

RINGLING BROS.-BARNUM & BAILEY COMBINED SHOWS, INC. v. UTAH DIVISION OF TRAVEL DEVELOPMENT

What could the “Greatest Show On Earth” and goldfish crackers possibly have in common? As it happens, both are at the center of a controversy between two federal circuit courts of appeal over just what a plaintiff must demonstrate in order to establish dilution under the Federal Trademark Dilution Act (“Dilution Act”).¹ The Dilution Act incorporated the controversial, and apparently still “somewhat nebulous concept”² of dilution into federal trademark law. While ostensibly a disagreement over interpretation, the split between the Fourth Circuit and the Second Circuit over how dilution can be established goes to the heart of an ongoing debate over the need for federal dilution protection,³ and what many commentators have termed the unjustified propertization of trademark law.⁴ The approaches of each circuit represent opposite sides of this debate. The Fourth Circuit, in *Ringling Brothers-Barnum & Bailey Combined*

¹ 15 U.S.C. §§ 1125(c) (1998). The Federal Trademark Dilution Act of 1995 (effective January 16, 1996) amended Section 43 of the Lanham Act to provide a federal cause of action for trademark dilution.

² *Sally Gee, Inc. v. Myra Hogan, Inc.*, 699 F.2d 621, 625 (2d Cir. 1983) (applying New York anti-dilution statute).

³ See Milton Handler, *Are State Anti-Dilution Laws Compatible with the National Protection of Trademarks?* 75 TRADEMARK REP. 269 (1985), and Kenneth L. Port, *The “Unnatural” Expansion of Trademark Rights: Is a Federal Dilution Statute Necessary*, 18 SETON HALL LEGIS. J. 433, 438 n. 9 (1994) (opining federal trademark dilution act would create a remedy without a wrong, and would be at odds with the fundamental principles of trademark law); *But see* Beverly W. Pattishall, *Dawning Acceptance of the Dilution Rationale for Trademark-Trade Identify Protection*, 74 TRADEMARK REP. 289 (1984).

⁴ See e.g. Mark A. Lemley, *The Modern Lanham Act and The Death of Common Sense*, 108 YALE L.J. 1687, 1697 (1999) (“Vesting trademarks with the mantle of property . . . defeats the purpose of linking trademarks to goods in the first place.”); see also Port, *supra* at 466-67 (opining trademark principles are based in tort, and are incompatible with dilution which creates a property ownership in the mark itself). Not all commentators, however, see the increasing propertization of trademarks as a bad thing. See e.g. Simone A. Rose, *Will Atlas Shrug? Dilution Protection for “Famous” Trademarks: Anti-Competitive “Monopoly” or Earned “Property” Right?*, 47 FLA. L. REV. 653 (1995) (opining the value of a trademark is earned, and is therefore deserving of property like protection.).

Shows, Inc. v. Utah Division of Travel Development,⁵ adopted a highly restrictive test, making it difficult, if not impossible for a plaintiff to establish dilution. The Second Circuit, on the other hand, in *Nabisco, Inc. v. PF Brands, Inc.*,⁶ adopted a variant of a much criticized multi-factor inference test which makes it far easier for a plaintiff to obtain an injunction against a competing product even where there is no likelihood of confusion.

For those marks which qualify, dilution offers much broader protection than traditional trademark law, which is concerned with consumer confusion as to product source, and requires a showing of likelihood of confusion.⁷ In contrast, dilution is concerned with the loss of a mark's distinctiveness, regardless of the likelihood of confusion, and therefore, unlike traditional trademark law, can be applied to prevent use on completely unrelated, non-competing goods.

The language of the Dilution Act, while providing guidance for threshold eligibility such as how famous or distinctive a mark must be,⁸ is virtually silent on the issue of proving dilution. Because dilution offers such a potentially expansive monopoly right, determining precisely what a plaintiff must prove to establish dilution is vital to maintaining the proper balance between fair competition and free competition. From its inception, dilution doctrine has been criticized as monopolistic, anti-competitive, and at odds with the consumer protection rationale of trademark law.⁹ Proponents, on the other hand, have maintained that a properly limited dilution doctrine will provide a much needed remedy for a harm inadequately addressed under traditional trademark law.¹⁰ A loose and permissive interpretation would effectively transfer property rights-in-gross to mark holders, threaten free competition, and may ultimately harm the very consumers trademark law is thought to protect.¹¹ An overly re-

⁵ 170 F.3d 449, (4th Cir. 1999)

⁶ 51 U.S.P.Q.2d 1882 (2nd Cir. 1999).

⁷ See 15 U.S.C. §§ 114(1), 1125(a) (1998); see also *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 779-80.

⁸ See 15 U.S.C. § 1125(c)(A)-(B) (Providing eight non-exclusive factors courts may consider in determining whether a mark is sufficiently distinctive and famous.).

⁹ See Port, *supra* note 3, at n. 9 438.

¹⁰ See Pattishall, *supra*, note 3. See also J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 24:114 (“There is a place in our jurisprudence for a legal remedy to protect strong, famous marks from dilution of their distinctiveness . . . [h]owever, this is a potent legal tool, which must be used as a scalpel, not a sledgehammer.”).

¹¹ See RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25 comment b (1995) (“[B]road interpretation of the [dilution] statutes would undermine the balance between

strictive reading, however, would effectively provide no remedy at all, and thereby defeat the purpose of the Dilution Act.

In application, neither Circuit's approach properly balances the need for a remedy and the need for adequate limitations on the dilution doctrine. A carefully reasoned approach, taking seriously key limitations in existing dilution doctrine, can better address these problems, and more accurately reflect the purpose and intent of the Dilution Act to provide an effective remedy for that narrow class of marks most likely to suffer from dilution.

I. FEDERAL TRADEMARK DILUTION ACT OF 1995

The introduction of trademark dilution theory in the United States is generally traced to a 1927 article by Frank I. Schechter.¹² According to Schrechter, the value of a modern trademark is its selling power, and this power derives not only from the quality of the goods on which it is used, but equally from the mark's "uniqueness and singularity,"¹³ and therefore, even a non-competing, non-confusing use of a unique mark would result in a "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."¹⁴ Schrechter's proposal was to abandon the consumer protection model entirely, and to confine trademark law to preventing the "dilution" of truly unique marks, identified as "coined, arbitrary or fanciful words or phrases, that have . . . from the very beginning been associated in the public mind with a particular product."¹⁵ Under Schrechter's proposal, dilution protection would be limited to coined, fanciful or arbitrary marks, and to situations where the senior and junior marks were identical, and the marks were used on non-competing goods.¹⁶ Given a broad interpretation, such a proposal creates a property right-in-gross for holders of unique marks, permitting them to enjoin any identical or similar use of that mark without regard to likelihood of confusion.¹⁷

private and public rights that has informed the traditional limits of trademark protection.").

