

**TARNISHING THE DILUTION BY TARNISHMENT  
CAUSE OF ACTION: STARBUCKS CORP. V. WOLFE’S  
BOROUGH COFFEE, INC. AND V SECRET  
CATALOGUE, INC. V. MOSELEY, COMPARED**

*Britt N. Lovejoy*<sup>†</sup>

In 2006, Congress amended the Federal Trademark Dilution Act (FTDA) by passing the Trademark Dilution Revision Act (TDRA).<sup>1</sup> The TDRA was, in part, a legislative response to the Supreme Court’s decision in *Moseley v. V Secret Catalogue, Inc.* (*Moseley I*)<sup>2</sup> in which the Court held that the FTDA required that a plaintiff prove “actual dilution” in order to succeed on a claim of trademark dilution.<sup>3</sup> The TDRA rejected the burden of proof set forth in *Moseley I*, providing instead that the owner of a mark that is both famous and distinctive is entitled to an injunction against a use of a mark that is merely “likely” to dilute the famous mark.<sup>4</sup>

Unfortunately, Congress’s decision to substitute a “likelihood of dilution” standard for one of “actual dilution” provides no answer to the more difficult question persisting within the dilution debate: what is dilution by tarnishment and how does a plaintiff prove its likelihood?<sup>5</sup> Although the TDRA provides some guidance as to what factors might suggest a likelihood of dilution by blurring,<sup>6</sup> it does not provide similar guidance as to what a plaintiff must show in order to prove a likelihood of tarnishment. The tarnishment provision, unlike the blurring provision, does not include a list

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† J.D. Candidate, 2012, University of California, Berkeley School of Law.

1. Federal Trademark Dilution Revision Act, Pub. L. No. 109-312, 120 Stat. 1730 (2006) (codified at 15 U.S.C. § 1125(c) (2006)) (amending Federal Trademark Dilution Act, Pub. L. No. 104-98, 109 Stat. 985 (1996)).

2. *Moseley v. V Secret Catalogue, Inc.* (*Moseley I*), 537 U.S. 418 (2003).

3. *Id.* at 433.

4. *Starbucks Corp. v. Wolfe’s Borough Coffee, Inc.*, 588 F.3d 97, 104 (2009) (citing § 1125(c)(1)).

5. See Stacey L. Dogan, *What Is Dilution, Anyway?*, 105 MICH. L. REV. FIRST IMPRESSIONS 103, 103 (2006) (asking the same question of dilution generally).

6. See § 1125(c)(2)(B)(i)–(vi) (listing six non-exhaustive factors for courts to use in determining whether there is a likelihood of trademark blurring).

of factors for consideration.<sup>7</sup> The TDRA simply defines tarnishment as an “association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.”<sup>8</sup>

Despite this ambiguity, little scholarship has touched upon dilution by tarnishment since the passage of the TDRA.<sup>9</sup> Instead, law review articles on the TDRA tend to focus on dilution by blurring,<sup>10</sup> perhaps because this cause of action is applicable to a greater number of fact patterns and therefore more attractive to litigants.<sup>11</sup> Likewise—and perhaps for the same reason—there is little guidance to be found in the current case law on dilution by tarnishment. Although it has been five years since the TDRA became effective, relatively few reported opinions discuss dilution by tarnishment.<sup>12</sup>

The question of what constitutes tarnishment thus remains largely unresolved, leaving the courts with the responsibility of determining the scope of the dilution by tarnishment cause of action on a case-by-case basis.<sup>13</sup> Consequently, judges have great discretion in shaping the dilution by tarnishment doctrine.<sup>14</sup> The vastly divergent stances taken by the Court of Appeals for the Second Circuit and the Sixth Circuit in two recent tarnishment cases, *Starbucks Corp. v. Wolfe’s Borough Coffee, Inc.*<sup>15</sup> and *V Secret Catalogue, Inc. v. Moseley (Moseley II)*,<sup>16</sup> illustrate the extent of this discretion.

7. Compare § 1125(c)(2)(B) (listing as factors: “(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”) with § 1125(c)(2)(C) (no factors listed).

8. § 1125(c)(2)(C).

9. Sarah L. Burstein, *Dilution by Tarnishment: The New Cause of Action*, 98 TRADEMARK REP. 1189, 1190 (2008).

10. *Id.* at 1190 (citing as an example Scot A. Duvall, *The Trademark Dilution Revision Act of 2006: Balanced Protection for Famous Brands*, 97 TRADEMARK REP. 1252, 1267–68 (2007)).

11. See J. THOMAS MCCARTHY, 4 MCCARTHY ON TRADEMARKS & UNFAIR COMPETITION § 24:67 (4th ed.) (“The vast majority of dilution cases involve dilution by ‘blurring.’ Dilution by ‘tarnishment’ is a much rarer and unusual situation.”).

12. Burstein, *supra* note 9 (discussing the lack of case law on dilution by tarnishment). A quick search conducted on Westlaw on February 10, 2011 revealed only 146 federal court opinions discussing dilution by tarnishment after the passage of the TDRA.

13. See Dogan, *supra* note 5, at 103 (noting the same of dilution generally).

14. *Id.* (noting the same of dilution generally).

15. *Starbucks Corp. v. Wolfe’s Borough Coffee, Inc.*, 588 F.3d 97 (2d Cir. 2009).

16. *V Secret Catalogue, Inc. v. Moseley (Moseley II)*, 605 F.3d 382 (6th Cir. 2010), *cert. denied*, 79 U.S.L.W. 3301 (U.S. Jan. 18, 2011) (No. 10-604).

As will be discussed in Part II, *infra*, the Second Circuit in *Starbucks* applied the dilution by tarnishment standard outlined in the TDRA in a relatively straightforward manner.<sup>17</sup> By contrast, the Sixth Circuit's decision in *Moseley II* created an unprecedented "rebuttable presumption" of tarnishment to be applied in cases where the defendant has used the plaintiff's mark, or a semantically similar mark, in association with sex-related products.<sup>18</sup> It is unclear what effect the Sixth Circuit intended that this presumption might have on dilution by tarnishment litigation. However, this Note argues that regardless of the presumption's intended impact, its creation runs contrary to the language and legislative history of the TDRA.

The opinion in *V Secret Catalogue, Inc. v. Moseley* must therefore be regarded as an oddity—likely inspired by the persistent ambiguity in this area of trademark law. It must not serve as a guide for future dilution by tarnishment decisions. Courts seeking guidance in applying the TDRA standard for dilution by tarnishment should turn instead to the Second Circuit's decision in *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.*

## I. BACKGROUND: EVOLUTION OF THE FEDERAL STANDARD FOR TRADEMARK DILUTION BY TARNISHMENT

Essential to any discussion of how the dilution by tarnishment standard should be applied under the TDRA is an understanding of how that standard has evolved in recent years. This Part will first provide a general explanation of tarnishment. It will then discuss the dilution by tarnishment cause of action under the first federal anti-dilution statute, the FTDA. Finally, it will explore the TDRA's treatment of the dilution by tarnishment cause of action.

### A. TARNISHMENT GENERALLY

Dilution generally refers to the harm that results when a famous mark loses its "singular meaning."<sup>19</sup> Traditional trademark infringement law protects against junior uses of a mark that are so similar to the senior user's use of that mark that there exists a likelihood of consumer confusion.<sup>20</sup> Such protection is theoretically justified, in part, by the consumer's interest in not

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17. See *Starbucks*, 588 F.3d at 110–12.

18. *Moseley II*, 605 F.3d at 385.

