam's famous marks."<sup>163</sup> The court found that the trade dress of Sunbeam's stand mixer was famous, and that such trade dress was diluted by the defendant, therefore an injunction was granted against the defendant.<sup>164</sup>

In *Levi Strauss & Co. v. San Francisco 415 Co.*,<sup>165</sup> the court also granted an injunction based on trade dress as the defendant was manufacturing jeans with stitching similar to

the famous stitching on jeans manufactured by Levi Strauss & Co.

In a blurring case of a different nature however, an injunction was not granted as the court determined that the issues raised in this cases invoked First Amendment concerns. In *Dr. Seuss Enterprises v. Penguin Books USA, Inc.*,<sup>166</sup> the plaintiff sued the defendant for publishing a parody of *The Cat and the Hat* based on the O.J. Simpson Trial. Penguin claimed it could use the mark, as parody was protected by the exception in the FTDA that permits "non-commercial use of a mark."<sup>167</sup> The court held that the "First Amendment would apply to this use of the trademarks at issue and that as an expressive use, this use is exempt from the reach of the Federal Trademark Dilution Act."<sup>168</sup>

Similarly, in *Elvis Presley Enterprises v. Capece*,<sup>169</sup> the trial court found that injunctive relief could not be granted to the plaintiff. While the court did not expressly dismiss the use of the name of a restaurant, "The Velvet Elvis," as a parody, it did compare the facts of the case to *Hormel Foods Corp. v. Jim Hensen Products, Inc.*<sup>170</sup> where by the court held that "parodies do little to diminish the mental connection already formed between a plaintiff's mark and its product."<sup>171</sup> The Fifth Circuit Court of Appeals recently reversed *Capece*, resting its judgement solely on a traditional trademark infringement analysis.<sup>172</sup>

While the courts have easily decided cases involving dilution by blurring in instances of trade dress and parody, they have had more difficulty in deciding upon cases involving marks of varying degrees of fame when issues of trade dress and parody are not present.<sup>173</sup>

Thus far, courts that have applied the FTDA to blurring claims not involving parody or trade dress have adopted the six-factor blurring test set out in *Mead Data*<sup>174</sup> to determine if dilution exists. In *Mead Data*, Judge Sweet identified six factors as relevant to the dilution-by-blurring inquiry: (1) similarity of the marks, (2) the similarity of the products covered by the marks, (3) the sophistication of consumers, (4) predatory intent, (5) the renown of the senior mark, and (6) the renown of the junior mark.<sup>175</sup> One problem in using the "Mead Data test" in connection with the FTDA is, according to the act's express language, the plaintiff need not prove a "likelihood of confusion" as one does in traditional trademark infringement disputes. Moreover, the *Mead Data* test is much too similar to the test commonly used to determine the likelihood of confusion in a traditional trademark infringement suit.

In a traditional trademark suit, for instance, the ultimate issue is generally whether the defendant's conduct creates a likelihood that an appreciable number of ordinary consumers would be misled or confused as to the source, affiliation or sponsorship of a good or service. In *Jordache Enterprises v. Hogg Wyld*,<sup>176</sup> for instance, the tenth circuit identified four factors to determine likelihood of confusion, applying the concepts found in the *Mead Data* test: (1) relatedness of the goods, (2) similarity of the marks, (3) likely degree of purchaser care, and (4) the defendant's intent in selecting the mark.<sup>177</sup> While the remaining two factors in the *Mead Data* test do not tie-in with the typical likelihood-of-confusion analysis, they also do not tie-in with the intent of the FTDA to protect famous marks, regardless of the fame of a junior mark. The "renown of the junior

mark" factor generally favors the defendant in a dilution case, as it affords a level of protection to lesser known marks, even if such a mark is, effectively, diluting the famous mark in some manner. The theory underlying this factor is that a little-known junior mark is not likely to dilute the famous mark on a recognizable level. Typically, a junior mark that is not well known or that has just entered the market will be protected under this factor, as the junior mark will almost never be deemed famous.<sup>178</sup>

Despite the recognized theoretical difference between likelihood of confusion and dilution by blurring, there has been little difference in practice because the presently accepted blurring and likelihood of confusions tests are so similar.

Despite the similarities of both tests, there exists yet another apparent inconsistency between the *Mead Data* test and the FTDA, which expressly states that dilution is the lessening of the famous mark to identify and distinguish goods or services, regardless of the presence or absence of competition between the famous mark and other parties.<sup>179</sup> The *Mead Data* test, however, considers the similarity of the products in determining blurring. It is arguably inconsistent for the FTDA to eliminate competition between parties as a factor while the courts continue to consider similarity of the products as a blurring factor in applying the FTDA. Nonetheless, courts applying the *Mead Data* test have not acknowledged the inconsistency. Rather, they have explained the similarity factor as being important in this type of blurring analysis because "if the products sold under the marks in dispute are alike, there is greater likelihood that blurring will occur in the mind of the consumer."<sup>180</sup>

It appears from the trend that courts will continue to consider the *Mead Data* test, and its inherent reliance on the similarity and fame of all parties brought forth in a case, as an important factor in determining the likelihood of dilution by blurring when parody or trade dress are not present factors in a case. This fact, will continue to pose a substantial challenge to trademark owners attempting to stop the unauthorized use of their mark.

For example, in *Ringling Bros. v. B.E. Windows*<sup>181</sup> and *Ringling Bros. v. Utah Division of Travel Development*,<sup>182</sup> the courts refused to grant injunctions against the defendants. Ringling Bros. sought to enjoin B.E. Windows from using "The Greatest Bar on Earth" to describe a bar atop the World Trade Center.<sup>183</sup> Similarly, they attempted to enjoin Utah from using "The Greatest Snow on Earth" to promote its ski industry.<sup>184</sup> In *B.E. Windows*, the court held that this was not a case of blurring as "Ringling's trademark is a common descriptive phrase, rather than a single distinctive word," and that the use by the defendant was not widely recognized, and thus could not be construed as a famous use.<sup>185</sup> Similarly, in the *Utah Division of Travel Dev.* case, the court ruled that the use of the slogan was not famous as it was not widely recognized outside of Utah.<sup>186</sup>

However, in *Intermatic, Inc. v. Toeppen*<sup>187</sup> and *Panavision International L.P. v. Toeppen*, both Intermatic, Inc. and Panavision International L.P.<sup>188</sup> were described as "famous marks" and, thus, were given dilution protection.<sup>189</sup> Once these two marks were determined famous, no provisions were applied to determine if the mark Toeppen was using in each instance were considered famous.



Finally, the fact that the federal statute is not intended to preempt state laws works against the strength of the FTDA. The FTDA is expressly designed to augment the state laws, not preempt them.<sup>190</sup> This, however, does not seem to coincide with the Lanham Act's desire for uniformity. Prior to the passage of the new legislation, the Lanham Act preempted the field of unfair competition in all areas it addressed. The coexistence of state and federal statutes only makes logical sense if state statutes are limited to those activities that are solely intrastate in accordance with the Commerce Clause. However, it seems unlikely that a famous mark would ever exist as solely intrastate given the broad interpretation of the Commerce Clause by the courts.

