

## MOSELEY V. V SECRET CATALOGUE, INC.

By Brian Paul Gearing

In 1995 Congress amended § 43 of the Trademark Act of 1946 (“Lanham Act”)<sup>1</sup> to enact the Federal Trademark Dilution Act (“FTDA”), which provides a remedy for the dilution of famous trademarks.<sup>2</sup> Unlike traditional trademark law, the FTDA is not the result of common law developments or an interest in preventing consumer confusion.<sup>3</sup> The FTDA’s purpose “is to protect famous trademarks from subsequent uses that blur the distinctiveness of the mark or tarnish or disparage it, even in the absence of a likelihood of confusion.”<sup>4</sup> Shortly after the FTDA’s enactment, the federal circuit courts of appeal began to diverge in their interpretation of the FTDA.

In the recent *Victoria’s Secret* decision, the Supreme Court interpreted the FTDA for the first time, resolving a circuit split over whether a plaintiff asserting a dilution claim must prove actual dilution or merely a likelihood of dilution.<sup>5</sup> The Court held that the FTDA requires a showing of *actual dilution*.<sup>6</sup>

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1. The Lanham Act is codified at 15 U.S.C.
  2. See 15 U.S.C. § 1125 (2000).
  3. See generally DAVID S. WELKOWITZ, TRADEMARK DILUTION (2002).
  4. H.R. REP. NO. 104-374, at 2 (1995), reprinted in 1996 U.S.C.C.A.N. 1029, 1029.
  5. *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003) [hereinafter *V Secret III*].
  6. *Id.* at 433. The Court considered the text of 15 U.S.C. § 1125(c)(1), providing: The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person’s commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and *causes dilution* of the distinctive quality of the mark, and to obtain such other relief as is provided in this subsection.
- 15 U.S.C. § 1125(c)(1) (emphasis added). Section 1127 defines dilution as:  
The term “dilution” means the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of—
- (1) competition between the owner of the famous mark and other parties, or
  - (2) likelihood of confusion, mistake, or deception.

*Id.* § 1127.

The Court's narrow holding sets a high bar for proof of dilution. The Court suggested that trademark owners may use survey evidence and expert testimony to prove actual dilution and that circumstantial evidence of dilution may suffice when a famous mark and the mark alleged to cause dilution<sup>7</sup> are identical.<sup>8</sup> But where the marks are not identical, the Court gave little guidance as to what evidence from surveys or expert testimony would prove actual dilution.<sup>9</sup> Furthermore, the Court failed to specify the extent of dilution that the trademark owner must prove.<sup>10</sup> Although *Victoria's Secret* and *amici* emphasized the difficulty in obtaining evidence of actual dilution, the Court stated that such difficulties do not allow a plaintiff to escape proof of "an essential element of a statutory violation."<sup>11</sup>

Part I of this Note traces the origin and evolution of trademark dilution law in the United States. Part II examines the history and progression of the *Victoria's Secret* case. Part III critiques the Court's opinion, focusing on statutory interpretation, the possible consequences of the new evidentiary hurdles, and the remaining ambiguities frustrating application of the FTDA. Part IV concludes the Note by considering the Court's decision as merely the first chapter in the FTDA's story.

## I. BACKGROUND

Whereas traditional trademark infringement law protects against consumer confusion, trademark dilution law protects only the "distinctive

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7. In the trademark parlance, the famous mark and the accused mark are referred to as the senior and junior marks, respectively.

8. *V Secret III*, 537 U.S. at 434. While the Court gave no guidance on what this circumstantial evidence may be, the leading treatise on trademarks provides some useful suggestions. See 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 24:94.2 (2003); see also discussion *infra*.

9. *V Secret III*, 537 U.S. at 434. McCarthy provides some guidance with his discussion of expert testimony and dilution surveys. See 4 MCCARTHY, *supra* note 8, § 24:94.2.

10. *V Secret III*, 537 U.S. at 434.

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

quality” of a mark.<sup>12</sup> Dilution law, therefore, allows a mark owner to limit uses that erode or “dilute” this distinctive quality.<sup>13</sup>

Many viewed the proposal to enact protection against trademark dilution in 1927 as a radical break from the traditional touchstone of consumer confusion.<sup>14</sup> It took twenty years before Massachusetts enacted the first state anti-dilution law and the Model State Trademark Bill followed in 1964.<sup>15</sup> It was not until 1995, however, that Congress enacted the FTDA.

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

The language of dilution<sup>16</sup> is found in cases dating back to the early twentieth century in the United States and even earlier in Great Britain.<sup>17</sup> But in the 1927 article, *The Rational Basis of Trademark Protection*, Professor Frank I. Schechter brought the concept of trademark dilution to the attention of courts and legislators.<sup>18</sup> Schechter reasoned that the “preservation of the uniqueness of a trademark should constitute the only rational basis for its protection.”<sup>19</sup> Therefore, trademark law should prohibit the “dilution” of the mark’s uniqueness: the quality from which the trademark derived its hard-earned advertising value and selling power.<sup>20</sup> The Schechter article focused principally on protecting established arbitrary marks that had been “added to rather than withdrawn from the human vocabulary” and identical, infringing marks that diluted the arbitrary mark.<sup>21</sup> Schechter, therefore, advocated the broadest dilution protection for only “coined or fanciful marks,” as opposed to “words or phrases in common

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12. See WELKOWITZ, *supra* note 3, at 4-5.

13. See *id.*

14. See *Ringling Bros.*, 170 F.3d at 454.

15. See generally WELKOWITZ, *supra* note 3.

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

17. For more information on these cases, see generally 4 MCCARTHY, *supra* note 8, §24:67 and the sections that follow, which provide a critical assessment of the dilution doctrine. Other sources include RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25 (2003) [hereinafter RESTATEMENT (THIRD)] (providing background on the incorporation of the dilution doctrine into state anti-dilution laws); ROBERT P. MERGES ET AL., INTELLECTUAL PROPERTY IN THE NEW TECHNOLOGICAL AGE (3d ed. 2003); WELKOWITZ, *supra* note 3 (tracing the origins and development of trademark dilution law in the United States).

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

19. *Id.* at 831.

20. *Id.* at 832 (borrowing the term “diluted” from a German case).