19. E.g., Dogan, *supra* note 5, at 103.

20. MCCARTHY, *supra* note 11, § 23:1.

being deceived.<sup>21</sup> In contrast, trademark dilution law protects the “distinctive quality” of the mark itself by allowing a mark owner to prohibit junior uses that might “dilute” the mark’s distinctive quality.<sup>22</sup> A famous mark can be diluted by either a “blurring” or “tarnishment” of the mark.<sup>23</sup>

Blurring generally occurs where consumers begin to associate a famous mark with a second source of goods, although they maintain an understanding that the goods come from two distinct sources, and thus no “confusion” exists.<sup>24</sup> The need for legal protection in this scenario is justified on the theory that if potential consumers see a senior user’s famous mark used to identify other sources for diverse goods and services, then the ability of the mark to clearly identify the original source might be “diluted” or weakened.<sup>25</sup>

By contrast, tarnishment traditionally occurs where a defendant’s unauthorized use of a mark tarnishes or degrades consumers’ positive associations with a mark, and thus harms the reputation of that mark.<sup>26</sup> The Second Circuit has observed that: “The sine qua non of tarnishment is a finding that plaintiff’s mark will suffer negative associations through defendant’s use.”<sup>27</sup> Likewise, the Restatement of Unfair Competition explains that dilution by tarnishment results when a mark’s “positive associations” are undermined and thereby harmed by a subsequent user: “To prove a case of tarnishment, the prior user must demonstrate that the subsequent use is likely to come to the attention of the prior user’s prospective purchasers and that the use is likely to undermine or damage the positive associations evoked by the mark.”<sup>28</sup>

Various trademark scholars, including Thomas McCarthy, have argued that dilution by tarnishment need not necessarily be regarded as a cause of

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21. *E.g., id.* § 2:1 (noting that “[t]he interest of the public in not being deceived has been called the basic policy [justifying the law of unfair competition]” although “[t]he plaintiff’s interest in not having the fruit of his labor misappropriated should not be disregarded.” (quoting *Zippo Mfg. Co. v. Rogers Imports, Inc.*, 216 F. Supp. 670, 694 (S.D.N.Y. 1963))).

22. *E.g.,* DAVID S. WELKOWITZ, TRADEMARK DILUTION 4–5 (2002).

23. *E.g.,* MCCARTHY, *supra* note 11, § 24:67 (citing RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25 (1995)).

24. *E.g., id.* § 24:69.

25. *E.g., id.*

26. MCCARTHY, *supra* note 11, § 24:89.

27. *Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497, 507 (2d Cir. 1996).

28. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25 cmt. g (1995).

action separate from traditional trademark infringement.<sup>29</sup> As McCarthy explains, “‘Tarnishment’ . . . denotes a kind of injury to a mark, not a type of separate commercial tort. Thus, in theory, ‘tarnishment’ could occur either as a result of traditional likely [consumer] confusion or by dilution without [consumer] confusion.”<sup>30</sup> The First Circuit’s definition of trademark dilution likewise highlights the indistinct relationship between dilution by tarnishment and the likelihood of consumer confusion concept:

A trademark is tarnished when consumer capacity to associate it with the appropriate products or services has been diminished. The threat of tarnishment arises when the goodwill and reputation of a plaintiff’s trademark is linked to products which are of shoddy quality or which conjure associations that clash with the associations generated by the owner’s lawful use of the mark . . . .<sup>31</sup>

By defining tarnishment in terms of consumer capacity to associate the mark with the “appropriate” product or service, the First Circuit brings tarnishment within close proximity of traditional trademark infringement’s “likelihood of confusion” test.

Although the line between tarnishment and infringement may be blurry, it is clear that unlike infringement, tarnishment *only* occurs where a mark is used in a disparaging context.<sup>32</sup> Indeed, the Ninth Circuit has stated that dilution by tarnishment only occurs where a plaintiff’s mark is linked “with something unsavory or degrading.”<sup>33</sup> For example, tarnishment has been found when the defendant has used the plaintiff’s mark in connection with the following products: X-rated movies; adult cartoons; adult content Web sites; adult entertainment; a topless bar; crude humor; illegal drugs; and drug

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29. See, e.g., MCCARTHY, *supra* note 11, § 24:89. See generally Robert S. Nelson, *Unraveling the Trademark Rope: Tarnishment and Its Proper Place in the Laws of Unfair Competition*, 42 IDEA 133 (2002) (arguing that because one entity can only tarnish another if observers think the two are somehow affiliated, tarnishment appears to be something far more akin to trademark infringement than dilution).

30. MCCARTHY, *supra* note 11, § 24:89.

31. *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 31 (1st Cir. 1987).

32. See, e.g., *Clinique Labs., Inc. v. Dep Corp.*, 945 F. Supp. 547, 562 (S.D.N.Y. 1996) (“[Defendant] is not attempting to associate [plaintiff’s] products with obscenity or sexual or illegal activity, the [defendant’s cheaper] product line is neither shoddy or [sic] unwholesome, and no evidence suggests that [plaintiff’s] trademark or trade dress will suffer negative associations through [defendant’s] use of [its] mark.”).

33. *Toho Co. v. Sears, Roebuck & Co.*, 645 F.2d 788, 790, 793 (9th Cir. 1981) (holding use by Sears of “Bagzilla” on “Monstrously Strong” garbage bags did not tarnish the “Godzilla” mark because the defendant did not link the mark with something “unsavory or degrading”).

culture music.<sup>34</sup> In addition, tarnishment may be found where a mark is used in connection with goods of “shoddy quality,” as the public may come to “associate the lack of quality or lack of prestige in the defendant’s goods with the plaintiff’s unrelated goods.”<sup>35</sup>

#### B. DILUTION BY TARNISHMENT UNDER THE FTDA

The first federal anti-dilution statute, the FTDA, made no specific mention of dilution by tarnishment at the time of its enactment in 1996.<sup>36</sup> Consequently, various legal scholars have argued that a dilution by tarnishment cause of action did not exist under the FTDA.<sup>37</sup> Others have argued that the legislative history of the FTDA clearly reveals Congress’s intention that the statute serve to protect trademarks from dilution by tarnishment.<sup>38</sup>

In the years following the FTDA’s enactment, several courts held that the statute did in fact encompass dilution by tarnishment.<sup>39</sup> However, despite

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34. MCCARTHY, *supra* note 11, § 24:89.

35. *Hormel Foods Corp. v. Jim Henson Prods., Inc.*, 73 F.3d 497, 507 (2d Cir. 1996) (quoting *Deere & Co. v. MTD Prods., Inc.*, 41 F.3d 39, 43 (2d Cir. 1994)).

36. MCCARTHY, *supra* note 11, § 24:89 (noting that the “statute did not include the wording ‘likelihood of injury to business reputation’ that the 1964 Model Bill contained and that several state anti-dilution statutes contain”); *see also* Federal Trademark Dilution Act, Pub. L. No. 104-98, 109 Stat. 985 (1996) (codified at 15 U.S.C. § 1125 (1996)) (amended 2006).

37. *See, e.g.*, Robert C. Denicola, *Some Thoughts on the Dynamics of Federal Trademark Legislation and the Trademark Dilution Act of 1995*, 59 LAW & CONTEMP. PROBS. 75, 88–90 (1996) (“Unlike broader state dilution acts with their references to ‘injury to business reputation’ as well as to ‘dilution of the distinctive quality of a trademark,’ the federal dilution statute is limited to uses that blur the source significance of the mark.”); Miles J. Alexander & Michael K. Heilbronner, *Dilution Under Section 43(c) of the Lanham Act*, 59 LAW & CONTEMP. PROBS. 93, 124–25 (1996) (“Under a strict constructionist view like Justice Scalia’s, the omission in the federal statute of the ‘injury to business reputation’ language that is contained in most state dilution statutes may mean that a claim for tarnishment is not available under the federal statute.”).