The FTDA was designed to rule concurrently with state laws to allow plaintiff's to seek the best dilution remedy available to them. Therefore, in states where dilution law is more specific or imposes harsher penalties upon those guilty of dilution, a plaintiff could sue under the more developed state law without fear that the lesser developed FTDA would preempt their action.

However, two potentially harmful effects to the intent of the FTDA arise due to concurrence of state and federal law in addressing dilution. First, national companies are still able to bring a claim to any state court. Therefore, forum shopping for the best legal outcome has not been eliminated, as was one intent of the FTDA. Second, to guarantee a national injunction against the defendant in the event of the plaintiff's victory, the plaintiff must rely upon the decision of the federal court to reconcile and apply both state and federal law in cases brought before it. Consequently, plaintiffs cannot rely upon the more developed state statutes to protect them against dilution on a national basis unless courts consistently apply state and federal dilution statutes concurrently. Plaintiffs effectively risk exchanging more developed law for greater protection. This risk might be justifiable if the federal courts were accurately and consistently applying dilution standards and definitions, instead of infringement standards, thus suggesting that concurrent application of state and federal law might also be consistent.

### CONCLUSIONS AND SUGGESTIONS FOR FUTURE ACTION

The existence of the weaknesses discussed above, despite the evident strengths of the FTDA, have contributed greatly to the ineffectiveness of the FTDA in fully realizing its intent. It has been ineffective in completely protecting truly famous marks.<sup>191</sup> Courts have begun using tests similar to those used in infringement cases, making the FTDA no more than an extended infringement provision in many cases.<sup>192</sup> Additionally, the continued lack of clarification of the definition of dilution in the FTDA perpetuates problems experienced due to the similar lack of a consistent and workable definition under state laws. The fundamental dichotomy between the expressed intent of the Lanham Act and the FTDA also presents problems with the future of dilution theory in the court system.

As a result of these weaknesses, the intent of the FTDA to act as an instrument to unite the state laws and decrease forum shopping is failing. Many of the cases argued under

the FTDA have been within the jurisdictions of the district courts or U.S. appellate courts within California, New York, Illinois, Michigan, New Jersey, and Ohio, where the strongest and most developed state laws concerning dilution exist.

The FTDA was designed to protect "famous" marks from dilution. Nowhere in its legislative history did it limit such protection based upon the fame of the junior mark. If the FTDA is to live up to its legislative intent, then courts should be protecting the famous marks, regardless of the fame attributed to the junior mark. Therefore, the courts should eliminate the use of a famous mark test on the junior mark and grant the senior holder an injunction against the "free ride" the junior mark enjoys when using a mark similar to that of a famous senior mark.<sup>193</sup>

There exists a great need to change the judicial trend associated with the FTDA. As greater reliance is placed upon dilution provisions due to the growing number of Internet domain name cases, many of which solely rely upon dilution to prevent the unauthorized use of a trademark as a domain name for a Web site entirely unrelated to the good or service related to the mark, the FTDA will become the primary vehicle used to support such action.<sup>194</sup>

The further definition of a "famous" mark may also be necessary to remain congruent with both the Trademark Law Revision Act of 1988 and GATT. Originally, the FTDA included a provision that required a "famous mark" to be registered on the Principal Register. Additionally, anti-dilution protection of unregistered marks is a move away from a stated goal in the Trademark Law Revision Act of 1988 to encourage the use of, and reliance on the federal trademark registration system.<sup>195</sup> The Clinton administration, among others, expressed the concern that a formal registration of a mark would be contrary to U.S. efforts to "persuade foreign governments to loosen overly formalistic requirements for protection of intellectual property."<sup>196</sup> However, the failure to include a better definition of "dilution" or "famous mark," along with the use of ill-considered dilution tests may be more harmful in attracting foreign companies wishing to do business in the United States.

The courts need to develop a new definition for "famous." To more uniformly determine "famous" status, it would be prudent to require a mark to be registered on the Principal Register, as was proposed in the FTDA's original form. Great latitude should be given to "famous" marks as plaintiffs in such cases. If the true intent of the FTDA is to protect famous marks from dilution in order to protect the holder's investment in the marks, then famous marks should be protected from any type of dilution, whether it be blurring or tarnishment, without regard to the renown of the junior mark, or the similarity of the junior mark or the product it represents to the senior mark and its product. Either stronger language needs to be added to the FTDA or the courts need to consider the legislative intent of the act in interpreting its goals and purpose. Thus far, truly famous marks have often suffered uphill battles against marks of lesser fame and renown. Essentially, the immense fame of the "famous mark" has hindered its course of action against smaller, less famous marks—a result directly opposed to the intent of the legislation to protect famous marks from such gradual whittling away of the famous mark's value.



Since many courts seem to be skeptical of dilution by blurring theory without the existence of trade dress or parody, evidence of actual dilution might tip the scales of justice in the famous mark's favor in such instances. For example, the trademark owner might decide to conduct a survey to establish empirical data in support of blurring. The survey might include a measure of the strength of the mark being blurred. Following such a measure, the survey would ask respondents to answer if they recognize any product or name given in a list of products and names similar to that of the famous mark. The junior mark accused of diluting the famous mark would be included in such a list to determine if such a junior mark has any diluting effect based upon consumer recognition. Courts could use such data to determine the extent of a junior mark's dilution affect. While conducting such a survey would be no simple task, as developing a representative and non-biased survey and consumer pool is difficult, such empirical data might be useful.

A plaintiff might also want to stress to the court that, if the defendant prevails, the occurrence of dilution will only be encouraged, as others will feel free to use the plaintiff's mark. The fact that one defendant may not singularly cause dilution may be enough not to legally enjoin him from such unauthorized use. As explained by Professor J. Thomas McCarthy, however, "the defendant will argue that its use is so small and insignificant in comparison to the power and strength of a famous mark that any injury to the capacity of the mark to remain strong is unimportant and de minimis. The theory of dilution by blurring is that if one small user can blur the sharp focus of the famous mark to uniquely signify one source, than another and another small user can and will do so...[therefore], significant injury is caused by the cumulative effect."<sup>197</sup> Foresight by the courts to envision the cumulative effect of many "singularly insignificant" defendants would be a significant step towards eliminating dilution efforts due to blurring.

The current trend of decisions has also made it clear that essential to the plaintiff's case is the development of evidence supporting predatory intent on the part of the defendant. However, development of such evidence should only be relevant in determining damages within a case brought about under the FTDA. Owners of "famous marks" should be afforded the protection of a preliminary injunction from the court without the need to prove predatory intent. In arguing for the awarding of damages, however, the plaintiff should attempt to prove that the junior mark or product was acting outside of the boundaries of the First Amendment and was attempting to dilute by tarnishment, disparaging the name or certain qualities associated with its product. This could be done by establishing a motive for the junior mark's behavior, by demonstrating the manner in which the junior product or service was marketed, or by establishing that the intent of the junior mark was to use the fame of the senior mark to gain notoriety, to name a few.

