May 27, 2008

Is Congress Dilution-al: Problems with the Trademark Dilution Revision Act of 2006

jason flower, Ohio Northern University

Available at: https://works.bepress.com/jason_flower/1/
Is Congress Dilution-al: Problems with the Trademark Dilution Revision Act of 2006

Jason Flower

I. Introduction

Imagine a young entrepreneur has created a new video game system that takes players into a virtual world, rather than playing a game on a screen. He seeks to market his product under the name “Visit,” and use the slogan “this ain’t your parent’s nintendo” to promote the system. The game system takes off and within a year and our young entrepreneur has made his first million. Shortly thereafter, he receives two letters, one from Microsoft and the other from Nintendo, claiming infringement of their trademarks, “Vista” and “Nintendo” respectively. The first charge against our entrepreneur is a likelihood of confusion between his trademarks and those of Microsoft and Nintendo.

According to the DuPont factors, which are the balancing factors used by the Trademark Trial and Appeal Board at the United States Patent and Trademark Office for likelihood of confusion, the factors to consider are:

1 Application of E.I. DuPont DeNemours & Co. [hereinafter DuPont], 476 F.2d 1357, 1361 (C.C.P.A. 1973). The DuPont factors consist of 13 factors for the courts to consider in a test for likelihood of confusion. Id. The factors to consider are:

(1) The similarity or dissimilarity of the marks in their entireties as to appearance, sound, connotation and commercial impression; (2) The similarity or dissimilarity and nature of the goods or services as described in an application or registration or in connection with which a prior mark is in use; (3) The similarity or dissimilarity of established, likely-to-continue trade channels; (4) The conditions under which and buyers to whom sales are made, i.e. “impulse” vs. careful, sophisticated purchasing; (5) The fame of the prior mark (sales, advertising, length of use); (6) The number and nature of similar marks in use on similar goods; (7) The nature and extent of any actual confusion; (8) The length of time during and conditions under which there has been concurrent use without evidence of actual confusion; (9) The variety of goods on which a mark is or is not used (house mark, “family” mark, product mark); (10) The market interface between applicant and the owner of a prior mark: (a) a mere “consent” to register or use, (b) agreement provisions designed to preclude confusion, i.e. e. limitations on continued use of the marks by each party, (c) assignment of mark, application, registration and good will of the related business, (d) laches and estoppel attributable to owner of prior mark and indicative of lack of confusion; (11) The extent to which applicant has a right to exclude others from use of its mark on its goods; (12) The extent of potential confusion, i.e., whether de minimis or substantial; (13) Any other established fact probative of the effect of use.

Id.
confusion analysis, the two most important being similarity of the goods and similarity of the marks, our entrepreneur has a chance of defending himself. “Visit” and “Vista” are similar, but the goods are arguably different – one is a video game system and the other an operating system for computers. As for the “Nintendo” claim, he should be able to successfully argue that this is simply a parody, meant to compare the two products, and obviously no reference that his product is made by Nintendo or in any way affiliated with that company. However, he is not done with litigation.

Our entrepreneur faces a much different fight regarding a dilution claim. Even considering that he has created an arguably useful product that consumers are willing to buy, under the dilution standards he may be forced to change his product’s name and marketing slogan. If he is able to successfully claim that his use of the trademark “Nintendo” is a parody, he still may be liable for infringement under the dilution statute if Nintendo can successfully argue that his slogan may mislead consumers as to the “designation of source” of his product.\(^2\) This type of restriction prevents the young entrepreneur from legitimately criticizing not only Nintendo, but any other game console manufacturer. At first glance this suggestion may seem fanciful, but the reality is that even if the young entrepreneur could successfully defend the lawsuit, he might nonetheless be bankrupted by the litigation fees. Companies that own famous marks are in a far better position to bring suits and pay counsel than weaker, less financially stable companies can. Two companies, rather than competing with our young entrepreneur, can potentially enjoin him from using his trademarks and/or bankrupt him with litigation because of

the recent changes to dilution laws, the Trademark Dilution Reform Amendment (TDRA) of 2006.\(^3\)

The previous example is fictional, but in similar cases the same issues arise: owners of famous marks are using dilution to prevent competition, and Congress has yet to address the issue. An ever-present theme of this paper is the opportunity for the owners of famous marks to abuse their judicially-granted fame to predatorily enforce their famous marks under the TDRA. The purpose of this paper is to expose the latent dangers of the TDRA.

Part I defines dilution by blurring and likelihood of confusion. Both are strikingly similar, and the conclusion reached is that dilution by blurring does not offer any more clarity for determining trademark infringement than likelihood of confusion. Part II provides a comparison of dilution by blurring and likelihood of confusion through case analysis and court treatment of the two causes of action, and proposes that blurring does not offer any more protection than a confusion standard and is contradictory in its application. This analysis leads to the conclusion that dilution laws would be more applicable if they required *actual proof* of dilution by blurring as opposed to a *likelihood* of dilution by blurring. Part III looks to the court’s treatment of trademark claims involving blurring and confusion since the passage of the TDRA. Contrary to the congressional testimony and legislative history supporting the passage of the TDRA, plaintiffs are using blurring as an offensive weapon rather than a defensive shield.

A second purpose of this paper is to expose the potential First Amendment violation that the dilution laws in the TDRA present.\(^4\) This argument will be examined in light of the feasibility of requiring *actual confusion* to be reintroduced as the appropriate standard, because

---

\(^3\) § 1125(c).

requiring actual confusion would arguably not alter the First amendment analysis. Part IV of this paper will address the First Amendment issues that could potentially arise because of the TDRA. These serious issues point to the conclusion that dilution by blurring, following the TDRA, is a dangerous step down a slippery slope where the owners of famous marks can use statutes to prevent competition.

II. What Is Dilution By Blurring and How Does It Differ From Likelihood of Confusion?

Dilution by blurring is “association arising from the similarity between a mark . . . and a famous mark that impairs the distinctiveness of the famous mark,”\(^5\) which is similar to infringement under a likelihood of confusion standard.\(^6\) Blurring of a mark represents the gradual loss of distinction between the public and the manufacturer, and the claim is that a high level of distinction is what sets the mark apart from other, less-famous marks. Frank Schecter, the father of the theory of dilution, wrote that dilution is “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.”\(^7\)

An example of Schecter’s fear would be a shoe company marketing a new shoe and calling it “micro-soft.” As the theory goes, if the shoe company can use “micro-soft” as a trademark for its shoes, other companies will also use “Microsoft” as a trademark for their products. Schecter fears that a third company, perhaps a paper company, will market a new brand of resume paper under the trademark “Microsoft,” and then a fourth and a fifth company

\(^5\) § 1125 (c)(2)(B).
\(^6\) Likelihood of confusion is defined as when “a reasonably prudent consumer in the marketplace is likely to be confused as to the origin of the good or service bearing one of the marks.” Dreamwerks Prod. Group, Inc. v. SKG Studio, 142 F.3d 1127, 1129 (9th Cir. 1998).
\(^7\) Frank Schecter, The Rational Basis of Trademark Protection, 40 HARV. L. REV. 813, 825 (1927).
will follow. Over a period of time, the original Microsoft trademark is not as unique and special, and it does not hold the same influence over consumers. The consuming public will cease to associate the mark “Microsoft” solely with computer operating systems, and the mark will lose its representative power. There is an assumed distinction in this type of analysis between competition among competing goods, such as different kinds of computer operating systems, and non-competing goods, such as between computer operating systems and bicycles or clothing. Dilution focuses on all competition, regardless of whether the goods and services the trademark represents are competing or non-competing.

This theory differs from a likelihood of confusion between marks, because in a dilution case the consumers are never confused as to the origin of the product. The Microsoft mark is not confused, its power over the consuming public is diluted. This dilution, according to Schecter, will diminish the value of the Microsoft mark by no fault of the company itself, but because other non-competing companies are allowed to free-ride on Microsoft’s good name and reputation. The theory of dilution may have a foundation regarding competing goods, but, as will be argued later, the better analysis for this type of infringement is under a likelihood of confusion standard and an appropriate test derived from the DuPont factors. There is very little support for the argument that non-competing trademarks can dilute famous marks.