21. *Id.* at 828-29.

use.”<sup>22</sup> He justified this position because trademark law required that a mark be *uniquely* associated with a particular source to merit broad protection from dilution.<sup>23</sup>

Schechter believed that these arbitrary marks had from their introduction into the market been associated with a particular product, not with a variety of products,<sup>24</sup> and that the marks had created in the public consciousness an impression of the product’s excellence.<sup>25</sup> By “dilution” Schechter did not mean a use that caused consumer confusion, but instead a use that caused the “gradual whittling away or dispersion of the identity and hold upon the public mind of the mark or name by its use upon non-competing goods.”<sup>26</sup>

Schechter’s model was radical. If fully adopted, it would have essentially granted property rights in gross to owners of suitably “unique” marks. This would have made trademark protection similar to copyright or patent protection but without the time limits.<sup>27</sup> However, Schechter’s “radical dilution proposal” received only occasional judicial notice and did not become part of trademark doctrine.<sup>28</sup> It took twenty years for trademark dilution to resurface in the first state anti-dilution statute.<sup>29</sup>

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22. *Id.* at 828.

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

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

25. Schechter, *supra* note 18, at 828-29.

26. *Id.* at 825.

27. *See, e.g.*, Robert N. Klieger, *Trademark Dilution: The Whittling Away of the Rational Basis for Trademark Protection*, 58 U. PITT. L. REV. 789, 802 (1997).

28. *Ringling Bros.-Barnum & Bailey Combined Shows v. Utah Div. of Travel Dev.*, 170 F.3d 449, 454 (4th Cir. 1999) (stating that Schechter’s concept evoked only “occasional favorable judicial notices”).

29. For a history of the futile attempts at passing a federal dilution act in the years preceding the enactment of the first state anti-dilution act, see WELKOWITZ, *supra* note 3, at 11.

## B. State Anti-dilution Statutes

Massachusetts enacted the first state anti-dilution statute in 1947, giving trademark owners a cause of action in state court against trademark dilution.<sup>30</sup> The Massachusetts statute prohibited both injury to a business's reputation ("tarnishment") and dilution of a mark's distinctive quality ("blurring").<sup>31</sup> While the original Massachusetts bill intended to protect only a "coined or peculiar word," the statute did not expressly limit protection to such marks.<sup>32</sup> Early Massachusetts courts interpreted the statute cautiously and reluctantly enforced the statute when the trademark both lacked substantial renown and consisted of fairly common terms.<sup>33</sup>

In the decades preceding the FTDA's passage in 1995, twenty-five states passed similar anti-dilution laws that explicitly allowed claims based on a likelihood of dilution.<sup>34</sup> These state statutes were the only source of dilution law prior to the FTDA.<sup>35</sup> Though these state statutes varied in detail, they typically had four consistent features: (1) defining the class of marks eligible for dilution protection based on their "distinctive quality"; (2) prohibiting both actual dilution and a likelihood of dilution; (3) defining dilution as diminishment of the mark's distinctiveness rather

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30. The Massachusetts statute provided:

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

*V Secret III*, 537 U.S. at 430 (quoting 1947 Mass. Acts, ch. 307, 300).

31. *See id.* Under the dilution doctrine, tarnishment occurs when the junior use injures the reputation and goodwill of the famous senior mark, such as when the junior use is associated with poor quality goods or by parody associating the famous mark with sex or drugs. *See WELKOWITZ, supra* note 3, at 111. Blurring occurs when the junior use obscures or mars the identification of the famous senior mark with a particular source. *See id.* at 80 (noting that blurring describes the form of dilution that most closely comports with Schechter's concept of dilution protection).

32. *WELKOWITZ, supra* note 3, at 12.

33. *Id.* (citing Walter J. Derenberg, *The Problem of Trademark Dilution and the Anti-dilution Statutes*, 44 CALIF. L. REV. 439, 453-57 (1956)).

34. *See* RESTATEMENT (THIRD), *supra* note 17, at 2, 8 (listing state anti-dilution statutes and discussing their commonalities). Interestingly, in many cases when the statutes were initially being applied, courts denied dilution claims because the plaintiff had failed to show a likelihood of confusion, notwithstanding the plain language of the statutes eliminating confusion as an element of a dilution cause of action. *See id.*

35. *See WELKOWITZ, supra* note 3, at 17 (discussing in detail the state anti-dilution statutes, which exist in a total of thirty-four states). The FTDA became effective on January 16, 1996. Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, 105 Stat. 985 (1996) (codified as amended in scattered sections of 15 U.S.C.).

than as harm to a senior mark's economic value; and (4) providing only injunctive relief.<sup>36</sup>

### C. The Model State Trademark Bill

In 1964, the United States Trademark Association added a dilution provision identical to the Massachusetts statute to its Model State Trademark Bill.<sup>37</sup> Like the state statute, the 1964 Model Bill was broadly worded—it neither defined “dilution” nor clarified what gives a mark the distinctive quality necessary for dilution protection.<sup>38</sup> In 1992, the dilution provisions of the 1964 Model Bill were amended to provide substantially more detail.<sup>39</sup> The 1992 provisions protect only famous marks, provide factors to assess fame, define the term dilution, and permit the award of damages for certain willful acts of infringement.<sup>40</sup> However, the 1992 Model Bill still uses the likelihood of injury standard adopted from the state anti-dilution statutes in 1964.<sup>41</sup>

### D. The Federal Trademark Dilution Act

Prior to the FTDA's enactment, dilution doctrine had developed at the state level for almost seventy years, and for most of this time, the cause of action was based on a likelihood of dilution. Against this backdrop, the House and Senate passed the FTDA in 1995 after an unsuccessful attempt to pass federal dilution protection in 1988.<sup>42</sup>

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36. *Ringling Bros.-Barnum & Bailey Combined Shows v. Utah Div. of Travel Dev.*, 170 F.3d 449, 454 (4th Cir. 1999). *See, e.g.*, CAL. BUS. & PROF. CODE § 14330 (West 1987).

37. *See WELKOWITZ, supra* note 3, at 15. The purpose of the Model Bill was to provide a model promoting uniformity and greater certainty concerning trademark rights under state laws. *Id.*

38. *Id.*

39. *Id.* at 16.