## REFERENCES

1. Federal Trademark Dilution Act of 1995, Pub. L. 104-98, 109 Stat. 985 (1996).

2. See, e.g., John C. Blattner, *Internet Domain Names and Trademark Rights: The Confusion is Likely to Get Worse Before it Gets Better*, 76 Mich. B.J. 1344 (1997); Gerald L. Ford, *Dilution Surveys New Challenges*, 497 PLI/Pat 157 (1997); Megan Gray, *Defending Against a Dilution Claim: A Practitioners Guide*, 4 TEX. INTELL. PROP. L.J. 205 (1996); Thomas Jennings, *What's in a Corporate Name: Avoiding Trademark and Other Conflicts*, 85 ILL. B.J. 435 (1997); Melanie Routh, *Trademark Dilution and the Effect of the Federal Trademark Dilution Act*, 50 RUTGERS L. REV. 253 (1997); Jeffrey Samuels & Linda Samuels, *Famous Marks Now Federally Protected against Dilution*, 15 J. PUB. POL'Y & MARKETING 307 (1996); Elliot B. Staffin, *The Dilution Doctrine: Towards a Reconciliation with the Lanham Act*, 6 FORDHAM I.P., MEDIA & ENT. L.J. 105 (1995); Andrew Baum & Mark Epstein, *New Dilution Act Used to Evict 'Cybersquatters'*, NAT'L L.J., Jan. 27, 1997 at C3; Dominic Bencivenga, *Attorneys Long for Guidance on Proving Erosion*, N.Y.L.J., Apr. 3, 1997 at 17; Ethan Horwitz & Eric A. Prager, *What is Dilution and How is it Proved?* N.Y.L.J. Dec 2, 1996 at 20; Richard Kirkpatrick & Sheldon Klein, *Federalization Trend Culminates in Dilution Law*, NAT'L L.J., June 17, 1996 at D13; Theodore C. Max, *Dilution Act May Limit Commercial Parodies*, NAT'L L.J., May 20, 1996 at C13; Jonathan E. Moskin, H.R. 1295, which is intended to create a new cause of action for the dilution of 'famous' marks, may be construed as granting owners rights that are overbroad, NAT'L L.J., Sept. 4, 1995 at B5; Steven Shapiro, *Use of 'Mead Data' Test Dilutes the Dilution Act*, NAT'L L.J., May 12, 1997 at C2; Melvin Simensky, *U.S. Enacts Federal Trademark Dilution Act*, I.P. WORLDWIDE (1996); and Linda Samuels, *The Federal Trademark Dilution Act of 1995: Interpreting and Applying the New Law* (1997) (unpublished manuscript on file with the author).

3. The Lanham Act, the more common name for the Trademark Act of 1946, as amended, is codified as 15 U.S.C. 1051-1127 (1994).

4. *Id.* at 1114 (marks registered with the U.S. Patent and Trademark Office); *id.* at 1125 (unregistered marks). The unauthorized use of a trademark is often referred to as the "junior" use. Subsequently, the use by the owner of the trademark is referred to as the "senior" use. See, e.g., *Sterling Drug, Inc. v. Bayer AG*, 14 F3d 733, 740 (2d Cir. 1994).

5. See Beverly W. Pattishall, *Dawning Acceptance of the Dilution Rationale for Trademark-Trade Identity Protection*, 74 TRADEMARK REP. 289, 290 (1985).

6. Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813 (1927). While there are earlier references to dilution, Schechter's article is generally recognized as the first full articulation of dilution.

7. *Id.* at 825.

8. Pattishall, *supra* note 5.

9. See, e.g., David Welkowitz, *Reexamining Trademark Dilution*, 44 VAND L.REV. 531 (1991); and Kathleen Hollingsworth, *No Retroactive Application of New Dilution Act, Court Rules*, WEST'S LEGAL NEWS, Jan 8, 1997 at \*1.

10. See KENNETH CLARKSON, ET AL., WEST'S BUSINESS LAW 133 (1995) (Appropriation is the "use of one person's name or likeness by another without permission and for the benefit of the user.").
11. Carson v. Here's Johnny Portable Toilets, 698 F.2d 831 (6th Cir. 1983).
12. *Id.*
13. Codified in the Lanham Act, 15 U.S.C. §1114 (1) (1994).
14. A compilation of factors that contribute to a likelihood of confusion exist in the RESTATEMENT OF TORTS §717 (1938). However, that compilation was removed in the RESTATEMENT (SECOND) OF TORTS (1977).
15. The tort of fraudulent misrepresentation involves the use of misrepresentation and deceit for personal gain. It includes several elements: misrepresentation of material facts or conditions with knowledge that they are false or with reckless disregard for the truth; intent to induce another to rely on the misrepresentation; justifiable reliance by the deceived party; damages suffered as a result of the reliance; and causal connection between the misrepresentation and the injury suffered.
16. Vuitton et Fils, S.A. v. Crown Handbags, 492 F. Supp. 1071, 1979 (S.D.N.Y. 1979), *aff'd*, 622 F.2d 577 (2d Cir. 1980).
17. *Id.*
18. Kenneth L. Port, *The "Unnatural" Expansion of Trademark Rights: Is a Federal Dilution Statute Necessary?*, 18 SETON HALL LEGIS. J. 441 (1994).
19. *Id.* at 459.
20. 264 N.Y.S. 459 (Sup. Ct.), *aff'd*, 260 N.Y.S. 821 (N.Y.A.D. 1 Dept 1932), *aff'd*, 188 N.E. 30 (N.Y. 1933).
21. *Id.*
22. See e.g. H.R. 11592, 72d Cong. (1932) at Sect. 2(d)(3)
23. Act of May 2, 1947, ch. 307 §7a, 1947 Mass. Acts 300 (codified, as amended, at MASS. GEN. LAWS ANN., ch. 110B, §12 (West 1990)).
24. See *supra* note 2; 134 CONG. REC. H10419 (daily ed. Oct. 19, 1988) (statements by and in response to Rep. Kastenmeier).
25. Those states which have codified a dilution statute include: Alabama, ALA. CODE §8-12-17 (supp. 1993); Arkansas, ARK. CODE ANN. §4-71-113 (Michie 1993); California, CAL. BUS. & PROF. CODE §14330 (West 1995); Connecticut, CONN. GEN. STAT. ANN. § 35-111 (West 1995); Delaware, DEL. CODE ANN. Tit. 6, §3313 (Supp. 1994); Florida, FLA. STAT. ANN. §495.151 (West Supp. 1995); Georgia, GA. CODE ANN. §10-1-451