¹² See Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813 (1927).

¹³ *Id.*

¹⁴ *Id.* at 829.

¹⁵ *Id.*

¹⁶ *Id.* at 825-830.

¹⁷ See Port, *supra* note 3, at 447-49. See also Lemley, *supra* note 4, at 1699.

Early attempts to incorporate dilution doctrine into federal law failed,¹⁸ but with the urging of the International Trademark Association (“ITA”),¹⁹ states slowly began to adopt anti-dilution statutes, beginning with Massachusetts in 1947.²⁰ By 1995, twenty six states had adopted some form of dilution, almost exclusively by statute. While state anti-dilution statutes vary in minor details, most are based on, or similar to Section 12 of the 1964 United States Trademark Association Model State Trademark Bill (“MSTB”), which provides:

“Likelihood of . . . dilution of the distinctive quality of a mark . . . shall be a ground for injunctive relief notwithstanding the absence of competition between the parties or the absence of confusion as to the sources of goods or services.”²¹

Between 1930 and 1977, courts remained openly hostile to the concept of dilution, and since 1977, only a handful of cases have actually resulted in sustained injunctions based solely on dilution.²² Proponents of a federal dilution statute, however, received a much needed boost when the Supreme Court, in 1987, suggested in dicta that Congress could choose to protect trademarks from dilution.²³ The International Trademark Association commissioned a report recommending a new federal anti-dilution statute,²⁴ and in 1998 a federal anti-dilution provision was introduced, but failed to be enacted.²⁵ Virtually the same bill was re-introduced in 1995, and this time was enacted as the Federal Trademark Dilution Act of 1995.²⁶ The House Report accompanying the bill indicated the legislation was needed to provide uniform nationwide protection for famous marks, to address

¹⁸ See MCCARTHY, *supra* note 10, at § 24:68.

¹⁹ Then the “United States Trademark Association.”

²⁰ See Port, *supra* note 3, at 438.

²¹ Reprinted in MCCARTHY, *supra* note , at § 24:80.

²² See Port, *supra* note 3, at 440 (Observing that from 1977 to 1995, out of the 159 state law dilution cases heard by federal circuit courts, only 10 resulted in preliminary injunctions, and only 4 of those resulted in a sustained injunctions based exclusively on dilution).

²³ See *San Francisco Arts & Athletics, Inc. v. United States Olympic Comm.*, 483 U.S. 522, 539 (1987), and Report of the T.R.C., 77 TRADEMARK REP. 375, 455 (1987). (“[S]everal positive decisions on dilution laws in recent years make the adoption of a federal law timely.”) (citing *San Francisco Arts*, 483 U.S. at 539).

²⁴ Report of the T.R.C., *supra* note 22.

²⁵ See MCCARTHY, *supra* note 10, at § 24:86.

²⁶ Trademark Dilution Act of 1995, Pub.L. No. 104-98, 109 Stat. 985 (codified at 15 U.S.C. §§ 1125, 1127).

international treaty obligations, and to help the executive branch negotiate stronger protection for famous marks used abroad.²⁷

The Dilution Act provides:

The owner of a famous mark shall be entitled . . .to an injunction against another person's commercial use in commerce of a mark or tradename, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark[.]²⁸

The term "dilution" means the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of (1) competition, . . . or (2) likelihood of confusion, mistake, or deception.²⁹

Several key differences exist between the Dilution Act and most state anti-dilution statutes. First, the Dilution Act, unlike state statutes, specifically requires that a mark be both famous and distinctive to qualify for protection, and provides eight non-exclusive factors to be weighed in determining whether a mark is sufficiently distinctive and famous.³⁰ The legislative history of the Dilution Act indicates that Congress intended the courts to be highly selective in categorizing marks as "famous."³¹ Second, the Dilution Act, unlike state statutes, does not contain "Likelihood of . . . dilution" language, rather, it only proscribes use which "causes dilution,"³² suggesting that, unlike state statutes, the plaintiff must prove actual consummated harm.³³ A third substantial difference is that unlike the state statutes, the Dilution Act specifically defines dilution in relation to a loss in a mark's ability to "identify and distinguish goods or services . . ."³⁴ This difference suggests that dilution under the Dilution Act is concerned

²⁷ See H.R. REP. NO. 104-374, at 3-4 (1995), reprinted in U.S.C.C.A.N. 1029, 1030.

²⁸ 15 U.S.C. § 1125(c).

²⁹ 15 U.S.C. § 1127.

³⁰ 15 U.S.C. § 1125(c)(1).

³¹ See Senate Judiciary Committee Report on S. 1883, S. REP. NO. 100-515, at 41-42 (Sept. 15, 1988) ("Section 43(c) of the Act is to be applied selectively and is intended to provide protection only to those marks which are both truly distinctive and famous . . ."). See generally MCCARTHY *supra* note 10, at § 24:92.

³² *Id.*

³³ But see MCCARTHY, *supra* note 10, at § 24:90 (opining that the definition of "dilution" in the act as the "lessening of *capacity* of a famous mark to identify and distinguish" is a "likelihood or probability test built right into the definition of what constitutes dilution," and that such an interpretation is more in accord with traditional anti-dilution law.").

³⁴ 15 U.S.C.A. § 1127. ("The term 'dilution' means the lessening of the capacity of a famous mark to identify and distinguish goods or services . . .")

not with the loss in a mark's distinctiveness per se, but rather the loss of distinctiveness leading to the loss of a mark's selling power as a unique identifier.

Courts applying state anti-dilution statutes have traditionally distinguished between two types of dilution: "blurring" and "tarnishment."³⁵ Dilution through "blurring" refers to the classic dilution injury posited by Schrechter; it is the "whittling away" of a mark's ability to serve as a unique and distinctive identifier when it is used for more than one product or good, regardless of the likelihood of confusion.³⁶ Oft quoted examples of blurring include "Dupont shoes, Buick aspirin, Schlitz varnish, Kodak pianos and Bulova gowns."³⁷ Dilution by tarnishment, on the other hand, occurs when an identical or similar junior mark is used in such a way as to "tarnish, degrade, or dilute the distinctive quality of the [senior] mark."³⁸ In tarnishment, the concern is with the injury to the senior mark holder's business reputation resulting from the association of the senior mark with the unwholesome, unsavory, or degrading aspects of the product using the similar junior mark.³⁹

While the language of the Dilution Act provides substantial guidance for determining the threshold requirements of fame and distinctiveness, it is silent as to how a court should determine if dilution has occurred. Two common approaches adopted by courts applying state anti-dilution statutes to establishing dilution were: (1) establish the elements of dilution by inference from balancing certain factors deemed relevant (the so called "Mead Data" test),⁴⁰ or (2) assume that dilution could be presumed simply

³⁵ See MCCARTHY, *supra* note 10, at § 24:69. McCarthy also identifies a third type of dilution for "cybersquatting," where courts have applied dilution to enjoin a party who obtains internet domain name registration for the sole purpose of selling it to the holder of the trademark with the same or similar name. *id.* at § 24:69.1.