40. *Id.*

41. *Id.*

42. *Id.* at 158-59. The House Report on the dilution bill, H.R. 1295, stated that the purpose of the FTDA

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

The FTDA contains a number of innovations over the previous state anti-dilution statutes. First, it requires that a mark be famous<sup>43</sup> and outlines eight factors to guide the court in determining a mark's fame.<sup>44</sup> Second, it explicitly defines dilution as "the lessening of the capacity of a famous mark to identify and distinguish goods and services."<sup>45</sup> Third, the FTDA lists three specific defenses to a dilution claim: (1) fair use in comparative advertising, (2) noncommercial use, and (3) news reporting and commentary.<sup>46</sup> Fourth, it lacks the language "likelihood of dilution" and instead only proscribes use that "causes dilution."<sup>47</sup> Fifth, it allows for damages in cases of willful violations and, sixth, enables the owner of a famous mark to oppose or cancel registrations.<sup>48</sup>

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

Shortly after enactment of the FTDA, a conflict arose among the federal circuits over interpretation of the FTDA. This eventually led to the Supreme Court's intervention in *Victoria's Secret* to determine whether the FTDA required (1) proof of actual dilution or (2) proof of a likelihood that dilution would eventually occur.<sup>49</sup> The Fourth and Fifth Circuits held that the statute required a showing of actual dilution: actual economic in-

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tion of famous marks and is also consistent with our international obligations in the trademark area.

H.R. REP. NO. 104-374, at 2-3 (1995), *reprinted in* 1996 U.S.C.C.A.N. 1029, 1029-30.

43. *See* 15 U.S.C. § 1125(c)(1) (2000); WELKOWITZ, *supra* note 3, at 163-64.

44. *See* 15 U.S.C. § 1125(c)(1)(A)-(H).

45. *Id.* § 1127 (definition of "dilution").

46. *Id.* § 1125(c)(4). While any state law patterned after the 1964 Model Bill does not contain these provisions, an analogy to the FTDA provisions may exist under the state laws. *See* L.L. Bean, Inc. v. Drake Publishers, Inc., 811 F.2d 26, 31 (1st Cir. 1987) (holding that the First Amendment required allowance of a fair use defense of parody to state anti-dilution law); WELKOWITZ, *supra* note 3, at 166.

47. 15 U.S.C. § 1125(c)(1).

48. *See id.* § 1125(c)(2). It should be noted that the FTDA does not preempt state anti-dilution law. WELKOWITZ, *supra* note 3, at 164.

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

jury to the trademark holder.<sup>50</sup> The Second, Third, Sixth, and Seventh Circuits held that a plaintiff need only show a likelihood of dilution: that the defendant's actions would eventually dilute the trademark.<sup>51</sup>

The Fourth Circuit's analysis in *Ringling Brothers-Barnum & Bailey Combined Shows v. Utah Division of Travel Development* exemplifies the actual harm interpretation.<sup>52</sup> The Fourth Circuit held that under the FTDA a plaintiff must prove actual economic harm.<sup>53</sup> The court reasoned that the near impossibility of proving actual economic harm did not support a judicial presumption of dilution from proof only of the marks' sufficient similarity.<sup>54</sup> The Fourth Circuit suggested that a plaintiff could show actual dilution with evidence of revenue loss or with a skillfully constructed consumer survey.<sup>55</sup>

The Second Circuit, in *Nabisco, Inc. v. PF Brands, Inc.*, rejected the Fourth Circuit's requirement of actual economic harm.<sup>56</sup> According to the Second Circuit, because the FTDA only provides an injunctive remedy, a trademark owner required to prove actual harm would have to wait until after harm occurred before invoking the statute. Although damages would be available if the trademark owner could show that the violation was willful, in most cases the trademark owner would suffer an uncompensated injury.<sup>57</sup> Furthermore, with an actual harm requirement, those desiring to use a new mark would be unable to seek a declaratory judgment before going to market.<sup>58</sup> Thus, they could invest large sums of money to introduce a mark without assurance that the mark would not later be enjoined.<sup>59</sup>

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50. See *Westchester Media v. PRL USA Holdings, Inc.*, 214 F.3d 658 (5th Cir. 2000); *Ringling Bros.-Barnum & Bailey Combined Shows v. Utah Div. of Travel Dev.*, 170 F.3d 449 (4th Cir. 1999).

51. See *V Secret Catalogue, Inc. v. Moseley*, 259 F.3d 464 (6th Cir. 2001) [hereinafter *V Secret II*]; *Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456 (7th Cir. 2000); *Times Mirror Mags., Inc. v. Las Vegas Sports News, LLC*, 212 F.3d 157 (3d Cir. 2000); *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208 (2d Cir. 1999).

52. See *Ringling Bros.*, 170 F.3d at 449-65.

53. *Id.* at 459-61.

54. *Id.* In advocating its interpretation of the FTDA, the court stated: "The difficulties of proving actual dilution by practically available means is evident . . . . It may have lead a few federal courts early on simply to assume, without facing up to the interpretive difficulty of doing so, that the federal Act only requires proof of a 'likelihood of dilution.'" *Id.* at 464.

55. *Id.* at 465.

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

57. *Id.*

58. *Id.*

59. *Id.*

Based on this reasoning, the Second Circuit adopted a test that used a non-exclusive list of ten factors to establish a likelihood of dilution.<sup>60</sup>

## II. CASE SUMMARY

### A. Facts and Procedural Posture

In February of 1998, Victor and Cathy Moseley advertised the grand opening of their retail store, "Victor's Secret," in Elizabethtown, Kentucky.<sup>61</sup> The advertisement appeared in a weekly publication distributed to residents of the military installation at Fort Knox, Kentucky.<sup>62</sup> An army colonel at Fort Knox saw the advertisement as an attempt to use the "Victoria's Secret" trademark to promote the sale of "unwholesome, tawdry merchandise."<sup>63</sup> He sent a copy of the advertisement to the corporations that own the Victoria's Secret trademark and operate over 750 Victoria's Secret stores, two of which are in nearby Louisville, Kentucky.<sup>64</sup> Victoria's Secret requested that the Moseleys stop using the name "Victor's Secret" and any variations. The Moseleys responded only by changing the name to "Victor's Little Secret."<sup>65</sup> Dissatisfied with this change, Victoria's

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60. *See id.* at 217-24. The ten factor test for blurring considers the following factors:

- (1) The degree of distinctiveness of the senior user's mark;
- (2) The similarity of the marks;
- (3) The proximity of the products and likelihood of bridging the gap;
- (4) The interrelationship among the distinctiveness of the senior mark, the similarity of the junior mark, and the proximity of the products;
- (5) Shared consumer and geographic limitations;
- (6) Sophistication of consumers;
- (7) Actual confusion;
- (8) Adjectival or referential quality of the junior use;
- (9) Harm to the junior user and delay by the senior user; and
- (10) Effect of the senior's prior laxity in protecting the mark.