Likelihood of confusion represents the chance or likelihood that consumers will confuse the source of an infringing good with the source of a well known and respected manufacturer through similar trademarks. This chance of source confusion is the backbone of likelihood of confusion analysis. As an example, think of Nike shoes. If a consumer who is familiar with and prefers Nike shoes, enters a discount shoe store and sees the trademark swoosh on a pair of
shoes, he is more likely to purchase the shoes under the mental assumption that they are made by Nike, and will be of the same quality and comfort as other pairs of Nike shoes that he has previously purchased. The danger in allowing companies to infringe trademarks is that consumers will intend to purchase brand A, but actually purchase brand B because the trademark on Brand B resembles the Brand A trademark. Likelihood of confusion is a different standard than dilution by blurring, but the tests used by most courts to determine whether a likelihood of confusion is present or whether there is a likelihood of dilution by blurring between two marks are not as easy to distinguish.

These similarities force the issue of whether dilution by blurring, as it currently stands, is necessary. As discussed below, the major distinction between the two is the requisite level of fame required to bring a claim. The TDRA limits dilution claims to famous marks, and also lowers the standard for proving dilution by blurring from actual proof of blurring, as the statute originally required, to a likelihood of dilution by blurring. By removing the requirement of actual proof, any mark that could potentially weaken the famous mark’s influence over the consuming public, can now be enjoined based on this assumption of future, repetitive harm, without actually proving that the harm will occur.

Professor J. Thomas McCarthy, one of the leading scholars in trademark law, argues that the standard applied by the courts when analyzing a dilution by blurring claim is ineffective,

---

8 § 1125(c)(1). Fame is established by meeting the statutory requirements which state “the court may consider all relevant factors, including the following: (i) the duration, extent, and geographic reach of advertising . . . (ii) the amount, volume, and geographic extent of sales . . . offered under the mark[,] (iii) the extent of actual recognition . . . “ and (iv) the registration date of the mark. § 1125(c)(2)(A).


10 § 1125(c)(2)(B). The circuit courts often disagreed over the “actual harm” requirement, and this led the Supreme Court to grant certiorari in Moseley v. V Secret Catalogue, Inc. 537 U.S. 418, 428 (2003). The Court, in a 9-0 decision with Justice Scalia joining all but part III of the decision, id. at 420, ruled that actual proof must be shown in order for an owner of a famous mark to be given injunctive relief under the dilution statute, id. at 432-33.
because there is no proof any harm will follow the initial alleged blurring use. He uses the very effective analogy of a bee sting: many people have been stung by a bee, but this initial sting did not precipitate many more bee stings, or a pattern of future bee stings. McCarthy’s argument is supported by looking at two well-known products in today’s marketplace: apples and computers. McIntosh apples have been enjoyed by the American consuming public and the world since 1811. Apple’s Macintosh computer was introduced in 1984. Both products, although unrelated in type, are closely related in name. Both marks are famous in their own right, and companies have not flooded the market with non-competing products under the trademarked name “McIntosh apples” or “Apple Macintosh.” Yet this is the premise of dilution by blurring law, and there is little evidence dilution will really happen.

III. The Similarities Between Likelihood of Dilution By Blurring and Likelihood of Confusion

Likelihood of confusion is the well known standard for evaluating a trademark infringement claim. A variety of tests are used by the appellate courts to examine infringement cases, but all the circuit courts’ tests rely on the Dupont factors. The Ninth Circuit Court of Appeals in Dreamwerks v. SKG defined the test for likelihood of confusion as “whether a...

12 Id.
15 See McCarthy, supra note 11, at 735 n.87.
17 See Dreamwerks, 142 F.3d at 1129.
19 DuPont, 476 F.2d at 1361.
‘reasonably prudent consumer’ in the marketplace [would be] likely to be confused as to the origin of the good or service bearing one of the marks.” 20 The factors identified by the Ninth Circuit when evaluating an infringement claim under the likelihood of confusion standard are: 1) strength of the mark; 2) proximity or relatedness of the good; 3) similarity of sight, sound, and meaning; 4) evidence of actual confusion; 5) marketing channels; 6) types of goods and purchaser care; 7) intent; and 8) likelihood of expansion. 21 No one factor is to be given more weight than another, though certain factors may be more important to the case-specific analysis. 22

The interpretation of likelihood of confusion has been difficult at times, putting the appellate courts completely at odds with one another. 23 The essence of the question is whether the consuming public will be confused as to the source of the good or service, and whether that confusion can potentially harm the goodwill established by the owner of the mark. A noticeable difference between the likelihood of confusion standard and that for dilution by blurring is concern for the consumer. The purpose of likelihood of confusion is to protect consumers. 24 This concern is present in the likelihood of confusion standard, but absent in the dilution by blurring analysis. 25 Dilution by blurring is primarily to protect the value of the trademarks to the manufacturers. 26

---

20 Dreamwerks, 142 F.3d at 1129.
21 Id.
22 LALONDE, supra note 18, at § 5A.01(2)(c); see Dreamwerks, 142 F.3d at 1129.
23 LALONDE, supra note 18, at § 5.02.
25 Id. at 124-25.
26 Id.
The standard of likelihood of dilution by blurring presents even more difficulty to the courts in trying to interpret and apply. A classic example of dilution would be the owner of a famous mark, like “KODAK,” bringing an infringement action against a company who is using “KODAK” as a mark for one of their products. Dilution by blurring can be further divided into two types: marks within the same competing field, such as a second company selling cameras under the mark “KODAK,” and marks from noncompeting fields, for example an ice cream company selling under the mark “KODAK.” Section 1125(c)(2)(B) identifies six non-exclusive factors to evaluate a claim for dilution by blurring:

(i) The degree of similarity between the mark or trade name and the famous mark; (ii) The degree of inherent or acquired distinctiveness of the famous mark; (iii) The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark; (iv) The degree of recognition of the famous mark; (v) Whether the user of the mark or trade name intended to create an association with the famous mark; (vi) Any actual association between the mark or trade name and the famous mark.

This test has been adopted by several other courts, and is considered by Jerome Gilson as a good starting place when analyzing a dilution claim. McCarthy argues that “these factors are the offspring of classic likelihood of confusion analysis and are not particularly relevant or helpful in resolving the issue of dilution by blurring.” McCarthy goes on to explain that this is due to a common misconception regarding

---

27 McCarthy, supra note 11, at 726-27; LALONDE, supra note 18, at § 5A.01(5)(c).
28 This example would of course never happen in the real world, as the trademark registration for a second “KODAK” mark would not be approved for registration to sell cameras.
29 §§ 1125(c)(2)(B)(i)-(vi).
30 Nabisco Inc. v. PF Brands, 191 F.3d 208, 227 (2d. Cir. 1999); Sports Auth. v. Prime Hospitality Corp., 89 F.3d 955, 966 (2d Cir. 1996) (citing Deere & Co. v. MTD Prods., Inc. 41 F.3d 39, 43 n.8).
31 Mr. Gilson is a distinguished U.S. attorney practicing with the Chicago intellectual property law firm of Brinks Hofer Gilson & Lione, and is Chair of his firm’s Trademark Practice Group and its Pro Bono Committee. http://www.uakron.edu/law/ip/bio/JGilson.php.
32 LALONDE, supra note 18, at § 5.02.
33 McCarthy, supra note 11, at 729.
dilution laws, that they are an extension of likelihood of confusion rather than a separate cause of action altogether.\textsuperscript{34} Taking this critique into account, the drafters of the TDRA did not alter the criteria for establishing a dilution by blurring claim when amending the statute,\textsuperscript{35} rather they broadened it and opened the door for more confusion.\textsuperscript{36} The TDRA has not resolved any discrepancies between likelihood of confusion and likelihood of dilution by blurring.

A. The Factors of Dilution By Blurring and Likelihood of Confusion Compared

This eight-factor test for likelihood of confusion is taken from the Ninth Circuit.\textsuperscript{37} Although every circuit has a different test, they all closely resemble each other with only a few differences.\textsuperscript{38} The standard factor analysis for dilution by blurring are codified at §1125(c)(2)(B)(i)-(vi), and are the logical starting point for this analysis.\textsuperscript{39} To prevent confusion in this analysis, the likelihood of confusion factors are identified with their corresponding numbers (1) through (8), and the blurring factors are all italicized.