(Michie 1994); Idaho, IDAHO CODE §48-512 (Supp 1995); Illinois, Ill. Rev. Stat. Ch. 765, para. 1040-42 (supp. 1995); Iowa, IOWA CODE ANN. §548.11.2 (West 1995); Louisiana, LA. REV. STAT. ANN. § 51:223.1 (west 1995); Maine, ME. REV. STAT. ANN. tit. 10, §1530 (West 1994); Massachusetts, MASS. GEN. LAWS ch. 110B, §12 (West Supp. 1995); Missouri, MO. REV. STAT. §417.061.1 (1992); Montana, MONT. CODE ANN. §30-13-334 (1995); Nebraska, NEB. REV. STAT. §87-122 (1994); New Hampshire, N.H. REV. STAT. ANN. §350-A:12 (Supp. 1995); New Mexico, N.M. STAT. ANN. §57-3-10 (Michie 1995); New York, N.Y. GEN. BUS. LAW §368-d (McKinney 1995); Oregon, OR. REV. STAT. §647.107 (1993); Pennsylvania, 54 PA. CONS. STAT. ANN. §1124 (Supp. 1995); Rhode Island, R.I. GEN. LAWS §6-2-12 (Supp 1992); Tennessee, TENN. CODE ANN. §47-25-512 (supp 1994); Texas, TEX. BUS. & COM. CODE ANN. §16.29 (West 1995); Washington, WASH. REV. CODE ANN. §19.77.140 (West 1995). Ohio has adopted dilution into its common law. *Ameritech, Inc. v. American Info. Technologies Corp.*, 811 F.2d 960, 965 (6th Cir. 1987). Michigan has also adopted common law measures under *Sons Co. v. Surowitz*, 209 F.Supp. 59 (E.D. Mich. 1962). New Jersey has expressly adopted a common law cause of action under the following *Chanel, Inc. v. Casa Flora Co.*, 241 A.2d 24 (N.J. Super. Ct. App. Div. 1967), *cert. denied*, 242 A.2d 381 (N.J. 1968). For a good summary of each state's laws and important cases on dilution, see Federal Trademark Dilution Act of 1995: Testimony on H.R. 1295 before the Subcommittee on Courts and Intellectual Property of the House Comm. on the Judiciary, 104<sup>th</sup> Cong., 1<sup>st</sup> Sess. (1995), especially those statements made by Thomas E. Smith, Chair, American Bar Association Section of Intellectual Property Law.

26. For the full text of the Model State Trademark Bill, see SELECTED INTELLECTUAL PROPERTY AND UNFAIR COMPETITION STATUTES, REGULATIONS & TREATIES 21-23 at 40-48 (Roger E. Schechter ed., 1995). The dilution section of the Model State Trademark Bill provides in pertinent part, the following:

The owner of a mark which is famous in this state shall be entitled, subject to the principles of equity, to an injunction against another's use of a mark, commencing after the owner's mark becomes famous, which causes dilution of the distinctive quality of the owner's mark, and to obtain such other relief as is provided in this section. In determining whether a mark is famous, a court may consider factors such as, but not limited to: the degree of inherent or acquired distinctiveness of the mark in this state; the duration and extent of use of the mark in connection with the goods and services; the duration and extent of advertising and publicity of the mark in this state; the geographical extent of the trading area in which the mark is used; the channels of trade for the goods or services with which the owner's mark is used; the degree of recognition of the owner's mark in it and in the other's trading areas and channels of trade in this state; and the nature and extent of use of the same or similar mark by third parties.

27. Port, *supra* note 18 at 433.
28. Allied Maintenance Corp. v. Allied Mechanical Trades, Inc., 369 N.E.2d 1162 (N.Y. 1977).
29. *Id.* at 1165.



30. *Id.* at 1166.

31. *See* Port, *supra* note 18, at 441.

32. Port, *supra* note 18, at 441. Port cites a search of LEXIS on March 30, 1994 for all cases involving dilution between the years of 1977 and 1994.

33. RESTATEMENT OF UNFAIR COMPETITION §25 cmt. B (1995).

34. Susan L. Serad, *One Year After Dilution's Entry into Federal Trademark Law*, 32 WAKE FOREST L. REV. 215, 221 (1997).

35. *See, e.g.*, Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc., 875 F.2d 1026, 1030 (2d Cir. 1989); Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Celozzi-Ettelson Chevrolet, Inc., 6 U.S.P.Q.2d 1300 (N.D. Ill. 1987), *aff'd in part*, 855 F.2d 480, 482 (7th Cir. 1988).

36. *See, e.g.*, *supra* note 25; Grey v. Campbell Soup Co., 650 F.Supp. 1166, 1175 (C.D. Cal. 1986), *aff'd*, 830 F.2d 197 (9th Cir. 1987).

37. Serad, *supra* note 34.

38. Citing *Madrid Protocol Implementation Act and Federal Trademark Dilution Act of 1995: Hearings on H.R. 1270 and H.R. 1295 Before the Subcomm. On Courts and Intellectual Property of the House Comm. on the Judiciary*, 104th Cong. 124 (1995), at 89 (statement of James K. Baughman, Assistant General Counsel for Campbell Soup Company).

39. M. Handler, *Are the State Anti-Dilution Laws Compatible with the National Protection of Trademarks?*, 75 TRADEMARK REP. 269, 273 (1985) ("The strong antimonopoly sentiment of that era would have sensed...an attempt to fasten on the American people a new species of monopoly.") *See also* Paul Heald, *Federal Intellectual Property Law and the Economics of Preemption*, 76 IOWA L. REV. 959, 1006 (1991) (discusses efforts of early supporters of the Lanham Act to convince others that trademarks would not be the governmental grant of exclusive, monopolistic rights).

40. *Committee on Patents*, S. REP. NO. 1333, 79th Cong., 2d Sess. 1274, 1277 (1946).

41. *See* Daniel M. McClure, *Trademarks and Unfair Competition: A Critical History of Legal Thought*, 69 TRADEMARK REP. 305, 330 (1979) (an analysis of economic theories and how they have influenced the development of trademark law).

42. *See id.* at 330.

43. S. REP. NO. 1333, *supra* note 40, at 1274.

44. Handler, *supra* note 39, at 273 (Any attempt to replace fraud and deceit as the underlying theory of trademark protection "is antithetical to the very origins and course

of development of the common and federal statutory law of trademarks and unfair competition.").

45. *Supra* note 3-4 and accompanying text.

46. J. MCCARTHY, 1 TRADEMARKS AND UNFAIR COMPETITION, Sec. 5.04, at 140 (2d ed. 1984).

47. Handler, *supra* note 39, at 274.

48. *Id.* at 285 (cites H.R. REP. No. 944, 76th Cong., 1<sup>st</sup> Sess. 4 (1939)); *United States Jaycees v. Commodities Magazine, Inc.*, 661 F.Supp. 1360, 1368 (N.D. Iowa 1987).

49. *United States Jaycees*, 661 F.Supp. at 1368.

50. *Supra* note 40 and accompanying text.

51. *Id.* at 1277.

52. *Id.*

53. Lanham Act, Sec. 45, 15 U.S.C. Section 1127.

54. Please note that the Lanham Act has been amended on several occasions. Additionally, attempts at adding trademark dilution provisions to the Lanham Act occurred before 1988. However, for the purposes of this discussion, we have skipped to the 1988 Trademark Revision Act which dealt directly with the anti-dilution issue most similar to the FTDA.

55. Pub. Law No. 100-667, 102 Stat. 3935.

56. Laura M. Slenzak, *Dilution Law in the United States and Canada: A Review of the State of the Law and a Proposal for United States Dilution Protection*, 83 TRADEMARK REP. 205, 222 (1993).

57. Trademark Law Revision Act of 1988, S. Rep. No. 515, 100th Cong., 2d Sess. (1988).

58. *Id.*

59. *Id.*

60. *Id.*

61. S. REP. NO. 525, 100th Cong., 2d Sess. (1988).

62. *Id.*



63. *Id.* See also Heather C. Steinmeyer & Alyssa Dudkowski, *Nation-by-Nation Survey: Protections for Well-known and Famous Trademarks*, IP WORLDWIDE, May/June 1997 (listing of major world nations and their laws, treaties, and court cases defining trademark protection).