*Id.* For a commentary on the *Nabisco* factors, see 4 MCCARTHY, *supra* note 8, § 24:94.4.

61. *V Secret III*, 537 U.S. 418, 422 (2003).

62. *Id.* at 423. The advertisement announced the "GRAND OPENING Just in time for Valentine's Day!" and featured "Intimate lingerie for every woman," "Romantic Lighting" and "Adult Novelties/Gifts." *Id.* (emphasis in original).

63. *Id.* Whereas Victoria's Secret primarily marketed "moderately priced, high quality, attractively designed lingerie," *id.* at 422, Victor's Little Secret sold, among other things, novelty action clocks, patches, temporary tattoos, handcuffs, hosiery bubble machines, incense burners, lingerie, pagers, adult video tapes, and adult novelties. *Id.* at 423.

64. *Id.* at 422.

65. *Id.* at 423.

Secret filed an action under the Lanham Act alleging, among other things, dilution of its trademark in violation of the FTDA.<sup>66</sup>

In its dilution claim, Victoria's Secret alleged that the Moseleys' conduct was "likely to blur and erode the distinctiveness" and "tarnish the reputation" of the Victoria's Secret trademark.<sup>67</sup>

## B. The District Court

Because the Moseleys acknowledged the famous status of the Victoria's Secret mark, the only question before the district court was whether using the name Victor's Little Secret diluted the distinctive quality of the Victoria's Secret trademark.<sup>68</sup> The court granted summary judgment to Victoria's Secret on the dilution claim, holding that the two marks were sufficiently similar to cause dilution and that the Victor's Little Secret mark caused dilution through its "tarnishing effect" on the Victoria's Secret mark.<sup>69</sup>

## C. The Sixth Circuit

On appeal, the Court of Appeals for the Sixth Circuit affirmed the dilution claim.<sup>70</sup> In its opinion, the Sixth Circuit considered two additional elements not analyzed by the district court: (1) whether the Victoria's Secret mark was "distinctive" and (2) whether relief could be granted before dilution had actually occurred.<sup>71</sup>

Considering the distinctiveness factor, the court held that the Victoria's Secret trademark was distinctive because the mark "rank[ed] with those that are 'arbitrary and fanciful' and was therefore deserving of a high level of trademark protection."<sup>72</sup> On the second issue of pre-dilution relief, the court determined that the evidence sufficiently established dilution in light of the FTDA's legislative history and the difficulty of proving actual harm.<sup>73</sup> In reaching this decision, the court held that the likelihood

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66. *Id.*

67. *Id.* at 424.

68. *V Secret Catalogue, Inc. v. Moseley*, No. 3:98CV-395-S, 2000 WL 370525, at \*5 (W.D. Ky. Feb. 9, 2000) [hereinafter *V Secret I*].

69. *Id.* at \*5-6.

70. *V Secret II*, 259 F.3d 464 (6th Cir. 2001).

71. *Id.* at 468-71.

72. *Id.* at 470.

73. *Id.* at 475-76. The Sixth Circuit stated:

While no consumer is likely to go to the Moseleys' store expecting to find Victoria's Secret's famed Miracle Bra, consumers who hear the name "Victor's Little Secret" are likely automatically to think of the more famous store and link it to the Moseleys' adult-toy, gag gift, and lingerie shop. This, then, is a classic instance of dilution by tarnishing

of harm standard was sufficient to establish dilution and expressly rejected the Fourth Circuit's requirement of proof of actual harm to the famous mark's economic value.<sup>74</sup> The court concluded that the Second Circuit's *Nabisco* test both "track[ed] the language of the statute and follow[ed] more closely Congress's intent in enacting the FTDA."<sup>75</sup> The court determined that specific language in the House Report revealed a Congressional intent to allow a remedy before dilution had actually caused economic harm.<sup>76</sup>

#### D. The Supreme Court

The Supreme Court reversed the Sixth Circuit's grant of summary judgment on the dilution claim and remanded the case.<sup>77</sup> The Court held (1) that the FTDA "unambiguously requires a showing of actual dilution, rather than a likelihood of dilution" and (2) that Victoria's Secret failed to prove actual dilution of their famous mark absent evidence showing that the mark had lost some capacity to identify and distinguish goods or services sold in their stores or advertised in their catalogues.<sup>78</sup> Justice Kennedy, in concurrence with the Court's reasoning, focused on the famous mark's "capacity" to identify goods and services and concluded that diminishment of this capacity could be shown by the "probable consequences flowing" from the junior use.<sup>79</sup>

##### 1. The Court's Reasoning

The Court discussed the legislative intent behind the FTDA by focusing on the identical language used to describe the bill in both Houses of Congress: "The purpose of [the bill] is to protect famous trademarks from

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(associating the Victoria's Secret name with sex toys and lewd coffee mugs) and by blurring (linking the chain with a single, unauthorized establishment). Given this conclusion, it follows that Victoria's Secret would prevail in a dilution analysis, even without an exhaustive consideration of all ten of the *Nabisco* factors.

*Id.* at 477.

74. *Id.* at 475.

75. *Id.*

76. *Id.* The court focused on the following passage in the House Report: "Confusion leads to immediate injury, while dilution is an infection, which if allowed to spread, will inevitably destroy the advertising value of the mark." *Id.* (quoting H.R. REP. NO. 104-374, at 3 (1995), reprinted in 1996 U.S.C.C.A.N. 1029, 1030).

77. Justice Stevens delivered a decision that was unanimous for all parts except for Part III, which examined the legislative history of the FTDA. See *V Secret III*, 537 U.S. 418, 430-31 (2003). Justice Kennedy filed a concurring opinion. See *id.* at 435 (Kennedy, J., concurring).

78. *Id.* at 432-34.