³⁶ See McCarthy, *supra* at § 24:68. See also JEROME GILSON, TRADEMARK PROTECTION AND PRACTICE §5.11[4] (1996).

³⁷ MCCARTHY, *supra* note 10, at § 24:70.

³⁸ *Id.* at § 24:69.

³⁹ See *id.*

⁴⁰ See *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026, 1035 (2d Cir. 1989) (Sweet, J., concurring) (in applying NY Statute, held six factors must be weighed to determine likelihood of dilution: "1) similarity of the marks, 2) similarity of the products covered by the marks, 3) sophistication of consumers, 4) predatory intent, 5) renown of the senior mark, 6) renown of the junior mark").

based on the similarity of the two marks.⁴¹ Early decisions applying the federal Dilution Act generally applied some form of the Mead Data test.⁴²

II. PROVING DILUTION: A SPLIT BETWEEN THE CIRCUITS

A. Background

1. *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development*

a) District Court Decision

Ringling Brother's and Barnum and Bailey Combined Shows, Inc. ("Ringling") has promoted its circus as "The Greatest Show on Earth" since 1872. Ringling received federal registration for the mark in 1960. In 1997, Ringling spent approximately \$19 million on advertising using the Greatest Show mark, reaching over 70 million people, and generating revenues exceeding \$130 million.⁴³ Utah Division of Travel ("Utah"), an agency of the State of Utah, began using its mark, "The Greatest Snow on Earth", to promote winter tourism as early as 1962. Utah's primary use of its mark is on vehicle license plates, but it has also spent approximately \$375,000 annually in advertising with the mark. Utah registered its mark with the State of Utah in 1975, and applied for federal registration in 1988. Ringling unsuccessfully opposed Utah's application, and federal registration of Utah's Greatest Snow mark was granted in 1997.⁴⁴ Ringling brought an action against Utah in federal court alleging Utah's use of its junior "Greatest Snow On Earth" mark diluted its senior "Greatest Show on Earth Mark" under the Dilution Act.⁴⁵

To prove its claim, Ringling offered as evidence the results of a consumer survey, which it claimed showed an "instinctive mental association" of the two marks by viewers, and which Ringling asserted was the proper test for dilution by blurring under the Dilution Act. The district court rejected Ringling's proposed test, holding that dilution by blurring under the

⁴¹ See *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Celozzi-Ettelson Chevrolet, Inc.*, 855 F.2d 480, 484 (7th Cir. 1988) (In applying Illinois statute, court presumed likelihood of dilution based on the similarity of the marks in upholding injunction).

⁴² See e.g. *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. B.E. Windows Corp.*, 937 F.Supp. 204, 211-14 (S.D.N.Y. 1996) (adopted multi-factor test to establish dilution under the Dilution Act).

⁴³ See *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. Of Travel Dev.*, 955 F. Supp. 605, 609-610 (E.D.Va. 1997).

⁴⁴ See *Ringling* 955 F. Supp. at 611.

⁴⁵ See *id.*

Dilution Act occurs where consumers mistakenly associate or confuse the marks and the goods they seek,⁴⁶ and this association causes actual harm to the senior mark's capacity to identify and distinguish.⁴⁷ Applying this test, the district court found Ringling's consumer survey did not establish actual harm.⁴⁸ In a separate analysis, the district court applied a multi-factored balancing test,⁴⁹ and also found that, on balance, Utah's mark had not diluted Ringling's mark.

b) Fourth Circuit Opinion

On appeal, the Fourth Circuit Court of Appeals affirmed the lower court's finding that Utah's mark did not dilute Ringling's mark, but adopted a somewhat different "actual cause" test, and rejected the lower court's alternative application of the Mead Data factors to establish dilution. The court interpreted the Dilution Act to require actual, realized dilution. It defined dilution as the economic loss of a mark's selling power, and held that to establish dilution by blurring under the Dilution Act, a plaintiff must produce evidence that use of the junior mark has in fact caused such a loss.⁵⁰

In arriving at this restrictive test, the court began by reviewing the experience of courts applying state anti-dilution laws. First, the court observed that as a threshold matter, dilution by blurring requires there be some mental association of the senior and junior mark in the minds of a relevant universe of consumers.⁵¹ Next, the court noted that while state statutes usually defined dilution in terms of a loss of distinctiveness, to avoid granting property rights in-gross, courts generally defined dilution in terms of a loss of economic power.⁵² The court also noted that because state dilution statutes provide protection not only for actual, but "likelihood of" dilution, state courts generally did not required actual dilution to be proved, assuming that dilution could be found as fact by inference from the balancing of multiple factors,⁵³ or presumed simply from proof of the similarity of the two marks.⁵⁴

⁴⁶ See *id.* at 616.

⁴⁷ See *id.*

⁴⁸ See *id.* at 616-18.

⁴⁹ See *Mead Data*, 876 F.2d at 1035.

⁵⁰ See *Ringling*, 170 F.3d at 458.

⁵¹ *Id.* at 457.

⁵² *Id.* at 456.

⁵³ *Id.* at 458. See *e.g. Mead Data*, 875 F.2d 1026.

⁵⁴ *Ringling*, 955 F. Supp. at 458. See *e.g. Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Celozzi-Ettelson Chevrolet, Inc.*, 855 F.2d 480, 484 (7th Cir.1988) (held,

The court then compared the language of the Dilution Act to the state statutes, focusing on two key differences. First, the court noted that the Dilution Act only proscribes use of a famous mark which “causes dilution,”⁵⁵ unlike state anti dilution statutes, which provide a remedy for *likelihood* of dilution.⁵⁶ The court interpreted this difference to mean that the Dilution Act requires actual, consummated dilution. Second, by defining dilution as “the lessening of the capacity of a famous mark to identify and distinguish goods or services,”⁵⁷ the court found that the Dilution Act, unlike state statutes, makes it plain that the end harm at which it is aimed is the loss of selling power, rather than “distinctiveness” as such.⁵⁸ From these distinctions, the court interpreted the Dilution Act to require proof of “(1) a sufficient similarity between the junior and senior marks to evoke an instinctive mental association of the two by a relevant universe of consumers which (2) is the effective cause of (3) an actual lessening of the senior mark’s selling power, expressed as ‘its capacity to identify and distinguish goods or services.’”⁵⁹

The court refuted Ringling’s argument for an alternative interpretation applying one of the two approaches used by other courts in applying state anti-dilution statutes. First, the court refuted an argument based on the senior’s mark’s “distinctiveness” alone, arguing that such an interpretation would effectively grant a “property-right-in-gross, ” giving mark holders the perpetual right to enjoin the commercial use of any similar mark simply on the grounds of similarity. The court refused to believe that Congress would grant such an expansive right, unlimited in time, without making its intention perfectly clear.⁶⁰

Next, the court refuted an interpretation allowing a process of presumption where the Dilution Act ostensibly requires proof of actual economic harm and its effective cause, but permits them to be judicially presumed from proof of the mark’s sufficient similarity. The court argued that while such a presumption may be justified under state dilution statutes, which provide a remedy for mere likelihood of dilution, the prob-

in applying Illinois statute, that likelihood of dilution could be presumed based on the similarity of the marks).