64. *Id.*

65. S. REP. NO. 1333, 100th Cong. Sect. 36 at 1274. (1988).

66. *Id.*

67. 134 CONG. REC. S16972 (daily ed. Oct. 20, 1988) (statements of Rep. DeConcini); 134 CONG. REC. H10419 (daily ed. Oct. 19, 1988) (statement of Rep. Kastenmeier).

68. Only one state, Washington, provides for money damages if the plaintiff can prove that "a subsequent user willfully intended to trade on the registrant's reputation or to cause dilution of the owner's mark." See WASH. REV. CODE ANN. § 19.77.160 (West 1992).

69. See *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 702 F.Supp. 1031, *rev'd on other grounds*, 875 F.2d 1026 (2d Cir. 1989).

70. See, e.g., *Mead Data Central*, 875 F.2d 1026 (2d Cir. 1989) (holding that LEXIS as used for legal on-line database was not famous enough for dilution purposes as it was only known to legal researchers); *Allied Maintenance Corp. v. Allied Mechanical Trades*, 369 N.E.2d 1162 (N.Y. 1977) (holding that the plaintiff's mark was not distinctive so as to assert dilution); *Tiffany & Co v. Tiffany Productions*, 264 N.Y.S. 459 (Sup. Ct.), *aff'd*, 260 N.Y.S. 821 (N.Y.A.D. 1 Dept. 1932), *aff'd* 188 N.E. 30 (N.Y. 1933) (where the Tiffany name for jewelry was considered well-known enough by consumers to be diluted).

71. Mary Ann Alford, Exec. Vice President of the International Trademark Association, *Testimony before the House of Representatives Committee on Intellectual Property*, 1995 WL 435750 (July 19, 1995, F.D.C.H.)

72. *Id.*

73. *Id.*

74. *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 702 F.Supp. 1031, *rev'd on other grounds*, 875 F.2d 1026 (2d Cir. 1989).

75. *Id.* at 1035.

76. *Id.* at 1039-40.

77. *Id.*

78. *Id.* at 1031-32.

79. See *id.* at 1038 (stating that LEXIS was not a nationally famous mark, as only 2% of the general public recognized the LEXIS mark as describing Mead's service in a survey; conversely, DuPont, Buick, and Kodak were widely recognized, thus making them distinctive enough).

80. *Id.* at 1045.

81. See Megan E. Grey, *Defending Against a Dilution Claim: A Practitioner's Guide*, 4 TEX. INTELL. PROP. L.J. 205, 213 (1996) ("In order for the remedy to be effective with a trademark used nation-wide, the injunction must be nation-wide.").

82. David Sven Villwock, *The Federal Trademark Dilution Act of 1995*, 6 J. ART & ENT. L. 213, 218 (1996).

83. See David S. Welkowitz, *Preemption, Extraterritoriality, and the Problem of State Antidilution Laws*, 67 TUL. L. REV. 1, 3-4 (1992) (explaining that extraterritorial remedies are unconstitutional because they "disrupt the federal scheme, which allows individuals states to devise and implement their own laws when there is no federal reason to prevent such individuality").

84. *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 702 F.Supp. 1031, *rev'd on other grounds*, 875 F.2d 1026, 1042 (2d Cir. 1989).

85. *Id.* at 1030-31.

86. See Pattishall, *supra* note 5, at 301.

87. See *id.*

88. See, e.g., *Cue Publ'g Co. v. Colgate-Palmolive Co.*, 259 N.Y.S.2d 377 (N.Y.A.D. 1965); *Tiffany & Co. v. The Boston Club, Inc.*, 231 F.Supp. 836 (D. Mass. 1964); and *Polaroid Corp. v. Polaroid, Inc.*, 319 F.2d 830 (7th Cir. 1963).

89. See, e.g., *Massachusetts Mut. Life Ins. Co. v. Massachusetts Life Ins. Co.*, 249 N.E.2d 586 (Mass. 1969) (the plaintiff argued that the similarity of the defendant's name to its own diluted its own name); *Francis H. Legett & Co. v. Premier Packing Co.*, 140 F.Supp. 328 (D. Mass. 1956) (the plaintiff argued that the slogans used by both companies were similar, and would, thus, dilute the distinctiveness of its own in relation to its business); *Clairol Inc. v. Save-Way Indus., Inc.*, 210 U.S.P.Q. 459 (S.D. Fla. 1980), *amended by* 211 U.S.P.Q. 495 (S.D. Fla. 1980) (the plaintiff claimed that the similarity of the defendant's mark to the Clairol mark would dilute the association of its mark with its product).

90. See *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 702 F.Supp. 1031, *rev'd on other grounds*, 875 F.2d 1026, 1030 (2d Cir. 1989).

91. *Cue Publ'g Co. v. Colgate-Palmolive Co.*, 259 N.Y.S.2d 239, 246 (N.Y.A.D. 1965).

92. Port, *supra* note 18, at 454-55.

93. *Id.*

94. *Id.*

95. See, e.g., Howard J. Shire, *Dilution Versus Deception—Are State Anti-dilution Laws an Appropriate Alternative to the Law of Infringement*, 77 TRADEMARK REP. 273, 275 (1987); Michael L. Taviss, *In Search of a Consistent Trademark Dilution Test: Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 58 U. CIN. L. REV. 1449, 1455 (1990).

96. *Dreyfus Fund, Inc. v. Royal Bank of Canada*, 525 F.Supp. 1108 (S.D.N.Y. 1981).

97. *Id.* at 1125.

98. See, e.g., Shire, *supra* note 95, at 295.

99. See 141 CONG. REC. H3572 (March 22, 1995) (statement of Rep. Morehead).

100. See, e.g., CONG. REC. H14317 (Dec. 12, 1995) (remarks of Rep. Morehead, Rep. Schroeder, D-Co.) and 141 CONG. REC. S19312 (Dec. 29, 1995) (statement of Sen. Leahy D-Vt.).

