IT'S AS CLEAR AS MUD: A CALL TO AMEND THE FEDERAL TRADEMARK DILUTION ACT OF 1995

MATTHEW C. OESTERLE*

INTRODUCTION

The Federal Trademark Dilution Act of 1995[1] ("FTDA" or "Act"), put simply, is intended to protect the distinctive quality of a famous trademark from uses by third parties that diminish that distinctiveness.[2] The recent cases of *Savin Corp. v. Savin Group*[3] and *Moseley v. V. Secret Catalogue, Inc.*[4] exemplify the two ways in which the FTDA fails to fulfill this simple goal of Congress. In *Savin*, the court explained that the Second Circuit bifurcates the distinctive quality of a trademark that the Act protects, making it harder to obtain relief under the Act.[5] This interpretation of the FTDA is contrary to the strict language of the Act[6] and the interpretation of other Circuits.[7] In *Moseley*, the Court interpreted the Act to require an owner of a famous trademark to suffer actual harm before being granted relief under the Act.[8] While this interpretation comports with the literal language of the FTDA, it conflicts with much of the Act's legislative history and purpose.[9] Together, these cases provide a compelling illustration

* J.D. Candidate, Chicago-Kent College of Law, 2006; M.S. Criminology and Criminal Justice, University of Missouri, 1992. I would like to thank Professor Mickie Piatt and Editor-in-Chief Luke Shannon for their valuable support and assistance, and Stacey Oesterle for her patience.

1. 15 U.S.C. § 1125(c) (2000).

2. H.R. REP. NO. 104-374, at 3 (1995), *as reprinted in* 1996 U.S.C.C.A.N. 1029, 1030.

3. 391 F.3d 439 (2d Cir. 2004).

4. 537 U.S. 418 (2003).

5. 391 F.3d at 449 (explaining that to prevail under the Act, a plaintiff must show that his mark possesses both inherent *and* acquired distinctiveness); *accord* TCPIP Holding Co., Inc. v. Haar Commc'ns, Inc., 244 F.3d 88, 97–98 (2d Cir. 2001).

6. 15 U.S.C. § 1125(c)(1) ("In determining whether a mark is distinctive and famous, a court may consider factors such as, but not limited to . . . the degree of inherent or acquired distinctiveness of the mark. . . .").

7. *See, e.g.*, Ty, Inc. v. Perryman, 306 F.3d 509, 513–14 (7th Cir. 2002) (discussing the inherent distinctiveness of famous coined trademarks, like EXXON, and the acquired distinctiveness of famous trademarks that are descriptive, like BEANIES).

8. 537 U.S. at 433–34 (holding that successful dilution claims require proof of actual dilution of the senior mark and creating a controversy by stating that dilution may be shown by circumstantial evidence, but failing to decide if identity of the marks is circumstantial evidence).

9. *See infra* Part III.B.

of the need for Congress to amend the Act to provide a more consistent method for determining which trademarks are protected under the Act, as well as exactly what those trademarks are protected from.

A trademark is any word or symbol that is used to identify the source of goods or services in the marketplace and to distinguish that source from any other.[10] The law protects trademarks for three basic reasons: (1) to protect consumers from deception as to the source, and presumably the quality, of a product; (2) to protect a trademark owner's right to enjoy the benefits of goodwill and reputation attached to a trademark; and (3) to promote efficiency in the marketplace by allowing consumers to quickly identify products that have been satisfactory or unsatisfactory in the past.[11] The "keystone" of trademark infringement protection has traditionally been whether or not a junior user's[12] mark is likely to cause confusion in the minds of the buying public.[13] To assess the likelihood of confusion between two marks, courts will generally look at several relevant factors: (1) the similarity of the marks; (2) the similarity of the products; (3) the area and manner of concurrent use; (4) the degree of care and sophistication of consumers in selecting the particular goods or services; (5) the strength of the plaintiff's mark; (6) whether any actual confusion exists; and (7) the defendant's intent to pass off his goods as those of the plaintiff.[14] Infringement occurs when the use of a junior mark causes or is likely to cause a purchaser to be confused about the origin of a product before, during, or after a purchasing decision.[15]

10. J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 3:1 (4th ed. 2005). Although a mark that identifies a service, rather than a good, is actually a service mark, the legal treatment of trademarks and service marks is usually the same, *id.*, and this article will refer to both types of marks as trademarks or "marks."

11. *Id.* § 2:2.

12. In this article, a junior user is a party that uses a mark that is similar or identical to another mark previously existing in the marketplace. A senior user is the party using that similar or identical mark prior to the junior mark's entry into the marketplace and may also be referred to as a famous mark owner.

13. MCCARTHY, *supra* note 10, § 2:8; *accord* Nautilus Group, Inc. v. Icon Health and Fitness, Inc., 372 F.3d 1330, 1334 (Fed. Cir. 2004).

14. Sullivan v. CBS, Corp., 385 F.3d 772, 776 (7th Cir. 2004); *accord* Brennan's, Inc. v. Brennan's Rest., L.L.C., 360 F.3d 125, 130 (2d Cir. 2004) (dividing the area and manner of concurrent use into two factors: the competitive proximity of the goods and the likelihood the plaintiff will "bridge the gap" by offering products bearing the famous mark in closer proximity to the defendant's products); Therma-Scan, Inc. v. Thermoscan, Inc., 295 F.3d 623, 630 (6th Cir. 2002) (similar). The various Circuits formulate and apply these factors in a slightly different manner. *Compare Sullivan*, 385 F.3d at 776 (applying a seven-factor test) *with Brennan's*, 360 F.3d at 130 (applying an eight-factor test) *and Therma-Scan*, 295 F.3d at 630 (applying a slightly different eight-factor test). *See also Nautilus Group, Inc.*, 372 F.3d at 1334 (explaining that in trademark cases, the Federal Circuit will apply the law of the applicable regional Circuit).

15. Nissan Motor Co. v. Nissan Computer Corp., 378 F.3d 1002, 1018 (9th Cir. 2004) (stating that "[i]nitial interest confusion occurs when the defendant uses the plaintiff's trademark 'in a manner

Trademark dilution protection relies on an entirely different premise than does the protection against infringement. Dilution occurs when the junior use of a mark lessens "the capacity of a famous mark to identify and distinguish goods or services."[16] Whereas trademark infringement is based on consumer confusion, which "leads to immediate injury, . . . dilution is an infection, which, if allowed to spread, will inevitably destroy the advertising value of the mark."[17] Accordingly, dilution protection is based on protecting the famous mark's distinctive quality from dilution, regardless of any consumer confusion as to the source of a product.[18] In fact, the FTDA is intended "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."[19]

Professor Frank Schechter, who wrote and testified before Congress on the topic of dilution in the 1920s and 1930s, is generally credited with introducing the notion of dilution protection for famous trademarks to the United States.[20] Schechter professed that "the value of the modern trademark lies in its selling power. . . . [T]his selling power depends . . . upon [the trademark's] uniqueness and singularity, . . . [and] such uniqueness or singularity is vitiated or impaired by its use upon either related or non-related goods."[21] He reasoned that if a well-known trademark was associated with a product in the minds of the buying public, and then an identical or similar mark was placed on a product from another source, even a non-competing and completely unrelated product, the public would tend to think of the former product when seeing the mark on the latter product.[22] Thus the second user would benefit, and a prior user would suffer, even if the public never assumed the products were from a common source.[23] Ul-

calculated to capture initial consumer attention, even though no actual sale is finally completed as a result of the confusion.'"); Mastercrafters Clock & Radio Co. v. Vacheron & Constantin-Le Coultre Watches, Inc., 221 F.2d 464, 466 (2d Cir. 1955) (describing post-sale confusion, in which not the purchaser, but a third party, is confused as to the source of an article leading them to believe the purchaser has bought a particular brand they have not).

16. 15 U.S.C. § 1127 (2000).

17. Mortellito v. Nina of Cal., Inc., 335 F. Supp. 1288, 1296 (S.D.N.Y. 1972) (citation omitted).

18. Robert N. Klieger, *Trademark Dilution: The Whittling Away of the Rational Basis for Trademark Protection*, 58 U. PITT. L. REV. 789, 794 (1997); AutoZone, Inc. v. Tandy Corp., 373 F.3d 786, 801 (6th Cir. 2004) ("Dilution law, unlike traditional trademark infringement law . . . is not based on a likelihood of confusion standard, but only exists to protect the quasi-property rights a holder has in maintaining the integrity and distinctiveness of his mark.") (citation omitted).

19. H.R. REP. NO. 104-374, at 2 (1995), *as reprinted in* 1996 U.S.C.C.A.N. 1029, 1029.

20. MCCARTHY, *supra* note 10, § 24:67.

21. Frank I Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 831 (1927).

22. *Id.* at 831–32.

23. *Id.*

timately, the prior user's mark would lose its selling power. Therefore, the value of a famous mark to its owner would be diminished if other producers of goods began to designate their products with the same mark, even in the absence of any consumer confusion as to the source of the goods.[24]

Although not part of the common law tradition,[25] several states began to enact dilution statutes shortly after Congress enacted the Lanham Act,[26] beginning with Massachusetts in 1947.[27] Since then, thirty-five states have enacted dilution statutes,[28] with many of them patterning the language of their statute on the dilution prohibition of the Model Trademark Act.[29] These state statutes all generally protect the distinctive quality of a trademark from any junior use likely to cause dilution.[30] However, because any junior use of a similar or identical mark will necessarily undermine a trademark's singularity, the state statues typically provide protection from two,[31] more narrowly defined, types of dilution: blurring and tarnishment.[32] Blurring occurs when a famous mark, which is capable of stimulating a positive response in the buying public, and which is associated only with the products of its owner, suffers a blurring of that stimulating effect due to the use of the junior mark on different products from a different producer.[33]

24. *Id.* at 832.

25. MCCARTHY, *supra* note 10, § 24:78.

26. The Lanham Act, 60 Stat. 427 (1946), enacted as 15 U.S.C. §§ 1051–1072, was the first comprehensive Congressional Act to unify and codify various prior common law and statutory law on unfair competition and trademark protection. MCCARTHY, *supra* note 10, § 5:4.

27. Klieger, *supra* note 18, at 811; MASS. GEN. LAWS ANN. ch. 110B, § 12 (1999).

28. MCCARTHY, *supra* note 10, § 24:80. The states with an anti-dilution statute as of 2004 are: Alabama, Alaska, Arkansas, California, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Iowa, Kansas, Louisiana, Maine, Massachusetts, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Hampshire, New Jersey, New Mexico, New York, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Utah, Washington, West Virginia, and Wyoming. *Id.* at n.2.

29. *Id.* §§ 24:80–24:81. The Model Trademark statute is section 12 of the 1964 United States (now International) Trademark Association Model State Trademark Bill, revised in 1992 to incorporate changes to federal trademark law proposed in 1988 but never enacted. *Id.* § 24:81.

30. Klieger, *supra* note 18, at 812–13.

31. A third, more recent type of dilution occurs through "cybersquatting." *See* Mark R. Becker, *Streamlining the Federal Trademark Dilution Act to Apply to Truly Famous Marks*, 85 IOWA L. REV. 1387, 1399 (2000). This article does not explore this third conceptualization of dilution, which is governed by a separate provision in the Lanham Act. 15 U.S.C. § 1125(d) (2000). Cybersquatting is typically not resolved in the courts, but by a dedicated arbitration system created by the Internet Corporation for Assigned Names and Numbers ("ICANN") via its Uniform Domain Name Dispute Resolution Policy ("UDRP"). *See* Clarisa Long, *Dilution*, 13 (Feb. 1, 2005), http://www.chicagoip.com/longdilution.pdf.

32. Klieger, *supra* note 18, at 823.

33. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25 cmt. c (1995); *see also* Nabisco, Inc. v. P.F. Brands, Inc., 191 F.3d 208, 217 (2d Cir. 1999) (upholding preliminary injunction and finding that a competing fish-shaped, cheese flavored cracker likely lessened the distinctiveness of the famous GOLDFISH crackers).

As an example, a new dry-cleaning chain called STARBUCKS[34] is unlikely to be confused with the ubiquitous coffee shop chain; however, the dry-cleaner may cause blurring because the public will no longer associate the famous STARBUCKS name solely with the coffee company. Tarnishment occurs when a junior mark's placement on a product creates an inherently negative and unsavory association for the owner of the famous mark.[35] For instance, if the proprietor of an adult novelty store named his shop DISNEY'S WORLD, the famous DISNEYWORLD mark, associated around the world with family entertainment, would be tarnished by the association, even though no consumer would confuse DISNEYWORLD with the adult novelty store.

