

## MOSELEY V. V SECRET CATALOGUE, INC.

*By Brian Paul Gearing*

In 1995 Congress enacted the Federal Trademark Dilution Act (“FTDA”),<sup>1</sup> amending § 43 of the Trademark Act of 1946 (“Lanham Act”)<sup>2</sup> to provide a remedy for the dilution of famous trademarks. Unlike traditional infringement law, this prohibition against trademark dilution is not the result of either common-law developments or an interest in protecting against consumer confusion.<sup>3</sup> The FTDA’s purpose, according to the House, “is to protect famous trademarks from subsequent uses that blur the distinctiveness of the mark or tarnish or disparage it, even in the absence of a likelihood of confusion.”<sup>4</sup> Subsequent to the enactment of the FTDA came conflicting interpretations of the statutory language within the federal courts.

In its recent *Victoria’s Secret* decision, the Supreme Court issued its first interpretation of the FTDA, resolving a circuit split over whether a plaintiff asserting a dilution claim has to prove actual dilution of a famous mark or merely a likelihood of dilution.<sup>5</sup> The Court held, in light of the FTDA’s legislative history, the dissimilarities between state antidilution statutes and the FTDA, the plain text of the FTDA,<sup>6</sup> and the statutory definition of the term “dilution”<sup>7</sup> that the

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<sup>1</sup> See 15 U.S.C. § 1125 (\_\_\_\_).

<sup>2</sup> The Lanham Act is codified at 15 U.S.C.

<sup>3</sup> See generally DAVID S. WELKOWITZ, TRADEMARK DILUTION (2002).

<sup>4</sup> H.R. REP. NO. 104-374, \*2 (1995), reprinted in 1996 U.S.C.C.A.N. 1029.

<sup>5</sup> *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 123 S.Ct. 1115 (2003).

<sup>6</sup> The Court considered the text of § 1125(c)(1), providing:

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

FTDA requires a showing of *actual dilution*.<sup>8</sup> The Court stated that its decision does not require the plaintiff to prove the consequences of dilution, such as an actual loss of sales or profits.<sup>9</sup>

The Court suggested that proof of actual dilution may be established by survey evidence and expert testimony and that when the junior and senior marks are identical, circumstantial evidence of dilution may suffice.<sup>10</sup> In situations where the junior and senior marks are not identical, the Court gave little guidance as to what evidence from surveys or expert testimony would suffice to prove actual dilution.<sup>11</sup> Furthermore, the Court failed to specify what quantity of dilution must be shown.<sup>12</sup> Although *Victoria's Secret* and *amici* emphasized the difficulty in obtaining evidence of actual dilution, the Court stated that the difficulties were “not an acceptable reason for dispensing with proof of an essential element of a statutory violation.”<sup>13</sup>

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(emphasis added).

<sup>7</sup> Section 1127 defines dilution in the context of the FTDA as:

The term “dilution” means the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of –

- (1) competition between the owner of the famous mark and other parties, or
- (2) likelihood of confusion, mistake, or deception.

15 U.S.C. § 1127 (\_\_\_\_).

<sup>8</sup> *V Secret*, 537 U.S. at \_\_\_\_, 123 S.Ct. at 1122-25.

<sup>9</sup> *Id.* at \_\_\_\_, 123 S.Ct. at 1124.

<sup>10</sup> *Id.* at 1125. While the Court gave no guidance on what this circumstantial evidence may be, the leading treatise on trademarks provides some useful suggestions. See 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 24:94.2 (West 2003). See also discussion *infra*.

<sup>11</sup> *V Secret*, 537 U.S. at \_\_\_\_, 123 S.Ct. at 1125. McCarthy provides some guidance with his discussion of expert testimony and dilution surveys. See MCCARTHY, *supra* note 7, § 24:94.2.

<sup>12</sup> *Secret*, 537 U.S. at \_\_\_\_, 123 S.Ct. at 1125.

<sup>13</sup> *Id.* The Court’s view on this issue is in accord with avoiding the judicial presumption of actual economic harm criticized by the Fourth Circuit: “Neither can the [FTDA] be interpreted to require proof of actual economic harm and its effective cause but permit them to be judicially presumed from proof alone of the marks’ sufficient similarity.” *Ringling Bros.-Barnum & Bailey Combined Shows v. Utah Div. of Travel Dev.*, 170 F.3d 449, 459 (4th Cir. 1999). The Fourth Circuit’s opinion conflicted with the Second Circuit’s opinion in *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208 (2d Cir. 1999), where a “likelihood of dilution” standard was approved (the *Nabisco* test).

This Note proceeds in four parts. Part I traces the origin and evolution of trademark dilution law in the United States. Part II examines the history and progression of *Victoria's Secret*, highlighting the main issues arising in the case and the key points of the Court's reasoning. Part III critically assess the Courts' opinion, focusing on interpretation of the statutory language, the ramifications of the new evidentiary hurdles, and the remaining ambiguities frustrating application of the FTDA. Part IV concludes the Note.

## **I. BACKGROUND**

### **A. Origin of Trademark Dilution in the United States**

The language of dilution<sup>14</sup> is found in cases dating back to the early twentieth century in the United States and even earlier in Great Britain.<sup>15</sup> In the 1927 article, *The Rational Basis of Trademark Protection*, Professor Frank I. Schechter brought the concept of trademark dilution to the attention of courts and legislators.<sup>16</sup> Schechter reasoned that the “preservation of the uniqueness of a trademark should constitute the only rational basis for its protection.”<sup>17</sup> The trademark could be protected by prohibiting “dilution” of the mark's uniqueness: the quality from which the trademark derived its hard-earned advertising value and selling power.<sup>18</sup> The

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<sup>14</sup> In contrast to traditional infringement law, where consumer confusion is the touchstone, dilution protects the commercial image or goodwill of the trademark. Cases protecting a trademark from the perspective of dilution used such “language of dilution.”

<sup>15</sup> See generally MCCARTHY, *supra* note 7, §24:67 *et seq.* (providing a critical assessment of the dilution doctrine); ROBERT P. MERGES ET AL., *INTELLECTUAL PROPERTY IN THE NEW TECHNOLOGICAL AGE* (2d ed. 2000); RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25 (West 2003) (providing background on the incorporation of the dilution doctrine into state antidilution laws) [hereinafter “RESTATEMENT (THIRD)”]; DAVID S. WELKOWITZ, *TRADEMARK DILUTION* (2002) (tracing the origins and development of trademark dilution law in the United States);

<sup>16</sup> Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813 (1927).

<sup>17</sup> *Id.* at 831.

<sup>18</sup> *Id.* at 832 (borrowing the term “diluted” from a German case).