The first factor test for dilution by blurring, \textit{degree of similarity between the famous mark and the mark in question}\textsuperscript{40} resembles the third criterion from likelihood of confusion analysis, (3) the similarity of sight, sound, and meaning.\textsuperscript{41} The Eighth Circuit claims the test for blurring

\begin{flushright}
\textsuperscript{34}\textit{Id.} at 732.
\textsuperscript{35} § 1125(c)(2)(B).
\textsuperscript{36} Bone, \textit{supra} note 16, at 188.
\textsuperscript{37} \textit{Dreamwerks}, 142 F.3d at 1129.
\textsuperscript{38} LALONDE, \textit{supra} note 18, at § 5.02. The Fourth and Fifth Circuit view actual confusion as the paramount factor, \textit{id.} at § 5.02(1)(d),(e), while the Federal Circuit, who review the appeals of the Trademark Trial and Appeal Board (“TTAB”), places importance on the similarity of the marks and the similarity of the goods and services factors above all else, \textit{id.} at § 5.02(1)(1). All of the other circuits stress that no factor is dispositive, and no one factor should bear more importance than another unless the facts of the case demand this. See \textit{id.} at § 502(1) The Seventh and Eight Circuits each list “intent to pass off goods as that of the trademark owner” as a factor, \textit{id.} at §§ 5.02(g)-(h), and other than these differences, all other Circuit Courts use a combination of the factors, usually between 6 and 10, to test for likelihood of confusion. See \textit{id.} at § 502(1).
\textsuperscript{39} See §§ 1125(c)(2)(B)(i)-(vi).
\textsuperscript{40} § 1125 (c)(2)(B)(i).
\textsuperscript{41} \textit{Dreamwerks}, 142 F.3d at 1129.
\end{flushright}
differs from the test for confusion, because a blurring test requires a higher level of similarity than the confusion test.\textsuperscript{42} This assumption rests on the \textit{Mead Data Central v. Toyota Motor Sales, U.S.A.}, where the court held that “Lexis,” a research system used by attorneys, and “Lexus,” a new Toyota luxury automobile, were not similar enough to claim dilution.\textsuperscript{43} The Eighth Circuit singled out one factor as being more important than the others by claiming it was the crux of the decision: “such distinctiveness as Lexis possesses is limited to the narrow market of attorneys and accountants.”\textsuperscript{44} The differences between site, sound, and similarity are obvious. The more important factor in the Eighth Circuit’s decision was the market factor: “Lexis” was known to only 1\% of the population and could not therefore be distinguished from “Lexus” by the general public.\textsuperscript{45} The Eighth Circuit’s claim as to the difference between the two marks is unfounded, and the overall similarity between the marks is what the factors for confusion and blurring are referring to.\textsuperscript{46} Distinguishing between these factor-tests for confusion and blurring is not practical, and arbitrary at best.

The second factor in the test for dilution by blurring, \textit{degree of inherent or acquired distinctiveness of the famous mark}, is important for blurring analysis because this is the essential “blurring” factor.\textsuperscript{47} Gilson states that “[a] distinctive trademark designates a particular source of products, and the more it retains that source significance beyond the goods or services it is used

\begin{footnotesize}
\begin{enumerate}
\item \textsuperscript{42} Luigino's v. Stouffer Corp., 170 F.3d 827, 832 (8th Cir. 1999).
\item \textsuperscript{43} 875 F.2d 1026, 1031 (2d Cir. 1989).
\item \textsuperscript{44} \textit{Id.} The court further stated that “For the general public, LEXIS has no distinctive quality that LEXUS will dilute.” \textit{Id.}
\item \textsuperscript{45} \textit{Id.}
\item \textsuperscript{46} \textit{See} Pan Am. World Airways v. Flight 001, No. 06 Civ. 14442(CSH), 2007 WL 2040788 (S.D.N.Y. July 13, 2007) (“[i]n assessing similarity [for likelihood of confusion], courts look to the overall impression created by the logos and the context in which they are found to consider the totality of factors that could cause confusion among perspective purchasers.”); \textit{see also} 7-Eleven v. Wechsler, 2007 TTAB Lexis 58 at **49-50 (T.T.A.B. May 15, 2007) (opposition hearing) (finding “Big Gulp” and “Gulpy” were not substantially similar in dilution by blurring analysis).
\item \textsuperscript{47} LA\textsc{L}ONDE, supra note 18, at § 5A.01(5)(c)(ii).
\end{enumerate}
\end{footnotesize}
on, the more distinctive [the mark] is.” The first confusion factor, (1) strength of the mark, is identical to this blurring factor. The District Court of Connecticut applied the Second Circuit’s analysis of this confusion factor, stating that “the distinctiveness or ‘strength’ of a mark measures its capacity to indicate the source of the goods or services with which it is used.” Here again we have very similar factors for both confusion and blurring, with the only difference being the level of distinctiveness or fame of the trademark that could potentially be harmed by either consumer confusion or dilution by blurring, and the case law seems to ask for a higher level of distinctiveness to be considered for blurring, i.e. a “famous mark” requirement. Beyond this requirement for fame, the courts have little guidance in assessing the differences between the degree of acquired or inherent distinctiveness (for blurring) and the (1) strength of the mark (for confusion).

The third blurring factor, the extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark, also correlates to the first factor from the confusion analysis, (1) strength of the mark. Substantially exclusive use of a mark refers to how well identified or how unique and recognizable that mark is without considering a distinct market. Coca-Cola is a good example of the owner of a famous mark engaging in substantially exclusive use of that mark, because no other company uses “Coca-Cola” for any product. Strength can also be defined as how influential a mark is. Coca-Cola is the only company using the mark, therefore any reference to it can only bring to mind one source – the Coca-Cola Bottling Company. This example also demonstrates the overall purpose of the dilution laws, which is to

48 Id.
51 § 1125(c)(2)(B)(iii).
52 Dreamwerks, 142 F.3d at 1129.
protect the strength that a famous mark has earned by granting them exclusive use of that mark across all markets – no one else may use Coca-Cola as a trademark because it will “blur” the identity of the mark and weaken its strength.

This substantially exclusive use factor from the dilution by blurring test also resembles two other likelihood of confusion factors: (2) the proximity of relatedness of the good, defined as the competitive proximity, and (5) the marketing channels, defined as the target market of the goods the trademark represents. In *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, L.L.C.*, the Fourth Circuit Court of Appeals interpreted this blurring factor to refer to the distinctiveness, strength, and fame of the mark. This factor goes slightly further than the confusion factors by evaluating how long the mark in question has had exclusive rights to a specific the market, or perhaps how long that mark has been famous, since blurring claims are reserved for famous marks. As with the previous two blurring/confusion factor-test comparisons, the difference between the confusion analysis and the blurring analysis is how distinctive or prominent the famous mark is as compared to the alleged infringing mark. A distinct trend is being established: dilution by blurring is a more scrutinized version of likelihood of confusion, reserved for more famous marks. This level of raised scrutiny can only be attributed to a demand from the owners of these famous marks, because consumer confusion or incorrect association is handled under a likelihood of confusion analysis.

The fourth blurring factor, the degree of recognition of the famous mark, has no direct correlating factor in the confusion analysis, but is closely related to the first factor from the

---

53 *Pan Am.*, 2007 WL 2040588, at **13-14; see Dreamwerks, 142 F.3d at 1129.
54 507 F.3d 252, 267 (4th Cir. 2007).
55 § 1125(c)(1).
56 § 1125(c)(2)(B)(iv).
likelihood of confusion standard, (1) strength of the mark.  Although (1) strength of the mark in confusion analysis can mean different things, Gilson defines a strong trademark as one that “triggers an immediate association with one particular source, and that association carries over to the same mark or a similar one used on other goods or services.” For example, the Nike trademark denotes a source for shoes, clothing, and sporting equipment, and Nike is not only a strong trademark but also a famous one. The “strength,” or degree of recognition referred to by this blurring factor is how well recognized or how famous the mark is. This relates back to Schecter’s statement that the more famous a mark is, the more that mark stands to lose by being diluted, and the greater protection from dilution that mark deserves. These famous marks “are enormously valuable but fragile assets, susceptible to irreversible injury from promiscuous use.” Here again, the difference between the two tests is the degree of strength (or recognition) being scrutinized. The correlation in the confusion standard speaks to the same rationale as the blurring factor: a mark that has earned a good reputation and wide-spread consumer notoriety deserves to be protected, from either confusion as to the source or from being diluted by blurring the association with a famous trademark.