⁵⁵ 15 U.S.C. 1125(c) .

⁵⁶ See e.g. N.Y. Gen. Bus. Law § 360-1 (McKinney 1998), see also Model State Trademark Bill, reprinted in MCCARTHY, *supra* note 10, at § 24:80.

⁵⁷ 15 U.S.C. 1127.

⁵⁸ *Ringling*, 170 F.3d at 458.

⁵⁹ *Id.* at 458.

⁶⁰ *id.* at 459.

abilities are simply not high enough for presumption of actual economic harm which must be proved under the Dilution Act.⁶¹

Finally, the court countered the argument that its restrictive interpretation creates a statute with no enforceable meaning by offering three possible means of proof: (1) proof of an actual loss of revenues, and proof of replicating cause by elimination of other causes, (2) a skillfully constructed consumer survey designed to shown mental association, and consumer impressions from which actual harm and cause might rationally be inferred, and (3) relevant contextual factors as indirect evidence to compliment other direct proof.⁶²

In applying its newly formulated interpretation of the Dilution Act to the facts of the case, the court easily found that district court did not err in finding that Ringling had failed to prove dilution. The court pointed out that Ringling had developed its survey evidence to prove its theory based on the mere showing of a “sufficient similarity between the junior and senior marks to evoke an instinctive mental association.” Unfortunately for Ringling, this only satisfied the first element of the new dilution test. The court found that not only did the survey not indicate “an actual lessening of the senior mark’s selling power, expressed in its capacity to identify and distinguish goods or services,” it actually tended to prove just the opposite.

2. *Nabisco, Inc. v. PF Brands, Inc.*

a) District Court Decision

Pepperidge Farms has produced orange, goldfish shaped, bite sized cheese crackers continuously since 1962, obtaining numerous trademark registrations for its Goldfish design. Pepperidge spent more than \$120 million marketing the Goldfish crackers between 1995 and 1998, during which time net sales more than doubled to \$200 million per year. In 1998, Nabisco entered into a promotion agreement with Nickelodeon Television Network to promote its “CatDog” cartoon program, giving Nabisco the right to produce animal shaped crackers based on the program. Nabisco’s CatDog snack contained three character shapes, a quarter of which were shaped like a goldfish similar in size, shape, color to the Pepperidge’s Goldfish cracker. In response to Pepperidge’s request to cease and desist, Nabisco filed a complaint seeking a declaratory judgement, and Pepperidge counterclaimed that Nabisco’s goldfish constituted trademark in-

⁶¹ Id. at 459-60.

⁶² Id. at 464.

fringement⁶³ and dilution⁶⁴ under federal law, as well as unfair competition and dilution under New York law.

The district court found for Pepperidge on both the federal and state dilution claims, and entered a preliminary injunction.⁶⁵ In considering the dilution claims, the district court applied the multi-factor “Mead Data” test, and found that each of the six factors weighed in favor of a finding of dilution.⁶⁶ On the infringement and unfair competition claims, the district court found that Pepperidge had failed to demonstrate any consumer confusion, and that confusion was not likely because Nabisco’s fish came in package in which it only made up a quarter of the shapes, noting that for infringement purposes, the “products are just not visually similar.”⁶⁷

b) Second Circuit Opinion

i) Multi-Factor Test

On Appeal, the Second Circuit Court of Appeals affirmed the district court’s finding that Nabisco would likely succeed on the dilution claims, but rejected the lower court’s use of the Mead Data test for establishing dilution.⁶⁸ Instead, the court adopted a new expanded list of ten non-exclusive, contextual factors to establish dilution by blurring under the Dilution Act.

The first factor the court considered was the degree of distinctiveness of the senior mark, noting that the more distinctive a mark is, the more likely it is to suffer dilution. The court found that Pepperidge’s selection of a fish shape for a cracker, while not fanciful or coined, was arbitrary, and thus “reasonably distinctive.”⁶⁹ The court next considered the similarity of the marks, noting that a mark must be “of sufficient similarity so that, in the mind of the consumer, the junior mark will conjure an association with the senior.”⁷⁰ While recognizing that the two goldfish shaped crackers were not identical in every respect, the court found “the similarity is sufficient . . .”⁷¹ The court then considered the proximity of the prod-

⁶³ 15 U.S.C. § 1125(a).

⁶⁴ 15 U.S.C. § 1125(c).

⁶⁵ Nabisco, Inc. v. PF Brands, Inc., 50 F.Supp.2d 188 (S.D.N.Y. 1999).

⁶⁶ Id. at 209.

⁶⁷ Id. at 211.

⁶⁸ Nabisco, Inc. v. PF Brands, Inc., 1999 WL 672575 (2nd Cir. 1999), 51 U.S.P.Q.2d 1882. The court criticized the Mead Data test for conflating the fame and distinctiveness factors, and omitting other factors it found relevant. Id. at 15.

⁶⁹ Id. at 6.

⁷⁰ Id.

⁷¹ Id.

ucts on which the marks are used. The court noted, “the closer the junior use comes to the senior’s area of commerce, the more likely it is that dilution will result from the use of a similar mark.”⁷² Here, the court found that the Nabisco’s area of commerce is identical to Pepperidge’s.⁷³ The court then considered the interrelationship among these first three factors – distinctiveness, similarity, and proximity of the products – noting that the weaker any one of the three may be, the stronger the others must be to find dilution, and found that on balance, they weighed in favor of Pepperidge.⁷⁴

The court went on to consider whether the two products shared consumers and geographic limitations, noting that if the consumers who buy the products of the senior mark never see the product of the junior, dilution is unlikely. Because the two products are in direct competition, the court found this factor strongly favored Pepperidge.⁷⁵ The court considered next the sophistication of consumers, noting that consumers highly familiar with a market segment are likely to discern subtle differences, and consequently, less likely to be confused. Nabisco argued that children would immediately discern the difference between the Goldfish and Cat-Dog products, but the court countered that adult purchasers are less discriminating, and that children make up only half the Goldfish market; therefore, Nabisco’s fish shaped cracker may still cause dilution.⁷⁶ The next factor the court found relevant was whether there had been actual consumer confusion, stating that “[w]hen consumers confuse the junior mark with the senior, blurring has occurred.”⁷⁷ However, the court found this factor had no probative value because the CatDog product had not yet been launched.⁷⁸

The court then considered the adjectival or referential quality of the junior use. This factor recognizes an arbitrary mark in one market, may be descriptive or adjectival in others. The court noted that where the senior’s mark is adjectival in the junior’s market, dilution is not likely, and that trademark law does not bar a junior user from using a mark in its descriptive sense. Nabisco argued that its fish shape acts as a reference to the CatDog story, but the court found this argument lacking as once placed in

⁷² Id. at 7.