38. *See, e.g.*, MCCARTHY, *supra* note 11, § 24:89 (citing 141 CONG. REC. S19,312-01 (daily ed. Dec. 29, 1995) (statement of Sen. Leahy)); 141 CONG. REC. H14,317-02 (daily ed. Dec. 12, 1995) (statement of Rep. Carlos Moorhead) (“Mr. Speaker, this bill [HR 1295] is designed 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. REP. NO. 104-374, at 8 (1995) (“The definition [of ‘dilution’] is designed to encompass all forms of dilution recognized by the courts, including dilution by blurring, by tarnishment and disparagement, and by diminishment.”).

39. *See, e.g.*, *Kraft Foods Holdings, Inc. v. Helm*, 205 F. Supp. 2d 942, 942, 948 (N.D. Ill. 2002) (“Dilution can occur by blurring or tarnishment.”); *Mattel, Inc. v. Internet Dimensions, Inc.*, No. 99 Civ. 10066, 2000 WL 973745, at \*8 (S.D.N.Y. July 13, 2000) (“Under federal law, dilution can occur either by blurring or by tarnishment.”); *America*

increasing recognition of a federal dilution by tarnishment standard in the lower courts, in the 2003 Supreme Court case *Moseley I*, Justice Stevens stated in dicta that tarnishment might not be covered by the FTDA.<sup>40</sup> Justice Stevens's doubt inspired Congress to include an explicit dilution by tarnishment cause of action in the TDRA.<sup>41</sup>

### C. THE STANDARD FOR TARNISHMENT UNDER THE TDRA

The TDRA fills the “statutory gap” of dilution by tarnishment.<sup>42</sup> In contrast to the FTDA, which made no explicit mention of tarnishment, the TDRA includes a dilution by tarnishment cause of action.<sup>43</sup> Section 1125(c)(1) provides:

Subject to the principles of equity, the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring *or dilution by tarnishment of the famous mark*, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.<sup>44</sup>

Further, § 1125(c)(2)(C) defines tarnishment as an “association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.”<sup>45</sup> Drawing upon subsections (c)(1) and (c)(2)(C), trademark scholar Sarah Burstein has identified the *prima facie* elements of a dilution by tarnishment cause of action:

- (1) The plaintiff's mark was eligible for TDRA protection before
- (2) the defendant made a trademark use of a mark or trade name,

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Online, Inc. v. IMS, 24 F. Supp. 2d 548, 552 (E.D. Va. 1998) (“The ‘likelihood of dilution’ element can be established either by a showing of ‘blurring’ or by a showing of ‘tarnishment.’); see also Jennifer Files Beerline, Note, *Anti-Dilution Law, New and Improved: The Trademark Dilution Revision Act of 2006*, 23 BERKELEY TECH. L.J. 511, 520 (2008) (“Courts recognized tarnishment as a cause of action under the FTDA . . .”).

40. *Moseley I*, 537 U.S. 418, 432 (2003).

41. See, e.g., *Trademark Dilution Revision Act of 2005: Hearing on H.R. 683 Before the Subcomm. on Courts, the Internet, and Intellectual Property of the H. Comm. on the Judiciary*, 108th Cong. 34 (2005) [hereinafter *2005 Hearing*] (statement of Anne Gundelfinger, President, International Trademark Association) (“In light of the ambiguity created by the Supreme Court's dicta in the *Moseley [I]* decision, INTA believes that it is important to expressly state in a revised federal dilution statute that tarnishment is within the scope of the law.”).

42. MCCARTHY, *supra* note 11, § 24:89.

43. 15 U.S.C. § 1125(c)(1) (2006).

44. *Id.* (emphasis added).

45. § 1125(c)(2)(C).

(3) which is . . . similar to the famous mark, (4) and as a result of such similarity, the junior use creates a mental association between the defendant's mark and the famous mark, (5) which is likely to harm the famous mark's reputation.<sup>46</sup>

However, although the TDRA includes a tarnishment cause of action, it does not codify the existing case law on tarnishment.<sup>47</sup> Even a superficial comparison of the standard under the TDRA with the treatment of dilution by tarnishment under the FTDA reveals significant differences.

First, new language in the TDRA makes clear that the standard for proving a dilution claim is "likely to cause dilution."<sup>48</sup> Congress added this clarifying language in order to reject the increased burden of proof, namely that of "actual dilution," required by the Supreme Court's ruling in *Moseley I.*<sup>49</sup> Although its decision to adopt the "likelihood" standard strengthened the rights of trademark holders, Congress did not see the adoption of this standard as a deviation from the FTDA. Rather, Congress believed that it was merely articulating more clearly what it had always believed to be the law; the House Report noted that "[t]he language in the bill now squares with what Congress had initially intended."<sup>50</sup>

Further, although Congress's decision to embrace a standard of "likely" rather than "actual" dilution may have had the effect of empowering trademark owners, Congress also enacted several changes to create balance in the law. By more specifically delineating actionable trademark uses, Congress

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46. Burstein, *supra* note 9, at 1216. Omitted from Burstein's third element is the word "substantially." *See id.* The Second Circuit in *Starbucks* held that the TDRA does not require a showing of "substantial similarity." *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.*, 588 F.3d 97, 108 (2009). The Ninth Circuit also found that a requirement of "substantial similarity" did not survive Congress's enactment of the TDRA. *Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*, 633 F.3d 1158, 1172 (9th Cir. 2011). The court held that the TDRA requires only a showing of "similarity" between the two marks at issue. *Id.* at 1173. While both of these cases discuss "similarity" in the context of blurring, the TDRA likewise does not seem to require that a plaintiff show "substantial similarity" in order to succeed on a tarnishment claim. *See* § 1125(c)(1)(C) (also not including the word "substantial").

47. Burstein, *supra* note 9, at 1189.

48. *See* § 1125(c)(1).

49. H.R. REP. NO. 109-23, at 5 (2005) ("The [*Moseley I.*] standard creates an undue burden for trademark holders who contest diluting uses and should be revised.").

50. *Id.* at 25; *see also* 151 CONG. REC. H2121-01 (daily ed. Apr. 19, 2005) (statement of Rep. Sensenbrenner) ("H.R. 683 [the TDRA bill] does not establish new precedent or break new ground. Rather, the bill represents a clarification of what Congress meant when it passed the dilution statute a decade ago.").



both narrowed the boundaries of the tarnishment cause of action and protected defendants' First Amendment rights.<sup>51</sup>

For example, before the passage of the TDRA, tarnishment case law generally did not require that the defendant make a trademark use of the mark.<sup>52</sup> By contrast, for a dilution by tarnishment cause of action to exist under the TDRA, a defendant must use the plaintiff's mark as a "mark or trade name"—essentially, as a designation of source.<sup>53</sup> Legislative history indicates that this requirement was intended to protect defendants' First Amendment rights from being trampled by dilution law. Those testifying at the 2004 and 2005 hearings before the Subcommittee on Courts, the Internet, and Intellectual Property seemed to be in general agreement that the source designation requirement would protect socially valuable parody, criticism, and other fair uses.<sup>54</sup> Professor Mark Lemley noted that

[a]dding [the "trademark use" requirement] to the dilution statute provides an important safeguard against the use of the law to attack free speech or legitimate competition. Competitors, parodists, disgruntled consumers, the media and others will be free to use even famous trademarks to comment, criticize, discuss or make fun of the trademark owner, and to engage in legitimate comparisons between their products and the trademark owner's. . . . None of these uses seek to appropriate the famous mark as a brand for the defendant's own products. Only where the defendant uses the famous mark *as a mark*—as a means of identifying their own goods—are the risks of dilution present.<sup>55</sup>

Further, unlike the FTDA, the TDRA explicitly specifies that various nominative fair uses are not actionable under the statute.<sup>56</sup> The TDRA specifically shields comparative advertising, parodies, all forms of news

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51. See Burstein, *supra* note 9, at 1189–90 (citing § 1125(c)(1), 1125(c)(2)(C), 1125(c)(3); H.R. REP. NO. 109-23, at 25 (statement of Rep. Berman)); see also Beerline, *supra* note 29, at 530 ("the new law's expanded exemptions could limit some claims").