Schechter article focused principally on established arbitrary marks that had been “added to rather than withdrawn from the human vocabulary” and an infringer that used an identical mark.<sup>19</sup>

Schechter believed that these marks had, from their introduction into the market, been associated with a particular product, not with a variety of products,<sup>20</sup> and had created in the public consciousness an impression of the product’s excellence.<sup>21</sup> By “dilution” Schechter meant the junior use of an identical or sufficiently similar mark that did not cause customer confusion, but instead the “gradual whittling away or dispersion of the identity and hold upon the public mind of the mark or name by its use upon non-competing goods.”<sup>22</sup>

Schechter advocated the broadest protection for only “coined or fanciful marks,” as opposed to “words or phrases in common use.”<sup>23</sup> He justified this position because trademark law required that a mark be *uniquely* associated with a particular source to merit broad protection from dilution.<sup>24</sup>

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<sup>19</sup> *Id.* at 828-29.

<sup>20</sup> This language from the Schechter article appears to indicate that he intended protection from dilution to apply to a class of trademarks that were synonymous with a single product or product class. Some commentators have argued that, in situations where the senior trademark owner use their famous mark to identify a diversity of products, the owners themselves destroy the uniqueness of their mark and, thus, should lose their rights to a claim under the FTDA. See Sara Stadler Nelson, *The Wages of Ubiquity in Trademark Law*, 88 IOWA L. REV. 731, 734-35 (2003).

<sup>21</sup> Schechter, *supra* note 20, at 828-29.

<sup>22</sup> *Id.* at 825.

<sup>23</sup> *Id.* at 828.

<sup>24</sup> See *id.* at 829. Schechter apparently did not contemplate dilution protection for trade dress. He stated that “[t]he owner of a distinctive mark or name ... obtains thereby no monopoly of goods or services; these may be freely sold on their own merits and under their own trade symbols.” *Id.* at 833. When Schechter wrote, the concept of protecting product configurations (trade dress protection) was not established. See WELKOWITZ, *supra* note 19, at 7-8, fn 25. However, the FTDA extends protection to famous trade dress and product configurations. See *Sunbeam Prods. v. West Bend Co.*, 123 F.3d 246 (5th Cir. 1998).

If fully adopted, Schechter's model would have essentially granted property rights in gross to owners of suitably "unique" marks, making trademark similar, although without the time limits, to copyright or patent protection.<sup>25</sup> However, Schechter's "radical dilution proposal" received only occasional favorable judicial notice.<sup>26</sup>

## **B. State Antidilution Statutes**

It was not until Massachusetts enacted the first state antidilution statute in 1947 that trademark owners had any cause of action against dilution of trademarks.<sup>27</sup> Importantly, the Massachusetts statute prohibited both the "[l]ikelihood of injury to business reputation" ("tarnishment") and "dilution of the distinctive quality" of the mark ("blurring").<sup>28</sup> While the original bill in Massachusetts was intended to protect only a "coined or peculiar word," the statute did not expressly limit protection to such marks.<sup>29</sup> Early Massachusetts courts cautiously interpreted the statute and reluctantly enforced it when the trademark consisted of fairly common terms without substantial renown.<sup>30</sup>

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<sup>25</sup> See *Ringling Bros.*, 170 F.3d at 456. See, e.g., Robert N. Klieger, *Trademark Dilution: The Whittling Away of the Rational Basis for Trademark Protection*, 58 U. PITT. L. REV. 789, 802 (1997).

<sup>26</sup> *Ringling Bros.*, 170 F.3d at 454.

<sup>27</sup> The Massachusetts statute provided:

Likelihood of injury to business reputation or of dilution of the distinctive quality of a trade name or trade-mark shall be a ground for injunctive relief in cases of trade-mark infringement or unfair competition notwithstanding the absence of competition between the parties or of confusion as to the source of goods or services.

*V Secret*, 537 U.S. at \_\_\_, 123 S.Ct. at 1123 (quoting 1947 Mass. Acts, ch. 307, 300).

<sup>28</sup> See *id.*

<sup>29</sup> WELKOWITZ, *supra* note 19, at 12.

<sup>30</sup> *Id.* (citing Walter J. Derenberg, *The Problem of Trademark Dilution and the Antidilution Statutes*, 44 CAL. L. REV. 439, 453-57 (1956)).

In the decades preceding the FTDA, at least twenty-five states passed similar antidilution laws.<sup>31</sup> These state statutes were the primary source of dilution law prior to enactment of the FTDA in 1995.<sup>32</sup> Though the state statutes varied in detail, they typically had four consistent features: (i) they defined the class of marks eligible for dilution protection solely by reference to their “distinctive quality”; (ii) they proscribed a “likelihood of dilution” in addition to actual, consummated dilution; (iii) they defined dilution as diminishment of the mark’s distinctiveness rather than as harm to a senior mark’s economic value; and (iv) they provided only injunctive relief.<sup>33</sup>

### **C. The Model State Trademark Bill**

In 1964, the United States Trademark Association (the “USTA,” now the International Trademark Association, or “INTA”) added a dilution provision to its Model State Trademark Bill identical to the Massachusetts statute.<sup>34</sup> Like the existing state statutes that inspired it, the 1964 Model Bill was broadly worded – lacking a definition for the term “dilution” and failing to clarify what gives a mark the “distinctive quality” necessary for dilution protection.<sup>35</sup>

The dilution provisions of the Model Bill were amended in 1992 by providing substantially more detail than the 1964 dilution provision.<sup>36</sup> The 1992 provisions protected only

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<sup>31</sup> See RESTATEMENT (THIRD), *supra* note 19, at 2, 8 (listing state antidilution statutes and discussing their commonalities). Interestingly, in many cases when the statutes were initially being applied, courts denied dilution claims because the plaintiff had failed to show a likelihood of confusion, notwithstanding the plain language of the statutes eliminating confusion as an element of a dilution cause of action. *See id.*

<sup>32</sup> See WELKOWITZ, *supra* note 19, at 17 (discussing in detail the state antidilution statutes, which exist in a total of 34 states). The FTDA became effective on January 16, 1996.

<sup>33</sup> *Ringling Bros.*, 170 F.3d at 454. *See, e.g.*, CAL. BUS. & PROF. CODE § 14330 (West 2003).