The FTDA, enacted in 1996, is the first federal protection against trademark dilution.[36] The FTDA, which is not intended to pre-empt state dilution statutes,[37] differs from the state statutes in two significant respects: it requires that senior marks be not only distinctive, but also famous; and the literal language of the Act requires that the owner of a famous mark prove that the junior mark actually *caused* dilution rather than just proving the junior mark was likely to cause dilution.[38] These two distinctions have led to a confused and uncertain application of the FTDA. They have frustrated the fulfillment of the purposes for which Congress enacted the FTDA in the first place.

This article examines the FTDA and its shortcomings, and proposes a plan to improve the Act to better meet Congress's objectives for it. Part I lays a foundation for examining the Act by reviewing the status of state trademark dilution protection at the time the FTDA was passed. Part II reviews Congress's 1988 decision to forgo instituting federal trademark dilution protection, the history of the FTDA, Congress's motivations for passing the Act, and the effect the Act was meant to have in the protection of national trademarks. Part III recounts the Act's failure to live up to those goals, illustrating the need for amendment. Lastly, Part IV suggests a two-part plan to amend the Act to improve its effectiveness in meeting the needs of famous mark owners. First, the amendment would create a new famous trademark register that would provide a presumption of fame; and

34. This article will follow the convention of listing trademarks in all capital letters.

35. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25(b).

36. MCCARTHY, *supra* note 10, § 24:83.

37. H.R. REP. NO. 104-374, at 4 (1995), *as reprinted in* 1996 U.S.C.C.A.N. 1029, 1031 (stating that the FTDA "would not pre-empt existing state dilution statutes. State laws could continue to be applied in cases involving locally famous or distinctive marks.").

38. Eric A. Prager, *The Federal Trademark Dilution Act of 1995: Substantial Likelihood of Confusion*, 7 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 121, 125–26 (1996).

second, it would permit injunctive relief upon the showing of likelihood of dilution rather than only after proof of actual dilution. Part IV also discusses the shortcomings of an amendment to the FTDA currently pending before Congress.

I. STATE OF TRADEMARK DILUTION PROTECTION PRIOR TO THE FTDA

Trademark dilution protection originated at the state level in the United States.[39] Accordingly, a brief review of dilution protection under state law prior to the passage of the FTDA is relevant to the examination of the Act itself. The notion of trademark dilution first began to emerge in U.S. case law in the well-known New York case of *Tiffany & Co. v. Tiffany Productions, Inc.*[40] In that case, a state court enjoined a movie theatre from using the famous jeweler's name.[41] The case is significant because, despite evidence showing actual consumer confusion regarding the affiliation of the theatre, the court's reasoning in granting the injunction was not explained in the language of trademark infringement, as had been characteristic of previous trademark cases.[42] Rather, the court reasoned that well-known marks need to be protected against uses that dissociate them from the particular products with which they have been used, thereby firmly expressing its approval of protecting famous marks from dilution.[43] In fact, the court, quoting Professor Schechter, stated that "[t]he real injury in such cases of non-competitive products is the gradual whittling away . . . of the identity and hold upon the public mind of the mark or name by its use upon noncompeting goods."[44]

Fifteen years later, in 1947, state dilution statutes began to appear and have since been enacted in thirty-five states.[45] Despite the proliferation of state statutes and early support for dilution remedies in cases like *Tiffany & Co.* however, the statutes have often provided inadequate protection for many famous trademark owners, particularly owners of nationally famous marks. After enactment of the first state dilution law, but prior to the passage of the FTDA, courts were generally reluctant to apply dilution statutes literally,[46] and were at times openly hostile towards the concept of dilu-

39. *See generally* David S. Welkowitz, *Reexamining Trademark Dilution*, 44 VAND. L. REV. 531 (1991) (examining the state of trademark dilution law in 1991).

40. 147 Misc. 679, 264 N.Y.S. 459 (N.Y. Sup. Ct. 1932).

41. *Id.* at 683.

42. *Id.* at 681.

43. *Id.*

44. *Id.* at 681–82 (quoting from Schechter, *supra* note 21, at 825).

45. MCCARTHY, *supra* note 10, § 24:80.

46. Klieger, *supra* note 18, at 815.

tion.[47] In fact, of 159 state law dilution claims to reach federal circuit courts of appeal between 1977 and 1993, only ten cases resulted in a preliminary injunction where dilution formed at least a partial ground for the relief.[48] Furthermore, only four cases resulted in a permanent injunction based solely on the violation of a state dilution statute.[49]

Even when courts did enforce state dilution laws, they were often hesitant to grant injunctions beyond state boundaries.[50] This reluctance to impose nationwide injunctions was rooted in the interests of comity, particularly in light of the fact that many states did not provide dilution relief.[51] As a result, an undisputedly famous mark like the JOHN DEERE logo, familiar throughout the country, was refused nationwide injunctive relief under the New York dilution statute.[52] The court reached this conclusion despite clear precedent that it was within the court's power to grant nationwide injunctive relief for violation of the New York dilution law.[53] Additionally, other courts refused to grant any injunctive relief under state dilution statutes in cases where other remedies were available under non-dilution claims in the case.[54]

This treatment of dilution claims often left the owners of famous marks with little hope of meaningful relief, and led to forum shopping and an increase in litigation.[55] In response, trademark owners and their advocates called for federal-level dilution protection, which was expected to be effective, predictable, and more faithfully applied by the courts than state dilution law had been.[56]

47. Kenneth L. Port, *The "Unnatural" Expansion of Trademark Rights: Is a Federal Dilution Statute Necessary?*, 18 SETON HALL LEGIS. J., 433, 439 (1994).

48. *Id.* at 441.

49. *Id.*

50. *See, e.g.*, Deere & Co. v. MTD Prods., Inc., No. 94 CIV. 2322, 1995 WL 81299, at 5–6, 1995 U.S. Dist. LEXIS 2278, (S.D.N.Y. Feb. 27, 1995).

51. *Id.* at 2 (referring to dilution as a "novel" theory of relief).

52. *Id.* at 6. The court weighed several factors in refusing to grant a nationwide injunction, giving particular weight to the fact "that neither party claim[ed] any special relationship to New York." *Id.* The New York dilution law construed in this opinion was codified at N.Y. GEN. BUS. LAW. § 368-d (McKinney 1996), but was repealed effective January 1, 1997.

53. *Deere & Co.*, 1995 WL 81299, at 5.

54. *See, e.g.*, Berghoff Rest. Co. v. Lewis W. Berghoff, Inc., 499 F.2d 1183, 1185 (7th Cir. 1974) (stating in dicta that if injunctive relief was available for trademark infringement on similar goods under federal law, no injunction against dilution need be granted under state law).

55. H.R. REP. NO. 104-374, at 3–4 (1995), *as reprinted in* 1996 U.S.C.C.A.N. 1029, 1030–31.

56. United States Trademark Association Trademark Review Comm., *Report and Recommendation to USTA President and Board of Directors*, 77 TRADEMARK REP. 375, 455 (1987) [hereinafter USTA Report].

II. HISTORY OF THE FTDA AND CONGRESS'S MOTIVATIONS FOR ENACTING IT

The effective and predictable federal dilution protection desired by trademark owners was expected to come from the FTDA. The Act entitles owners of famous trademarks to injunctive relief against others' use of their famous marks in a "commercial use in commerce,"[57] if that use began after the mark became famous and that commercial use "causes dilution of the distinctive quality of the mark."[58] The Act lists eight nonexclusive factors the court may rely upon when determining if a mark is famous for purposes of the Act:

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

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

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

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

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

(F) the degree of recognition of the mark in the trading areas and channels of trade used by the marks' [sic] 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.[59]

Despite listing these factors for determining fame, the Act's only guidance in determining whether the junior use of the mark has caused dilution comes in the form of the statutory definition of dilution: "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."[60]

57. A "commercial use in commerce" is the use of a mark as a designation of source in order to sell goods or services to which it is attached. Mattel, Inc. v. MCA Records, Inc., 296 F.3d 894, 903 (9th Cir. 2002).

58. 15 U.S.C. § 1125(c)(1) (2000).

59. *Id.*

60. 15 U.S.C. § 1127.

The Act contains affirmative defenses: for fair use of the mark "by another person in comparative commercial advertising or promotion" to identify competing goods and services; for noncommercial use of the mark; and for use of the mark in all manner of news reporting and commentary.[61] Furthermore, the Act bars claims brought under state statutes or common law against owners of marks registered with the federal Trademark Office.[62] Lastly, in cases where the diluting party willfully traded on the reputation of the owner of the famous mark or intentionally caused dilution, the Act entitles owners of famous marks to damages incurred, the defendant's profits, costs, attorney's fees, and, possibly, court-ordered destruction of the diluting articles.[63]

A. History of the Act

The adoption of the FTDA revolves around two principal events: (1) the consideration and passage of the Trademark Law Revision Act of 1988,[64] the first consideration Congress gave to the language of the FTDA; and (2) the consideration and passage of the FTDA itself in 1995.[65]

1. The Trademark Law Revision Act of 1988

The most direct roots of federal level protection for owners of famous marks can be traced to two events in 1987. In June of that year, the U.S. Supreme Court decided the case of *San Francisco Arts & Athletics, Inc. v. United State Olympic Committee*,[66] and in September the United States Trademark Association ("USTA")[67] published its Report and Recommendations for the first comprehensive review and update of the U.S. trade-

61. 15 U.S.C. § 1125(c)(4).

62. 15 U.S.C. § 1125(c)(3). The Act bars state law claims against marks registered in any of the three federal registers: the principal register, the register subsequent to the Act of March 3, 1881, and the register subsequent to the Act of February 20, 1905. *Id.* These three registers will be referred to in this article collectively as "federal registration" or "the principal register."

63. 15 U.S.C. §§ 1125(c)(2), 1117(a), 1118. The court may, depending on the circumstances of the case, also award treble damages.

64. *See infra* Part II.A.1.

65. *See infra* Part II.A.2.

66. 483 U.S. 522 (1987). The USTA cited this case as laying a foundation for federal dilution protection within existing federal trademark law in its Statement on the Trademark Law Revision Act of 1988, submitted to the House Subcommitte on Courts, Civil Liberties and the Administration of Justice during the hearing on that Act. *Trademark Law Revision Act of 1988: Hearing on H.R. 4156 Before the Subcomm. on Courts, Civil Liberties, and the Admin. of Justice of the House Comm. on the Judiciary*, 100th Cong. 82 (1988) (statement of the United States Trademark Assoc.) [hereinafter 1988 Hearing].

67. The USTA changed its name to the International Trademark Association ("INTA") in 1993. *See* International Trademark Association, History, http://www.inta.org/about/history.html (last visited Sept. 13, 2005).

mark system.[68] The *Olympic Committee* Court considered whether a private athletic association could be enjoined from using the word "Olympic" in its commercial activity pursuant to the Amateur Sports Act.[69] In its opinion, the Court stated in dicta that Congress would be within its power to conclude that "unauthorized uses [of famous trademarks], even if not confusing, nevertheless may harm the [owners] by lessening the distinctiveness and thus the commercial value of the marks."[70] This case gave a boost to proponents of a federal trademark dilution statute.

Shortly thereafter, in its Report and Recommendation, the USTA laid out its plan to overhaul U.S. trademark law.[71] The USTA suggested that although then-current federal trademark law had generally accommodated contemporary "business and commercial practices and realities," there were limited exceptions that Congress should address.[72] One of these exceptions was in the area of trademark dilution, and the USTA recommended that Congress act to adopt a federal dilution law to "better serve present day commercial needs."[73] The USTA noted that it had included dilution protection in the Model State Trademark Bill[74] since 1964 and, accordingly, had "strongly influenced" a number of states to adopt protections from dilution for distinctive marks.[75] It specifically recommended that, as in the model state law, "likelihood of injury to business reputation or of dilution of the distinctive quality of a [registered] mark" should be a ground for injunctive relief, even if the diluting mark is used on noncompeting goods and regardless of the presence or absence of confusion as to the source of the goods.[76]

The USTA justified the need for a national dilution statute by reviewing the condition of state trademark dilution law at the time and pointing to the shortcomings of state law, particularly as applied to national trademarks.[77] It described the history of state statutory dilution protection as

68. *See generally* USTA Report, *supra* note 56. The House Report on the 1988 Act explicitly stated that the Trademark Law Revision Act of 1988 was based on the recommendations of the USTA in this report. H.R. REP. NO. 100-1028, at 3 (1988).

69. *Olympic Comm.*, 483 U.S. at 526–27. *See* Amateur Sports Act, now incorporated in the Ted Stevens Olympic and Amateur Sports Act, 36 U.S.C. § 220506 (2000).