⁷³ Id. at 8.

⁷⁴ Id.

⁷⁵ Id.

⁷⁶ Id. at 8-9.

⁷⁷ Id. at 9.

⁷⁸ Id.

a bowl, consumers unfamiliar with the story would see only crackers similar to Pepperidge's Goldfish.⁷⁹

The final two factors the court weighed were essentially equity considerations. First, the court considered the harm to the junior user and whether there was any delay by the senior user in bringing the action. The court found that Pepperidge had acted promptly, and that Nabisco had not yet developed any following for its junior mark from which it would suffer by being barred from using it.⁸⁰ Finally, the court considered the effect of the senior's prior laxity in protecting the mark, and found that Pepperidge had not been lax in protecting its Goldfish mark. At the end of this exhaustive analysis, the court found that on balance, Pepperidge had established it would likely prevail in its dilution claim.⁸¹

ii) Rejecting Fourth Circuit's Interpretation

The Second Circuit rejected the Fourth Circuit's interpretation of the Dilution Act as requiring "actual consummated harm," and requiring proof of such harm by evidence of "actual loss of revenues" or "the skillfully constructed consumer survey."⁸²

The court criticized the Fourth Circuit's interpretation of the Dilution Act as requiring actual consummated harm as "excessive literalism [which] defeat[s] the intent of the statute."⁸³ Without directly addressing the Fourth Circuit's textual analysis, the court flatly stated that it is plausible to read the Dilution Act "to provide for an injunction to prevent the harm before it occurs."⁸⁴ The court pointed out that because the remedy under the Dilution Act is limited to an injunction absent a showing of willfulness, waiting until actual harm has occurred would result in an uncompensated injury to the plaintiff, and would also be disadvantageous for the junior user who would want to know if use of a mark dilutes before investing money in it.⁸⁵

The court also criticized the Fourth Circuit's interpretation requiring evidence of an actual loss of revenues, finding it "an arbitrary and unwarranted limitation on the methods of proof."⁸⁶ The court argued that if a senior mark is exploited with continually growing success, a senior user

⁷⁹ Id. at 10.

⁸⁰ Id.

⁸¹ Id.

⁸² Id. at 11.

⁸³ Id. at 12.

⁸⁴ Id.

⁸⁵ Id.

⁸⁶ Id. at 10.

may never be able to show loss, no matter how obvious it was that the junior use diluted the senior; and that even if loss is shown, it would be extraordinarily difficult to prove the loss was attributable to dilution.⁸⁷ Finally, the court brushed aside the Fourth Circuit's assertion that dilution could be established through a "well constructed survey" by simply noting that consumer surveys are subject to manipulation and not reliable.

B. Analysis

1. Fourth Circuit: Proof of Actual Economic Loss

The Fourth Circuit's textual interpretation in *Ringling*, requiring actual dilution and proof of economic harm addresses the issue of overprotection, but effectively provides no remedy for even truly famous marks, and therefore is at odds with the intent and purpose of the Dilution Act.

a) Textual Interpretation

In interpreting the Dilution Act to require actual consummated harm, the Fourth Circuit in *Ringling* relies almost exclusively on the plain meaning rule,⁸⁸ but its textual interpretation can be challenged by applying interpretive corollaries to the plain meaning rule. As the language of the Supreme Court case the court cites for plain meaning rule makes clear: the plain meaning interpretation must involve "no absurdity, nor any contradiction with other parts of the instrument . . ."⁸⁹ As the Second Circuit pointed out, because the Dilution Act only provides damages in those rare cases where willful dilution is shown, an interpretation requiring actual harm would normally create an uncompensable injury. More subtly, requiring actual harm, rather than likely future harm, logically leads to requiring a higher standard of proof.⁹⁰ When considered in light of the nature of the dilution injury, which occurs through a gradual whittling away of a mark's distinctiveness, interpreting the act to require actual harm creates not only an uncompensable injury, it makes it unlikely the holder of a famous mark could enjoin any diluting use until substantial injury has already occurred. By inevitably leading to a substantial uncompensated in-

⁸⁷ Id. at 12.

⁸⁸ The court's textual argument for actual harm relies largely on the lack of "likelihood of dilution" language in the Dilution Act, which only proscribes use which "causes dilution." See *Ringling*, 170 F.3d at 458-460. For general background on statutory interpretation, see WILLIAM N. ESKRIDGE, JR. & PHILIP P. FRICKEY, *CASES AND MATERIALS ON LEGISLATION STATUTES AND THE CREATION OF PUBLIC POLICY* (2d ed. 1995) (hereinafter "LEGISLATION").

⁸⁹ *Lake County v. Rollins*, 130 U.S. 662, 670 (1889).

⁹⁰ See *Ringling*, 170 F.3d at 459.

jury in the normal case, the court's actual harm interpretation would seem to create an absurdity. Of course, depending on how one views the injury of dilution, rather than an absurdity, a substantial uncompensated injury may be a necessary evil to prevent over protection.⁹¹

However, the absurdity argument becomes more powerful when considered in light of the court's further requirement that dilution must be established through evidence of actual economic harm, which raises the possibility of providing no remedy at all. The court itself, in a particularly candid passage, acknowledged that establishing facts showing economic harm may be impossible or nearly impossibility, but went on to argue that this did not support their judicial presumption.⁹² The court appears to have painted itself into a corner – interpreting the statute to require actual harm, finding that actual harm does not permit proof through inference, and then admitting proof of actual harm may be impossible. Ultimately, the court's plain meaning interpretation requiring actual harm may have created a statute that effectively provides no remedy at. Such an interpretation is clearly subject to the charge of absurdity.

The court's application of the plain meaning rule to interpret "causes dilution" to mean actual dilution may be also be inappropriate given the acquired legal meaning of dilution. Another corollary to the plain meaning rule is that words which have acquired specific legal meaning should be given that meaning unless the statute otherwise dictates.⁹³ The overwhelming history of the dilution doctrine has been to permit the injunction of not only of actual harm, but also to prevent future harm.⁹⁴ Perhaps more importantly, the very nature of dilution as a "gradual whittling

⁹¹ For example, many commentators have questioned whether dilution actually creates any harm at all. *See e.g.* Port, *supra* at 447 (opining the Dilution Act creates a remedy without a harm), *and* Comment, "Dilution: Trademark Infringement or Will-O'-The-Wisp?", 77 HARV. L. REV. 520 (1964) (opining the ephemeral nature of the dilution harm may be too slight to be legally cognizable). Taking such an approach, it is perfectly logical to require a showing of actual harm even if it might mean creating a substantial uncompensatable injury in many cases.