101. See 141 CONG. REC. H14317 and 141 CONG. REC. S19312.

102. The amendment to the Lanham Act which constitutes the FTDA is as follows:  
Section 43 of the Trademark Act of 1946 (15 U.S.C. 1125) is amended by adding at the end the following new subsection: Remedies for Dilution of Famous Marks  
(c) (1) The owner of a famous mark shall be entitled to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark, and to obtain such other relief as is provided in this subsection. In determining whether a mark is distinctive and famous, a court may consider factors such as, but not limited to—(a) the degree of inherent or acquired distinctiveness of the mark; (b) the duration and extent of the use of the mark in connection with the goods or services with which the mark is used; (c) the duration and extent of advertising and publicity of the mark; (d) the geographical extent of the trading area in which the mark is used; (e) the channels of trade for the goods or services with which the owner's mark is used; (f) the degree of recognition of the mark in trading areas and channels of trade used by the mark's owner and the person against whom the injunction is sought; (g) the nature and extent of use of the same or similar mark by third parties; and (h) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register. In an action brought under this subsection, the owner of the famous mark shall be entitled only to injunctive relief unless the person against whom the injunction is sought willfully intended to trade on the owner's reputation or to cause dilution of the famous mark. If such willful intent is proven, the owner of the famous mark shall also be entitled to the

remedies set forth in sections 35 (a) and 36, subject to the discretion of the court and the principles of equity. The ownership by a person of a valid registration under the Act of March 3, 1881 or the Act of February 20, 1905 or on the principal register shall be a complete bar to an action against that person, with respect to that mark, that is brought by another person under the common law or a statute of a state and that seeks to prevent dilution of the distinctiveness of a mark, label, or form of advertisement. The following shall not be actionable under this section: fair use of a famous mark by another person in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark; noncommercial use of the mark; all forms of news reporting and news commentary. Section 45 of the Trademark Act of 1946 (15 U.S.C. 1127) is amended by inserting after the paragraph defining when a mark shall be deemed to be "abandoned" the following: "The term 'dilution' means the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of competition between the owner of a famous mark and other parties, or likelihood of confusion, mistake or deception." This Act and the amendments made by this Act shall take effect on the date of enactment of this Act.

103. Pub. L. 104-98, 109 Stat. 985.

104. H.R. REP. NO. 104-374, 104<sup>th</sup> Cong., 1<sup>st</sup> Sess. 2 (Nov. 30, 1995).

105. Pub. L. No. 104-98, 3(a) (1996). As amended, Sec. 43 of the Lanham Act (to be codified at 15 U.S.C. 1125) now provides (as is relevant to this note):

(c) (1) The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark, and to obtain such other relief as is provided in this subsection.

106. H.R. REP. NO. 104-374, at 3 (1995), *reprinted in* 1995 U.S.C.C.A.N. at 1030.

107. *Id.*

108. Serad, *supra* note 34, at 221 (Citing *id.* at 4, *reprinted in* 1995 U.S.C.C.A.N. at 1031).

109. *Id.* (citing *Madrid Protocol Implementation Act and Federal Trademark Dilution Act of 1995: Hearings on H.R. 1270 and H.R. 1295 Before the Subcomm. On Courts and Intellectual Property of the House Comm. on the Judiciary*, 104<sup>th</sup> Cong. 124 (1995) (statement of James K. Baughman, Assistant General Counsel for Campbell Soup Company)).

110. H.R. REP. NO. 104-374, at 3, *reprinted in* 1995 U.S. C.C.A.N. at 1030.

111. *Id.* at 4, reprinted in 1995 U.S. C.C.A.N. at 1031.

112. *Id.*

113. Citing *Madrid Protocol Implementation Act and Federal Trademark Dilution Act of 1995: Hearings on H.R. 1270 and H.R. 1295 Before the Subcomm. On Courts and Intellectual Property of the House Comm. on the Judiciary*, 104<sup>th</sup> Cong. 124 (1995), at 1, 2 (statement of Rep. Carlos J. Morehead, Chairman of the House Subcommittee on Courts and Intellectual Property).

114. Pub. L. No. 109-98, 4 (1996) (to be codified at 15 U.S.C. 1127).

115. See notes 18-19 and accompanying text *supra*.

116. See H.R. REP. NO. 104-374, 104<sup>th</sup> Cong., 1<sup>st</sup> Sess. 8 (Nov. 30, 1995).

117. Pub. L. No. 104-98, 3(a) (codified at 15 U.S.C. 1125 (c) (2)). Note that this reverses the traditional common law preference for damages as a remedy.

118. *Id.* The list of factors to be considered as to whether a mark is famous is as follows: (a) the degree of inherent or acquired distinctiveness of a mark; (b) the duration and extent of use of the mark in connection with the goods or services with which the mark is used; (c) the duration and extent of advertising and publicity of the mark; (d) the geographical extent of the trading area in which the mark is used; (e) the channels of trade for the goods or services with which the mark is used; (f) the degree of recognition of the mark in the trading areas and channels of trade of the mark's owner and the person against whom the injunction is sought; (g) the nature and extent of use of the same or similar marks by third parties; and (h) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

119. *Id.* at 968.

120. *Id.* (applying the damage provisions of §35(a) and §36 of the Lanham Act).

121. *Id.*

122. Pub. L. No. 104-98, 3(a) (codified at 15 U.S.C. 1125 (c) (4)(B)).

123. Pub. L. No. 104-98, 3(a) (codified at 15 U.S.C. 1125 (c) (4)(C)).

124. A typical state anti-dilution statute provides no definition of dilution, but, instead, state that a "likelihood of injury to 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." ME. REV. STAT. ANN. tit. 10, §1530 (West 1980); N.Y. GEN. BUS. LAW 368-d (McKinney 1992).

125. Villwock, *supra* note 82, at 222.

126. See Beverly W. Pattishall, *The Dilution Rationale for Trademark-Trade Identity Protection, Its Progress and Prospects*, 71 NW. U.L. REV. 618 (1976); and Pattishall, *supra* note 5.

127. Villwock, *supra* note 82, at 223.

128. Port, *supra* note 18, at 447.

129. See e.g., *Whitehall Construction Company, Inc. v. Washington Suburban Sanitary Comm'n*, 165 F.Supp. 730, 732 (D.Md. 1958).

130. George E. Middleton, *Some Reflections on Dilution*, 42 TRADEMARK REP. 175, 178-9 (1952).

131. See RUDOLF CALLMAN, *THE LAW OF UNFAIR COMPETITION AND TRADEMARKS* 21.11, 66-67 (4<sup>th</sup> ed. 1994).

132. See, e.g., *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026, 1030-1 (2d Cir. 1989); *Hyatt Corp. v. Hyatt Legal Services*, 736 F.2d 1153, 1157-58 (7th Cir. 1984), *cert. denied*, 469 U.S. 1019 (1984) (in a dilution action, a plaintiff must prove his mark "distinctive"); *Intermatic, Inc. v. Toeppen*, 947 F.Supp. 1227 (N.D.Ill. 1996), *as amended*, 1998 WL 102702 (N.D.Ill.1998); and *Panavision International, L.P. v. Toeppen*, 945 F.Supp. 1296 (C.D. Cal 1996).

133. *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 702 F.Supp. 1031, *rev'd on other grounds*, 875 F.2d 1026, 1030-1 (2d Cir. 1989).

134. *Id.*

135. See *Stern's Miracle-Gro Prods., Inc. v. Shark Prods.*, 823 F.Supp. 1077, 1090 (S.D.N.Y. 1993).

136. See *Kraft Gen. Foods, Inc. v. Allied Old English, Inc.*, 831 F.Supp. 123, 134 (S.D.N.Y. 1993).

137. For example, the Seventh Circuit requires distinctiveness without elaborating on a level required. The Ninth Circuit held that the dilution doctrine only applied to strong marks but never delineated what constitutes a strong mark.