<sup>34</sup> *See id.* at 15. The purpose of the Model Bill was to provide a model promoting uniformity and greater certainty concerning trademark rights under state laws. *Id.*

<sup>35</sup> *Id.*

“famous” marks, provided factors to assess fame, defined the term “dilution,” and permitted the award of damages for certain “willful” acts of infringement.<sup>37</sup> However, the 1992 Model Bill still proscribed the “likelihood of injury” standard adopted from the state antidilution statutes in 1964.<sup>38</sup>

#### **D. The Federal Trademark Dilution Act**

Prior to enactment of the FTDA, the dilution doctrine had existed in the United States for almost seventy years and had provided a cause of action based on a theory of a “likelihood of dilution” for almost fifty years. The FTDA arose out of this backdrop. After an unsuccessful attempt to pass a dilution bill in 1988, the House and Senate passed a new dilution bill in 1995, thus enacting the FTDA.<sup>39</sup> In contrast to the debate that surrounded the 1988 bill, there appeared to be general agreement on the need for a federal dilution statute as of 1995.<sup>40</sup>

The FTDA contained a number of innovations, which are in contrast to the state antidilution statutes preceding it. First, the FTDA requires a mark to be “famous”<sup>41</sup> and outlines

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<sup>36</sup> *Id.* at 16.

<sup>37</sup> *Id.*

<sup>38</sup> *Id.*

<sup>39</sup> *Id.* at 158. The House Report on the dilution bill, H.R. 1295, stated the purpose of the FTDA:

The purpose of H.R. 1295 is to protect famous trademarks from subsequent uses that blur the distinctiveness of the mark or tarnish or disparage it, even in the absence of a likelihood of confusion. H.R. 1295 does this by amending Section 43 of the Trademark Act of 1946 to add a new subsection (c) to provide protection against another’s commercial use of a famous mark which results in dilution of such mark. Presently, the nature and extent of the remedies against trademark dilution varies from state to state and, therefore, can provide unpredictable and inadequate results for the trademark owner. The federal remedy provided in H.R. 1295 against trademark dilution will bring uniformity and consistency to the protection of famous marks and is also consistent with our international obligations in the trademark area.

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

<sup>40</sup> WELKOWITZ, *supra* note 19, at 158.

<sup>41</sup> *Id.* at 163-64.

eight factors to guide the court in determination of a mark's famous status.<sup>42</sup> Second, the FTDA defines dilution as "the lessening of the capacity of a famous mark to identify and distinguish goods and services."<sup>43</sup> Third, the FTDA includes three specific defenses to a dilution claim: fair use in comparative advertising, noncommercial use, and news reporting and commentary.<sup>44</sup> Fourth, the FTDA does not contain the language "likelihood of dilution" but instead only proscribes use that "causes dilution," suggesting that a plaintiff must prove actual harm.<sup>45</sup> Additionally, the FTDA did not preempt state antidilution law, allowed for damages in cases of willful violations, and enabled the owner of a famous mark to oppose or cancel registrations.<sup>46</sup>

#### **E. A Split Between the Circuits: Setting the Stage for *Victoria's Secret***

Shortly after enactment of the FTDA, a conflict among the federal circuits arose in its interpretation that would eventually lead to the Supreme Court's intervention. The circuits split over whether the FTDA required a plaintiff to prove actual dilution of a famous mark or merely the "likelihood" that dilution would occur.<sup>47</sup> The Fourth and Fifth Circuits held that the statute required a showing of actual economic injury (or actual dilution, if we equate dilution with

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<sup>42</sup> See § 1125(c)(1)(A)-(H).

<sup>43</sup> § 1127 (definition of "dilution").

<sup>44</sup> § 1125(c)(4). While any state law patterned after the 1964 Model Bill does not contain these provisions, an analogy to the FTDA provisions may exist under the state laws. See WELKOWITZ, *supra* note 19, at 166; L.L. Bean, Inc. v. Drake Publishers, Inc., 811 F.2d 26, 31 (1st Cir. 1987) (holding that the First Amendment required allowance of a fair use defense of parody to state antidilution law).

<sup>45</sup> § 1125(c)(1).

<sup>46</sup> WELKOWITZ, *supra* note 19, at 164.

<sup>47</sup> See generally Karen S. Frank & Gail I. Nevius, *Dilution: The Conflict in the Circuits*, PRACTISING L. INST., PLI Order No. G0-0124, Sept. 2002, at 513; Paul Edward Kim, *Preventing Dilution of the Federal Trademark Dilution Act: Why the FTDA Requires Actual Economic Harm*, 150 U. PA. L. REV. 719 (2001) (discussing the circuit split and arguing for an actual economic harm standard); Matthew S. Voss, *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development & Nabisco, Inc. v. PF Brands, Inc.*, 15 BERKELEY TECH. L.J. 265 (2000) (highlighting the key cases in the circuit split, the Fourth Circuit v. Second Circuit).



economic injury). The Second, Third, Sixth, and Seventh Circuits held that a plaintiff need only demonstrate a likelihood of harm or dilution.

The Fourth Circuit's analysis in *Ringling Bros.* and the Second Circuit's approach in *Nabisco* exemplify the circuit split.<sup>48</sup> The Fourth Circuit held that under the FTDA a plaintiff must prove actual economic harm.<sup>49</sup> The court opined that the impossibility or near-impossibility of proving actual economic harm does not support a judicial presumption of dilution from proof only of the marks' sufficient similarity.<sup>50</sup> The Fourth Circuit suggested that actual dilution could be shown by an actual loss of revenues and by a skillfully constructed consumer survey.<sup>51</sup>

The Second Circuit rejected the Fourth Circuit's requirement of proving actual economic harm.<sup>52</sup> Since the FTDA provides for only an injunctive remedy, proving actual harm would force a trademark owner to wait until after harm had occurred before invoking the statute. With no damages remedy (absent willfulness), the trademark owner would suffer an uncompensated injury. Furthermore, junior users contemplating the use of a new mark would be unable to seek declaratory relief before going to market, thus they would be required to invest large sums of

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<sup>48</sup> See *Ringling Bros.*, 170 F.3d 449 (4th Cir. 1999); *Nabisco*, 191 F.3d 208 (2d Cir. 1999). Indeed, in reaching its decision in *Victoria's Secret*, the Supreme Court predominantly addressed these two circuit decisions. *V Secret*, 537 U.S. at \_\_\_, 123 S.Ct. at 1120-22.

<sup>49</sup> *Ringling Bros.*, 170 F.3d at 459-61.

<sup>50</sup> *Id.* In advocating its interpretation of the FTDA, the court stated:

The difficulties of proving actual dilution by practically available means is evident ... It may have lead a few federal courts early on simply to assume, without facing up to the interpretive difficulty of doing so, that the federal Act only requires proof of a "likelihood of dilution."

*Id.* at 464.

<sup>51</sup> *Id.* at 465.