⁹² *See Ringling*, 170 F.3d at 460 ("Impossibility or near-impossibility of proving [facts showing economic harm] does not support their judicial presumption."). However, the court later states, "We think proof of actual dilution cannot be considered impossible[.]" *Id.* at 464.

⁹³ *See NLRB v. Amax Coal Co.*, 453 U.S. 322, 329 (1983) ("Where Congress uses terms that have accumulated settled meaning under either equity or the common law, a court must infer, unless the statute otherwise dictates, that Congress means to incorporate the established meaning of these terms.").

⁹⁴ *See MCCARTHY*, *supra* note 10, at § 24:90 (opining a likelihood of dilution interpretation "is the correct reading of the statute and more in accord with traditional anti-dilution law.").

away” or “an infection, which if allowed to spread, will inevitably destroy the advertising value of the mark,”⁹⁵ represents a slow, gradual type of harm that is simply not amenable to proof though a showing of actual economic harm.

It may be argued, however, that by specifically defining dilution, the Dilution Act has departed from the previously acquired legal meaning of dilution. Even so, the language of the “new” definition provides a plausible argument that the Act provides protection for threatened future harm. Ringling raised the argument that the word “capacity” in the Dilution Act’s definition of dilution looks to both present and future harm. The court countered this argument by noting that the temporal meaning of “capacity” is neutral, and then pointed to contextual indicators it found established the meaning as “former capacity.”⁹⁶

However, other contextual factors, such as the overall structure of the Dilution Act, could equally support a meaning for “capacity” which includes future capacity. The “whole act rule” – yet another corollary to the plain meaning rule — requires that particular clauses be read in context of the whole statute, taking account of the object and policy of the law as indicated by other provisions.⁹⁷ The structure and language of the Dilution Act’s other provisions indicate a purpose and policy to provide a remedy for those few famous and distinctive marks which meet these stringent threshold requirements, and are therefore most likely to suffer from dilution. This purpose is evidenced by the substantial guidance the Dilution Act provides for determining if a mark is sufficiently famous and distinctive, and the corresponding lack of guidance for establishing when dilution has occurred. It would seem clearly at odds with this textually evident purpose to erect a further, even more stringent barrier in establishing dilution for those few marks which have already cleared the first explicit hurdles of fame and distinctiveness. Thus, read in light of the greater structural context, the word “capacity” in the definition of dilution may well

⁹⁵ *Mortellito v. Nina of California, Inc.*, 335 F. Supp. 1288, 1296, 173 U.S.P.Q. 346, 351 (S.D.N.Y. 1972). This characterization of the nature of dilution was directly quoted from *Mortellito* in the Dilution Act House Committee report. H.R. REP. NO. 104-374, at 3 (1995).

⁹⁶ *Ringling*, 170 F.3d at 460.

⁹⁷ See *Kokoszka v. Belford*, 417 U.S. 642, 650 (1974) (“When interpreting a statute, the court will not look merely to a particular clause in which general words may be used, but will take in connection with it the whole statute . . . and the objects and policy of the law, as indicated by its various provisions, and give to it such a construction as will carry into execution the will of the legislature.”). See also *Conroy v. Aniskoff*, 507 U.S. 511, 515 (1993) (“[A] statute is to be read as a whole . . . since the meaning of statutory language, plain or not, depends on context.”).

bear the meaning of “future capacity,” and in light of the arguably absurd results reached by the alternative, it may well be the better textual interpretation.

b) Intent and Purpose: Legislative History

While purely textual arguments undoubtedly carry the greatest interpretive weight, legislative history plays a useful role in the interpretive process.⁹⁸ The court in *Ringling*, however, makes absolutely no effort to deal with the legislative history which strongly cuts against its interpretation requiring actual harm and evidence of economic loss.

Proving Dilution under the *Ringling* test would entail much, if not all of the same types of proof a plaintiff would engage in to establish actual confusion under a standard confusion claim. Interpreting the act to require proof of economic harm would clearly make any dilution claim redundant, and at odds with the clear legislative intent to “protect famous trademarks from subsequent uses that blur the distinctiveness of the mark . . . even in the absence of a likelihood of confusion.”⁹⁹ Practical Reasoning Model for Interpretation (Eskridge and Frickey) suggests hierarchy: Textual, Historical, and Evolutive – court’s reliance on text ignores legislative history (historical), expectations of congress (historical and evolutive) arguments which strongly cut the other way. (intent and purpose). (cite to HR, TMC report – intent to create a better solution to prevent use of famous marks by non-competitors). Paradigm examples of use that would constitute dilution cited in legislative history – e.g. Buick aspirin. Court dismisses this in footnote, stating that this was not the case before it. Strangely, the court seems to suggest that a different test would attach if the marks involved were identical and highly distinctive.

Eskridge argues expectation of a present congress should be given more weight than what the original congress would do. (Cite to 1999 amendment of Dilution Act and history which acknowledged court’s actual cause holding and uncompensated harm criticism, and addressed by allowing dilution as reason for denying registration.)

⁹⁸ See *Wisconsin Public Intervenor v. Mortier*, 501 U.S. 597, 610 n. 4 (1991) (Eight Justices joined in rejecting Justice Scalia’s insistence that legislative history is irrelevant to statutory interpretation. “As for the propriety of using legislative history at all, common sense suggests that inquiry benefits from reviewing additional information rather than ignoring it. . . . Our precedents demonstrate that the Court’s practice of utilizing legislative history reaches well into its past. . . . We suspect that the practice will likewise reach well into the future.”). See also LEGISLATION, *supra* note 87, at 624-628.

⁹⁹ Because the failed 1988 bill and the ultimately enacted 1995 Dilution Act are largely identical, the legislative history of both provides helpful guidance.

In the final analysis, the *Ringling* court's restrictive test for dilution can be challenged on its own terms as a textual interpretation. It can also be challenged as sharply at odds with congressional intent as discernable from the Dilution Act's legislative history. Surely there must be an interpretation that adequately addresses the property rights in gross problem, is compatible with the plain meaning of the statute, and does not create a statute without a remedy for those few marks most likely to suffer harm from dilution.