138. See *supra* note 102 and accompanying text.

139. See *Dr. Seuss Enterprises, L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394 (9th Cir. 1997), *cert. dismissed*, 118 S.Ct. 27 (1997); *Porsche Cars North America, Inc. v. Manny's Porshop, Inc.*, 1997 U.S. Dist. LEXIS 4519 (1997); *Knaack Manufacturing Co. v. Rally Accessories, Inc.*, 955 F.Supp. 991 (N.D.Ill. 1997); *Cardservice International, Inc. v. Webster R. McGee*, 950 F.Supp. 737 (E.D.Va. 1997), *aff'd* 129 F.3d 1258 (4<sup>th</sup> Cir. 1997); *Elvis Presley Enterprises, Inc. v. Capece*, 950 F.Supp. 783 (S.D. Tex. 1996), *rev'd on other grounds*, 1998 WL 229797 (5th Cir. 1998); *Circuit City Stores, Inc. v. OfficeMax, Inc.*, 949 F.Supp. 409 (E.D. Va. 1996); *Star Market, Ltd. v. Texaco, Inc.*, 950



F. Supp. 1030 (D. Hawaii 1996); Blue Cross and Blue Shield Mutual of Ohio v. Blue Cross and Blue Shield Assoc., 1996 U.S. Dist. LEXIS 17305 (1996); Panavision International, L.P. v. Toeppen, 945 F.Supp. 1296 (C.D. Cal. 1996); American Express Company v. CFK, Inc., 947 F.Supp. 310 (E.D. Mich. 1996); Intermatic Incorporated v. Toeppen, 947 F.Supp. 1227 (N.D. Ill. 1996); Genovese Drug Stores, Inc. v. TGC Stores, Inc., 939 F.Supp. 340 (D.N.J. 1996); WAWA, Inc. v. Haaf, 1996 U.S. Dist. LEXIS 11494 (1996); Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. B.E. Windows Corp., 937 F.Supp. 204 (S.D.N.Y. 1996); United States Playing Card Co. v. Bicycle, 1997 Ohio App. LEXIS 2143 (1997); Exxon Corp. v. Oxxford Clothes, Inc., 109 F.3d 1069 (5<sup>th</sup> Cir. 1997); Westinghouse Electric Corporation v. General Circuit Breaker & Electric Supply Inc., 106 F.3d 894 (9<sup>th</sup> Cir. 1997), *cert. denied*, 118 S.Ct. 155 (1997); The Sports Authority, Inc. v. Prime Hospitality Corp., 89 F.3d 955 (2d Cir. 1996); Harley-Davidson Motor Company v. Chrome Specialties, Inc., 173 F.R.D. 250 (E.D. Wisc. 1997); Trustees of Columbia University v. Columbia Healthcare/HCA Network Corp., 964 F.Supp. 733 (S.D.N.Y. 1997); HAAS Outdoors, Inc. v. Oak Country Camo, Inc., 957 F. Supp. 835 (1997); Ringling Bros.-Barnum & Bailey, Combined Shows Inc. v. Utah Division of Travel Development, 955 F.Supp. 598 (E.D.Wisc. 1997); Gateway 2000, Inc. v. Gateway.com, Inc., 1997 U.S. Dist. LEXIS 2144 (1997); Zippo Manufacturing Co. v. Zippo Dot Com, Inc., 952 F.Supp. 1119 (W.D. Pa. 1997); Nailtiques Cosmetics Corp. v. Salon Sciences Corp., 41 U.S.P.Q. 1995 (S.D. Fla. 1997); Starter Corp. v. Converse, Inc., 1996 U.S. Dist. LEXIS 17502 (1996); Toys "R" Us v. Akkaoui, 40 U.S.P.Q.2d 1836 (N.D. Cal. 1996); Minnesota Mining and Manufacturing Co. v. Ruah Rubber, Inc., 943 F.Supp. 1117 (1996), *aff'd* 130 F.3d 1305 (8<sup>th</sup> Cir. 1997); Anheiser-Busch, Inc. v. Andy's Sportswear, Inc., 40 U.S.P.Q.2d 1542 (N.D. Cal. 1996); Lebas Fashion Imports of USA v. ITT Hartford Insurance Group, 52 Cal.Rptr.2d 26 (Cal. App. 2 Dist. 1996); Michael Caruso & Co., Inc. v. Estefan Enterprises, Inc., 1998 WL 63567 (S.D. Fla. 1998); S. Industries, Inc. v. Diamond Multimedia Systems, Inc., 1998 WL 21661 (N.D. Ill. 1998); Resorts of Pinehurst, Inc. v. Pinehurst National Development Corp., 973 F.Supp. 552 (M.D.N.C. 1997); King of the Mountains Sports, Inc. v. Chrysler Corp., 968 F.Supp. 568 (D. Colo. 1997); Lockheed Martin Corporation v. Network Solutions, Inc., 985 F.Supp. 949 (C.D. Cal. 1997); and Academy of Motion Picture Arts and Sciences v. Network Solutions, Inc., 1997 WL 810472 (C.D. Cal. 1997).

140. Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development. 955 F.Supp. 598, 605 (E.D.Va. 1997).

141. *Id.*

142. Intermatic Inc. v. Toeppen, 947 F.Supp. 1227 (N.D. Ill. 1996), *as amended*, 1998 WL 102702 (N.D.Ill.1998).

143. Panavision International, L.P. v. Toeppen, 945 F.Supp. 1296 (C.D. Cal. 1996). Dennis Toeppen was, "effectively attempting to extort money from companies" through his dilution actions. Toeppen's business involved registering trademarks as domain names on the Internet and then selling those domain names back to the trademark holder. The 9<sup>th</sup> Circuit labeled Toeppen a "cyber-pirate" and ruled that his actions violated both federal and California state trademark dilution laws, rejecting the notion that a domain name is simply an address or location, but rather a domain name is an identifier of a

particular Web site. *Court scuttles cyber-pirate's trademark ploy*, THE SEATTLE TIMES, Apr. 18, 1998 at A3.

144. Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc., 702 F.Supp. 1031, *rev'd on other grounds*, 875 F.2d 1026 (2d Cir. 1989).

145. *Id.*

146. Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development. 955 F.Supp. 598, 605 (E.D.Va. 1997).

147. Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc., 702 F.Supp. 1031, *rev'd on other grounds*, 875 F.2d 1026 (2d Cir. 1989).

148. *See also* Porsche Cars North America, Inc. v. Manny's Porshop, Inc., 972 F.Supp. 1128 (N.D. Ill. E.Div. 1997); and Knaack Manufacturing Co. v. Rally Accessories, Inc., 955 F.Supp. 991 (N.D.Ill. E. Div. 1997) (for additional interpretations of "famous mark" status).

149. Monica Langley, *Smaller Firms Take on Coca-Cola over Surge Trademark Slogan*, WALL STREET J., Jan 24, 1997 at A3.

150. *See e.g.* Toys "R" Us, Inc. v. Akkaoui, 40 U.S.P.Q.2d 1836 (N.D. Ca. 1996) (tarnishment case); Sunbeam Products, Inc. v. West Bend Co., 39 U.S.P.Q.2d 1545 (S.D. Miss 1996) (blurring case).