This blurring factor is somewhat contradictory to the blurring analysis as a whole because only the owner of a famous mark can bring a dilution by blurring claim. Why does it matter how famous the mark is or what the degree of recognition is? The answer seems to be based on

57 Dreamwerks, 142 F.3d at 1129.
58 See LALONDE, supra note 18, at § 5-5(1). Strength of a mark can be used to show either the degree distinctiveness or acquired distinctiveness, how well recognized a mark is in the marketplace, how clearly the mark is associated with a particular source, or how widely and exclusively the mark has been used. Id. at § 5-5(2).
59 Id. at § 5A.01(5)(c)(iv). Gilson argues that “the ‘degree of recognition’ factor asks what percentage of consumers know of the mark, rather than how widespread that knowledge is in terms of geography and type of purchaser.” Id. Schecter, supra note 7, at 825.
61 § 1125(c)(1).
the previous quotation from Gilson, that the more famous a mark, the broader the reach of a blurring claim because of the increased threat of blurring to such a famous mark. But here again, fame will already be decided by the time blurring factors are analyzed. Analyzing the degree of fame, after fame is already established, seems counterintuitive.

Intent is the backbone of the fifth factor for a blurring analysis, specifically, whether the user of the mark or trade name intended to create an association with the famous mark. This directly relates to the seventh factor from the confusion analysis, (7) intent. The Southern District Court of New York in Pan American World Airways v. Flight 001 identified intent (also known as bad faith) in a likelihood of confusion claim by considering the defendant’s intent to confuse the public as to the source of the good. The District Court of Connecticut in Verilux v. Hahn adds to that “whether the defendant adopted their mark with the intention of capitalizing on Plaintiff’s reputation and goodwill.” When discussing the intent factor for blurring analysis, Gilson states that the intent factor, which is “the bedrock of likelihood of confusion analysis, is an entirely appropriate issue to consider in the dilution [by blurring] context.” The Trademark Trial and Appeal Board (“TTAB”) referred to intent as “whether the mark … intended to create an association with the famous mark.” The closeness of these two factors is obvious.

64 LAONDE, supra note 18, at § 5A.01(4)(a) (quoting The United States Trademark Association Trademark Review Commission Report and Recommendations, 77 T.M.R. 375 (1987); see also Bone, supra note 16, at 188 (explaining how the scope has been broadened for famous marks bringing dilution claims).
65 This rationale comes from the statutory language of § 1125(c). In order to bring a dilution claim, fame must be established. § 1125(c)(2)(B).
66 § 1125(c)(2)(b)(v).
67 Dreamwerks, 142 F.3d at 1129.
68 2007 WL 2040588, at *15.
69 2007 WL 2318819, at *7.
70 LAONDE, supra note 18, at § 5A.01(5)(c)(v).
71 7-Eleven, 2007 TTAB Lexis 58 at *52.
Depending on the context of the case, intent will be viewed as either the intended association\textsuperscript{72} or the intended confusion.\textsuperscript{73}

This may be the biggest difference between blurring and confusion standards. In blurring, the alleged infringing user intends to be associated with the owner of the famous mark, whereas in likelihood of confusion analysis the alleged infringing user intends to be mistaken for the senior user, deceiving the consuming public as to the true source of the good or service. But the point of the junior user is still to free-ride off of the senior user’s goodwill, and this is the overall intent in both factors for blurring and confusion analysis. Therefore both blurring and confusion factor-tests seek to protect the owner of the mark, and punish the alleged infringer for his intentionally fraudulent association with the owner’s trademark. The only real difference between the two is that one is for the protection of the consumer and the other for the protection of the owner, and this difference in and of itself does not warrant a separate cause of action reserved for famous marks, because owners are also protected under a likelihood of confusion statute.\textsuperscript{74}

The final factor for dilution by blurring analysis, \textit{any actual association between the mark or trade name and the famous mark},\textsuperscript{75} is another way to address any (4) evidence of actual confusion, the fourth factor to be considered in the analysis for likelihood of confusion. Several claims have been made regarding this factor in both confusion and blurring tests since \textit{Moseley}.\textsuperscript{76} The courts have made several attempts to separate the “requirement” of actual confusion from

\textsuperscript{72} Id.
\textsuperscript{73} \textit{Pan Am.}, 2007 WL 2040588, at *15.
\textsuperscript{75} § 1125(c)(2)(B)(vi).
\textsuperscript{76} This was the decision ultimately reached in \textit{Moseley}. 537 U.S. at 432-33.
the “allowance of any evidence denoting actual confusion” to be considered as relevant.\textsuperscript{77}

Ultimately the two factors both reach the same conclusion: whether the famous mark is actually confused or blurred by the infringing mark.

One likelihood of confusion factor does not match with any of the blurring factors: (8) likelihood of expansion.\textsuperscript{78} This final factor relates more to an unfair competition analysis. It is absent from blurring analysis because there is no concern for product expansion in a dilution by blurring context. The point of blurring is to prevent any competition under a trademark that may potentially dilute the famous trademark. Coca-Cola or Budweiser do not want any other company using their name for any product. Under a theory of dilution, one use will cause a chain reaction leading to a second use, and so on, which dilutes the original trademark.

The first three blurring factors discussed above, \textit{degree of similarity between the famous mark and the mark in question}, \textit{degree of inherent or acquired distinctiveness of the famous mark}, and \textit{the extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark}, all closely resembled one or more of the factors from likelihood of confusion analysis, differing primarily in the level of scrutiny to be applied in each test. The last three blurring factors, \textit{the degree of recognition of the famous mark}, \textit{whether the user of the mark or trade name intended to create an association with the famous mark}, \textit{any actual association between the mark or trade name and the famous mark}, are almost identical to the factors for likelihood of confusion. For this reason, the current state of dilution by blurring analysis does

\textsuperscript{77} In several decisions since the TDRA, courts have made the distinction between requiring actual confusion and using evidence of actual confusion in support of either a likelihood of confusion claim or a dilution by blurring claim. 7-Eleven, 2007 TTAB Lexis 58 at *52 (opposition hearing finding actual dilution to be a relevant factor to be considered); Century 21 Real Estate v. Century Insurance Group and Century Sur. Co., No. CIV 03-0053-PHX-SMM, 2007 U.S. Dist. Lexis 9720, at **30, 38 (D. Ariz. Feb. 9, 2007) (explaining actual intent for both likelihood of confusion and dilution by blurring); Gamecaster v. DirectTV, No. 06-CV-02841-H (WMC), 2006 U.S. Dist. Lexis 92045, at * 23 (S.D. Cal. Dec. 20, 2006) (citing actual confusion as a factor to be evaluated when analyzing a dilution by blurring cause of action).

\textsuperscript{78} Dreamwerks, 142 F.3d at 1129.
not protect famous marks anymore than confusion analysis, due to the arbitrary nature of the
requirements. Once fame is established, “dilution is almost a foregone conclusion[.].”\textsuperscript{79} This
limits the actual dilution analysis to nothing more than a cursory step in finding infringement.
The more relevant standard for evaluating a blurring claim would be to \textit{first} evaluate the markets
of the goods or services, deciding whether or not the marks were in direct competition with each
other, and if so, \textit{then} establish that actual confusion has taken place as a result of the fame of the
mark through survey data and expert testimony.\textsuperscript{80}

\textbf{B. Likelihood of Dilution Does Not Offer More Protection Than Likelihood of
Confusion}

The desire to protect famous marks from dilution by blurring by enacting statutory
protection and allowing injunctive relief is not harmful, in fact, it is just the opposite. But
dilution by blurring statutes are not necessary because under the current statute they do not
afford any more protection than likelihood of confusion statutes.\textsuperscript{81} A return to the time of
\textit{Moseley}, where actual proof is required to enjoin an infringing party, would resolve the dilution
dilemma. The cornerstone of any likelihood of confusion infringement act is the likelihood that
consumers will incorrectly associate a good or service with the wrong source.\textsuperscript{82} If dilution is the
whittling away of the impact of an owner’s mark through association, than it seems to be nothing
more than a secondary test for likelihood of confusion with a requirement that fame be
established. The difference between the two tests is an association which may potentially dilute
a famous trademark and presenting a confusingly similar trademark. Dilution by blurring
associates two trademarks, one famous and one not, while likelihood of confusion passes one

\textsuperscript{79} Kenneth L. Port, \textit{The “Unnatural” Expansion of Trademark Rights: Is A Federal Dilution Statute Necessary?}, 18
\textsuperscript{80} This idea is expounded upon in McCarthy, \textit{supra} note 11, at 742-46.
\textsuperscript{81} \$ 1125(c)(2)(B).
\textsuperscript{82} \$ 1125(a)(1)(A).
trademark off for another. Both types of infringement free ride on the goodwill and reputation of another trademark, and this free riding should be the focus of trademark protection.