70. *Olympic Comm.*, 483 U.S. at 539. The Court also quoted the foundational work of Professor Schechter.

71. USTA Report, *supra* note 56, at 375.

72. USTA Report, *supra* note 56, at 387.

73. *Id.*

74. USTA Report, *supra* note 56, at 454. USTA first promulgated the Model State Trademark Bill in 1949 to guide state legislators and executives. International Trademark Association, Guide to Understanding the Model State Trademark Bill, http://www.inta.org/policy/mstb_guide.html (last visited Sept. 13, 2005).

75. USTA Report, *supra* note 56, at 454.

76. *Id.*

77. *Id.* at 454–55.

"fitful,"[78] and noted that courts had only infrequently granted relief solely due to dilution under state statutes.[79] It went on to observe that state court decisions had been inconsistent and characterized their reasoning as "often illogical."[80] This history, combined with the fact that approximately half the states lacked any dilution legislation, led to a "trademark protection vacuum in the United States," necessitating federal legislation to protect truly famous trademarks.[81]

The next significant step towards the enactment of the FTDA occurred the following year when Congress considered the Trademark Law Revision Act of 1988 ("TLRA").[82] The TLRA was a comprehensive act intended to accomplish the general overhaul of federal trademark legislation proposed by the USTA in its report of the prior year.[83] The version of the TLRA originally passed by the Senate was modeled closely on the USTA Report and included provisions creating a federal trademark dilution cause of action.[84] After changing the phrasing of the proposed dilution provision in a few minor respects, the Senate approved the TLRA by voice vote and passed it to the House for consideration.[85] The House ultimately approved the TLRA, but not before removing several provisions, including the creation of a dilution cause of action.[86]

The House Subcommittee on Courts, Civil Liberties and the Administration of Justice removed the trademark dilution language before passing

78. *Id.* The Report noted that Massachusetts had passed the first state dilution statute forty years prior to its report, yet only about half of the states had adopted a dilution statute.

79. *Id.* at 455. The Report found that courts had often relied on tarnishment as a basis for relief under state statutes and that this was not consistent with the classical concept of dilution proposed by Prof. Schechter. Although dilution under the FTDA has been interpreted to encompass both blurring and tarnishment, *see* Moseley v. V. Secret Catalogue, Inc., 537 U.S. 418, 425 (2003), the original proposal of the USTA included separate prohibitions against tarnishment and dilution (blurring). *See* USTA Report, *supra* note 56, at 435, 453.

80. USTA Report, *supra* note 56, at 455.

81. *Id.* The Report characterized truly famous marks as "enormously valuable but fragile assets, susceptible to irreversible injury from promiscuous use," and the most likely marks to be harmed by reduced distinctiveness. *Id.* Notably, the original USTA recommendation restricted protection to famous marks that had been registered with the U.S. Trademark Office. *Id.* This requirement was removed from the final FTDA through an amendment by Rep. P. Schroeder after the Patent and Trademark Office testified that limiting protection to registered marks would put the U.S. at a disadvantage in negotiations for international protection of famous U.S. marks. H.R. REP. No. 104-374, at 4 (1995), *as reprinted in* 1996 U.S.C.C.A.N. 1029, 1031.

82. Trademark Law Revision Act of 1988, Pub. L. No. 100-667, 102 Stat. 3935, codified at 15 U.S.C. §§ 1051–1072.

83. *See* S. REP. NO. 100-515, at 2–3 (1988), *as reprinted in* 1988 U.S.C.C.A.N. 5577, 5578–79.

84. *Id.* at 19, 22. The substantive provisions of this federal dilution law, as well as much of the language, was taken directly from the USTA Report. *Compare id.*, *with* USTA Report, *supra* note 56, at 458–59.

85. 134 CONG. REC. S5864–S5870 (1988).

86. Trademark Law Revision Act of 1988, 102 Stat. 3935.

the TLRA to the full Judiciary Committee after determining that the provision was too controversial in two respects.[87] First, the Subcommittee noted the numerous objections to dilution legislation that it had received from broadcasters, publishers, consumer advocates, and other parties concerned that a dilution provision would inhibit news reporting and commentary protected under the First Amendment.[88] Second, those who objected also expressed great concern that the dilution legislation would prohibit legitimate comparative advertising.[89] Interestingly, the Subcommittee did not base its objection to dilution protection on a concern that the protection would confer too broad of an entitlement on trademark owners or that it relies on an entirely different rationale than trademark infringement protection.[90] The Subcommittee voiced no concerns of this sort, despite hearing testimony that "the dilution provision inverts traditional theories of trademark law for no good purpose" and "creates a remedy where there is no real wrong."[91] The U.S. Department of Commerce, of which the Patent and Trademark Office is an agency, neither endorsed nor opposed adding dilution protection to federal trademark law.[92]

2. The Federal Trademark Dilution Act of 1995

Congress next took up the cause of federal trademark dilution protection in March 1995 when Representative Carlos Moorhead, the sponsor of the 1988 TLRA, introduced the FTDA into the House.[93] The text of the FTDA, as introduced, was virtually identical to the legislation the USTA

87. H.R. REP. NO. 100-1028, at 5–7 (1988).

88. *Id.* The version of the TLRA passed by the Senate included no specific affirmative defense for fair use, news reporting, or noncommercial use as the FTDA does; it only provided that in issuing injunctions, the court should take into account "the good faith use of an individual's name or an indication of geographic origin." S. REP. NO. 100-515, at 67.

89. H.R. REP. NO. 100-1028, at 5–7. Notably, the USTA stated in its Report that "[it did] not intend the dilution provision to inhibit the use of the registrant's mark by a competitor in a comparative or informational manner. It should not be used to discourage otherwise lawful comparative advertising." USTA Report, *supra* note 56, at 462. However, neither the USTA, nor the bill's sponsor, Rep. C. Moorhead, inserted such an explicit provision into the bill.

90. H.R. REP. NO. 100-1028, at 5–7.

91. *See* 1988 Hearing, *supra* note 66, at 127 (statement of Roberta Jacobs-Meadway, partner, Panitch Schwarze Jacobs & Nadel, Philadelphia, PA). Ralph Brown, Professor of Law, Yale University School of Law, also testified against the dilution provision. The bulk of his criticism was directed towards the concern that the provision would inhibit free speech in commentary and comparative advertising. He also felt dilution was an area of the law better handled by the state and that the Subcommittee should solicit more input before acting on this issue. *Id.* at 95–99.

92. *Id.* at 164 (opinion of the General Counsel of the U.S. Dept. of Commerce, submitted in writing only).

93. *See* H.R. 1295, 104th Cong. (1995).

proposed in its Report eight years earlier, with two notable differences.[94] First, the new dilution bill required that a junior user's alleged dilution of a famous mark must be a "commercial use in commerce"[95] of the mark, rather than simply the "use in commerce" that the original USTA proposal required.[96] This subtle change in language precludes the FTDA's dilution protection from applying to the use of a mark that is a parody, yet offered commercially.[97] Second, the new bill proposed a new section 43(c)(4), which created an affirmative defense to a claim of dilution for fair use of another's mark in comparative advertising or promotion to identify competing goods and for noncommercial use of a mark.[98] Both of these changes were obviously aimed at dispelling the apprehension created by the dilution provisions originally included in the 1988 TLRA by ensuring that famous marks could be used in parody and comparative advertising.[99]

After the FTDA's introduction in the House, the Subcommittee on Courts and Intellectual Property conducted a hearing on July 19, 1995.[100] Testimony at the hearing was overwhelmingly in favor of the bill.[101] While supporting the FTDA, Philip Hampton, the Assistant Commissioner for Trademarks in the U.S. Patent and Trademark Office ("PTO") criticized it for limiting dilution protection to marks registered with the PTO.[102] He testified that a federal dilution statute was intended to prevent the weakening of famous trademarks, and that there was no reason, consistent with that goal, to limit protection to marks already registered.[103] Furthermore, Hampton asserted that limiting protection of famous marks to those already

94. *Compare* H.R.1295, 104th Cong. (as introduced) *with* USTA Report, *supra* note 56, at 458–59.

95. A "commercial use in commerce" is the use of a mark as a designation of source in order to sell goods or services to which it is attached. Mattel, Inc. v. MCA Records, Inc., 296 F.3d 894, 903 (9th Cir. 2002).

96. H.R. 1295, 104th Cong. (as introduced).

97. *See, e.g.*, *Mattel, Inc.*, 296 F.3d at 906–07 (finding a song parodying the famous Mattel doll BARBIE to be a noncommercial use in commerce of the mark).

98. H.R. 1295, 104th Cong. (as introduced).

99. *See Madrid Protocol Implementation Act and Federal Trademark Dilution Act of 1995: Hearing on H.R. 1270 and H.R. 1295 Before the House Subcomm. on Courts and Intellectual Prop. of the Comm. on the Judiciary*, 104th Cong. 37 (1995) [hereinafter 1995 Hearing] (prepared statement of Philip G. Hampton, Asst. Comm. for Trademarks, U.S. Patent and Trademark Office).

100. *Id.* at 1.

101. *See generally id.* While Jonathan Moskin, an attorney with the New York intellectual property law firm Pennie & Edmonds at the time of the hearings, criticized the new version of the dilution legislation as failing to provide a clear and useful definition of dilution, he did support a "uniform means of enhancing protection for the *economic value* of nationally famous trademarks." *Id*. at 158 (emphasis in original).

102. *Id.* at 32 (prepared statement of Philip G. Hampton, Asst. Comm. for Trademarks, U.S. Patent and Trademark Office).

103. *Id.* at 30 (testimony of Philip G. Hampton).

registered was not in "the spirit of the United States' position as a leader in the fight for strong world-wide protection of intellectual property."[104] More importantly, he explained, to do so would undercut the United State's position with its trading partners that famous marks should be protected whether or not the marks are registered in the country where protection is sought.[105] The United States had been lobbying foreign nations to protect marks owned by U.S. companies, whether registered in the foreign nation or not.[106] Along with his testimony, Commissioner Hampton offered a proposed amendment to the FTDA to include protection for non-registered marks.[107]

After the hearings, the Subcommittee approved two amendments to the bill before sending it to the full House for consideration.[108] Representative Moorhead offered an amendment to add use in news reporting and news commentary to the two existing affirmative defenses of fair use and noncommercial use.[109] More notably, Representative Patricia Schroeder offered an amendment adopting Commissioner Hampton's proposed amendment to not restrict dilution protection to registered marks.[110] The full House then passed the bill[111] and referred it to the Senate, where it quickly passed by unanimous voice vote without referral to committee and with minimal debate.[112] President Clinton signed the FTDA on January 16, 1996.[113]

B. Congress's Motivation for Passing the FTDA

Congress had three principle motivations for enacting the FTDA: (1) to create a nationwide cause of action, with nationwide injunctive relief, for the dilution of trademarks used nationwide;[114] (2) to create consistency in

104. *Id.* at 32 (prepared statement of Philip G. Hampton).

105. *Id.* at 33 (prepared statement of Philip G. Hampton).

106. *Id.* at 30 (testimony of Philip G. Hampton).

107. *Id.* Apart from broadening protection from registered marks to all marks, Hampton's proposed amendment added registration in a federal trademark registry as a factor for courts to consider in determining the fame of a mark. *Id.* at 63–64 (appendix to prepared statement of Philip G. Hampton).

108. H.R. REP. NO. 104-374, at 4 (1995), *as reprinted in* 1996 U.S.C.C.A.N. 1029, 1031.

109. *Id.*

110. *Id.*

111. 141 Cong. Rec. H14318 (1995).

112. 141 Cong. Rec. S19312 (1995). Sen. Patrick Leahy informed the Senate that it had considered and passed a similar bill in 1988, that the legislation was intended to strengthen the hand of U.S. trade negotiators, and that the bill now contained an affirmative defense for fair use and for news reporting and commentary. *Id.*

113. Pub. L. No. 104-98, 109 Stat. 985 (1996).

114. *See infra* Part II.B.1.

trademark dilution law;[115] and (3) to comply with the requirements of international agreements.[116]

1. Creating a National Cause of Action for Dilution of National Marks

Congress's first principle motivation in enacting the FTDA was to create a federal cause of action to protect famous marks that are used on a national basis and, accordingly, to provide national relief.[117] Thus, Congress apparently adopted wholesale a chief motivation behind the USTA's inclusion of a dilution provision in its original Recommendation and Report in 1987.[118] The House Report on the FTDA observed that famous marks are ordinarily used on a nationwide basis; yet before passage of the FTDA, dilution protection was only available "on a patch-quilt" basis because half of the states had no legislation to grant relief from dilution, and in states that did protect marks from dilution the specific details of that protection varied.[119] This statement echoes the testimony of the International Trademark Association ("INTA") and the ABA Section of Intellectual Property, both of which asserted that the FTDA would promote more uniformity in the treatment of national famous marks, allowing owners of those marks to better plan their use of those valuable marks.[120]

A distinct advantage of a federal cause of action for famous marks in nationwide use is that the owners of the marks may obtain national injunctive relief. In floor debate immediately prior to the House's passage of the FTDA, Representative Moorhead observed that oftentimes courts are reluctant to grant nationwide injunctions for violations of state law, particularly when half of the states have no dilution law at all.[121] This situation, which in many cases denied the owners of famous marks meaningful relief from dilution, was another core reason for INTA's endorsement of the FTDA.[122]

115. *See infra* Part II.B.2.