79. *Id.* at 435-36 (Kennedy, J., concurring).

subsequent uses that blur the distinctiveness of the mark or tarnish or disparage it, even in the absence of a likelihood of confusion.”<sup>80</sup> The Court noted that the bill passed the House unanimously and passed in the Senate without any hearings.<sup>81</sup>

The Court then focused on the contrast between the state anti-dilution statutes and the FTDA to elucidate whether actual harm must be shown for an actionable dilution claim.<sup>82</sup> The Court noted that while the state statutes repeatedly refer to a “likelihood” of harm, the FTDA lacks this language. Instead, the FTDA only provides relief when the diluter’s commercial use of a trademark “causes dilution of the distinctive quality” of the famous mark.<sup>83</sup> The FTDA’s definition of “dilution” also supports an interpretation that the FTDA only protects against actual dilution.<sup>84</sup> Based on this reasoning, the Court concluded that the FTDA’s text unambiguously requires a showing of actual dilution, rather than merely a likelihood of dilution.<sup>85</sup>

The Court stated that its holding does not require that a plaintiff always show actual losses in sales or profits.<sup>86</sup> The Court suggested that proof of actual dilution may be established by survey evidence and expert testimony, and that in instances such as when the junior and senior marks are identical, circumstantial evidence of dilution may suffice.<sup>87</sup>

## 2. Concurring Opinion

In his concurring opinion, Justice Kennedy focused on the word “capacity” in the definition of dilution as the “lessening of the capacity of a famous mark to identify and distinguish goods or services.”<sup>88</sup> Justice Kennedy stated that a court could find dilution based on the *probable conse-*

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80. *Id.* at 431 (quoting H.R. REP. NO. 104-374, at 2, reprinted in 1996 U.S.C.C.A.N. at 1029).

81. *Id.*

82. *Id.* at 432-33.

83. *Id.* at 433 (quoting 15 U.S.C. § 1125(c)(1) (2000)) (emphasis in original).

84. *Id.* The definition of dilution is given in *supra* note 6. The Court stated that the contrast between the initial reference to an actual lessening of the mark’s capacity and the later reference of a “likelihood of . . .” in the second caveat confirms the interpretation that actual dilution must be established. *Id.*

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

86. *Id.*

87. *Id.* at 434.

88. *Id.* at 435 (Kennedy, J., concurring) (quoting 15 U.S.C. § 1127).

quences that a competing mark's commercial use would have on a famous mark's capacity to function.<sup>89</sup> In this situation, the word "capacity" "imports into the dilution inquiry both the present and the potential power of the famous mark to identify and distinguish goods," and in some cases the diminishment of this potential power can suffice to prove actual dilution.<sup>90</sup> Therefore, in accord with the rationale for injunctive relief, Justice Kennedy reasoned that requiring proof of actual dilution does not force the holder of a famous mark threatened by diminishment of the mark's capacity "to wait until the damage is done and the distinctiveness of the mark has been eroded."<sup>91</sup>

### III. DISCUSSION

Despite resolving a circuit split over the FTDA's statutory interpretation, the Court reached a result that squarely contradicts the FTDA's purpose. The Court's decision creates many evidentiary hurdles that likely will cripple any dilution claims brought by trademark holders. Furthermore, when viewed within the context of the existing ambiguities surrounding the FTDA, the Court's holding is merely a first step in the interpretation of the federal dilution statute.

#### A. The Court's Holding Contradicts the FTDA's Purpose

The Court's textualist interpretation of "causes dilution" yields a holding which contradicts the FTDA's purpose.<sup>92</sup> Indeed, the FTDA's purpose would be better served by a likelihood of dilution standard. Furthermore, the fifty years of state anti-dilution statutes prior to the FTDA, the Model

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89. *Id.* at 435-36 (emphasis added).

90. *Id.* at 435.

91. *Id.* at 436.

92. Because the Court, following a textualist approach, found the language of the statute to be unambiguous, *see id.* at 433, its analysis did not consider the FTDA's purpose. *See* Brief of Amicus Curiae Intellectual Property Law Professors in Support of Respondents at 2, *V Secret III*, 537 U.S. 418 (2003) (No. 01-1015) [hereinafter Brief of IP Law Professors] (stating that the FTDA can serve its purpose "only if it is interpreted to cover likely dilution as well as proof of actual economic harm"), *available at* 2002 WL 1967938; Brief of American Bar Association as Amicus Curiae Supporting Respondents at 11, *V Secret III*, 537 U.S. 418 (2003) (No. 01-1015) (arguing that the likelihood of dilution standard comports more closely with the FTDA), *available at* 2002 WL 1929517. *See generally* William N. Eskridge & Philip P. Frickey, *Statutory Interpretation as Practical Reasoning*, 42 STAN. L. REV. 321 (1990) (providing a critical assessment of traditional approaches to statutory interpretation and formulating a new approach to statutory interpretation).

State Trademark Bill, and the courts' ability to effectively apply complicated balancing tests<sup>93</sup> all support having a likelihood of dilution standard.

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

In interpreting the statutory phrase "causes dilution,"<sup>94</sup> the Court ultimately followed a strict textualist approach<sup>95</sup> and supported this approach by contrasting the FTDA's language with language in state statutes requiring a likelihood of dilution.<sup>96</sup> Although the Court briefly discussed the legislative history behind the FTDA and indicated the legislative intent by reviewing comments in both the House and the Senate,<sup>97</sup> neither the legislative intent nor the federal legislative history explicitly elucidate the meaning of the phrase "causes dilution" in the FTDA.<sup>98</sup> Because the Court adhered to a strict textualist approach, it did not explicitly link the legislative background to its conclusion: neither providing apposite evidence of legislative intent nor using the legislative record to support its interpretation of "causes dilution."<sup>99</sup>

However, the legislative record and statutory language do provide guidance for correctly interpreting this phrase. And the Court's narrow textualist approach failed to consider the context provided by the statutory language as well as what the legislature considered important about dilution law.<sup>100</sup> The FTDA allows a senior user to obtain injunctive relief against a junior use that causes dilution. In essence, the role of injunctive relief is to "prevent future wrong, although no right has yet been violated."<sup>101</sup> But forcing a trademark owner to wait until a provable level of harm has occurred makes the injunctive remedy of the statute futile because it will not remedy the harm suffered prior to winning an injunc-

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

94. 15 U.S.C. § 1125(c)(1) (2000).

95. See Eskridge & Frickey, *supra* note 92, at 340-45.

96. *V Secret III*, 537 U.S. at 432-33.

97. See *id.* at 431. The comments, however, only indicate a desire to "protect famous trademarks from subsequent uses that blur the distinctiveness of the mark or tarnish or disparage it, even in the absence of a likelihood of confusion." *Id.* These comments do not shed light on the statutory phrase "causes dilution" in 15 U.S.C. § 1125(c)(1).

98. 15 U.S.C. § 1125(c)(1).