In the committee meeting where § 1125(c) was first presented to the House Judiciary committee, representative Lamar Smith from Texas described the TDRA as “basically protect[ing] trademarks in a better way and also [it] makes sure that people cannot infringe trademarks as easily as they do now. It also does a good job of trying to keep us out of court to determine some of the ambiguities of that particular subject.”

The intent of the TDRA was to eliminate ambiguity regarding dilution statutes and prevent unnecessary litigation, yet this has not been the result. In fact, the TDRA has created a path to the courts for owners of famous marks to predatorily enforce a congressionally created right based on the theory of dilution. Anne Gundelfinger testified before the House Judiciary committee that proving actual dilution was near impossible, and that forcing trademark owners to do so would allow the dilution to occur and not “prevent dilution at its incipiency.”

However, when commenting on the sixth blurring factor, any actual association between the junior use and the famous mark, she interprets this to mean “survey evidence and other evidence that association is actually occurring.”

If proving actual dilution is not practical, then Congress should not have included this as a factor in showing a likelihood of dilution by blurring. By including it, Congress has admitted that it is not only relevant to proving dilution by blurring, but possible.

Proof of actual dilution is not as difficult as the owners of famous marks would have consumers and the legislature believe. Surveys and Expert Testimony are admissible and

85 Id. at 10.
relevant to the issue of whether or blurring has happened or is likely to happen, to the effect of diluting a famous mark.\textsuperscript{87} Patrick Bible writes that even though surveys are imperfect, “courts generally tolerate some degree of imprecision in exchange for the valuable insight into the minds of consumers.”\textsuperscript{88} A recent case has done what Anne Gundelfinger said was nearly impossible – prove actual dilution. In \textit{Adidas America, Inc. v. Payless Shoe Source, Inc.}, the plaintiff proved dilution through survey evidence.\textsuperscript{89} If Adidas can prove dilution, every owner of a famous mark should have to as well.

The most common argument for the need for dilution seems to come from the owners of famous marks.\textsuperscript{90} They strive to protect their marks from any similar use, either within a similar field of goods or services or in an unrelated market or industry. Large companies can use blurring statutes to protect their foothold in the market rather than use innovative products and fantastic marketing campaigns to promote their marks and goodwill. In this way, dilution by blurring is actually weakening the market and hindering commerce by not allowing consumer choice to drive the market. Rather than allowing supply and demand to decide whether a mark retains its goodwill, the owners of famous marks use dilution by blurring.

\textbf{C. The Internal Contradiction of Dilution by Blurring}

The TDRA contradicts itself by eliminating protection for any mark that is not famous. Famous marks are given protection against dilution, and owners who cannot prove their fame are

\begin{footnotesize}
\begin{enumerate}
\item \textsuperscript{87} McCarthy, \textit{supra} note 11, at 742-45.
\item \textsuperscript{88} Bible, \textit{supra} note 86, at 314.
\item \textsuperscript{89} No. CV 01-1655-KI, 2007 WL 4482201 (D. Or. Dec. 21, 2007). This case is discussed infra, pp. 28-29.
\item \textsuperscript{90} This argument stems from the established criteria of the TDRA which requires fame to be the deciding factor in who can bring a dilution by blurring case and who cannot. McCarthy argues that the intent of dilution is not consumer protection, but rather a defense of an “absolute property right in trademark . . . [resembling] the law of trespass.” McCarthy, \textit{supra} note 11, at 727. Because famous marks are the only party to benefit from dilution laws, they likely comprise the origin of these laws. Furthermore, Anne Gundelfinger, who testified before the House Judiciary committee in support of the TDRA, is a vice president with Intel, the creator of the Pentium microchip processor. \textit{See} Intel Executive Biography, \textit{http://www.intel.com/pressroom/kits/bios/agundelfinger.htm} (last visited Mar. 28, 2008).
\end{enumerate}
\end{footnotesize}
denied protection under the dilution by blurring statutes. This law seems to favor protecting the owners of famous marks, who are more than capable of protecting themselves,91 potentially at the cost of driving entrepreneurs and the owners of non-famous marks out of the market. David Wu, the House Representative from Oregon, spoke in opposition of the TDRA and agreed with the Court’s decision in Moseley.92 He warned of the power being given to owners of famous marks, saying “large companies will be able to arbitrarily file lawsuits against small businesses and private citizens.”93 This could drive competitors out of the market before competition has even begun. Representative Wu’s analytical examples referred to several cases where famous marks had used dilution to bypass any showing of harm and protect the property rights in their marks, which contradicts the original intent of trademark law: consumer protection.94

Herein lies the distinct contradiction of dilution by blurring as presented in the TDRA: if the famous marks are so famous, and the majority of consumers within the public sphere can recognize and identify that mark because of the goodwill it represents, how could the mark ever be blurred? The answer is that it cannot be blurred because it is already famous. This sounds tautological, but the consuming public is not going to forget the source of a popular trademark simply because other goods and services carry a similar trademark. What will happen is that consumers will be potentially confused as to which goods and services are manufactured under the famous mark. If a famous mark cannot be blurred, but only confused, then the owners of famous marks cannot be harmed by dilution by blurring, but only by a likelihood of confusion.

91 Due to their resources, and the goodwill established in the marketplace, it seems obvious that a company as widespread and deserving of the title of a famous mark would have the capital to protect its products from becoming un-famous, and being able to prove actual dilution, if it exists, through consumer surveys and expert testimony.  
93 Id. 
94 Id.
In the words of McCarthy, “no harm, no foul.” A Coca-Cola product is apparent; the Nike swoosh is known world-wide; any sign or representation of Mickey Mouse and a consumer knows they are dealing with Disney. If another beverage company produced a beverage and sold it under the mark “Coke,” Coca-Cola would be in a position to bring an infringement claim under likelihood of confusion. However, if a small business began producing fishing rods and tackle under the mark “Coke,” few consumers would be in a position to claim confusion as to the source of that fishing rod by thinking Coca-Cola had expanded their product line.

McCarthy poses an interesting argument regarding dilution by blurring and how a mark owner would go about proving it. His premise is founded on three basic assumptions used by many courts that, if found, would support a claim for dilution by blurring:

1) multiple uses of the mark will follow if this one use is not enjoined;
2) there will be a mental assumption on the part of the consumer, that when they see the alleged infringing mark, they will immediately assume the mark identifies the famous owner and no one else; and
3) the famous mark will be damaged [from] this repetitive infringement by being diluted in the marketplace.

Assuming that multiple uses will follow if one blurring use is permitted has no support. Claiming that one use can blur the mark does not prove the theory; several independent uses would be necessary to actually dilute the mark by blurring. If only one use occurred, dilution by blurring has not occurred in the manner suggested. A second, third, and fourth use would be necessary.

The second assumption, referred to in Moseley as “mental assumption,” assumes that the consumer will make a mental association between the famous mark and the blurring mark’s

---

95 McCarthy, supra note 11, at 737.
96 Id. at 734-40.
97 Id. at 734 (emphasis added).
98 Id. at 735-36, n.88.
99 Moseley, 537 U.S. at 433-34; Dreamwerks, 142 F.3d at 1130, n.5.
good or service. As the assumption goes, when a consumer purchases an ice cream cone from “Kodak’s Ice Creamery” s/he will associate the ice cream with the camera manufacturer. In Strick Corp. v. Strickland, the Eastern District Court of Pennsylvania stated that “if a reasonable buyer is not at all likely to link the two uses of the trademark in his or her own mind, then there can be no dilution.” The Court in Moseley stated that this mental association alone was not enough to establish dilution. Ironically this exact sentiment, that mental association alone would not support a dilution by blurring claim, was expressed in Anne Guldenfinger’s testimony before the House Judiciary committee.