<sup>52</sup> *Nabisco*, 191 F.3d at 224. The Second Circuit stated that the requirement of actual dilution "depends on excessive literalism to defeat the intent of the statute." *Id.*

money without assurance that their mark would not be enjoined.<sup>53</sup> Based on this reasoning, the Second Circuit adopted a likelihood of dilution test with a non-exclusive list of ten factors.<sup>54</sup>

## II. CASE SUMMARY

### A. Facts and Procedural Posture

On February 12, 1998, Victor and Cathy Moseley advertised the grand opening of “Victor’s Secret” – their Elizabethtown, Kentucky, retail store.<sup>55</sup> Someone saw the advertisement and believed that it was an attempt to use the “Victoria’s Secret” trademark to promote the sale of “unwholesome, tawdry merchandise.”<sup>56</sup> He sent a copy of the advertisement to the affiliated corporations that own the Victoria’s Secret trademark and operate over 750 Victoria’s Secret stores, two of which are in Louisville, Kentucky.<sup>57</sup> Victoria’s Secret requested that the Moseleys discontinue using the name and any variations, and the Moseleys responded by changing the name to “Victor’s Little Secret.”<sup>58</sup> Dissatisfied with this change, Victoria’s Secret filed an action under the Lanham Act in the Western District of Kentucky, alleging among other things federal dilution in violation of the FTDA.<sup>59</sup>

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<sup>53</sup> *Id.*

<sup>54</sup> *See id.* at 217-24.

<sup>55</sup> *V Secret*, 537 U.S. at \_\_\_\_, 123 S.Ct. at 1119.

<sup>56</sup> *Id.* Whereas Victoria’s Secret primarily marketed “moderately priced, high quality, attractively designed lingerie,” *id.*, Victor’s Little Secret sold, among other things, novelty action clocks, patches, temporary tattoos, handcuffs, hosiery bubble machines, incense burners, lingerie, pagers, adult video tapes, and adult novelties. *Id.* at \_\_\_\_, 123 S.Ct. at 1120.

<sup>57</sup> *Id.* at \_\_\_\_, 123 S.Ct. at 1119.

<sup>58</sup> *Id.*

<sup>59</sup> *Id.*

In the dilution claim, Victoria's Secret alleged that the Moseley's conduct was "likely to blur and erode the distinctiveness" and "tarnish the reputation" of the Victoria's Secret trademark.<sup>60</sup> They supported this claim with a marketing expert's affidavit that explained the value of the Victoria's Secret mark but expressed no opinion on whether the Moseleys' use would affect that value.<sup>61</sup>

## **B. The District Court**

Because the Moseleys did not challenge the "famous" status of the Victoria's Secret mark, the only question before the District Court was whether the Moseleys' use of Victor's Little Secret diluted the distinctive quality of the Victoria's Secret trademark.<sup>62</sup> The court granted summary judgment to Victoria's Secret on the dilution claim, holding that the two marks were sufficiently similar to cause dilution and that the Moseleys' mark diluted the Victoria's Secret mark because of its "tarnishing effect" upon the latter.<sup>63</sup>

## **C. The Sixth Circuit**

The Court of Appeals for the Sixth Circuit affirmed.<sup>64</sup> Shortly after entry of the District Court's judgment, the Sixth Circuit had adopted the *Nabisco* test for dilution.<sup>65</sup> To apply the test, the court considered two additional elements not analyzed by the District Court: (i) whether the

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<sup>60</sup> *Id.*

<sup>61</sup> *Id.* at \_\_\_, 123 S.Ct. at 1119-20.

<sup>62</sup> *V Secret Catalogue, Inc. v. Moseley*, No. 3:98CV-395-S, 2000 WL 370525, \*5 (W.D. Ky. Feb. 9, 2000).

<sup>63</sup> *Id.* at \*5-6.

<sup>64</sup> *V Secret Catalogue, Inc. v. Moseley*, 259 F.3d 464 (6th Cir. 2001).

<sup>65</sup> *See Kellogg Co. v. Exxon Corp.*, 209 F.3d 562 (6th Cir. 2000). The *Nabisco* test was outlined in *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208 (2d Cir. 1999).

Victoria's Secret mark was "distinctive;" and (ii) whether relief could be granted before dilution had actually occurred.<sup>66</sup>

The court held that the Victoria's Secret trademark was distinctive because the mark "rank[ed] with those that are 'arbitrary and fanciful' and is therefore deserving of a high level of trademark protection."<sup>67</sup>

In light of the legislative history of the FTDA and the difficulty of proving actual harm, the court held that the evidence sufficiently established dilution.<sup>68</sup> In reaching this decision, the court adopted a likelihood of harm standard as sufficient to establish dilution and expressly rejected the Fourth Circuit's holding in *Ringling Bros.*, which required proof of actual harm to the famous mark's economic value.<sup>69</sup> The court concluded that the *Nabisco* test both "track[ed] the language of the statute and follow[ed] more closely Congress's intent in enacting the

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<sup>66</sup> 259 F.3d at 468-71.

<sup>67</sup> *Id.* at 470.

<sup>68</sup> *Id.* 475-76. The Sixth Circuit held:

While no consumer is likely to go to the Moseley's store expecting to find Victoria's Secret famed Miracle Bra, consumers who hear the name "Victor's Little Secret" are likely automatically to think of the more famous store and link it to the Moseley's adult-toy, gag gift, and lingerie shop. This, then, is a classic instance of dilution by tarnishing (associating the Victoria's Secret name with sex toys and lewd coffee mugs) and by blurring (linking the chain with a single, unauthorized establishment). Given this conclusion, it follows that Victoria's Secret would prevail in a dilution analysis, even without an exhaustive consideration of all ten of the *Nabisco* factors.

*Id.* at 477.

<sup>69</sup> *Id.* at 475. See *Ringling Bros.*, 170 F.3d 449, 464-65 (1999).

FTDA.”<sup>70</sup> Notably, the court determined that specific language in the House Report revealed an intent to allow a remedy before dilution had caused economic harm to the senior mark.<sup>71</sup>

#### **D. The Supreme Court**

The Supreme Court reversed and remanded the case.<sup>72</sup> The Court held that (i) the FTDA “unambiguously requires a showing of actual dilution, rather than a likelihood of dilution” and (ii) Victoria’s Secret failed to establish that their famous mark was diluted, absent evidence of any lessening of the capacity of the mark to identify and distinguish goods or services sold in their stores or advertised in their catalogues.<sup>73</sup>

In reaching its decision, the Court began by distinguishing trademark dilution from trademark infringement law and presented a brief background of the development of trademark dilution law.<sup>74</sup> The Court noted that while state antidilution statutes expressly applied to both dilution due to tarnishment and blurring, the FTDA arguably supports a narrower reading since it refers to only the element of blurring.<sup>75</sup>

The Court discussed the legislative intent behind the FTDA by focusing on the identical language that was used to describe the bill in both Houses: “The purpose of [the bill] is to protect famous trademarks from subsequent uses that blur the distinctiveness of the mark or tarnish or

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<sup>70</sup> 259 F.3d at 475.