52. E.g., Burstein, *supra* note 9, at 1189.

53. *Id.* at 1189–90 (citing §§ 1125(c)(1), 1125(c)(2)(C)).

54. See, e.g., *Comm. Print to Amend the Fed. Trademark Dilution Act: Hearing Before the Subcomm. on Courts, the Internet, and Intellectual Property of the H. Comm. on the Judiciary*, 108th Cong. 16 (2004) [hereinafter *2004 Hearing*] (statement of Jacqueline A. Leimer, President, International Trademark Association) ("This requirement [trademark use] will protect fair uses of a famous mark and safeguard all legitimate parody and satire, even if that parody and satire appear in a commercial context."); *2005 Hearing, supra* note 41, at 46–47 (statement of Mark A. Lemley, William H. Neukom Professor of Law, Stanford University).

55. *2005 Hearing, supra* note 41, at 46–47.

56. Burstein, *supra* note 9, at 1190 (citing § 1125(c)(3)).

reporting and news commentary, and any other noncommercial use of a mark from liability for dilution.<sup>57</sup>

Congress also significantly narrowed the tarnishment cause of action by “tightening” the threshold requirements a mark must satisfy in order to qualify for protection under the statute.<sup>58</sup> Congress noted in the House Report that the TDRA would serve to “narrow[] the application of dilution by tightening the definition of what is necessary to be considered a famous mark.”<sup>59</sup> Specifically, the TDRA provides four factors for courts to use in determining whether a mark is sufficiently “famous” to meet the TDRA’s threshold fame requirement.<sup>60</sup> The TDRA also denies protection to marks that are famous only in a niche market.<sup>61</sup>

In sum, to the extent that the FTDA allowed trademark holders to bring suit for dilution by tarnishment under federal law, Congress attempted to significantly narrow the cause of action by the passage of the TDRA.<sup>62</sup> This intent is made strikingly clear in the language of the House Report:

Protection against trademark dilution seems, in some ways, more akin to property protection than consumer protection. Thus, any anti-dilution legislation should be carefully and narrowly crafted. The goal must be to protect only the most famous trademarks from subsequent uses that blur the distinctiveness of the mark or tarnish or disparage it. Legislation should refrain from expanding the potential of creating rights in perpetuity for trademarks. Dilution should once again be used sparingly as an “extraordinary” remedy, one that requires a significant showing of fame.<sup>63</sup>

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57. 15 U.S.C. § 1125(c)(3) (2006).

58. H.R. REP. NO. 109-23, at 25 (2005).

59. *Id.*

60. *See* § 1125(c)(2)(A) (listing as factors “(i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties. (ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark. (iii) The extent of actual recognition of the mark. (iv) Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.”).

61. *See* § 1125(c)(2) (“For purposes of paragraph (1), a mark is famous if it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark’s owner.”) (emphasis added).

62. *See* Burstein, *supra* note 9, at 1190.

63. H.R. REP. NO. 109-23, at 25.

## II. CASE SUMMARIES: APPLICATION OF THE POST-TDRA TARNISHMENT STANDARD IN *STARBUCKS* AND *V. SECRET*

This Part will address two recent post-TDRA dilution by tarnishment cases, *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.* and *V. Secret Catalogue, Inc. v. Moseley*. For each case, it will provide background information on the case's facts and procedural history, and an overview of the court's analysis.

### A. *STARBUCKS CORP. V. WOLFE'S BOROUGH COFFEE, INC.*

#### 1. *Facts and Procedural History*

At the time the case came before the Second Circuit, the plaintiff, coffee retailer Starbucks, maintained stores in over 8,700 retail locations in the United States and abroad, as well as an Internet site that generated over 350,000 hits per week.<sup>64</sup> In conducting its commercial activities, Starbucks prominently displayed its various marks, including the trade name "Starbucks," and the corporation's mermaid logo.<sup>65</sup>

Defendant Black Bear was also in the business of selling coffee beans—Black Bear was a small family-owned company that manufactured and sold roasted coffee beans and related goods via mail order and Internet order, as well as in a small number of New England supermarkets.<sup>66</sup> In April of 1997, Black Bear began selling a dark roast blend of coffee called "Charbucks Blend" and "Mister Charbucks."<sup>67</sup>

In August of 1997, Starbucks demanded that Black Bear cease use of the "Charbucks" marks.<sup>68</sup> Black Bear nonetheless continued to use the marks.<sup>69</sup> Consequently, Starbucks filed a complaint in the United States District Court for the Southern District of New York alleging several trademark claims, including dilution under sections 1125(c) and 1127 of Title 15.<sup>70</sup> After a two-day bench trial, the district court issued an order ruling in favor of Black Bear.<sup>71</sup> The court found that there was neither actual dilution to establish a

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64. *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.*, 588 F.3d 97, 102 (2d Cir. 2009).

65. *Id.*

66. *Id.* at 103.

67. *Id.*

68. *Id.*

69. *Id.*

70. *Id.*

71. *Id.* at 104.

violation of the federal trademark laws nor any likelihood of dilution to establish a violation of New York's trademark laws.<sup>72</sup>

Starbucks appealed the district court's determination to the United States Court of Appeals for the Second Circuit.<sup>73</sup> However, while the appeal was pending, Congress amended the federal law on trademark dilution by passing the TDRA.<sup>74</sup> In light of this change in the law, the Court of Appeals vacated the judgment of the lower court and remanded for further proceedings.<sup>75</sup>

On remand, the district court entered judgment in favor of Black Bear, finding that with respect to the federal dilution claim, Starbucks failed to demonstrate an entitlement to relief.<sup>76</sup> Starbucks again appealed.<sup>77</sup>

## 2. *Analysis of the Second Circuit*

In 2009, Starbucks found itself once again before the Second Circuit. Starbucks argued that the district court erred in its analysis of the dilution by tarnishment claim because it failed to find that "Charbucks" damages the positive reputation of Starbucks by evoking both "Starbucks" and negative associations in the minds of consumers—specifically the image of bitter, over-roasted coffee.<sup>78</sup>

The Court of Appeals began its analysis of Starbucks' tarnishment claim by examining the TDRA. The court cited the definition for dilution by tarnishment provided therein: "Dilution by tarnishment is an 'association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.'"<sup>79</sup> The court further explained: "[a] trademark may be tarnished when it is linked to products of shoddy quality, or is portrayed in an unwholesome or unsavory context, with the result that the public will associate the lack of quality or lack of prestige in the defendant's goods with the plaintiff's unrelated goods."<sup>80</sup>

In applying this rule to the facts at bar, the court upheld the district court's finding that tarnishment was not likely. Starbucks presented evidence

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72. *Id.*

73. *Id.*

74. *Id.*; Federal Trademark Dilution Revision Act, Pub. L. No. 109-312, 120 Stat. 1730 (2006) (codified at 15 U.S.C. § 1125(c) (2006)) (amending Federal Trademark Dilution Act, Pub. L. No. 104-98, 109 Stat. 985 (1996)).

75. *Starbucks*, 588 F.3d at 104.

76. *Id.* at 104–05.

77. *Id.*

78. *Id.* at 110–11.

79. *Id.* at 108 (citing § 1125(c)(2)(C)).