2. *Second Circuit: Proof of Likely Dilution Through Inference*

The test for establishing dilution adopted by the Second Circuit in *Nabisco*, while avoiding the problem of providing no remedy, ignores relevant differences between the Dilution Act and state statutes, unnecessarily lengthens and obfuscates the inquiry by considering consumer confusion factors irrelevant to dilution, and ultimately fails to achieve a proper balance between over and under protection.

a) Ignoring Important Differences

If *Ringling* relies too much on textualism, the Second Circuit goes too far the other way – completely ignoring the substantial differences between the state anti-dilution acts and the federal Dilution Act. Without comment, the court simply assumed the New York anti-dilution statute and the Dilution Act require the same showing despite substantially different language. As a practical matter, such an action is understandable; the exponential increase in factors to be considered, and the complexity and difficulty of dilution in general provide strong pragmatic reasons for ignoring the differences.¹⁰⁰ However, such an approach tends to de-emphasize substantial differences in the Dilution Act which mandate a much narrower scope of protection, and by interpreting the two to mean the same thing, a body of precedent applied to what is arguably a much more permissive state anti-dilution statute may then be applied to the more limited Dilution Act.

b) Confusing Dilution

The Second Circuit has opened itself up to further criticism by adopting contextual factors that speak to consumer confusion rather than dilution. Criticism by other courts and commentators of such an approach has

¹⁰⁰ The exponential growth of factors cannot be overstated. Most dilution claims, like *Nabisco* are filed under both federal and state dilution laws, and also contain an infringement claim. With eight factors for a typical infringement claim, eight factors to determine fame and distinctiveness and ten factors to determine dilution under the Dilution act, it is easy to see the appeal of the Fourth Circuit's actual cause test.

been vigorous.¹⁰¹ But perhaps the most troubling aspect of the second circuit's application of confusion analysis is that it plainly departs from dilution by blurring as it is widely understood. Put simply, the court gets it wrong, and it does so in precisely the type of case in which an expansive, imprecise interpretation can do the most harm to free competition: trade dress.¹⁰²

The essence of dilution by blurring is a loss of distinction that occurs when people realize the same mark is used for more than one product, and are not confused as to source. If they are confused, simple logic dictates that in their minds, blurring of the mark cannot occur simply because in their minds, the mark is still the sole identifier for the senior's product. Dilution by blurring occurs when there is a recognition in the minds of consumers "that a mark associated with the plaintiff is now also in use as an identifying symbol by another"¹⁰³ This is in contrast to traditional trademark infringement, which requires just the opposite: consumer confusion as to the source of the mark. The state of mind required for confusion and dilution are distinct and inconsistent. Thus, it is impossible for unauthorized use of a trademark to cause both confusion and dilution by blurring in the mind of any one person. However, a single unauthorized use may cause dilution by blurring in the minds of some people, and confusion as to source in the minds of others.¹⁰⁴ Despite this well accepted definition of dilution by blurring, the court in *Nabisco* confidently states, "When consumers confuse the junior mark with the senior, blurring has occurred,"¹⁰⁵ and "Consumer confusion would undoubtedly dilute the distinctive selling power of a trademark,"¹⁰⁶ and finally "A junior use that confuses consumers as to which mark is which surely dilutes the distinctiveness of the senior mark."

If the court simply got the two theories confused, it is understandable, but it highlights the necessity to carefully apply the dilution remedy, particularly in cases of competing products. Dilution laws are not meant to

¹⁰¹ See *I.P. Lund*, 163 F.3d at 49; see also MCCARTHY § 24:94.1

¹⁰² In *Nabisco*, the court applies an expansive dilution test to protect a trade dress, which, in effect, provides Pepperidge Farms with a quasi-patent on the shape of a cheese cracker, unlimited in time, and not justified by preventing source confusion. The ramifications of applying dilution doctrine to protect trade dress is, unfortunately, beyond the scope of this note. For more on the application of dilution doctrine to protect trade dress, see

¹⁰³ See Restatement (Third) of Unfair Competition § 25, comment f (1995).

¹⁰⁴ See *id.*

¹⁰⁵ *Nabisco*, 1999WL 672575 at 9.

¹⁰⁶ *Id.* at 7.

be a mere fallback provision for traditional infringement claims.¹⁰⁷ Despite the logical flaw in reasoning that where there is confusion there *must* be dilution, the instinct that where there is confusion, it is *more likely* that there will also be dilution is probably correct. This is simply because where there is likelihood of confusion, (1) the marks must be similar, and (2) because use must be on a related or competing product, the two marks will share a relevant universe of consumers. Both of these factors also happen to be highly relevant to a dilution analysis.

With this analysis in mind, it becomes quickly apparent that the court unnecessarily multiplies the factors relevant to a dilution analysis, and in the process, obfuscates and weakens the key dilution inquires into fame, distinctiveness, similarity, and mental association. Most of the ten factors the Second Circuit applies in *Nabisco* can be either traced back to these primary factors or are simply classic equity considerations.

Actual Confusion factor: This factor is really only relevant as a similarity consideration which takes the form of a two part argument: a product is likely to confuse if it is the same type of product bearing a similar mark. If it is likely to confuse, it is likely to be *similar*, and therefore a factor relevant to dilution. Sophistication of the Consumer: The courts applies this factor solely as a consumer confusion consideration, but it might also be relevant to dilution as a variant of the similarity consideration: The less sophisticated consumer is more likely to see similar marks as the same than a more sophisticated user (i.e. lexis vs. lexus). Effect of Senior user's prior laxity: This is really a distinctness and equity consideration. If a mark is already used by many third parties, it can hardly qualify as distinctive. Harm to junior user and delay by senior: Classic equity considerations.

For all this, there are many things the *Nabisco* court did right. First, it wisely did not limit itself to a mechanical set of factors, nor did it blindly adopt the restrictive test proposed by the fourth circuit. Next, it correctly interpreted the importance of the distinctiveness, and thus in line with the plain meaning of the statute, Legislative history (TMC report) as well as the writing of Dilution theory's originator (Schrecker), and greatest proponent (Patishall). It adopted a new factor which considers the interconnected relationship between the distinctiveness and similarity and proximity factors.

¹⁰⁷ I.P. Lund, 163 F.3d at 48 (“Dilution laws are intended to address specific harms; they are not intended to serve as mere fall back protection for trademark owner unable to prove trademark infringement.”).

III. REMOVING CONFUSION FROM DILUTION

There is a rational solution to the problem of how to establish dilution under the Dilution Act which addresses the concerns raised by both Circuits, and overcomes many of the problems arising from the approaches taken by each. The “solution” is really nothing new, it is simply applying existing doctrine in light of the new limitations imposed by the Dilution Act, and taking these limitations seriously.

1. *Inference Factors, Proof of Harm, or Both*

The *Nabisco* court was correct when it chided the *Ringling* court’s limitation on the methods of proof as overly restrictive. In creating such a restrictive test, the court properly sought to limit a potentially expansive doctrine, but did so by effectively destroying any remedy for all but the strongest dilution case. This is not to say *Ringling’s* proposed test should not be used at all, but rather, plaintiffs should not be limited to it. Permitting plaintiffs to establish dilution through inference from a relevant set of contextual factors is perfectly consistent with a plain meaning interpretation of the Dilution act, and is more consistent with the intent and purpose of the statute as expressed from its structure and legislative history. By focusing on the paradigm case, and taking the existing limitations on the dilution doctrine seriously, the fears of creating property rights-in-gross can be adequately addressed.