<sup>71</sup> *Id.* The court focused on the following passage in the House Report: “Confusion leads to immediate injury, while dilution is an infection, which if allowed to spread, will inevitably destroy the advertising value of the mark.” *Id.* (quoting H.R. REP. NO. 104-374, p.3 (1995), reprinted in 1996 U.S.C.C.A.N. 1029).

<sup>72</sup> Justice Stevens delivered a decision that was unanimous for all parts except for Part III, which examined the legislative history of the FTDA. *See V Secret*, 537 U.S. at \_\_\_, 123 S.Ct. at 1123-24. Justice Kennedy filed a concurring opinion. *See id.* at \_\_\_, 123 S.Ct. at 1125-26.

<sup>73</sup> *Id.* at \_\_\_, 123 S.Ct. at 1124-25.

<sup>74</sup> *Id.* at \_\_\_, 123 S.Ct. at 1122-23. The discussion, *supra*, provides similar background in more detail.

<sup>75</sup> *Id.* at \_\_\_, 123 S.Ct. at 1123-24.

disparage it, even in the absence of a likelihood of confusion.”<sup>76</sup> Additionally, the legislative history showed that the bill passed the House unanimously and passed in the Senate without any hearings.<sup>77</sup>

The Court then focused on the contrast between the state antidilution statutes and the FTDA to elucidate whether actual harm must be shown for an actionable dilution claim.<sup>78</sup> While the state statutes repeatedly refer to a “likelihood” of harm, the FTDA provides injunctive relief when the alleged diluter’s commercial use of a senior user’s trademark “*causes dilution* of the distinctive quality” of the famous mark.<sup>79</sup> The Court concluded that this text unambiguously requires a showing of actual dilution, rather than a likelihood of dilution.<sup>80</sup> In support of its interpretation, the Court focused on the definition of the term “dilution.”<sup>81</sup>

Importantly, the Court stated that its holding does not mean that the consequences of dilution, such as actual losses in sales or profits, must also be proved.<sup>82</sup> The Court suggested that proof of actual dilution may be established by survey evidence and expert testimony, and that, in

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<sup>76</sup> *Id.* at \_\_\_, 123 S.Ct. at 1123 (quoting H.R. REP. NO. 104-374, p.2 (1995), reprinted in 1996 U.S.C.C.A.N. 1029).

<sup>77</sup> *Id.*

<sup>78</sup> *Id.* at \_\_\_, 123 S.Ct. at 1124.

<sup>79</sup> *Id.* (quoting § 1125(c)(1))(emphasis in original).

<sup>80</sup> *Id.* The Court presumably reached this decision in light of the history of dilution law, the legislative history and intent of the FTDA, and the suggested narrower reading of the FTDA compared to state antidilution laws with respect to blurring and tarnishment. However, the Court provided no explicit bearing of these factors upon their interpretation of the statutory language. *See id.*

<sup>81</sup> *Id.* The definition of dilution is given in *supra* note 4. The Court stated that the contrast between the initial reference to an actual lessening of the mark’s capacity and the later reference of a “likelihood of ...” in the second caveat confirms the interpretation that actual dilution must be established. *V Secret*, 537 U.S. at \_\_\_, 123 S.Ct. at 1124.

<sup>82</sup> *Id.*

instances such as when the junior and senior marks are identical, circumstantial evidence of dilution may suffice.<sup>83</sup>

In his concurring opinion, Justice Kennedy focused on the word “capacity” in the definition of “dilution” as the “lessening of the capacity of a famous mark to identify and distinguish goods or services.”<sup>84</sup> Justice Kennedy stated that there are circumstances where, upon adoption of a competing mark, the case can turn on the *probable consequences* its commercial use will have for the famous mark.<sup>85</sup> In this situation, Justice Kennedy proposed that the word capacity “imports into the dilution inquiry both the present and the potential power of the famous mark to identify and distinguish goods,” and in some cases the fact that this potential power will be diminished could suffice to prove actual dilution.<sup>86</sup> Therefore, in comporting with the role of injunctive relief, the holder of a famous mark threatened by diminishment of the mark’s capacity would not be forced “to wait until the damage is done and the distinctiveness of the mark has been eroded.”<sup>87</sup>

### III. DISCUSSION

The Court resolved a conflict over a statutory element of the FTDA. However, as the following discussion will demonstrate, the Court reached a result that squarely contradicts the FTDA’s purpose. The discussion then suggests that, accepting the Court’s decision as it stands, the resolution presents numerous evidentiary hurdles that may leave dilution claims floundering.

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<sup>83</sup> *Id.* at \_\_\_, 123 S.Ct. at 1125.

<sup>84</sup> *Id.* (Kennedy, J., concurring) (quoting § 1127).

<sup>85</sup> *Id.* (emphasis added).

<sup>86</sup> *Id.*

<sup>87</sup> *Id.* at 1126.

The discussion concludes by considering the Court's holding within the context of the existing ambiguities surrounding the FTDA.

**A. The Court's Holding is in Contradiction to the FTDA's Purpose**

The Court likely arrived at the wrong result in interpreting the FTDA. In analyzing the plain statutory language "causes dilution," the Court reached a result in contradiction to the FTDA's purpose.<sup>88</sup> Furthermore, a consideration of the fifty years of state antidilution statutes existent prior to the FTDA, the Model State Trademark Bill, and the capability of courts to effectively apply complicated balancing tests<sup>89</sup> supports a "likelihood of dilution" standard.

*1. Statutory Interpretation Favors a "Likelihood of Dilution" Standard*

In interpreting the statutory phrase "causes dilution,"<sup>90</sup> the Court ultimately followed a strict textualist approach,<sup>91</sup> which was reinforced by the contrast between the FTDA and the text of the state statutes, requiring a "likelihood of dilution."<sup>92</sup> Although, the court briefly discussed the legislative history behind the FTDA and indicated the legislative intent by reviewing comments in both the House and the Senate,<sup>93</sup> neither the legislative intent nor federal legislative

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<sup>88</sup> See generally William N. Eskridge & Philip P. Frickey, *Statutory Interpretation as Practical Reasoning*, 42 STAN. L. REV. 321 (1990) (providing a critical assessment of traditional approaches to statutory interpretation and formulating a new approach to statutory interpretation). See also Amicus Curiae Brief of Intellectual Property Law Professors in Support of Respondents, 2002 WL 1967938 (August 21, 2002) [hereinafter "Brief of IP Law Professors"]; Brief of the American Bar Association as Amicus Curiae Supporting Respondents, 2002 WL 1929517 (August 16, 2002).

<sup>89</sup> See, e.g., *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341 (9th Cir. 1979) (laying out the eight *Sleekcraft* factors for likelihood of confusion in a trademark infringement claim).

<sup>90</sup> § 1125(c)(1).

<sup>91</sup> See Eskridge, *supra* note 92, at 340-45.