80. *Id.* at 110 (citing *Hormel Foods Corp. v. Jim Henson Productions, Inc.*, 73 F.3d 497, 507 (2d Cir. 1996)).

before the district court that 30.5% of the persons it surveyed associated “Charbucks” with “Starbucks” and, further, that 62% of those who associated “Charbucks” with “Starbucks” indicated that they had a negative impression of the “Charbucks” mark.<sup>81</sup> The Second Circuit did not find this evidence persuasive. Specifically, it held that “a mere association between ‘Charbucks,’ and ‘Starbucks,’ coupled with a negative impression of the name ‘Charbucks,’ is insufficient to establish a likelihood of dilution by tarnishment.”<sup>82</sup> The court further explained that the relevant question is not simply whether a consumer might associate a negative sounding junior mark with a famous senior mark, but whether such an association is actually *likely to harm* a consumer’s positive impressions about the mark owner’s products—in this case, Starbucks coffee.<sup>83</sup>

In addition, the court found that the Charbucks line of coffee is not an inherently unwholesome, unsavory, or otherwise poor product.<sup>84</sup> Rather, the fact that, like Starbucks, Charbucks markets its coffee as being of “[v]ery high quality” undercuts Starbucks’ claim that Charbucks harms the reputation of its marks.<sup>85</sup> Because Starbucks failed to present any evidence suggesting that its marks’ reputational strength would likely be damaged by Black Bear’s use of the Charbucks marks, the court found that the district court did not err in rejecting Starbucks’ claim of dilution by tarnishment.<sup>86</sup>

In sum, as mandated by the statutory language of the TDRA, the Second Circuit’s analysis focused heavily on the extent to which the junior mark is likely to “harm[] the reputation of the famous mark.”<sup>87</sup>

## B. *V. SECRET CATALOGUE, INC. V. MOSELEY*

### 1. *Facts and Procedural History*

The plaintiff in this case was an international lingerie company and owner of the “Victoria’s Secret” mark.<sup>88</sup> Defendants Victor and Cathy

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81. *Id.*; Starbucks Corp. v. Wolfe’s Borough Coffee, Inc., 559 F. Supp. 2d 472 (S.D.N.Y. 2008).

82. *Starbucks*, 588 F.3d at 110.

83. *Id.*

84. *Id.* at 110–11.

85. *Id.* at 111. The court further held that even if the name “Charbucks” does suggest poor quality coffee, the court hypothesized that the Charbucks marks may in that case actually serve to strengthen Starbucks reputation because it “brings to the attention of consumers that the ‘Char’ is absent in ‘Starbucks, and, therefore, of the two ‘bucks,’ Starbucks is the ‘un-charred’ and more appealing product.” *Id.* at 110–11.

86. *Id.* at 110. The court also rejected Black Bear’s argument that its alleged parody of the Starbucks marks shields it from claims of trademark dilution. *Id.* at 113.

87. 15 U.S.C. § 1125(c)(2)(C) (2006).

Moseley owned a small retail store that sold sex toys and other erotic products in a mall in Elizabethtown, Kentucky.<sup>89</sup> The store was originally named “Victor’s Secret” before it was changed to “Victor’s Little Secret.”<sup>90</sup> An Army Colonel from Fort Knox informed Victoria’s Secret of the defendants’ use of the mark.<sup>91</sup> Colonel Baker, who had seen an advertisement for the defendants’ store in a weekly publication, was offended by what he perceived to be an attempt to use a reputable company’s trademark to promote the sale of “unwholesome, tawdry merchandise,” and sent a copy to the Victoria’s Secret.<sup>92</sup> Victoria’s Secret sought injunctive relief against the use of its mark, alleging federal trademark dilution by tarnishment.<sup>93</sup> The district court issued the injunction,<sup>94</sup> and the Sixth Circuit Court of Appeals affirmed its decision.<sup>95</sup>

However, in *Moseley I*, the Supreme Court reversed the decision of the Sixth Circuit panel.<sup>96</sup> The Court held that “actual harm” rather than a mere “likelihood” of harm must be shown in order to prevail upon a claim of trademark dilution.<sup>97</sup> More specifically, the Court determined that Victoria’s Secret bore the burden of proving an actual “lessening of the capacity of the VICTORIA’S SECRET mark to identify and distinguish goods or services sold in Victoria’s Secret stores or advertised in its catalogs.”<sup>98</sup> As discussed in Section I.C, *supra*, Congress thereafter amended the FTDA, changing the test for dilution by tarnishment from an “actual” to a “likelihood of harm” standard, largely in response to this Supreme Court decision.<sup>99</sup>

On remand,<sup>100</sup> the district court reassessed the case under the newly amended statute.<sup>101</sup> The court found that the defendant’s use of the Victoria’s

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88. *Moseley II*, 605 F.3d 382, 384 (6th Cir. 2010).

89. *Id.*

90. *Id.* The Moseleys changed the name of their store from “Victor’s Secret” to “Victor’s Little Secret” after they received a cease and desist letter from Victoria’s Secret on February 25, 1998. *V Secret Catalogue, Inc. v. Moseley*, No. 3:98CV-395-S, 2000 WL 370525, at \*1 (W.D. Ky. Feb. 9, 2000).

91. *Moseley II*, 605 F.3d at 385.

92. *Id.* at 385 n.3.

93. *Id.* at 384.

94. *V Secret*, 2000 WL 370525, at \*6.

95. *V Secret Catalogue, Inc. v. Moseley*, 259 F.3d 464, 477 (6th Cir. 2001).

96. *Moseley I*, 537 U.S. 418, 434 (2003).

97. *Id.*

98. *Id.* (emphasis in original).

99. See discussion *supra* Sections I.B, I.C.

100. After the Supreme Court issued its decision in *Moseley I* in April of 2003, the Moseleys filed a motion in the Sixth Circuit Court of Appeals to vacate the injunction against them. See *V Secret Catalogue, Inc. v. Moseley*, 558 F. Supp. 2d 734, 737 (W.D. Ky. 2008)

Secret mark created a likelihood of trademark dilution by tarnishment because the defendant's store contained sexually explicit goods that would "reduce" the reputation of the Victoria's Secret mark as "a wholesome identifier" of Victoria's Secret goods.<sup>102</sup> The defendants appealed the court's decision and the case was once again brought before the Sixth Circuit Court of Appeals.<sup>103</sup>

## 2. *Analysis of the Sixth Circuit*

The Court of Appeals' analysis focused heavily on the salacious nature of the allegedly tarnishing products.<sup>104</sup> Citing eight federal cases across six jurisdictions that found tarnishment where a junior user used a mark in association sex-related products, the court held that 15 U.S.C. § 1125(c) should be interpreted to create a "rebuttable presumption" of tarnishment, or "at least a strong inference" that a junior mark used to sell sex-related products is likely to tarnish a famous mark, where there is a clear semantic association between the two marks.<sup>105</sup>

Specifically, the court held that the presumption has a "*res ipsa loquitor*-like effect" that "is not conclusive but places on the owner of the new mark the burden of coming forward with evidence that there is no likelihood or probability of tarnishment."<sup>106</sup> As will be discussed in more detail in Section III.A, *infra*, the opinion is not clear as to what effect the court intended that

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(giving a detailed description of the case's history up until that point). The case sat pending in the Sixth Circuit for four years without action. *Id.* On July 26, 2007, the Sixth Circuit remanded the case to the United States District Court in the Western District of Kentucky stating that "[t]he decision of [the Sixth Circuit] having been reversed by the United States Supreme Court and the case having been remanded for further proceedings, the Court further remands this case to the district court for further proceedings consistent with the Supreme Court's decision in [*Moseley I*]." *Id.*

101. *Id.* at 750.

102. *Id.*

103. *Moseley II*, 605 F.3d 382 (6th Cir. 2010).

104. *Id.* at 388.