116. *See infra* Part II.B.3.

117. H.R. REP. NO. 104-374, at 3 (1995), *as reprinted in* 1996 U.S.C.C.A.N. 1029, 1030.

118. *Compare* H.R. REP. NO. 104-374 *with* USTA Report, *supra* note 56, at 455.

119. H.R. REP. NO. 104-374, at 3–4.

120. 1995 Hearing, *supra* note 99, at 72–73, 128 (testimony of Mary Ann Alford, Executive Vice President of INTA, and prepared statement of Thomas E. Smith, Chair, Section of Intellectual Property, ABA, respectively).

121. 141 Cong. Rec. H14318 (1995).

122. 1995 Hearing, *supra* note 99, at 78 (prepared statement of Mary Ann Alford). *See also* Blue Ribbon Feed Co. v. Farmers Union Central Exchange, Inc., 731 F.2d 415, 422 (7th Cir. 1984) (finding that "considerations of comity among the states favor limited out-of-state application of exclusive rights acquired under domestic law, and a district court does not err when it takes a restrained approach to the extraterritorial application of such rights"); Deere & Co. v. MTD Prods., Inc., No. 94 CIV. 2322, 1995 WL 81299, at 5, 1995 U.S. Dist. LEXIS 2278, (S.D.N.Y. Feb. 27, 1995) (noting that "[i]nterests of comity, however, strongly favor a limited injunction" because only approximately half the states have

Assistant Commissioner Hampton observed that injunctions under the FTDA would be clearly enforceable throughout the nation, in every state.[123]

2. Inconsistent Court Decisions

The House Report noted that the court decisions in the area of trademark dilution had been inconsistent, and this inconsistency had led to forum-shopping and increased litigation.[124] The FTDA was intended to help stabilize this area of law and provide consistency, particularly with regard to determining the fame of a mark.[125] The list of specific factors for courts to use in assessing fame, which were absent from the Model State Statute, were expected to result in a consistent analysis of what constitutes a famous mark.[126] The Act was also expected to clarify the divergent definitions of dilution then found in various different courts.[127] Furthermore, prior to the passage of the FTDA, courts had, at times, been openly hostile to state dilution statutes.[128] This led to a substantial lack of dilution relief under the state statutes.[129] In its original 1988 Recommendation, the USTA suggested that courts would more enthusiastically embrace a national cause of action.[130] The House Report was clear in its conviction that protection for famous marks should not depend on where a lawsuit is filed.[131]

Although not explicitly stated, Congress also clearly intended the FTDA to encourage trademark owners to register their marks in the principal register. By providing a defense to any state law dilution claim to marks in the federal registers, the FTDA gives greater certainty to mark owners

dilution laws and "even those states with such laws might not restrict commercial use of trademarks that do not confuse consumers or blur or tarnish the trademark").

123. 1995 Hearing, *supra* note 99, at 31 (testimony of Philip G. Hampton).

124. H.R. REP. NO. 104-374, at 3–4.

125. 1995 Hearing, *supra* note 99, at 2 (opening statement of Rep. Carlos Moorhead, Subcomm. Chairman).

126. H.R. REP. NO. 104-374, at 7; *accord* USTA Report, *supra* note 56, at 460.

127. 1995 Hearing, *supra* note 99, at 2 (opening statement of Representative Carlos Moorhead, Chairman of the Subcommittee). Some courts had required a showing of likelihood of confusion, despite statutory language to the contrary. *See, e.g.*, Astra Pharm. Prod., Inc. v. Beckman Instruments, Inc., 718 F.2d 1201, 1209 (1st Cir. 1983). Other courts held that dilution *only* applied to non-competitive and non-confusing uses of a famous mark. *See, e.g.*, AHP Subsidiary Holding Co. v. Stuart Hale Co., 1 F.3d 611, 619 (7th Cir. 1993).

128. Port, *supra* note 47, at 439.

129. *Id.* at 441 (noting that between 1977 and early 1994, "the issue of trademark dilution ha[d] arisen 159 times in the federal circuit courts of appeal." Of the original 159 cases, only ten cases resulted in a preliminary injunction with dilution as a partial ground (the other grounds being likelihood of confusion). Only four cases actually resulted in a sustained injunction based solely on a dilution statute. Of those four, three were from Illinois).

130. USTA Report, *supra* note 56, at 455.

131. H.R. REP. NO. 104-374, at 4.

who have registered their marks in the federal system, thereby encouraging them to do so.[132]

3. Complying with International Agreements

Congress was further motivated to enact the FTDA by a desire to comply with the requirements of international agreements protecting intellectual property, to which the United States is a signatory. It also anticipated that enacting the FTDA to better protect famous marks used in the United States would increase the likelihood that foreign governments would protect famous marks used by U.S. companies in international commerce. These motivations were explicitly stated in the House Report, where the Judiciary Committee stated that the FTDA was "consistent with the terms" of the Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPS") and the Paris Convention for the Protection of Industrial Property ("Paris Convention").[133] Thus, because the FTDA was passed, in part, to harmonize U.S. law with these Agreements, a brief review of the Agreements' implications for trademark dilution protection is in order.

The Paris Convention, originally established in 1883, provides protection for a broad range of intellectual property, including trademarks, within signatory nations.[134] It contains a provision granting a higher level of protection for famous marks, which it describes as "well known" in a particular country, than it does for marks that are not well-known.[135] The Convention requires member nations, upon request of a mark owner or on their own initiative, to refuse or cancel the registration of a mark that constitutes a "reproduction, imitation or translation" of a well-known mark,

132. 1995 Hearing, *supra* note 99, at 82 (prepared statement of Mary Ann Alford, Executive Vice President of INTA); *accord* 1988 Hearing, *supra* note 66, at 83 (statement of the United States Trademark Assoc.).

133. H.R. REP. NO. 104-374, at 4. The TRIPS Agreement was a result of the Uruguay Round of negotiations for the revision of the General Agreement on Tariffs and Trade, conducted from 1986 to 1994 and finalized on April 15, 1994. *See* General Agreement on Tariffs and Trade: Multilateral Trade Negotiations Final Act Embodying the Results of the Uruguay Round of Trade Negotiations: Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, 108 Stat. 4809, 1869 U.N.T.S. 299, 33 I.L.M. 1125, 1197 [hereinafter TRIPS]. The Paris Convention, as modified, was the first international agreement protecting intellectual property and is administered by the World Intellectual Property Organization ("WIPO"). *See* WIPO, Summary of the Paris Convention for the Protection of Industrial Property (1883), http://www.wipo.int/treaties/en/ip/paris/summary_paris.html (last visited Sept. 13, 2005).

134. See Paris Convention for the Protection of Industrial Property art. 6*bis*, July 14, 1967, 21 U.S.T. 1630, 828 U.N.T.S. 305 [hereinafter Paris Convention].

135. *Id.* at art. 6*bis*. The terms "well-known mark" and "famous mark" are not explicitly equated in the Paris Convention or in TRIPS (neither agreement uses the term "famous mark" at all), but the House Report on the FTDA implicitly equated them by describing TRIPS and the Paris Convention as protection famous marks. *See* H.R. REP. NO. 104-374, at 4.

and requires that member nations prohibit the use of such a mark.[136] However, the Convention restricts this heightened protection of well-known marks to those "liable to create confusion" and used on identical or similar goods to those on which the well known mark is used.[137] Accordingly, the Paris Convention alone, despite its special provisions for well-known marks, does not protect such marks as much from pure dilution as from traditional infringement.[138]

TRIPS, however, incorporates and broadens the protection for well-known marks laid out in the Paris Convention. First, TRIPS extends protection to service marks, as well as marks used on goods.[139] More importantly for a discussion of dilution, TRIPS specifies that the Paris Convention protection of well-known marks now applies even when a junior mark is used on goods or services dissimilar to those on which the well-known mark is used.[140] Furthermore, TRIPS does not require that the use of the junior mark be likely to cause confusion, but only that it indicate a "connection" between the goods on which the junior mark is used and the well-known mark owner, and that the "interests" of the well-known mark owner are likely to be damaged by the junior use.[141] The junior use of marks identical or similar to well-know marks (thus prohibited by TRIPS) is quite similar to the classic description of dilution articulated by Professor Schechter and prohibited by the FTDA.[142]

While the requirements of TRIPS and the Paris Convention were an explicit motivation for Congress's passage of the FTDA, the passage of the Act was also implicitly motivated by a general pattern of Congressional action intended to better integrate U.S. law with international intellectual property protection.[143] For instance, the House conducted its hearing on the FTDA concurrently with its hearing on the Madrid Protocol Implementa-

136. *Id.*

137. *Id.*

138. *See supra* Part I.

139. TRIPS, Article 16, *supra* note 133, at 1203–04.

140. *Id.*

141. *Id.*

142. *See supra* Introduction; *supra* Part II. TRIPS does not define what constitutes a "connection" between the goods of the junior user and the well-known mark owner, but a plausible interpretation is that it is similar to the "mental association," discussed in Moseley v. V. Secret Catalogue, Inc., 537 U.S. 418, 433 (2003), in a member of the public between the junior user and the famous mark owner. TRIPS does not elaborate on what constitutes a well-known mark owner's "interests" either, but a loss of good will through blurring or tarnishment certainly seems to fit within the meaning.

143. *See* H.R. REP. NO. 104-374, at 4 (1995), *as reprinted in* 1996 U.S.C.C.A.N. 1029, 1031 (describing the United States as a "leader setting the standards for strong worldwide protection of intellectual property"); *see also* David S. Welkowitz, *Protection Against Trademark Dilution in the U.K. and Canada: Inexorable Trend or Will Tradition Triumph?*, 24 HASTINGS INT'L. & COMP. L. REV. 63, 64 (2000).

tion Act, soliciting testimony on both Acts.[144] The Madrid Protocol provides a system by which mark owners may register their marks in all member nations upon the filing of a single application with their own national or regional trademark office.[145] Additionally, the House Report stated that adopting the FTDA would assist the executive branch in negotiations with foreign countries to secure greater protection for famous marks owned by U.S. companies and used in foreign trade.[146] It went on to observe that foreign countries had been reluctant to enact protection for famous U.S. marks when the U.S. had not done so,[147] further supporting the contention that Congress desired to harmonize U.S. law with foreign intellectual property protection. Consistent with this Congressional goal, any amendment to the FTDA to address the problems set out in the next section must be made with a view to the current state and likely direction of foreign and international trademark dilution protections.

III. FAILURE OF THE FTDA TO FULFILL CONGRESS'S GOALS

Three developments in the adjudication of federal dilution cases have frustrated the realization of Congress's objectives in enacting the FTDA. The federal courts[148] have demonstrated inconsistency, and some difficulty, in determining when a mark is famous for purposes of the Act, with the circuits developing diverse, and often conflicting, lines of precedent.[149] Also, FTDA case law reveals a struggle to define dilution and how plaintiffs can prove it.[150] Furthermore, the Supreme Court case of *Moseley v. V. Secret Catalogue, Inc.*[151] has shown a bright light on a logical inconsis-

144. *See generally* 1995 Hearing, *supra* note 99. Apart from the FTDA and the Madrid Protocol Implementation Act, Congress enacted other legislation in the 1990s to better integrate U.S. intellectual property law with that of other countries. For example, in 1998 Congress enacted the Sonny Bono Copyright Term Extension Act, Pub. L. No. 105-298, 112 Stat. 2827 (1998) (enacted at 17 U.S.C. §§ 301–305), to extend copyright protection under U.S. law to the same term as that provided under European law—the life of the author plus seventy years. *See* 144 CONG. REC. S12434 (1998) (comments of Senator Thompson), *and* 144 CONG. REC. H9949 (1998) (comments of Representative Jackson-Lee).

145. *See* World Intellectual Property Org., Madrid System for the International Registration of Marks, http://www.wipo.int/madrid/en/ (last visited Sept. 13, 2005). The Madrid Protocol (1989) was an update to the Madrid Agreement (1891) and collectively form the Madrid System for the International Registration of Marks.