<sup>92</sup> *V Secret*, 537 U.S. at \_\_\_, 123 S.Ct. 1124.

<sup>93</sup> See *id.* at \_\_\_, 123 S.Ct. at 1123. The comments, however, only indicate a desire 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." *Id.* These comments do not shed light on the statutory phrase "causes dilution" in § 1125(c)(1).



history elucidate the meaning of the phrase “causes dilution.”<sup>94</sup> Indeed, the Court did not explicitly link the legislative background to their exercise in statutory interpretation.<sup>95</sup> In fortifying their interpretation by relying on the statutory definition of “dilution,” the Court limited itself to the plain language of the statute.<sup>96</sup>

The textualist approach followed by the Court, however, fails to consider the context, on one level, provided by the statutory language as well as the context, on another level, of what the polity considered important with regard to dilution law.<sup>97</sup> As noted in the concurrence, the essential role of injunctive relief is to “prevent future wrong, although no right has yet been violated.”<sup>98</sup> Forcing a trademark owner to wait until a provable level of harm has occurred makes the injunctive remedy of the statute futile, at least with respect to the actual amount of harm suffered prior to winning an injunction.<sup>99</sup> Furthermore, the provable amount of harm may be far less in comparison to the amount that the senior user continues to endure. Such an unjust result is in violation of the spirit of the FTDA.

Furthermore, while Justice Kennedy’s concurrence focuses on the statutory use of the word “capacity” in the phrase defining dilution as “the lessening of the capacity of a famous mark to identify goods or services,”<sup>100</sup> he arrives at a contradictory result. Kennedy states that

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<sup>94</sup> § 1125(c)(1).

<sup>95</sup> See *V Secret*, 537 U.S. at \_\_\_, 123 S.Ct. 1124.

<sup>96</sup> See *id.*

<sup>97</sup> See generally Eskridge, *supra* note 92, at 341-42.

<sup>98</sup> *V Secret*, 537 U.S. at \_\_\_, 123 S.Ct. 1125 (Kennedy, J., concurring) (quoting *Swift & Co. v. United States*, 276 U.S. 311, 326 (1928)).

<sup>99</sup> The harm prior to an injunction likely will never be compensated. See Brief of IP Law Professors, *supra* note 92, at \*5-8.

<sup>100</sup> § 1127 (defining “dilution”).

“[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,”<sup>101</sup> it is unclear whether the *threat* of diminishment would be associated with actual economic harm due to dilution or, rather, more properly associated with a likelihood of such harm. In the latter case, proof of actual harm remains unsatisfied and, therefore, contrary to Justice Kennedy’s assertions, the holder of a famous mark necessarily would be “forced to wait until [at least a provable amount of] damage is done and the distinctiveness of the mark has [thus] been eroded [to some measurable extent].”<sup>102</sup> Therefore, within the context of the statutory language of the FTDA, the Court’s exercise in interpretation appears flawed.

With respect to the context on a policy level, the FTDA protects senior mark owners from uses that reduce the distinctiveness of the famous mark (blurring) or disparage it (tarnishment). By adopting a standard of actual dilution, the Court permits either or both of these forms of dilution to occur *before* the senior user may seek relief.<sup>103</sup> This result contradicts the legislatures’ original intent to protect famous marks from such uses. Additionally, the Court’s interpretation forces junior users to incur potentially large costs without judicial assurance that their mark will not be later enjoined and their investment wasted.<sup>104</sup>

The fundamental approaches to statutory interpretation provide a safety valve for use when a result is absurd or in clear contradiction to the spirit of the statute under examination.<sup>105</sup> However, in the instant interpretation, the Court failed to activate this safety valve.

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<sup>101</sup> *V Secret*, 537 U.S. at \_\_\_, 123 S.Ct. 1125 (Kennedy, J., concurring).

<sup>102</sup> *Id.*

<sup>103</sup> *See Nabisco*, 191 F.3d at 223-35; Brief of IP Law Professors, *supra* note 92, at \*5-7.

<sup>104</sup> *See Nabisco*, 191 F.3d at 224.

2. *State Statutes and the Model State Trademark Bill Require a “Likelihood of Dilution” Standard*

At the time Congress passed the FTDA, no state antidilution statute had been interpreted to require proof of actual economic harm.<sup>106</sup> As well, the Model State Trademark Bill explicitly used the term “likelihood” as inspired by the state statutes.<sup>107</sup> Because approximately twenty-five states had antidilution laws in effect, Congress felt that protection of famous marks from dilution was only available on a “patch-quilt system of protection” and, therefore, a federal dilution statute was necessary to overcome inconsistent court decisions on state laws and reluctance of state courts to grant nationwide injunctions when half of the states had no dilution laws.<sup>108</sup>

If the FTDA is to be understood as proscribing protection from actual dilution, then the federal dilution law is in sharp contrast to the almost fifty-years of state law and the Model State Trademark Bill that constituted the lay of the land when Congress enacted the FTDA. It seems highly implausible that Congress, striving to bring uniformity and predictability to the protection of famous marks from dilution, would have intended the FTDA to require proof of actual dilution.<sup>109</sup>

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<sup>105</sup> See generally Eskridge, *supra* note 92. In commenting on this contradiction, Mark A. Lemley *et al.* in Brief of IP Law Professors, *supra* note 92, at \*7 state:

The fact that a statute is limited to injunctive relief in most cases belies the arguments for the actual dilution standard. Surely Congress didn’t intend to require proof of damage and then refuse to compensate it. Such a reading would render the protections of the FTDA hollow indeed. It would also strain the equity powers of the courts.

Not surprisingly, the Moseleys argued exclusively for a plain language interpretation of “causes dilution.” See Petitioner’s Reply Brief on the Merits, 2002 WL 31156489 (September 23, 2002).

<sup>106</sup> See, e.g., WELKOWITZ, *supra* note 19, at 17-21; Klieger, *supra* note 29, at 813-14.

<sup>107</sup> See, e.g., WELKOWITZ, *supra* note 19, at 17-18.

<sup>108</sup> H.R. REP. NO. 104-374, p.3-4 (1995). A federal cause of action also prevented forum shopping.

<sup>109</sup> See Brief of IP Law Professors, *supra* note 92, at \*12.

3. *Courts are Accustomed to Applying Complex Balancing Tests*

In reaching its decision, the Court overlooked the expertise of the lower courts in applying complex balancing test to draw logical inferences from other established facts.<sup>110</sup> Given the uncertainties and potential for manipulation inherent in customer surveys<sup>111</sup> as well as the difficulties in measuring actual dilution,<sup>112</sup> it appears that an actual dilution standard may render a dilution claim prohibitively difficult to prevail upon. Granted that both methodologies have their respective difficulties, a “lesser of evils” approach tends to favor a balancing test, such as that proposed by the Second Circuit in *Nabisco*.<sup>113</sup> Such an approach allows for better judicial predictability once precedent is established. The Court’s interpretation of the FTDA should have been tempered by these additional considerations.