105. *Id.* (citing *Pfizer Inc. v. Sachs*, 652 F. Supp. 2d 512, 525 (S.D.N.Y. 2009); *Williams-Sonoma, Inc. v. Friendfinder, Inc.*, No. C 06-6572, 2007 WL 4973848, at \*7 (N.D. Cal. Dec. 6, 2007); *Kraft Foods Holdings, Inc. v. Helm*, 205 F. Supp. 2d 942, 949-50 (N.D. Ill. 2002); *Victoria's Cyber Secret Ltd. P'ship v. V Secret Catalogue, Inc.*, 161 F. Supp. 2d 1339, 1355 (S.D. Fla. 2001); *Mattel, Inc. v. Internet Dimensions Inc.*, No. 99 Civ. 10066(HB), 2000 WL 973745, at \*8 (S.D.N.Y. July 13, 2000); *Polo Ralph Lauren L.P. v. Schuman*, No. Civ.A. H97-1855, 1998 WL 110059, at \*1048 (S.D. Tex. Feb. 9, 1998); *Pillsbury Co. v. Milky Way Prods., Inc.*, No. C78-679A, 1981 WL 1402, at \*15 (N.D. Ga. Dec. 24, 1981); *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 467 F. Supp. 366, 377 (S.D.N.Y. 1979)).

106. *Id.*

this presumption would have on tarnishment litigation. The court did, however, specify that this presumption could be overcome by the production of evidence that rebuts the probability that some consumers will find the new mark both offensive and harmful to the reputation and “favorable symbolism” of the senior mark.<sup>107</sup> The court noted that such evidence could be in the form of expert testimony, surveys, polls, or customer testimony.<sup>108</sup>

The court supported its decision to create a “rebuttable presumption” with a quotation pulled from the House Report: “The [*Moseley I*] standard creates an undue burden for trademark holders who contest diluting uses and should be revised.”<sup>109</sup> The court reasoned that this quotation indicated Congress’s dissatisfaction with the result in *Moseley I*<sup>110</sup> and “with regard to the proof in this case and with regard to the method of allocating the burden of proof.”<sup>111</sup>

Applying the presumption to the facts at bar, the court found that the Moseleys failed to meet the requisite burden.<sup>112</sup> Specifically, the Moseleys did not offer any evidence showing that there is no real likelihood of tarnishment.<sup>113</sup> Nor did the Moseleys offer at oral argument any suggestion that they could produce such evidence.<sup>114</sup> The court therefore affirmed the decision of the district court.<sup>115</sup>

### 3. Judge Moore’s Dissent

Judge Karen Nelson Moore dissented from the majority decision, taking issue with the majority’s conclusion that the legislative history supported the creation of a rebuttable presumption in dilution by tarnishment cases

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107. *Id.* at 389.

108. *Id.* at 388.

109. *Id.* at 387 (citing H.R. REP. NO. 109-23, at 5 (2005), reprinted in 2006 U.S.C.C.A.N. 1091, 1097) (emphasis added by the Sixth Circuit).

110. *Id.* at 389 (“It seems clear that the new Act demonstrates that Congress intended that a court should reach a different result in this case if the facts remain the same.”).

111. *Id.* (emphasis added). Here, the court does not specify whether the term “burden of proof” is being used here to refer to the burden of persuasion, the burden of production, or both. See discussion *infra* Section III.A.

112. *Moseley II*, 605 F.3d at 388–89.

113. *Id.* at 389.

114. *Id.*

115. *Id.* at 390. On November 1, 2010 the Moseleys petitioned for writ of certiorari. Petition for Writ of Certiorari, *Moseley v. V Secret Catalogue, Inc.*, (No. 10-604), 2010 WL 4382003. On January 18, 2011, the Supreme Court denied the petition. See note 16. On February 10, 2011 the Moseleys filed a petition for rehearing. Petition for Rehearing, *Moseley v. V Secret Catalogue, Inc.*, (No. 10-604), 2011 WL 515703.



involving marks with potentially offensive sexual associations.<sup>116</sup> Judge Moore reasoned that although the House Judiciary Committee Report articulated concern that the *Moseley I* actual harm standard had created an undue burden on trademark owners, she did not read the report “to mean that Congress envisioned a modification of the party that bears the burden of proof<sup>117</sup> as opposed to simply a lightening of the evidentiary showing.”<sup>118</sup> Indeed, Judge Moore stated that

[t]he majority’s conclusion that Congress intended to change which party has the burden of proof—i.e., the framework governing which party must put forth evidence in support of its position—as opposed to the standard of harm—i.e., actual harm versus a likelihood of harm—is not supported by the statute or the legislative history.<sup>119</sup>

In support of her contention, Judge Moore reprinted the full paragraph of the House Judiciary Committee Report from which the majority drew its support:

Witnesses at the[] [legislative] hearings focused on the *standard of harm threshold* articulated in [*Moseley I*]. For example, a representative of the International Trademark Association observed that “[b]y the time measurable, provable damage to the mark has occurred much time has passed, the damage has been done, and the remedy, which

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116. *Moseley II*, 605 F.3d at 391 (Moore, J., dissenting). Judge Gibbons wrote a brief concurrence that nevertheless took some issue with the majority’s view of the burden requirements:

I would not use the term “rebuttable presumption” to describe the inference that a new mark used to sell sex-related products is likely to tarnish a famous mark if there is a clear semantic association between the two. Practically speaking, what the inference is called makes little difference. I agree with the majority opinion that the inference is a strong one and that, to counter it, some evidence that there is no likelihood or probability of tarnishment is required. But because we are endeavoring to interpret a new law and because the legislative history is not explicit on the point of modification of the burden of proof, I think it best to end our analysis by characterizing the inference as an inference.

*Id.* at 390 (Gibbons, J., concurring).

117. Throughout her dissent Judge Moore used the term “burden of proof” when discussing the majority’s burden-shifting. *Id.* at 391–95 (Moore, J., dissenting). However, she defined burden of proof as “the framework governing which party *must put forth evidence* in support of its position.” *Id.* at 393 n.3 (emphasis added). It is thus unclear whether she read the majority’s opinion as requiring a shift in the burden of production or persuasion. *See* discussion *infra* Section III.A.

118. *Id.* at 391 n.2 (citing H.R. REP. NO. 109-23, at 5 (2005)).

119. *Id.* at 392 n.3.

is injunctive relief, is far less effective.” The Committee endorses this position. The [*Moseley I*] standard creates an undue burden for trademark holders who contest diluting uses and should be revised.<sup>120</sup>

Judge Moore reasoned that the House Report shows that Congress was chiefly concerned with the “standard of harm” threshold, rather than with which party bore the burden. Judge Moore therefore concluded that the burden of showing tarnishment should remain with Victoria’s Secret.<sup>121</sup>

Further, Judge Moore found that Victoria’s Secret did not meet its requisite burden in proving likelihood of harm, and consequently wrote that she would reverse the judgment of the district court.<sup>122</sup> Quoting *Starbucks Corp. v. Wolfe’s Borough Coffee, Inc.*, Moore noted that the relevant inquiry in a dilution by tarnishment case was how an individual’s associations with a junior mark would actually affect his or her positive associations with the famous mark.<sup>123</sup> She reasoned that although Victoria’s Secret presented an affidavit that demonstrated one individual’s negative feelings about “Victor’s Little Secret” (namely that of Colonel John E. Baker, who had seen a Victor’s Little Secret advertisement in a weekly publication), Victoria’s Secret failed to produce any evidence that such distaste had altered the individual’s positive regard for the senior mark, Victoria’s Secret.<sup>124</sup>

Moreover, Judge Moore acknowledged that although it may be *possible* that the Moseleys’ use of the “Victor’s Little Secret Mark” might damage the “Victoria’s Secret” mark, the evidentiary standard is one of likelihood, akin to probability, not mere possibility.<sup>125</sup> Judge Moore was not comfortable “assuming,” as she argued the majority did, that Victoria’s Secret had met its burden based on the fact that cases from other jurisdictions had found that a famous mark is tarnished when semantically associated with sex-related products.<sup>126</sup> Further, Judge Moore distinguished the facts at bar from those in the eight cases cited by the majority on the basis that, here, the senior mark was *also* associated with sex.<sup>127</sup> Judge Moore therefore dissented from the

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120. *Id.* (quoting H.R. REP. NO. 109-23, at 5).