146. H.R. REP. NO. 104-374, at 4.

147. *Id.*

148. Long, *supra* note 31, at 18 (analyzing judicial treatment of the FTDA and concluding, based on statistical data, "that the state courts are not playing a significant role in the enforcement of dilution claims and the development of federal dilution law").

149. *See infra* Part III.A.

150. *See infra* Part III.B.

151. 537 U.S. 418 (2003).

tency in the language of the Act.[152] These three aspects of FTDA jurisprudence have prevented the Act from fulfilling Congress's goals for it.

A. Difficulty of Determining Fame

As explained above, protection under the FTDA is limited to famous marks. Accordingly, determining the fame of a mark is a crucial step in granting relief under the Act. To guide this process, the Act lists eight non-exclusive factors that the court may consider in determining the fame of a mark.[153] Despite the presumed importance[154] of these factors in determining a mark's fame, the legislative history of the Act provides relatively little guidance on their application.[155] Commentators have criticized the courts' lack of consistency in determining which marks are famous.

Criticism of the FTDA's guidance for determining the fame of a mark began early when Jonathan E. Moskin,[156] a witness at the Subcommittee hearings, criticized the proposed Act for failing to adequately define how famous a mark must be to merit protection.[157] In fact, he offered an alternative draft of the legislation in which the PTO would make determinations of the fame of a mark *ex ante*.[158] Additional criticism followed the passage of the Act, with calls for Congress to limit dilution protection to "truly" famous marks and complaints that the lack of a "clear and concrete definition" of fame in the statute sometimes leads to overprotecting marks used in niche markets.[159] Commentators further recognized that different circuits determine the fame of a mark using conflicting methods, and voiced the

152. *See infra* Part III.C.

153. 15 U.S.C. § 1125(c)(1)(A)–(H) (2000).

154. The Act lists no other criteria for the determination of fame.

155. *See* H.R. REP. NO. 104-374, at 7 (1995), *as reprinted in* 1996 U.S.C.C.A.N. 1029, 1034 (describing the factors in the final version of the FTDA); USTA Report, *supra* note 56, at 458–60 (describing the virtually identical factors in the original USTA proposed act and expecting the courts to define "famous mark" on a case-by-case basis).

156. Jonathan E. Moskin is an attorney, with the New York intellectual property law firm Pennie & Edmonds at the time of the hearings, and has published on the topic of trademark dilution. *See, e.g.*, Jonathan Moskin, *Victoria's Big Secret: Whither Dilution Under the Federal Dilution Act?*, 93 TRADEMARK REP. 842 (2003).

157. 1995 Hearing, *supra* note 99, at 158 (statement of Jonathan E. Moskin).

158. *Id.* The record does not contain any indication that Moskin's proposed substitute draft of the act was ever considered.

159. *See, e.g.*, Becker, *supra* note 31, at 1396 (calling for Congress to amend the FTDA to "increase the likelihood that only 'truly' famous marks will qualify for the FTDA's protection"); Heidi L. Belongia, Note, *Why is Fame Still Confusing? Misuse of the "Niche Market Theory" Under the Federal Trademark Dilution Act*, 51 DEPAUL L. REV. 1159, 1161 (2002) (finding that the FTDA lacks a "clear and concrete" definition of fame); *see generally* Marjorie A. Shields, *What Constitutes "Famous Mark" for Purposes of the Federal Trademark Dilution Act, 15 U.S.C.A. § 1125(c), Which Provides Remedies for Dilution of Famous Marks*, 165 A.L.R. FED. 625 (2000) (juxtaposing various marks in several industries and settings that have been adjudicated famous or not famous).

very salient complaint that a lack of predictability in determining a mark's fame makes it quite difficult for attorneys to provide their clients with meaningful guidance as to which marks they may safely invest in—a situation that can only lead to higher avoidance costs.[160]

The cases of *Wilcom Pty. Ltd. v. Endless Visions*[161] and *Avery Dennison Corp. v. Sumpton*[162] illustrate well the unpredictability in determining the fame of a mark. In *Wilcom* the court only cursorily examined the fame determination factors listed in the FTDA and determined that an embroidery software company's mark was famous because the mark had been "used, advertised, and promoted extensively throughout the United States" and internationally for nearly twenty years.[163] The court concluded that the mark had become well known to the public as identifying quality embroidery software products.[164] However, less than one year later, the court in *Avery* held that an office supply company's marks were not famous, despite being advertised extensively and used for nearly a century, both nationally and internationally.[165] The plaintiff in *Avery* presented more evidence that its mark was associated with its products in the public mind than did the plaintiff in *Wilcom*; yet the court held that it had only established the existence of secondary meaning, not fame.[166] With such divergent standards for determining the fame of a mark, particularly when occurring within such a short time frame, there is little wonder that this aspect of FTDA case law has attracted criticism.

The courts' treatment of two factors listed in the Act for determining the fame of a mark warrant particular attention. The first of these two factors is "the degree of inherent or acquired distinctiveness of the mark."[167] "Distinctiveness" is a term of art in the trademark regime, and a mark must posses it to be protected against either infringement or dilution.[168] The

160. *See, e.g.*, Jacqueline R. Knapp, Note, *The Federal Trademark Dilution Act: The Circuit Split Makes a Desperate Call to the Supreme Court for Uniformity*, 19 GA. ST. U. L. REV. 853, 864–74 (2003) (identifying the different approaches that different circuits take in determining fame); Stephen W. Feingold, Carole E. Klinger & Erica D. Klein, *Circuits Struggle with Dilution Law's Lack of Clarity*, NAT'L L. J., May 1, 2000 at C9 (exploring the various circuits' determinations of fame and posing the question, "how many trademark attorneys would have predicted that 'Panavision' or 'Intermatic' would be found to be famous marks?").

161. 128 F. Supp. 2d 1027 (E.D. Mich. 1998).

162. 189 F.3d 868 (9th Cir. 1999).

163. 128 F. Supp. 2d at 1033.

164. *Id.*

165. 189 F.3d at 877–79.

166. *Id.*

167. 15 U.S.C. § 1125(c)(1)(A) (2000).

168. MCCARTHY, *supra* note 10, § 11:2; 15 U.S.C. § 1125(c)(1)(A) (listing degree of distinctiveness as a factor in determining fame of a mark).

distinctiveness of a mark falls into one of four graduated categories: (1) generic; (2) descriptive; (3) suggestive; and (4) arbitrary or fanciful.[169] Generic marks, as the category designation implies, refer to a general class of items or services (e.g., "automobile" or "transportation") that contain no distinctiveness and can never be protected as trademarks.[170] A descriptive mark is one which describes some attribute, dimension or quality of a product (e.g., VISION CENTER for an optometry business) that normally contains no distinctiveness and is not initially granted any trademark protection.[171] However, if a descriptive mark achieves "secondary meaning," that is, if the mark owner can show an established link to a product or service in the minds of potential customers, then the mark will be considered to have acquired distinctiveness and can be protected under trademark law.[172] Suggestive marks, which simply imply a product (e.g., COPPERTONE), and arbitrary or fanciful marks, which are words that are totally unknown in the language or are completely out of common usage (e.g., KODAK), are inherently distinctive and presumed to be protectable as trademarks.[173]

Some courts have read into the FTDA a requirement that a mark must possess inherent distinctiveness to qualify for protection under the Act.[174] These courts interpret the Act to require *both* inherent distinctiveness, which descriptive marks do not possess, *and* acquired distinctiveness, which these courts equate to fame; and no amount of acquired distinctiveness will compensate for a lack of inherent distinctiveness.[175] This interpretation of the FTDA's "degree of inherent or acquired distinctiveness" factor is completely contrary to Congress's intention.[176] The House Report on the Act clearly states that "[this] factor makes it clear that a mark may be deemed 'famous' even if not inherently distinctive, that is, even if the mark is not arbitrary, fanciful, or coined."[177] This language makes it clear that the line of case law requiring both inherent *and* acquired distinctiveness is patently contrary to the intent of Congress.

The second factor for determining the fame of a mark that warrants particular attention is "the geographical extent of the trading area in which

169. MCCARTHY, *supra* note 10, § 11:2.

170. *Id.*

171. *Id.*

172. *Id.*

173. *Id.* §§ 11:2, 11:5.

174. *See, e.g.*, I.P. Lund Trading ApS v. Kohler Co., 163 F.3d 27, 47 (1st Cir. 1998); *accord* TCPIP Holding Co. v. Haar Commc'ns, Inc., 244 F.3d 88, 98 (2d Cir. 2001).

175. *TCPIP Holding*, 244 F.3d at 98.

176. *See* H.R. REP. NO. 104-374, at 7 (1995), *as reprinted in* 1996 U.S.C.C.A.N. 1029, 1034.

177. *Id.*

the mark is used."[178] Some courts have held marks to be famous despite a very limited geographic basis of fame.[179] These marks include the name of a chain of convenience stores in a five state region and a professional organization with members principally in a single (albeit populous) state.[180] The House Report on the FTDA advises that, to be protected under the Act, "[t]he geographic fame of the mark must extend throughout a substantial portion of the U.S."[181] Consequently, Congress never intended to protect marks with such limited fame from dilution with a federal cause of action, and granting such marks protection under the FTDA, rather than under state dilution law, is inconsistent with the Act's purpose.[182]

These criticisms of the FTDA's guidance for determining the fame of a mark, coupled with inconsistent case law, some of which runs completely contrary to the intention of Congress, illustrate one shortcoming of the Act. Creating an *ex ante* registration system for designating famous marks will significantly improve the Act and address many of the criticisms described above.[183]

B. Does the Act Require Actual Harm?

The exact delineation of what constitutes dilution, and what the language of the FTDA precludes, have created significant confusion and difference of opinion in the courts. The language of the Act prohibits a junior user's commercial use in commerce of a mark that "causes dilution of the distinctive quality of the mark. . . ."[184] It goes on to define 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."[185] The interpretation of this language developed into a circuit split over whether dilution under the

178. 15 U.S.C. § 1125(c)(1)(D) (2000).

179. *See, e.g.*, WaWa, Inc. v. Haaf, Civ. A. No. 96-4313, 1996 WL 460083, 1–2, 1996 U.S. Dist. Lexis 11494, 2 (E.D. Pa. Aug. 7, 1996); *accord* N.Y. St. Soc. of Certified Pub. Accountants v. Eric Louis Assocs., Inc., 79 F. Supp. 2d 331, 344 (S.D.N.Y. 1999).

180. *WaWa, Inc.*, 1996 WL 460083, at 1–2, 1996 U.S. Dist. Lexis 11494, at 2 (finding WAWA to be a famous mark); *Eric Louis Assocs., Inc.*, 79 F. Supp. 2d at 344 (finding NYSSCPA to be a famous mark).

181. H.R. REP. NO. 104-374, at 7.

182. However, the willingness of the courts to extend the protection of the FTDA to marks with such limited fame appears to be on the decline. *See* Long, *supra* note 31, at 37.

183. See *infra*, Part IV.A. for a description of this system.

184. 15 U.S.C. § 1125(c)(1) (2000).

185. 15 U.S.C. § 1127.

FTDA required actual harm to the famous mark.[186] In *Moseley* the Supreme Court resolved the split, but the Court's holding promptly created another debate in the lower courts—how to prove dilution.[187]

Two cases from 1999 illustrate the original split well. In *Nabisco, Inc. v. PF Brands, Inc*, the Second Circuit held that "[t]o require proof of actual loss of revenue seems inappropriate," and that to require a showing of actual dilution relied on "excessive literalism" in the reading of the statute.[188] The court went on to reason that a requirement of actual dilution would defeat the intent of the FTDA by preventing injunctive relief before the actual harm occurred.[189] Opposing this view was the Fourth Circuit as explained in *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development*.[190] In this case, the court read the Act literally and held that it required "actual, consummated dilution," rather than the mere likelihood of dilution proscribed by many state dilution statutes.[191] Its principal rationale for reading the Act literally was its departure from the proscriptive language traditionally found in most state dilution statutes.[192] It went on to hold that "the lessening of the capacity of a famous mark to identify and distinguish goods or services" meant that the mark's selling power had to be harmed by the junior use of the mark, and that plaintiffs must prove this harm to prevail under the federal statute.[193]

In 2003, this issue reached the Supreme Court in the case of *Moseley v. V. Secret Catalogue, Inc.*[194] The Court sided with the Fourth Circuit by holding that famous mark owners must show actual dilution of their mark to receive injunctive relief under the FTDA.[195] The Court endorsed the literal reading of the Act's requirement that a junior use of a mark *cause* dilution of a famous mark because of the contrast between this wording and

186. *See* Moseley v. V. Secret Catalogue, Inc., 518 U.S. 418, 428 (2003) (noting that the Sixth Circuit, below, held that the language of the FTDA only required a showing of likelihood of dilution, which "expressly rejected" the holding of the Fourth Circuit in Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449, 461 (4th Cir. 1999), that a finding of dilution under the FTDA required a finding of actual economic harm).