99. See *V Secret III*, 537 U.S. at 432-34.

100. See generally Eskridge & Frickey, *supra* note 92, at 341-42.

101. *V Secret III*, 537 U.S. at 436 (Kennedy, J., concurring) (quoting *Swift & Co. v. United States*, 276 U.S. 311, 326 (1928)).

tion.<sup>102</sup> Furthermore, the provable amount of harm may be far less in comparison to the amount that the senior user continues to endure. Such an unjust result diminishes the dilution protection guaranteed by the FTDA.

Furthermore, while Justice Kennedy's concurrence focuses on the statutory use of the word "capacity,"<sup>103</sup> his analysis achieves a contradictory result. Justice Kennedy states that "[a] holder of a famous mark threatened with diminishment of the mark's capacity to serve its purpose should not be forced to wait until the damage is done and the distinctiveness of the mark has been eroded."<sup>104</sup> But it is unclear whether the *threat* of diminishment would be associated with actual economic harm due to dilution or, instead, more properly associated with a likelihood of such harm. In the latter situation, proof of actual harm remains unsatisfied. Therefore, contrary to Justice Kennedy's assertions, the holder of a famous mark necessarily would be "forced to wait" until at least a provable amount of damage was done and the distinctiveness of the mark had thus been eroded.<sup>105</sup>

On a policy level, Congress designed the FTDA to protect senior mark owners from uses that reduce the distinctiveness of the famous mark (blurring) or disparage it (tarnishment).<sup>106</sup> By adopting a standard of actual dilution, the Court requires these forms of dilution to occur *before* the senior user may seek relief.<sup>107</sup> This result contradicts the legislature's original intent to protect famous marks before blurring and tarnishment.<sup>108</sup> Addi-

102. The harm prior to an injunction likely will never be compensated because, in the absence of willful behavior, the trademark owner may only seek injunctive relief under the FTDA. *See* Brief of IP Law Professors, *supra* note 92, at 5-8.

103. 15 U.S.C. § 1127 (defining dilution as "the lessening of the capacity of a famous mark to identify and distinguish goods or services").

104. *V Secret III*, 537 U.S. at 436 (Kennedy, J., concurring).

105. *See id.*

106. *See* 15 U.S.C. § 1125(c)(1).

107. *See* *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 223-35 (2d Cir. 1999); Brief of IP Law Professors, *supra* note 92, at 5-7.

108. In commenting on this contradiction, Mark A. Lemley and other IP law professors stated:

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

Brief of IP Law Professors, *supra* note 92, at 7. Not surprisingly, the Moseleys argued exclusively for a plain language interpretation of "causes dilution." *See* Petitioner's Reply Brief on the Merits, *V Secret III*, 537 U.S. 418 (2003) (No. 01-1015), available at 2002 WL 31156489.

tionally, the Court's interpretation forces junior users to incur potentially large costs without judicial assurance that their use will not be later enjoined and their investment wasted.<sup>109</sup>

The canons of statutory interpretation provide a safety valve to avoid results that are absurd or that clearly contradict a statute's purpose.<sup>110</sup> But in *Victoria's Secret*, the Court failed to activate this safety valve and apply these basic canons.

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

When Congress passed the FTDA, no court had interpreted a state anti-dilution statute to require proof of actual economic harm.<sup>111</sup> In addition, the Model State Trademark Bill explicitly allowed plaintiffs to show only a likelihood of harm.<sup>112</sup> Within this context of existing dilution law, Congress enacted the FTDA to improve upon the "patch-quilt system of protection" from state anti-dilution laws.<sup>113</sup> A federal dilution statute was necessary to overcome the inconsistent state court decisions and the reluctance of state courts to grant nationwide injunctions when only half of the states had anti-dilution laws.<sup>114</sup>

If the FTDA protects only against actual dilution, then it sharply contrasts with nearly fifty years of state law and the Model State Trademark Bill. It seems unlikely that Congress, striving to bring uniformity and predictability to the protection of famous marks from dilution, would have ignored fifty years of anti-dilution precedent.<sup>115</sup> Therefore, it is unlikely that Congress intended the FTDA to require proof of actual dilution.<sup>116</sup>

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

The Court's interpretation of the FTDA should have been tempered by additional considerations. In reaching its decision, the Court overlooked the expertise of the lower courts in applying complex balancing tests to

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109. *See Nabisco*, 191 F.3d at 224.

110. *See generally* Eskridge & Frickey, *supra* note 92.

111. *See, e.g.,* WELKOWITZ, *supra* note 3, at 17-21; Klieger, *supra* note 27, at 813-14.

112. *See, e.g.,* WELKOWITZ, *supra* note 3, at 17-18.

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

114. *Id.* A federal cause of action also prevented forum shopping.

115. *See* Brief of IP Law Professors, *supra* note 92, at 12.

116. *See id.*

draw logical inferences from other established facts.<sup>117</sup> In fact, given the uncertainties and potential for manipulation inherent in customer surveys<sup>118</sup> as well as the difficulties in measuring actual dilution,<sup>119</sup> an actual dilution standard may render a dilution claim prohibitively difficult to win. Thus, a *Nabisco*-like balancing test<sup>120</sup> would allow for a more viable dilution claim by avoiding the introduction of potentially misleading or manipulated evidence and giving the court the ability to exercise its expertise.

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

In reaching its conclusion, the Court failed to resolve ambiguities involving the types of evidence and threshold of harm sufficient to show actual dilution.<sup>121</sup>

### 1. *The Suggested Means of Proof are Not Effective*

The initial question to consider is whether anyone can reliably measure dilution. The FTDA defines dilution as “the lessening of the capacity of a famous mark to identify goods and services.”<sup>122</sup> To show dilution at trial, some commentators advocate using expert testimony and a skillfully constructed consumer survey.<sup>123</sup> But others note the manipulability of these surveys and the possibility that the actual dilution may be vanishingly small.<sup>124</sup>

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117. See, e.g., *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 224 (2d Cir. 1999) (applying a ten factor test); *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341 (9th Cir. 1979) (laying out eight factors for likelihood of confusion in a trademark infringement claim).

118. See discussion *infra*.

119. See discussion *infra*.

120. See *Nabisco*, 191 F.3d at 217-22.

121. Indeed, in *Ringling Brothers*, the Fourth Circuit conceded that the difficulties of proving actual dilution may have led a few federal courts to assume, “without facing up to the interpretive difficulty of doing so,” that the FTDA only requires a “likelihood of dilution.” *Ringling Bros.-Barnum & Bailey Combined Shows v. Utah Div. of Travel Dev.*, 170 F.3d 449, 464 (4th Cir. 1999).