**B. The Court Issued a Resolution Beleaguered by Ambiguity**

While the Court may have resolved a circuit split over statutory interpretation, it maintained ambiguities involving the types of evidence and threshold of harm sufficient to show actual dilution.<sup>114</sup>

1. *The Effectiveness of the Suggested Means of Proof is Questionable*

The initial question to consider is whether dilution may be reliably measured. The FTDA defines dilution as “the lessening of the capacity of a famous mark to identify goods and

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<sup>110</sup> See, e.g., *Nabisco*, 191 F.3d at 224. See also *Sleekcraft*, 599 F.2d 341 (laying out the eight *Sleekcraft* factors for likelihood of confusion in a trademark infringement claim).

<sup>111</sup> See discussion *infra*.

<sup>112</sup> See discussion *infra*.

<sup>113</sup> See *Nabisco*, 191 F.3d 217-22.

<sup>114</sup> Indeed, in *Ringling Bros.*, the Fourth Circuit conceded that the difficulties of proving actual dilution may have lead a few federal courts to assume, “without facing up to the interpretive difficulty of doing so,” that the FTDA only requires a “likelihood of dilution.” *Ringling Bros.*, 170 F.3d at 464.

services.”<sup>115</sup> While some commentators advocate the use of expert testimony and the skillfully constructed consumer survey,<sup>116</sup> others point to the manipulability of surveys and the possibility that dilution may occur, but may be vanishingly small.<sup>117</sup>

Indeed, at the incipient stages of dilution, the harm may be so small as to be immeasurable.<sup>118</sup> This idea ties into the fundamental theory of the slippery slope and dilution.<sup>119</sup> If the harm due to the initial junior user is practically immeasurable,<sup>120</sup> then winning a nationwide injunction against the allegedly diluting mark may be essentially impossible under the Court’s actual dilution requirement. Therefore, even assuming that each junior user’s dilutive effects may be statistically factored out of the testimony or survey evidence, a senior user may find itself unable to prevail on a dilution claim against any single user.<sup>121</sup> Such a result would allow the infection that is dilution to spread and ultimately irreparably damage the senior owner’s famous trademark.<sup>122</sup>

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<sup>115</sup> § 1127.

<sup>116</sup> See, e.g., Patrick M. Bible, *Defining and Quantifying Dilution Under the Federal Trademark Dilution Act of 1995: Using Survey Evidence to Show Actual Dilution*, 70 U. COLO. L. REV. 295 (1999); MCCARTHY, *supra* note 7, § 24:94.2; Adam Omar Shanti, *Measuring Fame: The Use of Empirical Evidence in Dilution Actions*, 5 MARQ. INTELL. PROP. L. REV. 177 (2001).

<sup>117</sup> See, e.g., *Nabisco*, 191 F.3d at 223-24; *V Secret Catalogue, Inc. v. Moseley*, 259 F.3d 464, 476 (stating that customer surveys to show dilution are “unwieldy at best”).

<sup>118</sup> See *Nabisco*, 191 F.3d at 223-24.

<sup>119</sup> See MCCARTHY, *supra* note 7, § 24:94.2.

<sup>120</sup> Clearly, momentarily putting aside “the principle” of the matter in *Victoria’s Secret*, if the profits (as one potential indicator of actual harm) lost to *Victoria’s Secret* due to dilution by blurring or tarnishment by *Victor’s Little Secret* were taken relative to the total profits of the company, the result would likely be a rather small percentage.

<sup>121</sup> This assumes, of course, that the junior marks are used in some staggered fashion so that the senior user may not sue them contemporaneously.

<sup>122</sup> See H.R. REP. NO. 104-374, \*2 (1995), *reprinted in* 1996 U.S.C.C.A.N. 1029 (“Confusion leads to immediate injury, while dilution is an infection, which if allowed to spread, will inevitably destroy the advertising value of the mark.”).

Perhaps the Court should have assumed that, as a threshold matter, the harm likely will be vanishingly small, and, therefore, a likelihood of dilution standard is the only pragmatic way to protect the senior user from harm due to dilution. This potential outcome flowing from an actual dilution standard casts additional doubt on the Court's interpretation of the FTDA.

2. *The Quantity of Harm Necessary to Show Actual Dilution is Uncertain*

Assuming that surveys or expert testimony can reliably show dilution, the quantity of harm that must be established is uncertain. This result amplifies the concerns discussed in the previous section.

At least one commentator has suggested that the Court's holding does not require an expert witness to quantify or measure the amount of loss to the marketing strength of the senior mark.<sup>123</sup> Instead, the marketing or advertising expert need only explain that the value of a senior mark has been lessened to some extent, and in the case of tarnishment, the expert need only explain that the accused use will in fact cause tarnishment.<sup>124</sup>

While these suggestions eliminate the consideration of quantity of dilution, it is unclear how the expert would support her opinion on actual dilution. If the expert employs dilution surveys, then the infirmities associated with such surveys<sup>125</sup> necessarily would adulterate her testimony. Furthermore, if the expert is presenting testimony based on her analysis of the facts of the case, and if the quantity of dilution need to be shown, then the expert would potentially act as a judge applying a likelihood of dilution analysis.

With respect to survey evidence, perhaps an analogy may be drawn to customer surveys in trademark infringement analysis, where a threshold of 15% to 20% suffices to prove customer

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<sup>123</sup> See MCCARTHY, *supra* note \_\_, § 24:94.2.

<sup>124</sup> *Id.*

<sup>125</sup> See discussion *supra*.

confusion.<sup>126</sup> Ultimately, the lower federal courts will have to struggle to set an appropriate threshold level for actual dilution.

### C. The *Victoria's Secret* Decision is the First Chapter in the Story of the FTDA

Additional ambiguities not before the Court continue to frustrate application of the FTDA. For example, courts have not resolved the role of distinctiveness, the proper measure of fame for marks, and the extension of dilution protection to trade dress.<sup>127</sup> Therefore, the *Victoria's Secret* decision merely begins the first chapter in FTDA interpretation.

#### 1. Distinctiveness

While courts and commentators have struggled with the role of a mark's distinctiveness in applying the FTDA,<sup>128</sup> the Court provided, albeit in dicta, insight into this conundrum. In a footnote, the Court approvingly cited language from the Schechter article that directly supports the Second Circuit.<sup>129</sup> Although this language tends to sharpen the focus of courts on the

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<sup>126</sup> See

<sup>127</sup> Other questions surrounding the FTDA involve what constitutes fair use under the FTDA, see § 1125(c)(4)(A), and whether dilution is applicable where the goods or services are in competition. See MCCARTHY, *supra* note \_\_, § 24:72 (observing that the FTDA on its face is capable of application to competitive situations); *Deere & Co. v. MTD Prods., Inc.*, 41 F.3d 39 (2d Cir. 1994).