121. *Id.* at 391.

122. *Id.*

123. *Id.* at 392 (quoting *Starbucks Corp. v. Wolfe’s Borough Coffee, Inc.*, 588 F.3d 97, 110 (2d Cir. 2009)).

124. *Id.*

125. *Id.* at 394 (citing MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 24:115 n.2).

126. *Id.*

127. *Id.*

majority opinion and found that the decision of the district court should be vacated.<sup>128</sup>

### III. FLAWS IN THE SIXTH CIRCUIT'S DILUTION BY TARNISHMENT ANALYSIS

In contrast to the Second Circuit's straightforward application of the statutory language of the TDRA, the Sixth Circuit created a "rebuttable presumption" of tarnishment to be applied in cases where the defendant used the plaintiff's mark, or a semantically similar mark, in connection with sex-related goods. As will be discussed in Section III.A, *infra*, the actual effect of this presumption on litigation is unclear. The Sixth Circuit's opinion does not specify whether it intended that its "rebuttable presumption" would operate to shift the burden of production, or the burden of persuasion, to the defendant.

However, regardless of the presumption's effective impact on dilution by tarnishment litigation, the Sixth Circuit's reasoning in support of its creation misses the mark. Section III.B of this Part will show that the majority's reading of the legislative history of the TDRA, as demanding a shift in either the burden of production or persuasion, is inaccurate. Finally, Section III.C will argue that had the Sixth Circuit applied the *Starbucks* reasoning to the facts of *Moseley II*, the outcome of that case would likely have been different.

#### A. THE EFFECT OF THE SIXTH CIRCUIT'S "REBUTTABLE PRESUMPTION" ON LITIGATION IS UNCLEAR

Although the Sixth Circuit limited its holding to cases where a senior mark was used in connection with sex-related products, the opinion is silent on what other disparaging contexts might likewise come to warrant application of its "rebuttable presumption." It can therefore be predicted that Sixth Circuit's "rebuttable presumption" will be cited in the briefs of future dilution by tarnishment plaintiffs hoping to benefit from its application. Indeed, the Sixth Circuit's reasoning could easily be extended to other traditionally tarnishing subject matter.<sup>129</sup> However, it is unclear what actual

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128. *Id.* at 395.

129. For example, just as the Sixth Circuit was able to support its use of a "rebuttable presumption" with citation to a barrage of cases wherein the use of a mark in association with sex was found to be tarnishing, a plaintiff alleging that tarnishment is likely to occur where a mark has been used in connection with drugs could similarly gather a considerable number of cases showing that tarnishment had been found when a plaintiff's mark was used in connection with illegal drugs. MCCARTHY, *supra* note 11, § 24:89. It therefore seems likely

effect the Sixth Circuit's "rebuttable presumption" will have on litigation when implicated in a dilution by tarnishment case.

The Sixth Circuit explained only that the presumption has a "*res ipsa loquitor*-like effect" that "is not conclusive but places on the owner of the new mark the burden of coming forward with evidence that there is no likelihood or probability of tarnishment."<sup>130</sup> This language suggests that the "rebuttable presumption" would operate to shift the burden of producing evidence to the defendant. The phrase "burden of going forward," or what the Sixth Circuit terms the "burden of coming forward with evidence," is synonymous with "burden of production."<sup>131</sup> Moreover, *res ipsa loquitur* is a rule "which provides that a plaintiff may satisfy his *burden of producing evidence* of a defendant's negligence by proving that the plaintiff has been injured by a casualty of a sort that normally would not have occurred in the absence of the defendant's negligence."<sup>132</sup> It therefore seems that the court may have intended that its presumption would operate to shift the burden of production to the defendant.

Indeed, under Federal Rule of Evidence 301, presumptions are treated as Thayer or "bursting bubble" presumptions, which shift the *burden of production*

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that a plaintiff would argue that the Sixth Circuit's "rebuttable presumption" should apply with equal force where a famous mark has been associated with drugs.

Further, as explained in Section I.A, *supra*, courts are not only finding tarnishment in "classic" tarnishing scenarios, such as those dealing with sex, drugs, and illegal activities but also in cases where the plaintiff's product is linked to a product of "shoddy quality." *Deere & Co. v. MTD Prods., Inc.*, 41 F.3d 39, 43 (2d Cir. 1994). For example, in *Diane Von Furstenberg Studio v. Snyder*, the defendant sold counterfeit Diane Von Furstenberg (DVF) dresses bearing DVF marks. *Diane Von Furstenberg Studio v. Snyder*, No. 1:06cv1356, 2007 WL 2688184 (E.D. Va. Sept. 10, 2007). The court not only granted the plaintiff's motion for summary judgment on its trademark infringement claim but also found that the defendant's use of "the identical DVF on the inferior-quality dresses they sold" was likely to tarnish the DVF mark. *Id.* at \*3-\*4. Assuming that the use of a senior mark on a product of inferior quality has the potential to harm a mark's reputation, should plaintiffs be entitled to the "rebuttable presumption" when their marks are linked with products of inferior quality? If a plaintiff were to enjoy the "rebuttable presumption" of tarnishment simply by showing that the defendant used the senior mark on a product of inferior quality, a plaintiff could obtain an injunction while avoiding the more difficult and costly "likelihood of confusion" standard associated with traditional trademark infringement actions. Therefore, contrary to Congress's hope "that the dilution remedy will be used in the rare circumstance and not as the alternative pleading" it seems possible that, should the "rebuttable presumption" be extended to other factual contexts, dilution by tarnishment could become the poor man's trademark infringement action. *See* H.R. REP. NO. 109-23, at 25 (2005).

130. *Moseley II*, 605 F.3d at 388.

131. *See* 2 CHARLES TILFORD MCCORMICK, MCCORMICK ON EVIDENCE § 336 n.3 (Kenneth S. Broun ed., 6th ed. 2006).

132. *See id.* § 342 (emphasis added).

onto the defendant, but *not* the *burden of persuasion*.<sup>133</sup> This means that all a defendant in a dilution by tarnishment case need do is present *some* evidence that tarnishment is unlikely in order to “burst” the presumption bubble and shift the burden of production back to the plaintiff.<sup>134</sup> The Sixth Circuit’s opinion suggests that such evidence could be presented in the form of expert testimony, surveys, polls, or customer testimony.<sup>135</sup>

However, elsewhere in the opinion, the court uses the term “burden of proof” when discussing its justification for the creation of a “rebuttable presumption” of tarnishment.<sup>136</sup> Its use of this term suggests that it may have intended that its presumption would operate to shift the burden of persuasion to the defendant, as the term “burden of proof” is commonly used to refer to a party’s burden of persuasion.<sup>137</sup> Indeed, Thomas McCarthy seems to have read the majority opinion as requiring a shift in the burden of proof, or persuasion.<sup>138</sup> A shift in the burden of persuasion to the defendant would require the defendant to *prove* that tarnishment was not likely rather than simply present evidence that would burst the presumption “bubble.”<sup>139</sup>

To the extent that the court’s opinion can be read as mandating a shift in the burden of persuasion to the defendant, such a shift runs contrary to established trademark law. As noted by Thomas McCarthy in his criticism of

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133. See FED. R. EVID. 301 advisory committee’s note; see also *In re Yoder Co.*, 758 F.2d 1114, 1119–20 (6th Cir. 1985) (“Most commentators have concluded that Rule 301 as enacted embodies the Thayer or ‘bursting bubble’ approach. . . . The Thayer view is consistent with the language of Rule 301, which provides only that a presumption shifts ‘the burden of going forward with evidence to rebut or meet the presumption.’”) (internal citations omitted).

134. See *Yoder*, 758 F.3d at 1119 (“Under the Thayer or ‘bursting bubble’ theory a presumption vanishes entirely once rebutted, and the question must be decided as any ordinary question of fact.”).