The final assumption is that this repetitive harm via mental association by consumers will harm the famous mark by diluting its good will in the eyes of the consumers. This is where the Court in Moseley got it right – proving actual dilution is how to show this mental association, not by assuming it. If the threat of dilution to famous marks is so prevalent, there should be credible evidence of infringement by dilution beyond the claim of a mental association and the potential for dilution by blurring. For all the protection famous marks have been afforded, asking for some proof is not an unreasonable request. McCarthy argues that expert testimony and survey evidence are both credible tools capable of achieving this goal, and the Court in Moseley simply demanded that they provide some evidence of actual dilution. Proving these assumptions is obviously an uphill battle for any owner, whether famous or not, and McCarthy

100 162 F. Supp. 2d 372, 378 (E.D. Pa. 2001). One area where this may not be true is domain names. Tillery v. Leonard & Sciolla, 437 F. Supp. 2d 312, 326 n.14 (E.D. Pa. 2006). This second assumption resembles another trademark doctrine, initial interest confusion, however a discussion of this is outside of the scope of this paper.
101 Moseley, 537 U.S. at 433. Ironically this exact sentiment, that mental association alone would not support a dilution by blurring claim, was expressed in Anne Guldenfinger’s testimony before the House Judiciary committee. Gundelfinger, supra note 84, at 7.
102 Id.
103 Id. at 432-33.
104 McCarthy, supra note 11, at 742-43.
105 Moseley, 537 U.S. at 435 (Kennedy, J., concurring).
urges the need for a more rigorous test regarding dilution. As mentioned earlier, the resemblance between the non-exclusive factors of likelihood of dilution by blurring and likelihood of confusion also establish the need for a more rigorous test for dilution – that of actual dilution.

The major fear presented by the owners of famous marks arguing for the TDRA was that requiring actual proof of dilution would allow it to happen, and any remedy would not save the mark from the evils of dilution. This fear is unfounded, and it contradicts the definition of dilution by blurring because more than one blurring event must occur to establish dilution by blurring in the first place. If Coca-Cola files suit and is awarded an injunction after the first blurring use is discovered, there is no dilution. As the definition states, there has not been a “gradual whittling away” of the mark’s power. Think about a glass of strong lemonade, one with too much powder mix in the pitcher. If the goal is to dilute the mix, a drop of water is not going to achieve that goal. In fact, several drops must be added, perhaps even a glass or two, in order to dilute the lemonade. Coca-Cola cannot claim dilution after one infringing use has been discovered and enjoined, just like one drop of water does not dilute a strong glass of lemonade. Coca-Cola can only claim a potential threat of dilution by blurring. In the alternative, Professor Christine Farley argues that the inability to prove dilution is direct evidence that it does not exist.

IV. Treatment of Dilution Claims Since the TDRA

[107] Gundelfinger, supra note 84, at 3.
[108] Schecter, supra note 7, at 825.
[109] Christine Haight Farley, Why We Are Confused About the Trademark Dilution Law, 16 FORDHAM Intell. Prop. Media & Ent. L.J. 1175, 1187 (2006). Professor Farley teaches at American University College of Law and made these remarks during a symposium presentation at Fordham University School of Law. Id. at 1187 n.1. she states that “[f]or the last decade, the biggest question in trademark law has been how to prove dilution. . . . Can no smart attorney, judge, trademark owner or social scientist figure out what dilution is and how to prove it? . . . I contend that it is because dilution cannot be concretized.” Id. at 1187.
The Fourth Circuit Court of Appeals recently decided *Louis Vuitton*.\(^{110}\) Louis Vuitton ("LV") brought this suit claiming trademark infringement under the likelihood of confusion standard as well as likelihood of dilution by blurring.\(^{111}\) The unanimous decision found that Haute Diggity Dog ("Haute"), a dog toy manufacturer whose trademark was not famous, had not infringed on LV’s famous mark for designer handbags and luggage under either the likelihood of confusion or likelihood of dilution by blurring claims.\(^{112}\) The saving grace for Haute was their fair use defense of parody in the name “Chewy Vuiton” for a dog toy that resembled a LV designer handbag.\(^{113}\) Judge Niemeyer noted that “this might not be true if the parody is so similar to the famous mark that it likely could be construed as actual use of the famous mark itself. . . . If Haute used the actual marks of [LV] . . . it could dilute [LV]’s marks by blurring[.]”\(^{114}\) Had Haute produced a carrying bag for small dogs, this may have constituted dilution of LV ‘s mark.

The test for fame required to bring a dilution by blurring claim in the Fourth Circuit was the same test referenced in § 1125(c)(2)(A).\(^{115}\) Haute conceded that the mark “VUITTON” was famous, that they had used “Chewy Vuiton,” and their mark did resemble LV ‘s mark.\(^{116}\) The issue was “whether the association between Haute’s mark and [LV]’s is likely to impair the

---

\(^{110}\) 507 F.3d 252.

\(^{111}\) *Id.* at 258.

\(^{112}\) *Id.* at 264, 269.

\(^{113}\) See *id*.

\(^{114}\) *Id.* at 268.

\(^{115}\) To state a dilution claim under the TDRA, a plaintiff must show: (1) that the plaintiff owns a famous mark that is distinctive; (2) that the defendant has commenced using a mark in commerce that allegedly is diluting the famous mark; (3) that a similarity between the defendant's mark and the famous mark gives rise to an association between the marks; and (4) that the association is likely to impair the distinctiveness of the famous mark or likely to harm the reputation of the famous mark.

\(^{116}\) *Louis Vuitton*, 507 F.3d at 265.
distinctiveness of [LV]’s famous marks."  Though the Court decided that Haute’s mark was a successful fair use of LV ‘s mark under the parody exception, what if it were a real dog carrying handbag Haute were selling and not a chew toy? LV sells a handbag designed for carrying dogs, known as the “Sac Chien” and retailing for around $1680. Suppose Haute created a dog carrier that resembled LV ‘s but sold it for $20. This could potentially present a problem for LV; an analysis of the likelihood of confusion factors most likely would identify intent as the deciding issue, and this would come down to a judge, jury, and the lawyers who argue the case. What LV would be claiming in this hypothetical is that their consumers would either confuse Haute’s “chewy vuiton” with a real LV bag (likelihood of confusion claim), and also that the LV trademark will be damaged by an association between Haute’s trademark and LV’s. This is an example of one of the major issues facing dilution laws: owners of famous marks, their attorneys, and judges, all believe that dilution is generally easier to prove than likelihood of confusion.

This being the case, dilution is being used as a weapon by the owners of famous marks against other trademark owners where it is less likely they will be able to prove likelihood of

117 Id.
118 Louis Vuitton, http://www.louisvuitton.com/(select “USA” from the “select a country” menu; search “Sac Chien” and select “Dog Bag 40” hyperlink).
119 Looking at the other factors, Haute conceded to the first three factors, similarity of the marks, the distinctiveness of LV’s mark, and the recognition of the famous mark. Louis Vuitton, 507 F.3d at 267. The exclusivity of the famous mark favors Haute, because they do not engage in any similar market as LV; LV sell their handbags in boutique stores and high priced department stores, whereas Haute sell their chew toys and other goods in pet stores and through pet supply distributors. The remaining factor, actual confusion between the marks, is arguable. Due to the sophistication of the consumers who purchase LV handbags it is a stretch to argue that a common LV consumer who spends between $500 and $4500 on a handbag or piece of luggage would believe a $20 dog carrying bag or chew toy with the mark “CV” for “Chewy Vuition” is an authentic real LV product. Intent seems to be the paramount factor, as was evidenced by Justice Niemeyer’s analysis. Id. at 267-68. Justice Niemeyer goes on to state that Haute obviously intended to associate itself with LV, but did so imperfectly and only partially. Id. at 268. The argument could be made that if Haute Diggity were to fashion a dog carrying handbag for one percent of the cost of a real LV “Sac Chien,” the parody defense aside, Haute could at least argue that the resemblance was a genuine issue of material fact for a jury to decide and escape summary judgment. Dan-Foam A/S v. Brand Name Beds, 500 F. Supp. 2d 296, 304 (S.D.N.Y. 2007).
120 McCarthy, supra note 11, at 724.
confusion.\textsuperscript{121} A quick look at the number of cases claiming dilution before and after the \textit{Moseley} decision and the enactment of the TDRA shows a dramatic increase in litigation. Between the enactment of the FTDA in 1995 and the Court’s decision in \textit{Moseley}, 1091 dilution cases were brought in the United States court system (86 months), or about 13 cases per month; between the \textit{Moseley} decision and the enactment of the TDRA, a total of 803 cases were decided (43 months), or on average about 19 cases per month; between the TDRA and the present day\textsuperscript{122} (18 months), 388 cases were decided, or about 22 per month.\textsuperscript{123} What this analysis shows is that the number of cases involving dilution claims is increasing. This result is in direct contravention to the legislative intent stated by Representative Smith, that the TDRA would “keep us out of court[.]”\textsuperscript{124} Because cases like \textit{Dreamwerks} are unique,\textsuperscript{125} where the plaintiff was the senior user, but not the more famous of the two, owners of famous marks are bringing more suits since the TDRA.\textsuperscript{126} If Congress creates a pathway to the courts, attorneys will follow that path, and this practice is especially dangerous when no legitimate reason beyond a theoretical threat for the statute has ever been shown.