187. *See* Ty, Inc. v. Softbelly's, Inc., 353 F.3d 528, 536 (7th Cir. 2003) (noting in dicta that "[t]he Court did not explain and no one seems to know what that "circumstantial evidence" [a method by which, the Court suggested, actual dilution might be shown without a showing of actual economic harm] might be").

188. 191 F.3d 208, 223–24 (2d Cir. 1999) (acknowledging that it was not entirely clear how the courts should determine when a junior user causes dilution of a famous mark).

189. *Id.* at 224.

190. 170 F.3d 449 (4th Cir. 1999).

191. *Id.* at 458.

192. *Id.*

193. *Id.*

194. 518 U.S. 418 (2003).

195. *Id.* at 433.

the "likelihood of dilution" wording found in state law statutes, as well as the mention in other portions of the FTDA and the broader Lanham Act of similar "likelihood" of harm language.[196] In light of the repeated references to likelihood of harm, the Court reasoned, Congress would not have used the phrase "causes dilution" if it did not intend that actual dilution occur before relief could be granted under the statute.[197]

The Court did not entirely agree with the Fourth Circuit though.[198] It stated that a showing of actual dilution did not require a showing of actual loss of sales or profits attributable to the dilution.[199] Although it acknowledged that consumer surveys and other means of demonstrating actual dilution are costly and often unreliable, the Court cautioned that such difficulties are not an acceptable reason for dispensing with an essential element of the cause of action under the Act.[200] However, it did suggest that "direct evidence of dilution such as consumer surveys will not be necessary if actual dilution can reliably be proven through circumstantial evidence—the obvious case is one where the junior and senior marks are identical," which was not the case in *Moseley*.[201]

This concluding statement about the use of circumstantial evidence to prove actual dilution quickly touched off another split among the lower federal courts as they questioned whether identity of the famous mark and the junior mark constituted the circumstantial evidence the Court referred to in *Moseley*.[202] The majority of post-*Moseley* decisions to consider the issue have concluded that identity of the marks is indeed adequate circumstantial evidence of actual dilution.[203] However, a minority of courts have questioned whether the Court's statement instead means that dilution can be proven by circumstantial evidence alone, if and only if the marks are identical.[204]

196. *Id.* at 432–33.

197. *Id.*

198. *Id.* at 433.

199. *Id.*

200. *Id.* at 434.

201. *Id.*

202. *See, e.g.*, Ty, Inc. v. Softbelly's, Inc., 353 F.3d 528, 536 (7th Cir. 2003).

203. *See, e.g.*, Gen. Motors Corp. v. Autovation Techs., Inc., 317 F. Supp. 2d 756, 764 (E.D. Mich. 2004); *accord* Amer. Honda Motor Co., Inc. v. Pro-Line Protoform, 325 F. Supp. 2d 1081, 1085 (C.D. Cal. 2004) ("[W]hen identical marks are used on similar goods, dilution . . . obviously occurs.").

204. *See, e.g.*, Lee Middleton Original Dolls, Inc. v. Seymour Mann, Inc., 299 F. Supp. 2d 892, 902 (E.D. Wis. 2004) (failing to reach a determination on the issue and deciding to deny summary judgment so the issue could be presented to a jury); Nike, Inc. v. Circle Group Internet, Inc., 318 F. Supp. 2d 688, 695 (N.D. Ill. 2004) (determining that there was evidence of actual dilution beyond the identity of the marks); *but see* Savin Corp. v. Savin Group, 391 F.3d 439, 452 (2d Cir. 2004) (reversing Savin Corp. v. Savin Group, 02 CIV. 9377, 2003 WL 22451731, at 14, 2003 U.S. Dist. LEXIS 19220 (S.D.N.Y. Oct. 24, 2003), which both *Lee Middleton* and *Nike* cite).

The aforementioned history of court splits and confusion surrounding the exact meaning of the phrase "causes dilution" in the FTDA, and how to prove what this phrase requires, is ultimately the result of poor drafting. The House Report does not explicitly clarify whether actual harm to the marketing power of a mark must occur before the court may grant injunctive relief under the Act.[205] However, three specific passages in the Report compel the reasonable and logical conclusion that Congress did not intend to withhold the protection of the FTDA until after actual dilution occurs. First, the Report states that the Act "is intended to protect famous marks where the subsequent, unauthorized commercial use of such marks by others dilutes the distinctiveness of the mark."[206] It is significant that the Report does not refer to a dilution of the selling power or commercial value of a mark, but rather the distinctiveness. Presumably, the junior use of a famous mark begins to dilute the distinctiveness of the mark immediately, before any actual decrease in its commercial value can be measured. Secondly, the Report explains that "dilution is an infection, which if allowed to spread, will inevitably destroy the advertising value of the mark."[207] This latter statement—that dilution leads to an economic harm—should be read to mean that Congress intended the FTDA to stop a diluting junior use before it causes measurable harm to the famous mark.[208] Lastly, the Report asserts that dilution is conceptually different from infringement in that "it applies when the unauthorized use of a famous mark reduces the public's perception [that] the mark signifies something unique, singular, or particular."[209] The Report then listed the following examples of actionable junior uses of a famous mark: DUPONT shoes, BUICK aspirin, and KODAK pianos.[210] These examples lend credible support to the contention that identity of a famous and a junior mark is proof of dilution under the Act; once a junior user applies the mark to its products, the mark no longer signifies something particular.

Furthermore, the history of the FTDA makes clear that the vast majority of the language in the Act was lifted verbatim from the 1987 USTA proposal.[211] The USTA based the language of the statute proposed in 1987

205. *See generally* H.R. REP. NO. 104-374 (1995), *as reprinted in* 1996 U.S.C.C.A.N. 1029.

206. *Id.* at 3 (emphasis added).

207. *Id.* (quoting Mortellito v. Nina of Cal., Inc., 335 F. Supp. 1288, 1296 (S.D.N.Y. 1972)).

208. This is the same interpretation of this passage made by the Court of Appeals in *Moseley*. V. Secret Catalogue, Inc. v. Moseley, 259 F.3d 464, 475–76 (6th Cir. 2001), *rev'd*, 537 U.S. 418 (2003). While the Supreme Court did not explicitly overrule the reasoning on this point, its overturning of the case can be viewed as an implicit disagreement.

209. H.R. REP. NO. 104-374, at 3.

210. *Id.*

211. *See supra* Part I.

on existing statutes that required only a likelihood of dilution standard.[212] The lengthy and detailed report of the USTA, which contained the proposed statute and analyzed it thoroughly, made no mention of a reason to change the prohibition in a federal statute from the likelihood of dilution to an actual dilution standard.[213] However, the Report did describe famous marks as "likely to be harmed by reduced distinctiveness . . . enormously valuable but fragile assets, [and] susceptible to irreversible injury from promiscuous use." [214] It also suggested that they "be accorded maximum legal protection."[215] This language is not easily reconciled with the notion that a famous mark must suffer actual harm before injunctive relief may be granted. Further, the Report cautioned that the "proposed statutory language is not intended as a final [USTA] recommendation. . . ." [216] Its sole purpose was to provide an example which incorporated various principles the USTA espoused and "to stimulate discussion."[217] Had Congress received proposed legislation from the USTA that included likelihood of dilution language and changed it to the "caused dilution" language, the necessary interpretation would be that Congress opposed the former standard and preferred the latter. This, however, did not occur. Congress received a detailed draft of proposed legislation from the USTA recommending "maximum legal protection" for famous marks and enacted it with a few minor modifications.[218] This article interprets this sequence of events as a drafting oversight by the USTA, not a conscious decision on the part of Congress to withhold federal dilution protection for famous marks until after the distinctiveness of the mark has been diluted.

This contention is strengthened by the FTDA's principle remedy. Unless a junior use that dilutes a famous mark is willful, the Act limits relief to an injunction.[219] As Justice Kennedy noted in his concurring opinion in *Moseley*, the "essential role of injunctive relief is to prevent future wrong, although no right has yet been violated."[220] He continued, "A holder of a famous mark threatened with diminishment of the mark's ca-

212. *See* Dilution and Well-Known Marks Comm. of INTA, *Proof of Dilution in the United States*, 1 http://www.inta.org/membersonly/downloads/ref_proof.pdf (last visited Sept. 13, 2005); USTA Report, *supra* note 56, at 454.

213. USTA Report, *supra* note 56, at 454.

214. *Id.* at 455 (emphasis added).

215. *Id.* at 456.

216. *Id.* at 458.

217. *Id*.

218. *See supra* Part I.

219. 15 U.S.C. § 1125 (c)(2) (2000).

220. Moseley v. V. Secret Catalogue, Inc., 537 U.S. 418, 436 (2003) (Kennedy, J., concurring) (citing Swift & Co. v. U.S., 276 U.S. 311, 326 (1928)) (internal quotes removed).

pacity to serve its purpose should not be forced to wait until the damage is done and the distinctiveness of the mark has been eroded."[221]

It is apparent from the legislative history that Congress did not assert any justification, purpose, or reason for using the statutory language "causes dilution" in the FTDA. In fact, the record shows no acknowledgement that Congress had any intention to deviate from the predominant form of dilution protection available at the state level when it enacted the Act. Additionally, the only remedy available under the statute (for dilution that is not willful) is incomplete if the owner of a famous mark is denied relief until "the damage is done" to his mark.[222] All of this points to the conclusion that Congress did not intend to raise the bar in this way for owners of famous marks and that Congress should amend the FTDA to ensure effective relief for these mark owners.[223]

C. Logical Inconsistency of the Remedy

Even assuming that Congress intended the FTDA to contain a stricter standard for the granting of injunctive relief ("causes dilution") than that available under most state dilution laws ("likelihood of dilution"), the selection of that standard works to undercut other stated goals of the Act. As detailed above, Congress intended to create a federal cause of action to protect famous marks, which are typically used nationwide.[224] Congress recognized that the "patch-quilt" nature of state dilution statutes led to incomplete protection for famous marks, forum-shopping, and increased litigation.[225] However, in the post-*Moseley* world, Congress's clearly-stated goal of effective federal dilution protection is at risk.

Since *Moseley*, practitioners[226] and student commentators[227] have recommended reevaluating, and possibly returning to, state dilution law claims as a viable alternative to the FTDA for owners of famous marks. This ap-

221. *Id.*

222. *See Moseley*, 537 U.S. at 436 (Kennedy, J., concurring).

223. *See infra* Part IV.B.

224. H.R. REP. NO. 104-374, at 3 (1995), *as reprinted in* 1996 U.S.C.C.A.N. 1029, 1030.

225. *Id.*

226. *See* Paul W. Reidl, *Understanding Basic Trademark Law: A Primer on Global Trademark Protection*, *in* UNDERSTANDING BASIC TRADEMARK LAW 2004 243, 271 (Practicing Law Institute, Course Handbook) (predicting that dilution claims under state law will not be limited by the Supreme Court's holding in *Moseley*); Dyan Finguerra-Ducharme, *Proving Dilution of a Trademark After 'Moseley,'* N.Y.L.J., June 3, 2004, at 4 (encouraging New York litigators to bring dilution claims under state law to avoid the higher standard of *Moseley*).

227. *See, e.g.*, Jessica Kaiser, *Victor's Not So Little Secret: Trademark Dilution is Difficult But Not Impossible to Prove Following* Moseley v. V. Secret Catalogue, Inc., 80 CHI.-KENT L. REV. 425, 445 (2005).

proach will certainly be one appealing alternative for famous mark owners, particularly when, as in *Moseley*, the junior user's mark is very similar but not identical to the famous mark, making proof of actual dilution more burdensome. Under most state dilution laws, just as under the FTDA, a junior mark does not have to be identical to dilute a famous mark;[228] but, post-*Moseley*, famous mark owners pressing state law claims have the advantage of only needing to prove a likelihood of dilution. Should such a preference for protecting nationally famous marks through state dilution actions increase, Congress's goal for the FTDA—reducing forum-shopping and litigation—will be defeated. Considering the significance Congress placed on creating a federal cause of action for nationally famous marks,[229] and the lack of any evidence in the legislative history that Congress intended to require famous mark owners litigating under the FTDA to be saddled with the stricter "caused dilution" standard, Congress must act to amend the FTDA to further the original purpose of the Act.