2. *Taking Fame, Distinctiveness & Similarity Seriously*

a) Fame

Fame, in the context of the dilution statute, is a legal term of art which has acquired a specific legal meaning going well beyond the common usage of “being widely known.” There are tremendous pressures to lower the bar. Plaintiffs have an obvious interest in establishing their mark as famous. (Cite to the TMR, Senate Report, McCarthy – note the pressures on lowering the bar – cybersquatting, state law interpretations, plaintiffs desire to get expansive rights – cite to Lemely *doctrinal creep*). The factors specifically provided in the statute make this clear. The Dilution Act limits the extraordinary remedy for dilution to only those marks most likely to suffer such harm.

The original intent of the statute was clearly to limit dilution to a narrow class of truly famous and distinctive marks. However, the prospect of obtaining near property right status, avoidance of proof of confusion, and a back up cause of action have all created tremendous incentive for all mark holders to assert that their mark qualifies as famous. (Cite to Le-

mely). Also, the application of dilution as a quick fix to domain name cybersquatting problems has created pressure to lower the standard. While many courts have resisted these pressures, (cite) some have inexplicably ignored the clear requirement of fame and found clearly non-famous marks to qualify for dilution protection. (cite). With a new anti-cybersquatting statute working its way through congress, the need to apply dilution to the domain name context may be eliminated. However, courts must remain vigilant and permit only truly famous marks to qualify for the “extraordinary” remedy of dilution (Cite to Lemely)

b) Distinctiveness

Here the consideration is similar to the trademark likelihood of confusion analysis, but goes substantially beyond – it is not enough that a mark has acquired mere distinctness for purposes of infringement. We are not dealing only with competing products in dilution, but also use on products that can be vastly different. While it is possible for a mark which has acquired secondary meaning to meet this test, the bar is high. It is a balance.

Coined vs. Common Meaning: Schrecker’s original thesis specifically limited dilution to coined or arbitrary marks b/c generic marks have already acquired meaning in the public domain that is too valuable to allow any one actor to monopolize. (cite also to Paishall – chief proponent of dilution who wanted to limit to coined terms In Ringling, the phrase, “GREATEST SHOW ON EARTH” is an example of a phrase with strong emotive meaning – meaning existing previous to its use by Circus, but certainly enhanced. Compare to “KODAK” which, prior to use, had no such pre-existing meaning. While the value in preventing confusion justifies a grant of exclusive use for Ringling’s phrase to in connection with a circus, the pre-existing emotive recognition value of its phrase militates against granting it an exclusive right to use for all things. Thus, as the language of the statute makes clear, the degree of inherent distinctness is vital to determining eligibility for dilution protection. While the statute makes clear that acquired distinction may be eligible for protection, the bar is high indeed for we are granting a monopoly right on a term that already has inherent value not added by the trademark holder on the weak justification of first come. No Lockean labor theory nor utilitarian theory supports such a grant (cite to Port, Posner, Brown, c.f. Patishall, Rose)

McCarthy’s Conflation of Fame and Distinctiveness is wrong; it obfuscates the need to show both. (cite Nabisco, Argument that if famous, of course mark is distinctive is only true in the sense of trademark infringement. Distinctiveness under dilution is different than that under in-

fringement. In infringement, the grant of right is narrow, in dilution, much broader. See Schrecker – limiting only to “coined, fanciful, or arbitrary” terms. The TMC report and language of the statute itself requiring consideration of the “degree” of inherent or acquired distinctiveness belie such a reading of fame = distinctive. See also Beverly Patishall – responding to the monopoly argument by arguing dilution should only apply to highly distinctive marks. See Second Circuit in Nabisco which correctly highlights distinctiveness requirement. See also (cite other cases).

The distinctive requirement is particularly important in dilution cases. In Infringement, we justify the exclusive use of descriptive marks that have come to acquire secondary meaning because the source identification purpose outweighs the monopoly costs in a narrow market. But when we extend that monopoly into markets where source confusion no longer justifies, we lose any source identification rationale, leaving use only with the misappropriation of goodwill. As with trademarks, where descriptive marks must acquire super status, with dilution, they must acquire truly super status.

Of course it is understandable why those with famous, but descriptive marks would want dilution protection. Descriptive words and phrases with inherent emotive meaning are especially susceptible to the doctrinal creep phenomenon. (Lemley) Because dilution offers property like rights in the words themselves, words that already have strong meaning prior to any use are particularly attractive to be gobbled up and licensed out. See the phenomenon on the internet.

c) Similarity

The similarity requirement recognizes the ephemeral harm that dilution seeks to protect,¹⁰⁸ and is absolutely critical to establishing a claim for dilution. Dilution by blurring occurs only when people see the same mark used on more than one product. (Notwithstanding the *Nabisco* court’s statements to the contrary). If the senior and junior mark are not identified as the same or substantially the same, there simply can be no blurring. (See *Mead Data – Lexus vs. Lexis* and the “Dan Rather” test, See also *Ringling v. B.E. Windows* (difference in one word)) Had the *Ringling* court taken this factor seriously, *Ringling* would not have prevailed, and there would have been no need to apply such a restrictive test.¹⁰⁹

¹⁰⁸ See Comment, Will-O’-The-Wisp, *supra* note 91.

¹⁰⁹ See *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. B.E. Windows Corp.*, 937 F.Supp. 204, 209, 211 (S.D.N.Y.1996) (Finding “show” is the most important word in senior’s “Greatest Show On Earth Mark,” and is not similar enough to “Bar” for “The Greatest Bar On Earth” mark to infringe senior’s mark).

d) Mental Association

While both the Fourth and Second circuit specifically require a showing of some mental association in the minds of a relevant universe of consumers, the *Nabisco* court significantly muddled the analysis by including confusion factors. What is required is not a mental association of mistake, but one as to realization that the same mark is used by more than one source. This limitation is important to ensure that dilution is not simply a fallback for infringement (cite to Lund, McCarthy). Indeed, in some cases of identical use on directly competing products, the possibility of confusion greatly increases while the possibility that consumers will recognize that the same mark identifies two different sources decreases. Thus, relying on factors which show likelihood of confusion, at least in some cases, would actually tend to show that dilution is less likely!

IV. CONCLUSION

The approaches taken by each circuit represent opposite extremes to approaching the problem of how to permit plaintiffs to establish dilution without being so permissive as to risk creation of property rights-in-gross, nor so restrictive as to effectively preclude a remedy even for those marks most deserving. A fair reading of the Dilution Act provides a remedy for both actual and potential future harm, and permits establishing that harm through either evidence of actual economic loss, or inferred through a set of relevant contextual factors, carefully applied by taking key limitations on the dilution doctrine seriously.