122. 15 U.S.C. § 1127 (2000).

123. See, e.g., 4 MCCARTHY, *supra* note 8, § 24:94.2; Patrick M. Bible, Comment, *Defining and Quantifying Dilution Under the Federal Trademark Dilution Act of 1995: Using Survey Evidence to Show Actual Dilution*, 70 U. COLO. L. REV. 295 (1999); Adam Omar Shanti, Comment, *Measuring Fame: The Use of Empirical Evidence in Dilution Actions*, 5 MARQ. INTELL. PROP. L. REV. 177 (2001).

124. See, e.g., *V Secret II*, 259 F.3d 464, 476 (6th Cir. 2001) (stating that customer surveys to show dilution are “unwieldy at best”); *Nabisco*, 191 F.3d at 223-24. In the Seventh Circuit’s recent opinion *Ty, Inc. v. Softbelly’s, Inc.*, Judge Posner addressed the *Victoria’s Secret* Court’s implication of trial-type evidence to prove actual dilution by stating: “We are not sure what question could be put to consumers that would elicit a meaningful answer either in that case [*V Secret III*] or this one . . . . We are not alone in

Indeed, at the initial stages of dilution, the harm to the famous mark may be immeasurably small.<sup>125</sup> If the harm were immeasurable,<sup>126</sup> then a trademark owner would be unable, under the Court's actual dilution requirement, to win a nationwide injunction against a diluting mark. For example, if multiple junior uses were to occur at different times, then even assuming that the dilutive effects of a junior use may be statistically factored out of the survey evidence, the quantity of measured dilution may be too insignificant at these times to allow a viable dilution claim against a single junior user. Such a result would allow dilution to spread like an "infection" as more and more junior users siphon and benefit from the goodwill of the senior mark, irreparably damaging the famous trademark.<sup>127</sup>

The Court should have realized that in most situations actual harm would be vanishingly small. Based on this realization, a likelihood of dilution standard would be the only pragmatic way to protect the senior user from harm due to dilution. That the Court's actual dilution standard fails to account for the difficulty in showing proof of dilution casts additional doubt on the reasoning behind the Court's interpretation of the FTDA.<sup>128</sup>

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

Assuming that surveys or expert testimony can reliably show some measurable quantity of dilution, the Court's opinion leaves uncertain just how much harm a plaintiff must show. At least one commentator has suggested that the Court's holding does not require an expert witness to quan-

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having these doubts." 353 F.3d 528, 535 (7th Cir. 2003). When considering the Court's suggestion that circumstantial evidence may alone be sufficient to prove actual dilution where the junior and senior marks are identical, see *V Secret III*, 537 U.S. 418, 434 (2003), Posner states: "The [*V Secret III*] Court did not explain and no one seems to know what that 'circumstantial evidence' might be." *Ty*, 353 F.3d at 536.

125. See *Nabisco*, 191 F.3d at 223-24.

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

127. See H.R. REP. NO. 104-374, at 3 (1995), reprinted in 1996 U.S.C.C.A.N. 1029, 1030 ("Confusion leads to immediate injury, while dilution is an infection, which if allowed to spread, will inevitably destroy the advertising value of the mark.")

128. An initial reaction to the Court's holding was given by Judge Rice of the federal District Court for the Southern District of Ohio: "However, [plaintiffs] are no doubt entitled to an opportunity to make their [dilution] case on the merits, the Court will note that it is *extremely difficult to prevail* on such [dilution claim] under the Lanham Act." *Reed Elsevier, Inc. v. TheLaw.net Corp.*, 269 F. Supp. 2d 942, 953 (S.D. Ohio 2003) (emphasis added).

tify the damage to a senior mark's marketing strength.<sup>129</sup> Instead, the marketing or advertising expert need only explain that the value of a senior mark has been lessened to some extent, and in the case of tarnishment, the expert need only explain that the junior use will in fact cause tarnishment.<sup>130</sup>

While this interpretation, if correct, eases concern over the quantity of dilution, it is still unclear how an expert would support an opinion on actual dilution. If the expert employs dilution surveys, then the infirmities of these surveys<sup>131</sup> could undermine the testimony. If the expert presents testimony based on an analysis of the case's facts, then the expert would essentially perform an analysis identical to that of a judge applying a likelihood of dilution test.

With respect to survey evidence, even assuming that dilution may be measured and quantified with a survey, the quantity of dilution necessary for a viable dilution claim remains uncertain. Ultimately, the lower federal courts will have to struggle to set an appropriate threshold level for actual dilution.<sup>132</sup> The Court could have avoided this additional uncertainty with a likelihood of dilution standard.

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

Moving beyond the *Victoria's Secret* decision, many ambiguities involving interpretation of the FTDA continue to frustrate the statute's application. For example, courts have not yet resolved the role of distinctiveness or fame in qualifying a trademark for dilution protection.<sup>133</sup> Therefore, the *Victoria's Secret* decision merely begins the first chapter in FTDA interpretation.

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129. See 4 MCCARTHY, *supra* note 8, § 24:94.2.

130. *Id.*

131. See discussion *supra*.

132. Perhaps an analogy may be drawn to customer surveys in trademark infringement analysis, where a threshold typically around 20% suffices to prove customer confusion.

133. Other questions surrounding the FTDA involve what constitutes fair use under the FTDA, see 15 U.S.C. § 1125(c)(4)(A) (2000), and whether dilution is applicable where the goods or services are in competition, see 4 MCCARTHY, *supra* note 8, § 24:72 (observing that the FTDA on its face is capable of application to competitive situations). Courts and commentators are also divided on whether the FTDA covers trade dress. Compare *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208 (2d Cir. 1999) (applying dilution to protect Pepperidge Farm's fish-shaped Goldfish crackers), with *Planet Hollywood, Inc. v. Hollywood Casino Corp.*, 80 F. Supp. 2d 815, 901 (N.D. Ill. 1999) ("The [c]ourt concludes that Section 43(c) was not intended to provide a cause of action for trade dress dilution . . .").