<sup>128</sup> See, e.g., *Nabisco*, 191 F.3d at 217 (noting that distinctiveness serves two functions – first, it is a threshold statutory element and second “the degree of distinctiveness of the senior mark has a considerable bearing on the question whether a junior use will have a diluting effect”). *But see* MCCARTHY, *supra* note \_\_, § 24:91 (suggesting that the term “distinctive” was supposed to be dropped from the statute before enactment and was inadvertently “left floating in the statute, unmoored to either any statutory requirement or underlying policy goal”).

<sup>129</sup> In footnote 10, the Court quoted from Schechter:

The rule that arbitrary, coined or fanciful marks or names should be given a much broader degree of protection than symbols, words or phrases in common use would appear to be entirely sound. Such trademarks or tradenames as ‘Blue Ribbon,’ used, with or without registration, for all kinds of commodities or services, more than sixty times; ‘Star’ as far back as 1898, nearly four hundred times; ‘Anchor,’ already registered over one hundred fifty times in 1898 ... all these marks and names have, at this late date, *very little distinctiveness* in the public mind, and in most cases suggest merit, prominence or other qualities of goods or services in general, rather than the fact that the product or service, in connection with which the mark or name is used, emanates from a particular source. On the other hand, ‘Rolls-Royce,’ ‘Aunt Jemima’s,’ ‘Kodak,’ ‘Mazda,’ ‘Corona,’ ‘Nujol,’ and ‘Blue Goose,’ are *coined, arbitrary or fanciful words or phrases* that have been added rather than withdrawn from the human vocabulary by their owners, and have, from the very beginning, been associated in the public mind with a particular product, not with a

importance of distinctiveness in dilution analysis, the question of whether a descriptive mark that has acquired distinctiveness solely through secondary meaning deserves dilution protection remains unclear.<sup>130</sup>

## 2. *Fame*

To some extent, courts and commentators have struggled with the determination of “famous” status.<sup>131</sup> The FTDA provides a list of nonexclusive factors for courts to consider in determining whether a mark is distinctive and famous.<sup>132</sup> Congress presumably provided this guidance to ensure that dilution would be confined to truly famous marks as envisioned by Schechter. Furthermore, since dilution is a federal cause of action, marks possessing fame in a local market, so-called niche fame, are clearly not eligible for dilution protection.<sup>133</sup>

It is likely that the somewhat odd findings of fame<sup>134</sup> were merely fleeting growing pains as the courts adjusted to application of the FTDA. Additionally, since dilution cases concerning

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variety of products, and have created in the public consciousness an impression or symbol of the excellence of the particular product in question.

*V Secret*, 537 U.S. at note 10 (quoting Schechter, *supra* note \_\_, at 828-29)(emphasis added).

<sup>130</sup> See, e.g., *New York Stock Exch., Inc. v. New York, New York Hotel, LLC*, 1999 WL 787195, \*10 (S.D.N.Y. 1999) (“[A] famous mark that has acquired secondary meaning is not ‘distinctive’ as that term is used in the federal antidilution statute, and is thus not entitled to protection thereunder.”).

<sup>131</sup> See, e.g., Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 Yale L.J. 1687, 1698 (1999) (discussing how some courts applying the FTDA have expanded the scope of “famous” marks to include the marks of a local favorite and obscure companies); MCCARTHY, *supra* note \_\_, § 24.112.1 (stating that the FTDA does not require courts to recognize niche fame).

<sup>132</sup> See § 1125(c)(1)(A)-(H).

<sup>133</sup> See MCCARTHY, *supra* note \_\_, at § 24.112.1 (“[R]ecognition of niche fame is an improper application of the federal act, is an unnecessary and superfluous legal theory and improperly displaces the traditional balance of competitive rights reflected in the likelihood of confusion test.”).

<sup>134</sup> See Lemley, *supra* note \_\_, at 1698-99 (listing a number of the “rather obscure” marks that have been accorded famous status by court applying the FTDA).



domain names became the province of the Anticybersquatting Consumer Protection Act<sup>135</sup> in 1999, ambiguities in applying the FTDA to cyberspace have been reduced. Therefore, the issue of fame under the FTDA appears to maintain a fair amount of judicial predictability.

3. *Extension of Dilution Protection to Trade Dress*

Courts and commentators are also divided on whether the FTDA covers trade dress.<sup>136</sup> Because the Lanham Act § 45 defines “mark” to mean “any trademark, service mark, collective mark or certification mark,” trade dress is a candidate for protection under the FTDA.<sup>137</sup> However, granting exclusive rights to a product shape would cause a constitutional conflict between the Lanham Act – founded on the Commerce Clause – and design patent law – founded on the Patent/Copyright Clause.<sup>138</sup> Thus, applying the FTDA to trade dress gives patent-like protection without the time limits constitutionally prescribed in Article I, § 8, clause 8.<sup>139</sup>

Clearly, Congress did not intend this result. This additional ambiguity of the FTDA further frustrates its application.

#### IV. CONCLUSION

While the Court’s decision in *Victoria’s Secret* may suffer some infirmities, it does fix one constraint in the dilution puzzle. The ramifications of the decision will, of course, be

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<sup>135</sup> See 15 U.S.C. § 1125(d) (\_\_\_\_).

<sup>136</sup> Compare *Nabisco*, 191 F.3d 208 (applying dilution to protect Pepperidge Farm’s fish-shaped GOLDFISH crackers) with *Planet Hollywood, Inc. v. Hollywood Casino Corp.*, 80 F. Supp. 2d 815, 901 (“The [c]ourt concludes that Section 43(c) was not intended to provide a cause of action for trade dress dilution ...”).

<sup>137</sup> See MCCARTHY, *supra* note \_\_, § 24:90.1.

<sup>138</sup> *Id.*

<sup>139</sup> *Id.*

forthcoming.<sup>140</sup> When considered in the context of the numerous points of contention frustrating application of the FTDA, *Victoria's Secret* is most properly viewed as merely the first chapter in the FTDA story. Further Supreme Court deliberation on the FTDA will inevitably follow.

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<sup>140</sup> An initial reaction was given by Judge Rice of the Southern District of Ohio: "However, [plaintiffs] are no doubt entitled to an opportunity to make their [dilution] case on the merits, the [c]ourt will note that it is *extremely difficult to prevail* on such [dilution claim] under the Lanham Act." *Reed Elsevier, Inc. v. TheLaw.net Corp.*, 269 F. Supp. 2d 942, WL p. 11 (S.D. Ohio 2003) (emphasis added).