The following two cases support the positions discussed above: likelihood of dilution by blurring and likelihood of confusion are near identical tests for establishing infringement, and

\begin{itemize}
  \item \textsuperscript{121}McCarthy does not argue this point, he simply points to the \textit{Moseley} decision, where the burden for proving dilution was determined to be actual confusion rather than a likelihood of confusion, and the panic that ensued from the owners of famous marks as they petitioned the Legislature to amend the standard to require “likelihood” of dilution by blurring, rather than actual proof of blurring. \textit{Id.} at 716-17.
  \item \textsuperscript{122}Research conducted on Mar. 28, 2008.
  \item \textsuperscript{123}The method used to arrive at these numbers is by no means to be considered a statistical analysis. Using the Westlaw database, and the citation references for § 1125, limit the results by: 1) the dates mentioned; 2)locate: “dilute!”; and under document type, select “highest courts” and “other courts.” The results for each time period were divided by the number of months in each time period.
  \item \textsuperscript{125}\textit{Dreamwerks}, 142 F.3d at 1128.
  \item \textsuperscript{126}Cases of reverse confusion are not the typical dilution cases, therefore the majority of dilution by blurring claims are brought by owners of famous marks. Following the TDRA, famous marks are the only marks entitled to protection under a dilution by blurring cause of action. 15 U.S.C. § 1125(c)(2)(A).
\end{itemize}
proving actual dilution by blurring is a far more suitable standard than requiring a mere showing of a potential likelihood of dilution by blurring to occur.

In *Pan American*, the court took the opportunity to evaluate both the likelihood of confusion analysis and the likelihood of dilution by blurring analysis.\(^{127}\) The results were more in favor of the argument that likelihood of dilution by blurring does not offer any more protection than likelihood of confusion. *Pan American* failed on its claims for infringement on likelihood of confusion and dilution by blurring.\(^{128}\) The reason this case shows a failure to differentiate is that in the court’s analysis, extremely similar factors were used to analyze both the likelihood of dilution by blurring and likelihood of confusion claims.\(^{129}\) The only notable exception is that *Pan Am* would need to establish they are a famous mark to bring a dilution claim. Fame status aside, the two tests closely resemble each other so much so that the side by side analysis begs the question of why the legal system needs to differentiate between the two, other than to give famous marks a separate category for the same cause of action: likelihood of confusion, or an incorrect association by one mark with another.

A case mentioned previously, *Adidas*, compared likelihood of confusion and dilution and examined survey evidence, antitrust, and unfair competition practices.\(^{130}\) The Oregon District Court ultimately found that Adidas had provided actual evidence “to create a genuine issue of material fact as to actual dilution under the [TDRA].”\(^{131}\) Revisiting the argument regarding proof of actual dilution, this case exemplifies that actual dilution can be shown. The most

---

\(^{127}\) 2007 WL 2040588.

\(^{128}\) *Id.* at **16-19.

\(^{129}\) *Id.* at **12, 19. The court applied an eight factor test from Polaroid Corp. v. Polarad Elecs. Corp, 287 F.2d 492, 495 (2d Cir. 1961) to analyze the likelihood of confusion claim, which essentially has the same non-exclusive factors as § 1125(c)(2)(B) for likelihood of dilution by blurring, with the exception that it focuses on the fame of the mark as a prerequisite to bring a dilution claim, 15 U.S.C. § 1125(c)(2)(B).

\(^{130}\) *Adidas*, 2007 WL 4482201.

\(^{131}\) *Id.* at #27.
relevant evidence provided by Adidas was survey evidence, which established that “[f]orty-one percent of respondents [to the survey] saw a four-stripe design and believed it was Adidas’ mark.” This supports the contention that survey evidence is a viable method for proving actual dilution. The court noted that “such survey evidence and expert opinion may be ‘open to attack, [but] it is at least sufficient to create a genuine issue of material fact to preclude summary judgment[.]” Although not required to, Adidas rightfully chose to prove a case of actual dilution through survey evidence and evidence that Payless had negatively impacted consumer perception through expert testimony.

Although the court did not address the similarities between Likelihood of confusion and likelihood of dilution by blurring previously discussed, the inherent similarities are easily identifiable. The court used the Sleekcraft factors for their likelihood of confusion analysis, and used the factors identified in § 1125(c)(2)(B) for their likelihood of dilution by blurring analysis, commenting only on those factors that Payless challenged. Considering the previous argument regarding the similarities between these two tests, there is little doubt that Adidas could have achieved the same result with only a likelihood of confusion analysis. This contention is further supported by Adidas’ ability to show actual confusion. The damages, injunctive relief, and recovery of any costs that Adidas can recover are the same under both likelihood of confusion and dilution by blurring, so there does not seem to be any reason for both tests, as long as actual confusion can be shown.

V. The First Amendment Issue

132 Id. at *25.
134 Adidas, at **19-20.
135 Id. at *13.
136 Id. at **22-27; see § 1125(c)(2)(B). The four factors challenged by Payless were famousness of the mark, identity of the marks, actual dilution, and willful intent. Adidas, 2007 WL 4482201, at **22-27.
The TDRA has created potential issues regarding the First Amendment and trademark law. In addition to furthering the confusion between the standards for likelihood of confusion and likelihood of dilution by blurring, the TDRA can restrict freedom of speech. The Court addressed First Amendment issues in *Moseley* when discussing the history of dilution laws, stating “[i]n 1988, when Congress adopted amendments to the Lanham Act, it gave consideration to an antidilution provision. During the hearings on the 1988 amendments, objections to that provision based on a concern that it might have applied to expression protected by the First Amendment were voiced and the provision was deleted from the amendments.”

However the post-*Moseley* amendment once again brings the freedom of speech challenge to the forefront. The form of expression standing to be eliminated, depending on how the TDRA is interpreted, would be the legitimate criticism of famous marks. Owners of famous marks can use the TDRA to suppress criticisms of their trade practices coming from the public at large. This form of suppression is carried out based on the ambiguity in the TDRA concerning the term “designation of source” under the fair use exception. If any form of legitimate criticism can be interpreted to be a designation of source, the acting party is removed from the fair use exception.

Referring back to the hypothetical in the introduction where our young entrepreneur faced liability for his gaming system, Visit and his promotional slogan “this ain’t your parent’s nintendo,” our young entrepreneur can be prevented from comparing or criticizing another company’s product. The real danger with this issue is the cost of litigation, which can potentially

---

138 For a more in depth discussion of this point of view, see *Hofrichter*, supra note 4.
139 *Id.* at 1959.
140 *Id.* at 1945; § 1125(c)(3)(A).
141 See *Hofrichter*, supra note 4, at 1948-49.
bankrupt smaller companies and force them to accept licensing agreements or withdraw their trademarks from the market. This would result in allowing the owner of a famous mark to file suit and/or send a threatening cease and desist letter and squash any criticism at the onset, and do so legally under the TDRA.