IV. A PLAN FOR AMENDMENT

In light of the history and purpose of the FTDA and the Act's shortcomings, this article proposes that Congress amend the FTDA to: (1) create a famous mark registry; and (2) change the language of the Act to explicitly permit injunctive relief upon a showing of a junior user's likelihood of diluting a famous mark. Following the proposal for amendment, this section will review the recommended amendment's implications for international protection of famous marks. Finally, this section will review a proposed amendment before Congress at the time of this writing and identify its shortcomings in addressing the flaws in the current FTDA.

A. Creation of a Registry of Famous Marks

The first change Congress should make to the FTDA is to create a "famous mark registry" system, administered by the PTO, through which *ex ante* determinations of the fame of a mark can be established. The concept of a famous mark registry is not a new idea;[230] commentators have

228. *See, e.g.*, Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 215, 217 (2d Cir. 1999) (affirming a preliminary injunction granted under the FTDA and the New York state dilution law against the distribution of a fish-shaped cracker that resembled, but was not identical to the plaintiff's fish-shaped cracker).

229. H.R. REP. NO. 104-374, at 3–4.

230. USTA Report, *supra* note 56, at 412–13. In preparing it's 1988 proposal, the USTA considered the creation of a "Strong Mark Register" for protection of a special category of distinctive marks (i.e., famous), but declined to recommend such a register in favor of a new dilution provision; the

been calling for such a registry since the FTDA was enacted.[231] During Jonathan Moskin's testimony on the adoption of the Act before the House Subcommittee, he proposed alternate legislation that included such a provision.[232] Under his plan, the Commissioner of Trademarks would certify a mark as famous upon petition by a mark owner, providing greater certainty to the famous mark owner and to users of similar or identical junior marks before they made significant investments in the marks.[233]

This article proposes a different interplay between a famous mark registry system and the existing form of the FTDA. Whereas other recommended fame registries would place determining the fame of a mark exclusively in the hands of the PTO,[234] this article proposes a hybrid system, with both the PTO and courts determining the fame of marks. Under this proposed system, owners of famous marks can submit those marks for review by the PTO and, if the PTO determines that the mark is truly famous, registration in the new famous mark register. Once registered, the mark would be entitled to a rebuttable presumption of fame; however, the courts would still ultimately determine the fame of a mark. The fame of marks not in the famous mark register would not be presumed but could be proven in court just as is done currently.

The system of review and registration by the PTO under this proposal would operate very much like the current process for assigning incontestable status to a federally registered mark. The mere registration of a trademark with the PTO does not grant exclusive rights to use the mark; registration is merely a claim to that mark, which can be used as *prima facie* evidence of the mark's validity, its registration, and its ownership.[235] After five years of continuous use of a mark in commerce, and the satisfaction of certain procedural elements, including the filing of an affidavit by

Report does not indicate whether any consideration was given to combining the concept of a new register with the new provision.

231. *See* Moskin, *supra* note 156, at 863 (proposing an amendment to the FTDA, assigning the determination of fame to the Commissioner of Trademarks); Lars S. Smith, *Implementing a Registration System for Famous Trademarks*, 93 TRADEMARK REP. 1097, 1100–02 (2003) (Assistant Professor of Law at Louis D. Brandeis School of Law, University of Louisville, advocating both the creation of a "fame register," and requiring registration in the register prior to any FTDA protection, and the preemption of state dilution laws by the FTDA); Kenneth L. Port, *The Trademark Super Register: A Response to Professor Smith*, 94 TRADEMARK REP. 881, 882 (2004) (Professor of Law at William Mitchell College of Law arguing in support of Professor Lars Smith's recommended "fame register").

232. 1995 Hearing, *supra* note 99, at 157 (testimony of Jonathan E. Moskin).

233. *Id.*

234. Smith, *supra* note 231, at 1102.

235. 15 U.S.C. § 1115(a) (2000).

the mark owner, the PTO holds a mark to be incontestable.[236] Incontestability is *conclusive* evidence of the validity of a mark, the validity of its registration, and the registrant's ownership of the mark.[237] The Supreme Court described incontestability as "a means for the registrant to quiet title in the ownership of his mark."[238] Despite the stronger evidence of validity that incontestability provides a mark owner, however, the presumption of validity can be overcome by a junior user through several statutory defenses.[239]

Determinations of fame under the famous mark registry proposed herein would function very similarly to the assignment of incontestable status. Mark owners who believe their marks are famous, and therefore should be protected from dilution by the FTDA, can file a petition with the PTO for famous mark status. The PTO can apply the eight factors laid out in the Act and make a determination of fame *ex ante.* The process would include an "interference"[240] period during which junior users of an identical or similar mark may contest the grant of famous mark status. Most importantly, as in the case of incontestable status, the grant of famous mark status would be *conclusive*, but not irrefutable evidence of a mark's fame, entitling the mark owner to a presumption of the fame of his mark. In any subsequent litigation, the PTO's determination of fame, like most agency action,[241] would be entitled to judicial deference but could still be overcome by a defendant under any circumstances Congress or the PTO define or at the court's discretion for substantial policy reasons.

The recommended registry would provide better notice to new market entrants that a prior user considers its mark famous, that the PTO agrees, and that the mark is therefore very likely entitled to the broader protection of the FTDA.[242] Such notice would substantially lower avoidance costs for any potential junior users by permitting them to simply review the famous mark register and avoid the use of a mark therein—a mark that is very

236. 15 U.S.C. § 1065; *see generally* Kenneth L. Port, *The Illegitimacy of Trademark Incontestability*, 26 IND. L. REV. 519 (2003). Note that incontestable status can be challenged by holders of the same or a similar mark.

237. 15 U.S.C. § 1115(b).

238. Park 'N Fly, Inc. v. Dollar Park and Fly, Inc., 469 U.S. 189, 198 (1985) (citing *Hearings on H. R. 82 before the Subcomm. of the Sen. Comm. on Patents*, 78th Cong., 21 (1944) (remarks of Rep. Lanham)).

239. 15 U.S.C. § 1115(b).

240. Under current federal trademark law, an interference is an opposition to the registration of a trademark filed by another user of the same or similar mark. *See* 15 U.S.C. § 1063.

241. *See* Chevron, U.S.A., Inc. v. Natural Res. Def. Council, 467 U.S. 837, 842–43 (1984) (holding that courts must defer to any agency action that is consistent with a reasonable interpretation of a statute the agency is charged with implementing).

242. Port, *supra* note 231, at 892.

likely to be protected under the FTDA. The system would further allow existing junior users to challenge the famous nature of a senior mark before the PTO's determination of fame and prior to any dilution of the senior mark—a time when the senior user has not yet suffered any harm, accumulated litigation expenses should be lower, and some form of settlement may be more likely.

Additionally, the structure of this proposal will not contradict a significant concern that Congress voiced while considering the FTDA—that requiring the federal registration of a famous mark would "undercut the Unites States position with our trading partners, which is that famous marks should be protected regardless of whether the marks are registered in the country where protection is sought."[243] The proposed famous mark register is compatible with this goal because it will only serve to enhance the protection of famous marks; it will not restrict dilution protection to registered marks. Any mark, registered or not, may still be protected under the terms of the Act as it now exists. Registration only serves to aid in determining the fame of a mark.

This proposed registry has the potential to add substantial stability and uniformity to determinations of the fame of a mark. As explored above, determinations of a mark's fame vary widely from court to court.[244] Furthermore, determinations of fame have also varied over time.[245] This fluctuation in the character of a famous mark should be quickly stabilized under this proposal. The PTO, through expert knowledge of the subject matter and sheer repetition[246] would rapidly develop a broad, consistent, and comprehensive body of precedent, which courts could then utilize as guidance in determining the fame of non-registered marks. Also, the PTO could, with Congress's authorization and guidance, promulgate regulations to further refine the factors that the FTDA lays out for determining the fame of a mark. Through such notice and comment rulemaking, the PTO could obtain the feedback of large and small mark owners and other concerned parties to any proposed regulations.

243. H.R. REP. NO. 104-374, at 4 (1995), *as reprinted in* 1996 U.S.C.C.A.N. 1029, 1031.

244. *See supra* Part III.A.

245. *See* Long, *supra* note 31, at 36–37 (finding courts to be less likely to hold a mark famous as time has passed).

246. Currently, fame is only determined during litigation. Under this proposal, mark owners will petition for a fame determination proactively to protect their marks, with the likely results of substantially more marks being reviewed according to the factors laid out in the FTDA.

It bears mentioning that INTA opposes any mandatory registration system for famous marks,[247] and therefore has been presumed to oppose a famous mark registry.[248] While INTA has not commented on a non-mandatory register of the type proposed here, it is reasonable to assume that it would not oppose such a register. A registry of this type can only assist the owners of famous marks in protecting their marks from dilution, while lowering litigation costs. Considering that INTA's membership represents the interests of famous mark owners,[249] it should welcome a famous mark register as proposed herein.

Creating a famous mark register will not reduce the reach of the protection currently available under the FTDA. It will not endanger the interests of famous mark owners in the United States attempting to obtain protection for their marks internationally. It will not infringe the traditional power of the courts to weigh policy considerations when ruling on the specific set of facts before them. It will create stability in an important area of intellectual property law where stability has been notably lacking. It will also provide more predictability to junior users of marks, who currently must make their investments in a mark without any predictable assurance that their use of that mark will not be terminated unexpectedly. A famous mark register will add efficiency and predictability to the protection of famous marks without diminishing any protection available under the current Act.

B. Injunctive Relief For Likelihood of Causing Dilution

Congress should also amend the FTDA to explicitly provide injunctive relief for junior use of a mark that creates a "likelihood of dilution." As examined above,[250] the legislative history of the Act does not reveal any explicit intention to depart from the "likelihood of dilution" standard that is generally applied in the state dilution statutes, on which the FTDA is modeled. Furthermore, the USTA proposal to Congress, from which the language of the Act was taken, asserted that famous marks should be given "maximum legal protection."[251] The current interpretation of the Act requires a showing of actual harm (though not economic harm) to the distinc-

247. *See* Issues and Policies Committee of INTA, *Request for Action by the INTA Board of Directors: "Well-known" Marks Protection*, at para. 5 (Sept. 18, 1996), http://www.inta.org/policy/res_wellknown96.html.

248. *See* Port, *supra* note 231, at 890.

249. *Id.*

250. *See supra* Part III.C.

251. USTA Report, *supra* note 56, at 456.

tive quality of a famous mark before injunctive relief will be granted.[252] This interpretation of the Act, though consistent with the literal language of the Act, is clearly contradictory to Congress's intention when passing the Act.[253] The requirement that a famous mark suffer actual dilution before the FTDA will provide a remedy is clearly inconsistent with the nature of that remedy—an injunction. Requiring the owner of a famous mark, threatened with dilution of the mark's distinctiveness, to wait until the damage is done before granting an injunction is contrary to the principles of equity.[254]

Various commentators,[255] including INTA,[256] have called on Congress to clarify the language of the Act to make it consistent with its original purposes. Congress has heard this call.[257] Now is the time for Congress to act by amending the language of the FTDA to clearly proscribe any junior use of a famous mark that creates a *likelihood* of dilution.

C. International Implications

Any proposal to amend the FTDA must be made in light of the United States' desire to lead the world in protecting intellectual property and the reality of a global economy in which famous marks are routinely used in foreign countries.[258] The famous mark register proposed herein comports well with international agreements and foreign law in three significant ways: it would further the goals of existing international agreements and aid owners of famous U.S. marks; it is not novel in the international com-

252. *See* Moseley v. V. Secret Catalogue, Inc., 537 U.S. 418, 433 (2003).

253. *See supra* Part III.B.

254. *Moseley*, 537 U.S. at 436 (Kennedy, J., concurring) ("Equity principles encourage those who are injured to assert their rights promptly. A holder of a famous mark threatened with diminishment of the mark's capacity to serve its purpose should not be forced to wait until the damage is done and the distinctiveness of the mark has been eroded.").

255. *See, e.g.*, Julie C. Frymark, Note, *Trademark Dilution: A Proposal to Stop the Infection from Spreading*, 38 VAL. U. L. REV. 165, 213 (2003) (recommending Congress amend the FTDA to reflect a likelihood of dilution standard); Jennifer Mae Slonaker, Comment, *Conflicting Interpretations of the Federal Trademark Dilution Act Create Inadequate Famous Mark Protection*, 26 U. DAYTON L. REV. 121, 124 (2000).