151. *See e.g.* Toys "R" Us, Inc. v. Akkaoui, 40 U.S.P.Q.2d 1836 (N.D. Ca. 1996), (the court preliminarily enjoined the defendant from using an Internet domain name "ADULTSRUS.COM" for a Web site through which sexual devices were sold); and Anheiser-Busch Inc. v. Andy's Sportswear, Inc., 40 U.S.P.Q.2d 1542 (N.D. Ca. 1996) (court granted temporary restraining order preventing the sale of "Buttwiser" T-shirts, finding that the product would tarnish the trademark "Budweiser").

152. *See, e.g.* Ringling Bros. v. B.E. Windows, 937 F.Supp. 204 (S.D. N.Y. 1996); Ringling Bros. v. Utah Division of Travel Dev., 41 U.S.P.Q.2d 1924 (E.D. Va. 1997); and American Express v. CFK, 947 F.Supp. 310 (E.D. Mich. 1996).

153. Hasbro, Inc. v. Internet Entertainment Group., 40 U.S.P.Q.2d 1479 (W.D. Wash. 1996).

154. *Id.*

155. *Adult Internet Service Ordered to Stop Using Candyland Address*, INTELL. PROP. LIT. REP. 6 (March 27, 1996).

156. *Id.*

157. Hasbro, Inc. v. Internet Entertainment Group., 40 U.S.P.Q.2d 1479 (W.D. Wash. 1996).

158. Toys "R" Us, Inc. v. Akkaoui, 40 U.S.P.Q.2d 1836 (N.D.Ca. 1996).

159. *Id.*

160. *Id.*

161. Sunbeam Products, Inc. v. West Bend Co., 39 U.S.P.Q.2d 1545 (S.D.Miss. 1996).

162. *Id.*

163. *Id.* at \*14.

164. *Id.* at \*38.

165. Levi Strauss & Co. v. San Francisco 415 Co., 1996 WL 724786, at \*1 (N.D. Cal. 1996).

166. Dr. Seuss Enterprises v. Penguin Books USA, Inc. 924 F.Supp. 1559 (S.D. Cal. 1996), *aff'd*, 109 F.3d 1394 (9th Cir. 1997), *cert. denied*, 118 S.Ct. 27 (1997).

167. *Id.* at 1573-74. The legislative history of the FTDA stated that parody was one of the forms of expression protected by section 1125(c)(4)(B). See 15 U.S.C. §1125(c)(4)(B).

168. *Id.* at 1574.

169. Elvis Presley Enterprises v. Capece, 950 F.Supp. 783 (S.D. Tex. 1996), *rev'd on other grounds*, 1998 WL 229797 (5th Cir. 1998).

170. Hormel Foods, Corp. v. Jim Hensen Products, Inc., 73 F.3d 497 (2d Cir. 1996).

171. Elvis Presley Enterprises v. Capece, 950 F.Supp. 783, 798 (S.D. Tex. 1996), *rev'd on other grounds*, 1998 WL 229797 (5th Cir. 1998).

172. Elvis Presley Enterprises v. Capece, 1998 WL 229797 (5th Cir. 1998).

173. See e.g. Blue Cross and Blue Shield Mutual of Ohio v. Blue Cross and Blue Shield Assoc. 1996 U.S. Dist. LEXIS 17305 (1996) (both the plaintiff and the defendant were using similar names to identify themselves); American Express Company v. CFK, Inc. 947 F.Supp. 310 (E.D. Mich. 1996) (whereby the defendant was using a variant of the slogan "Don't leave home without it" to advertise a pocket organizer); Porsche Cars North America, Inc. v. Manny's Porshop, Inc., 1997 U.S. Dist. LEXIS 4519 (1997) (use of a name similar to the plaintiff's by the defendant); Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. B.E. Windows Corp. 937 F.Supp. 204 (S.D.N.Y. 1996) (use of a slogan similar to that of the plaintiff's "Greatest Show on Earth" by the defendant); Trustees of Columbia University v. Columbia Healthcare/HCA Network Corp., 964 F.Supp. 733 (S.D.N.Y. 1997) (use of the same name by both parties as identifiers); Ringling Bros.-Barnum & Bailey, Combined Shows Inc. v. Utah Division of Travel Development 955 F.Supp. 598 (E.D.Wisc. 1997) (use of a slogan similar to that of the

plaintiff's "Greatest Show on Earth" by the defendant).

174. 702 F.Supp. 1031, *rev'd on other grounds*, 875 F.2d 1026 (2d Cir. 1989).

175. *Id.*

176. 828 F.2d 1482, 1484 (10th Cir. 1987).

177. Mead Data Central v. Toyota Motor Sales, U.S.A., Inc., 875 F.2d 1026 (2d Cir. 1989).

178. Port, *supra* note 18, at 450.

179. 15 U.S.C. 1127.

180. Ringling Bros. v. B.E. Windows Corp., 937 F.Supp. 204, 212 (S.D.N.Y. 1996).

181. Ringling Bros. v. B.E. Windows Corp., 937 F.Supp. 204 (S.D. N.Y. 1996).

182. Ringling Bros. v. Utah Division of Travel Dev., 955 F.Supp. 598 (E.D. Va. 1997).

183. Ringling Bros. v. B.E. Windows Corp., 937 F.Supp. 204 (S.D. N.Y. 1996).

184. Ringling Bros. v. Utah Division of Travel Dev., 955 F.Supp. 598 (E.D. Va. 1997).

185. Ringling Bros. v. B.E. Windows Corp., 937 F.Supp. 204, 210 (S.D. N.Y. 1996).

186. Ringling Bros. v. Utah Division of Travel Dev., 41 U.S.P.Q.2d 1924, 1929 (E.D. Va. 1997).

187. Intermatic Inc. v. Toeppen, 947 F.Supp. 1227 (N.D. Ill. 1996), *aff'd on other grounds*, 1998 WL 102702 (N.D. Ill. 1998).

188. Panavision International, L.P. v. Toeppen, 945 F.Supp. 1296 (C.D. Cal. 1996).

189. Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc., 702 F.Supp. 1031, *rev'd on other grounds*, 875 F.2d 1026 (2d Cir. 1989).

190. Richard M. Berman, Chairman of the Board and President of the International Trademark Association, *Testimony before the Senate Judiciary Subcommittee on Patents, Copyrights and Trademarks*, 1994 WL 223392 (Mar. 9, 1994).

191. See *supra* note 131 and accompanying text.

192. See *supra* note 141 and accompanying text.

193. See discussion on appropriation and the "free rider" effect which it attempts to squash by refusing a junior mark holder to appropriate the fame and/or identity of another for the junior mark holder's benefit, *supra* note 13 and accompanying text.

194. See Steven E. Shapiro, *Use of 'Mead Data' Test Dilutes the Dilution Act*, NAT'L L.J., May 12, 1997, C2 (quoting Jane C. Ginsburg, Columbia University: "Registering the name of a famous trademark holder on a site that has nothing to do with that company is a classic blurring problem; it is easier to deal with as dilution.").

195. Richard L. Kirkpatrick and Sheldon H. Klein, *Federalization Trend Culminates in Dilution Law: The Trademark Dilution Act may render state law obsolete but fails to define some vital terms*, NAT'L. L. J., Jun. 17, 1996, D13.

196. *Id.*

197. Steven Shapiro, *Use of 'Mead Data' Test Dilutes the Dilution Act*, NAT'L L.J. May 12, 1997 at C4.