### 1. *Distinctiveness*

When a trademark is capable of immediately identifying a product's source, the mark is labeled "inherently distinctive."<sup>134</sup> These inherently distinctive marks are further classified as arbitrary, fanciful, and suggestive marks and are given full protection under the Lanham Act.<sup>135</sup> For all other marks, to secure trademark rights, the Lanham Act requires proof that the trademark has acquired a secondary meaning to the public.<sup>136</sup> Once secondary meaning is established, the mark is deemed to have acquired the distinctiveness needed for protection.<sup>137</sup>

The FTDA explicitly provides dilution protection only to owners of famous marks. However, the FTDA lists factors to determine whether a mark is "distinctive and famous."<sup>138</sup> Courts and commentators are divided over whether the addition of the word "distinctive" indicates an additional element of a dilution claim.<sup>139</sup> The *Victoria's Secret* Court may have provided in dicta some insight into this conflict. In a footnote, the Court approvingly cited language from Schechter's 1927 article that directly supports the Second Circuit.<sup>140</sup> This language supports the importance of dis-

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134. See generally *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159 (1995); *MERGES ET AL.*, *supra* note 17, at 546.

135. See *Qualitex*, 514 U.S. at 162-63.

136. See *id.* Secondary meaning may occur, for example, when consumers come to identify descriptive words on a product with the product's origin. See *id.*

137. See *id.*

138. See 15 U.S.C. § 1125(c)(1)(A)-(H).

139. Compare *Id.* § 1125(c)(1)(A), and *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 217 (2d Cir. 1999) (noting that distinctiveness serves two functions: first, it is a threshold statutory element, and second, "the degree of distinctiveness of the senior mark has a considerable bearing on the question whether a junior use will have a diluting effect") (citing 15 U.S.C. § 1125(c)(1)(A)), with *Times Mirror Mags., Inc. v. Las Vegas Sports News, LLC*, 212 F.3d 157, 164 (3d Cir. 2000) (stating that distinctiveness is not a separate element), and 4 MCCARTHY, *supra* note 8, § 24:91 (suggesting that the term "distinctive" was supposed to be dropped from the statute before enactment and was inadvertently "left floating in the statute, unmoored to either any statutory requirement or underlying policy goal").

140. In footnote 10, the Court quoted from Schechter:

The rule that arbitrary, coined or fanciful marks or names should be given a much broader degree of protection than symbols, words or phrases in common use would appear to be entirely sound. Such trademarks or tradenames as 'Blue Ribbon,' used, with or without registration, for all kinds of commodities or services, more than sixty times; 'Star' as far back as 1898, nearly four hundred times; 'Anchor,' already registered over one hundred fifty times in 1898 . . . all these marks and names have, at this late date, *very little distinctiveness* in the public mind, and in most cases suggest merit, prominence or other qualities of

tinctiveness in a dilution analysis, but it remains unclear whether a mark that is not inherently distinctive and has acquired distinctiveness solely through secondary meaning deserves dilution protection.<sup>141</sup>

## 2. *Fame*

In addition to the confusion over the role of distinctiveness in applying the FTDA, courts and commentators have struggled with how to determine the fame of a mark.<sup>142</sup> The FTDA provides a list of nonexclusive factors for courts to consider in determining whether a mark is distinctive and famous.<sup>143</sup> Congress presumably provided this guidance to ensure that dilution would be confined to truly famous marks as envisioned by Schechter. Furthermore, since dilution is a federal cause of action, marks possessing fame in a local market—niche fame—are clearly not eligible for dilution protection.<sup>144</sup> It is likely that the somewhat odd findings of

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goods or services in general, rather than the fact that the product or service, in connection with which the mark or name is used, emanates from a particular source. On the other hand, 'Rolls-Royce,' 'Aunt Jemima's,' 'Kodak,' 'Mazda,' 'Corona,' 'Nujol,' and 'Blue Goose,' are *coined, arbitrary or fanciful words or phrases* that have been added rather than withdrawn from the human vocabulary by their owners, and have, from the very beginning, been associated in the public mind with a particular product, not with a variety of products, and have created in the public consciousness an impression or symbol of the excellence of the particular product in question.

*V Secret III*, 537 U.S. 418, 429 n.10 (2003) (quoting Schechter, *supra* note 18, at 828-29) (emphasis added).

141. See, e.g., *N.Y. Stock Exch. Inc. v. N.Y., N.Y. Hotel, LLC*, 69 F. Supp. 2d 479, 488 (S.D.N.Y. 1999) ("[A] famous mark that has acquired secondary meaning is not 'distinctive' as that term is used in the federal anti-dilution statute, and is thus not entitled to protection thereunder.").

142. See, e.g., 4 MCCARTHY, *supra* note 8, § 24.112.1 (stating that the FTDA does not require courts to recognize niche fame); Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 Yale L.J. 1687, 1698 (1999) (discussing how some courts applying the FTDA have expanded the scope of "famous" marks to include the marks of a local favorite and obscure companies).

143. See 15 U.S.C. § 1125(c)(1)(A)-(H).

144. See 4 MCCARTHY, *supra* note 8, § 24.112.1 ("[R]ecognition of niche fame is an improper application of the federal act, is an unnecessary and superfluous legal theory and improperly displaces the traditional balance of competitive rights reflected in the likelihood of confusion test.").

fame<sup>145</sup> were merely fleeting growing pains as the courts adjusted to application of the FTDA.<sup>146</sup>

#### IV. CONCLUSION

Although the *Victoria's Secret* Court resolved a circuit split over interpretation of the FTDA, the Court reached a result that contradicts the FTDA's purpose. The Court's decision presents numerous evidentiary hurdles that may cripple many dilution claims. In particular, the effectiveness of the suggested means of proof to show dilution—customer surveys and expert testimony—is at best questionable. Furthermore, it is unclear whether dilution can be reliably measured. Even assuming that dilution can be measured and quantified, the required quantity of harm to prevail on a dilution claim is uncertain.

While the Court's decision in *Victoria's Secret* suffers some infirmities, it does address one issue in the dilution puzzle. The consequences of the decision remain to be seen. When considered in the context of the numerous uncertainties that continue to frustrate application of the FTDA, *Victoria's Secret* is merely the first chapter in the FTDA's story.

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145. See Lemley, *supra* note 142, at 1698-99 (listing a number of the "rather obscure" marks that have been accorded famous status by courts applying the FTDA).

146. Additionally, since dilution cases concerning domain names became the province of the Anticybersquatting Consumer Protection Act in 1999, ambiguities in applying the FTDA have been reduced. See 15 U.S.C. § 1125(d).