256. *See* U.S. Legis. Subcomm. of the Legis. Analysis Comm. of INTA, *Request for Action by the INTA Board of Directors: Appropriate Standard for Establishing a Dilution Claim* (Sept. 15, 1999), http://www.inta.org/policy/res_dilutclaim.html (resolving "that INTA endorses likelihood of dilution as the appropriate standard for establishing a dilution claim"); *Comm. Print to Amend the Federal Trademark Dilution Act: Hearing Before the Subcomm. on Courts, the Internet, and Intellectual Property of the House Comm. on the Judiciary*, 108th Cong. 5–6 [hereinafter 2004 Hearing] (2004) (statement of Jacqueline A. Leimer, President of INTA) (calling on Congress to clarify the language of the FTDA to clearly provide relief for uses causing a likelihood of dilution by blurring or a likelihood of dilution by tarnishment).

257. *See generally* 2004 Hearing, *supra* note 256; *see infra* Part IV.D.

258. H.R. REP. NO. 104-374, at 4 (1995), *as reprinted in* 1996 U.S.C.C.A.N. 1029, 1031; Welkowitz, *supra* note 143, at 64–65 (describing global trade as a force for harmonizing trademark law).

munity; and it will provide the United States an opportunity to lead the world in the *ex ante* protection of the distinctive quality of famous marks.

As noted above, the FTDA was enacted, in part, to harmonize U.S. law with the TRIPS agreement and the Paris Convention.[259] Pursuant to those agreements the owner of a famous mark[260] may, under certain circumstances, compel a foreign country to cancel the registration (and enjoin the use) of a mark if a competent authority of the country where the famous mark is registered or used considers the mark sufficiently famous.[261] A famous mark registry would significantly benefit owners of famous U.S. marks. Under the current language of the FTDA, the only nationally competent authority for determining the fame of a mark in the U.S. is a federal court.[262] Considering the unavailability of advisory opinions in the federal system, this leads to an inefficient mode of relief for owners of famous U.S. marks, who must sue a junior mark user to receive a determination that their marks are indeed famous. Creating a famous mark registry would allow the owners of these marks to obtain determinations of the fame of their marks directly from the PTO and to use those determinations when seeking relief under TRIPS or the Paris Convention.

The creation of a U.S. famous mark registry would not be novel or unique in the international community and would therefore be more likely to be accepted by foreign mark owners and adopted by foreign countries currently lacking such a registry. At this time, Japan, Taiwan, China, and other nations have a "defensive mark" registration system, which provides enhanced protection to famous marks.[263] Under the Japanese defensive mark system,[264] for instance, a "widely recognized" mark can be registered in association with additional goods or services, apart from those with which it was originally registered.[265] Once the widely recognized mark has been registered for use on the additional goods or services, the owner of the mark may exclude the use of another's identical or similar mark on those

259. *See supra* Part II.B.3.

260. As noted above, TRIPS and the Paris Convention refer to "well-known" marks rather than famous marks. The term famous mark here is used for consistency with the FTDA and the proposed register of famous marks.

261. TRIPS, Article 16, *supra* note 133, at 1203–04; Paris Convention Article 6*bis*, *supra* note 134.

262. 15 U.S.C. § 1125(c) (2000) (stating that "In determining whether a mark is . . . famous, a court may consider factors such as. . . .").

263. Port, *supra* note 231, at 891.

264. Shohyoho [Trademark Act], Law No. 127 of 1959 (as amended), arts. 64–68. *See* Port, *supra* note 231, at 891.

265. In Japan, the registration of a mark only protects the mark for use on the goods or services for which it was specifically registered. Port, *supra* note 231, at 891.

goods, even if the owner of the widely known mark never has and never intends to use his mark on the additional goods or services.[266]

The Russian Federation, a party to the Paris Convention, also has an *ex ante* system for the protection and advance registration of famous marks.[267] Under the Russian system, the owner of a famous mark may file a Request with the Board of Patent Disputes that its mark be added to the List of well-known trademarks of the Russian Federation.[268] The Request may contain various data, including advertising amounts, sales volumes, market share, consumer surveys, or any other relevant data tending to prove the fame of the mark.[269] If the Board finds that the mark has become "widely known" to consumers in the Russian Federation, it will be added to the List.[270] Once the mark is added to the List, the owner of the famous mark may prevent the junior use of the mark on goods dissimilar to those on which the famous mark owner uses it, so long as he can show an association between the famous and the junior mark among consumers that "may infringe upon his lawful interests."[271]

Creating a famous mark register would provide an excellent opportunity for the United States to take a true leadership position in the protection of intellectual property. TRIPS has 148 signatory nations[272] who, by the terms of the agreement,[273] must afford a higher level of protection to famous marks than is typically afforded to non-famous marks. By creating an efficient *ex ante* system for determining the fame of a mark, the U.S. can establish a model for any of these nations who do not already have a non-judicial system to make this determination of fame before litigation. Such a system would have the added advantage of providing notice to potential market entrants, lowering costs to them and to the owners of famous marks. Ultimately, if widely adopted, a famous mark registry system could be combined with the Madrid System to create an efficient method of registering famous marks in member countries.

266. *Id.*

267. Bella I. Safro & Thomas S. Keaty, *What's in a Name? Protection of Well-Known Trademarks Under International and National Law*, 6 TUL. J. TECH. & INTELL. PROP. 33, 58–59 (2004).

268. *Id.*

269. *Id.*

270. *Id.*

271. *Id.*

272. *See* World Trade Organization, Understanding the WTO: The Organization: Members and Observers, http://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm (last visited Aug. 10, 2005) (identifying 148 signatory nations as of February 16, 2005).

273. *See generally* TRIPS, Article 16, *supra* note 133.

D. Current Legislative Proposal

During the writing of this article, Representative Lamar Smith, Chairman of the House Subcommittee on Courts, the Internet and Intellectual Property, introduced a bill to amend the FTDA.[274] The bill, referred to as the Trademark Dilution Revision Act of 2005 ("TDRA"), is not intended to significantly alter federal dilution protection, but rather to clarify what Congress intended when it passed the FTDA.[275] The House Judiciary Committee, after hearing testimony in 2004 and 2005,[276] concluded that the actual harm standard articulated by the Supreme Court in the *Moseley* decision creates an undue burden for owners of famous marks and is not what Congress intended.[277] Furthermore, the Committee stated its concern about the lack of uniformity in interpretation of several provisions of the FTDA by the various circuits.[278] Most notably, it pointed to the circuit split on what constitutes a famous mark.[279]

Although it would not make sweeping changes to federal dilution law, the TDRA significantly alters the current language of the FTDA.[280] It would firmly overrule the actual dilution standard articulated in *Moseley* by removing the "causes dilution" language from the current Act and, instead, prohibiting junior use of a mark "that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark. . . ."[281] The TDRA also would resolve the split over what type of distinctiveness a mark must possess to be protected under federal law. Under the current Act, some courts have held that marks must possess both inherent and acquired distinctive-

274. H.R. 683, 109th Cong. (1st Sess. 2005) (introduced Feb. 9, 2005, passed by the House on April 19, 2005, and introduced in the Senate and referred to the Committee on the Judiciary on April 20, 2005).

275. *Trademark Dilution Revision Act of 2005: Hearing on H.R. 683 Before the House Subcomm. on Courts, the Internet, and Intellectual Property of the Comm. on the Judiciary*, 109th Cong. 2 (2005) [hereinafter 2005 Hearing] (opening statement of Rep. Lamar Smith).

276. This is a reference to the Hearing conducted by the Subcommittee on Courts, the Internet and Intellectual Property.

277. H.R. REP. NO. 109-23, at 5 (2005).

278. *Id.*

279. *Id.* The Committee also specifically mentioned the split over whether marks with only acquired distinctiveness and not inherent distinctiveness are protected under the FTDA, *id.*—illustrated by Savin Corp. v. Savin Group, 391 F.3d 439 (2d Cir. 2004). Lastly, the Committee mentioned a split over whether the FTDA applies to dilution by tarnishment, as well as dilution by blurring. H.R. REP. NO. 109-23, at 5–6. While this article does not identify this particular split as a significant issue in FTDA jurisprudence, witnesses at the House Hearings addressed it. *See* 2005 Hearing, *supra* note 275, at 10 (prepared statement of Anne Gundelfinger, President, INTA), 24 (statement of William G. Barber, Partner, Fulbright and Jaworski, LLP., on behalf of the Am. Intellectual Prop. Law Assoc).

280. *Compare* 15 U.S.C. § 1125(c) (2000) *with* H.R. 683, 109th Congress, § 2 (1st Sess. 2005).

281. H.R. 683, at § 2.

ness,[282] but the TDRA would clearly protect "famous mark[s] that [are] distinctive, inherently or through acquired distinctiveness," thereby ending the debate.[283]

The Committee intends the TDRA to provide the courts with better guidance in determining the fame of a mark than the current Act does.[284] The Committee's optimism in this regard is difficult to understand. While the TDRA does narrow the definition of a famous mark by requiring that to be famous it must be "widely recognized by the general consuming public of the Unites States as a designation of source of the goods or services of the mark's owner," it would provide little more guidance than the current Act provides.[285] Whereas the current Act provides a list of eight nonexclusive factors to guide courts in the determination of fame,[286] the TDRA lists only three nonexclusive factors to guide the courts: the extent of advertising and publicity of the mark; the volume and geographic extent of sales under the mark; and the extent of actual recognition of the mark.[287]

While the TDRA would be a step in the right direction, it falls short of correcting every problem with the current language of the FTDA. Many aspects of the TDRA are a significant improvement over the FTDA. The TDRA clearly corrects the prohibitory language of the FTDA from the actual dilution standard to the likely to dilute standard that Congress intended and that existed in some Circuits before the *Moseley* decision.[288] It also elaborates on what constitutes dilution—detailing the boundaries for both dilution by tarnishment and dilution by blurring, for which it lists six factors that courts may consider in identifying cases of blurring.[289] However, it does virtually nothing to ensure a uniform judicial interpretation of what makes a mark famous. Although it narrows the definition of famous marks to those that are "widely recognized,"[290] the basic format of the bill—instructing the court to rely on any relevant factors and then listing a few—will inherently lead to variations in interpretation in the various circuits, just as it has under the FTDA. The TDRA also does nothing to en-

282. *See, e.g.*, Savin Corp. v. Savin Group, 391 F.3d 439, 449 (2d Cir. 2004).

283. H.R. 683, at § 2 .

284. H.R. REP. NO. 109-23, at 8.

285. H.R. 683, at § 2. Under the current Act, the degree of recognition of a mark is but one factor in the determination of fame. *See* 15 U.S.C. § 1125 (c)(1)(F).

286. 15 U.S.C. § 1125(c)(1)(A)–(H).

287. H.R. 683, at § 2.

288. Moseley v. V. Secret Catalogue, Inc., 537 U.S. 418, 433 (2003) (stating that "actual dilution must be established," and that a showing of a likelihood of dilution is insufficient for relief under the FTDA). The Court impliedly rejected the likelihood of dilution standard utilized in some Circuits prior to the *Moseley* decision. *Id.* at 428.

289. H.R. 683, at § 2.

290. *Id.*

hance the position of famous U.S. mark owners seeking protection in foreign countries. To accomplish the original Congressional goal of providing famous marks in nationwide use with uniform federal protection from dilution, determinations of fame should be made centrally. Without the inclusion of a famous mark register, the TDRA is only half of the solution needed in federal dilution protection.

CONCLUSION

The FTDA was enacted to foster stability in dilution protection for owners of truly famous marks, and to give famous marks in nationwide use the protection of nationwide injunctive relief.[291] This goal has been handicapped by inconsistencies in determining fame, divergent case law, and an inconsistency between the strict language of the Act and both its purpose and remedy. To fulfill the original purpose of the Act, Congress must now amend it to resolve these problems. Creating a famous mark registry system and explicitly providing for injunctions upon a showing of a likelihood of dilution will solve these problems. A famous mark registry will provide significantly more certainty for the owners of famous marks, who invest heavily in developing that fame, while alerting junior mark users to potential dilution problems before they invest in their marks. Providing for injunctive relief upon a showing of a likelihood of confusion will give the owners of famous marks a viable remedy before their marks suffer actual harm.

Legislation pending before Congress will fix half of the problem, but fails to meaningfully address the problems in determining fame and does not advance the position of U.S. famous mark owners pressing for protection internationally. A famous mark register will add stability and predictability to the determining of fame. At the same time, the register will aid owners of famous domestic marks used internationally to protect their marks in other nations, while not offending our obligations under international agreements. Congress enacted the FTDA to protect famous trademarks from a genuine threat; now it must enact the proposal presented herein to make that protection predictable, efficient, and effective.

291. H.R. REP. NO. 104-374, at 3–4.