This example of First Amendment infringement may be confusing, because the basis is whether the party accused of infringement under the dilution by blurring statute is exercising a commercial or non-commercial use. Non-commercial use is covered under the fair use exceptions, but commercial use is not covered under the fair use defense and thus raises a First Amendment issue. Dilution laws are not concerned with identifying the source of a product, but with the gradual “whittling away” of the mark’s well-known reputation in the consuming public. If a mark is used to legitimately criticize a famous mark, there is no confusion over source designation and arguably no incorrect association between marks. This free commercial speech could be barred by a claim of dilution. The first amendment is not extended to issues that are non-commercial, but “commercial speech can be regulated even if it is ‘not provably false, or even wholly false, but only deceptive or misleading.’” In essence our young entrepreneur, because he is in the commercial business of selling a game console, may not be eligible to use the freedom of speech/parody exception. Even if he is eligible, he still must

---

142 Id. Hofrichter argues that the fair use doctrine under the TDRA prevents using a famous mark to identify a separate campaign in opposition to the famous mark. Id. at 1951. Her example is of a student opposing Wal-Mart’s labor rights violations, where a website, t-shirts, and other promotional material uses a mark similar to the Wal-Mart logo placed “on top of several hunched over figures symbolizing exploited workers who appear to be lifting the Wal-Mart logo” with the slogan “join forces to stop Wal-Mart’s exploitative labor practices” underneath. Id. at 1923-24.

143 § 1125(c)(3)(C).

144 Schecter, supra note 7, at 825.

145 The incorrect association refers to what the dilution statute is referring to, and this can easily be interpreted as a legitimate criticism in some instances.


147 Id. at 1205 (quoting Friedman v. Rogers, 440 U.S. 1, 9 (1979)).
pay the legal fees to respond to a complaint, file a cross complaint, and file a motion for summary judgment.

Paul Alan Levy, an attorney representing Public Citizens Litigation Group, offered an example of the problems involved in litigating a dilution suit in light of the First Amendment. His organization published a book concerning “the dangers posed by a class of tranquilizers . . . it felt were being widely over-prescribed and abused.” The category of prescription drug referred to were benzodiazepines, more commonly known as Valium, and the title and the text of the book, for the sake of brevity, “referred generally to ‘Valium’ as denoting the entire class of drugs[.]” On the first page, the authors provided a disclaimer that they were not necessarily referring to the specific brand name drug Valium, but only the most commonly known form of benzodiazepines, and listed the other brand names in the disclaimer. In an effort to prevent the publication of the book (for obvious reasons) the manufacturer of Valium, Hoffman LaRoche, filed a trademark claim seeking damages and injunctive relief.

Public Citizens eventually won the case, primarily because they had the in-house litigation team to fight the lawsuit, and because Hoffman LaRoche “had bad luck in drawing a judge who was offended by its invocation of the standard emergency relief of the sort normally deployed against transient sellers of pirated handbags and watches[.]” Levy goes on to explain that in this circumstance, Public Citizens had the necessary resources, but still “had to

149 Levy, supra note 146, at 1189.
150 Id.
151 Id. at 1189-90.
152 Id. at 1190.
153 Id.
find a way out of the case [including the lengthy and costly discovery process] by doing
something to make the bully go away.”

What Levy cautions against is the ability of
companies to use the dilution statutes under the TDRA to suppress smaller companies,
entrepreneurs, and even common citizens from legitimately expressing a concern, a right that
usually would fall under the First Amendment.

This example presents the exact situation
where an owner of a famous mark can use dilution statutes as an anticompetitive weapon to
suppress consumer criticism, and this potentially violates the First Amendment.

The analysis of likelihood of confusion versus likelihood of dilution by blurring is not
directly related to the First Amendment issue. The prior analysis argues for a different standard,
and if that standard were changed (likelihood of dilution changed back to actual dilution for
proof of a blurring claim), the First Amendment could still be a stumbling block in current
dilution laws. If actual dilution were the standard which all blurring claims were measured
against, the First Amendment violation could still be used in an anticompetitive fashion to harass
competitors by filing dilution claims and forcing them to defend their marks in court. Returning
to the introductory hypothetical, if evidence that actual dilution were required in order for
Nintendo to file a dilution by blurring claim, the use of the entrepreneur’s slogan “this ain’t your
parent’s Nintendo” in commerce would likely be used against the entrepreneur. If Nintendo can
show that he can potentially profit from the goodwill of their name and at their expense, the court
can enjoin the entrepreneur for diluting Nintendo’s trademark.

---

154 Levy, supra note 146, at 1191.
155 Id. at 1191-92.
156 A recent Eleventh Circuit case brings this notion into question. N. Am. Med. Corp. v. Axiom Worldwide, Inc.,
and with permanent injunctive relief, a strong case can be made that eBay’s holding necessarily extends to the grant
of preliminary injunctions under the Lanham Act.”).
For the sake of argument and to further explain the first amendment threat, assume that Nintendo does enjoin the entrepreneur, and the cost of litigation bankrupts his fledgling company. Angered by Nintendo’s use of the dilution statute to quell competition with his Visit game console, the entrepreneur decides to attack Nintendo’s anticompetitive use of the dilution law. He sets up a website detailing his story and his fight with both Microsoft and Nintendo and links to other websites. One of the websites he links to sells t-shirts to support their cause that emblazon an “anti-Microsoft” message. When Microsoft sues that website for infringement under a dilution by blurring cause of action, the entrepreneur is included as a defendant for linking to this site. In *Jews for Jesus v. Brodsky*, the court found that the defendant’s site was guilty of dilution and constituted a use in commerce because the site intended to mislead and confuse customers looking for the plaintiff’s site, and to intentionally harm the plaintiff financially. The entrepreneur can be silenced by Microsoft, and his opinion and/or criticism against both Microsoft and Nintendo for the questionable tactics and arguably anticompetitive practices will go unheard, like a case that settles with a gag order.

VI. Conclusion

Prior to the TDRA, courts had struggled with the definition given for dilution. The actual dilution requirement in *Moseley* made several companies and owners of famous marks

157 The examples is based on a previous example. See Hofrichter, *supra*, note 4, at 1923-26.
158 See *Id.* at 1942-43; see also J. Thomas McCarthy, *Trademarks and Unfair Competition* § 24:90 (4th ed. 2004) (arguing that pre-TDRA standards required “commercial use in commerce” which is a higher standard than the current “use in commerce” standard).
159 993 F. Supp. 282 (3d Cir. 1998), aff’d, 159 F.3d 1351 (1998). In *Jews for Jesus v. Brodsky*, a use in commerce was found because the intent of the infringer’s website was to harm the plaintiff, and financially impact his business. *Id.* at 308; *but see* Ford Motor v. 2600 Enters., 177 F. Supp. 2d 661, 662 (E.D. Mich. 2001) (finding the Third Circuit’s decision that intent to cause financial harm to another company through negative commentary on a website is nothing more than dicta, and not an interpretation of law).
nervous, so the legislature amended the statute to require a “likelihood of dilution.” These owners are trying to prevent having to prove whether consumers are associating two marks in a way that dilutes (by blurring) the famous mark, which is difficult and costly through expert testimony and survey evidence. So they do the next best thing and preemptively strike without having to prove any actual harm. Dilution assumes that one similar, associative use will dilute a strong famous mark, and this will be followed by several similarly diluting uses, eventually causing irreparable harm to the once strong and famous mark, and diluting the goodwill between consumer and manufacturer. However, the more pertinent purpose in American history is to protect the goodwill associated by the consumer with the manufacturer of that good, and to prevent consumer confusion. This view is very consumer oriented, and the TDRA has taken us away from that view by overruling the Court’s decision in *Moseley*. Famous marks should not be given injunctive relief based on assumptions that their goodwill is being pilfered, by one blurring mark at a time. The reason these marks are famous is because of the work they have done in the past to promote their product, and that reputation deserves to be protected, but not from assumptions about mysterious diluters. Replacing the standard of likelihood of dilution by blurring with an actual showing of dilution by blurring may be more costly to manufacturers, but they are in the best position to pay to protect their marks, if these famous marks are in fact so valuable to the owners. Through independent surveys and expert testimony these manufacturers will be able to prove dilution when it exists, and use likelihood of confusion where it does not.

The standard of actual proof of dilution by blurring will place the onus on manufacturers to protect their products, not the dilution statutes. Increasing the cost of litigation by forcing the

---

165 This idea is expounded upon in McCarthy, *supra* note 11, at 742-46.
owners of famous marks to prove actual dilution will decrease the amount of frivolous, anticompetitive litigation before the courts, while at the same time maintaining the level of protection offered by both likelihood of confusion and dilution standards. Understanding that Congress rarely reverts, it may be a while before actual proof of dilution is reconsidered. In the meantime, consumers are the ones who will pay the price for Congress’s mistake. Famous trademark owners will pass the buck to their consumers through increased prices on goods and services. Congress, in passing the TDRA, was certainly dilution-al.