135. *Moseley II*, 605 F.3d at 388.

136. *Id.* at 389 (justifying its creation of the presumption through discussion of Congress’s will “with regard to the proof in this case and with regard to the *method of allocating the burden of proof*” (emphasis added)).

137. See *Dir., Office of Workers’ Comp. Programs, Dep’t of Labor v. Greenwich Collieries*, 512 U.S. 267, 272–76 (1994) (explaining that after 1923, Supreme Court opinions have consistently distinguished between “burden of proof, which we defined as burden of persuasion, and an alternative concept, which we increasingly referred to as the burden of production or the burden of going forward with the evidence”).

138. See J. Thomas McCarthy, *A First Look by Tom McCarthy at the Sixth Circuit’s 2010 Victoria’s Secret Tarnishment Decision*, TECHNOLOGY & MARKETING LAW BLOG (May 24, 2010, 9:07 AM), [http://blog.ericgoldman.org/archives/2010/05/a\\_first\\_look\\_by.htm](http://blog.ericgoldman.org/archives/2010/05/a_first_look_by.htm).

139. See *Yoder*, 758 F.3d at 1119 (explaining that where a presumption shifts the burden of persuasion to a defendant the defendant would be required to prove the nonexistence of the presumed fact).

the *Moseley II* decision: “A central message of the Supreme Court’s 2004 Microcolor decision is that the burden of proving a likelihood of confusion always remains with the plaintiff. This same reasoning should apply with equal force to an anti-dilution case.”<sup>140</sup>

McCarthy is referring to *KP Permanent Makeup, Inc. v. Lasting Impression I, Inc.*,<sup>141</sup> in which the Supreme Court made clear that the burden of proof in a trademark infringement action lies always with the plaintiff, regardless of a mark’s incontestable status, or whether the defendant claims that its use of the mark is fair.<sup>142</sup> Consequently, it is established law that in the case of trademark infringement actions, the burden of proving the prima facie elements of infringement always lies with the plaintiff.<sup>143</sup> In its analysis in *Moseley II*, the Sixth Circuit failed to provide any reason why the burden of persuasion should be allocated differently in a trademark dilution action.

Further, as noted above, even if the Sixth Circuit intended that its presumption would operate to shift the burden of persuasion to the defendant, under the Federal Rules of Evidence, it would not have that effect. Federal Rule of Evidence 301 provides:

[A] presumption imposes on the party against whom it is directed the burden of going forward with evidence to rebut or meet the presumption, but does not shift to such party the burden of proof in the sense of the risk of nonpersuasion, which remains throughout the trial upon the party on whom it was originally cast.<sup>144</sup>

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140. McCarthy, *supra* note 138 (citing *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111 (2004)).

141. *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111 (2004). In this case, the Supreme Court reviewed a Ninth Circuit holding that no infringing trademark use could be recognized as fair where consumer confusion was probable. *Id.* at 116. Although the Ninth Circuit did not explicitly address which party bears the burden of showing the presence or absence of consumer confusion in such a case, it appears to have placed the burden on the defendant. *Id.* The Supreme Court granted certiorari to address the relevance of the likely confusion test to a fair use defense and to determine the obligation of a party defending on that ground to show that its use is unlikely to cause consumer confusion. *Id.* The Court ultimately vacated the Ninth Circuit and held both that the mere risk of confusion will not necessarily rule out fair use and that a defendant need not show the absence of a likelihood of confusion in order to succeed on a fair use defense. *Id.* at 123–24.

142. *Id.* at 118, 121–23.

143. The same is true of an action for product disparagement at common law. *See* MCCARTHY, *supra* note 11, § 27:103 n.1.

144. FED. R. EVID. 301 (emphasis added).

Thus it seems that a presumption mandating a shift in the burden of persuasion would be in conflict with federal evidence law. However, regardless of the presumption's intended effect, as will be shown in Section III.B, *infra*, its creation is entirely unsupported by the legislative history of the TDRA.

B. THE SIXTH CIRCUIT'S MISREADING OF THE LEGISLATIVE HISTORY OF THE TDRA

In support of its decision to create a "rebuttable presumption" of tarnishment, the Sixth Circuit noted that the House Report for the TDRA illustrated Congress's intent to reduce the "burden" of evidentiary production borne by the trademark holder.<sup>145</sup> As discussed in Section II.B.2, *supra*, the court relied heavily on the following quotation from the Report: "The [*Moseley I*] standard *creates an undue burden* for trademark holders who contest diluting uses and should be revised."<sup>146</sup> The court argued that this excerpt, read together with the "developing case law" (presumably, the eight cases it cited where tarnishment was found where the junior user was associated with sex) and § 25 comment (g) of the Restatement (Third) of Unfair Competition, should be interpreted as creating "a kind of rebuttable presumption" of tarnishment where the defendant has used the mark in connection with sex-related products.<sup>147</sup>

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145. *Moseley II*, 605 F.3d at 387.

146. *Id.* at 387 (citing H.R. REP. NO. 109-23, at 5 (2005), *reprinted in* 2006 U.S.C.C.A.N. 1091, 1097) (emphasis added by the Sixth Circuit).

147. *See Moseley II*, 605 F.3d at 388 ("The burden-of-proof problem, the developing case law, and the Restatement (Third) of Trademarks in § 25 (particularly [comment] g) should now be interpreted, we think, to create a kind of rebuttable presumption, or at least a very strong inference, that a new mark used to sell sex-related products is likely to tarnish a famous mark if there is a clear semantic association between the two."). It is important to note that while the defendants in each of the cases cited by the Sixth Circuit were associated with sex, none of the plaintiffs were even loosely associated with sexual content. *See* cases cited *supra* note 105. In contrast, here, Victoria's Secret markets its own lingerie as "sexy little things." *See Menashe v. V Secret Catalogue, Inc.*, 409 F. Supp. 2d 412, 417 (S.D.N.Y. 2006). Likewise, § 25 cmt. g of the Restatement makes no mention of such a "rebuttable presumption," nor in any way suggests that either the burden of persuasion or production in dilution by tarnishment cases should be shifted to the defendant. Rather, § 25 cmt. g makes explicit mention of what the *prior user*, or plaintiff, must prove in order to succeed on a dilution by tarnishment claim: "To prove a case of tarnishment, *the prior user must demonstrate* that the subsequent use is likely to come to the attention of the *prior user's* prospective purchasers and that the use is likely to undermine or damage the positive associations evoked by the mark." RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25 cmt. g (1995) (emphasis added).

However, the legislative history as a whole does not support the Sixth Circuit's reasoning. As mentioned by Judge Moore in her dissent, the legislative history surrounding the TDRA reflects Congress's concern with the "actual harm" standard created by *Moseley I*, and *not* with *which party* bears the burden of persuasion or production in a dilution by tarnishment action.<sup>148</sup> Nowhere within the legislative history is there any implication that Congress intended to shift the either the burden of proof or production in dilution by tarnishment cases.

### 1. House Judiciary Hearings

As the House Report explains, transcripts from the 2004 and 2005 hearings on the TDRA before the Subcommittee on the Courts, the Internet, and Intellectual Property reveal why critics of the *Moseley I* decision proposed a revision to the FTDA:

Following the passage of the TDRA, the circuit courts of appeal split as to whether the statute required the owner of a famous mark to prove actual harm as a prerequisite to injunctive relief. This question was addressed by the Supreme Court in the case of [*Moseley I*]. In a dilution action between the lingerie company Victoria's Secret and a small retail company (Victor's Little Secret) . . . the Court determined that the FTDA "unambiguously requires a showing of actual dilution, rather than a likelihood of dilution." The Subcommittee on Courts, the Internet, and Intellectual Property received testimony on this issue and other topics. Witnesses at these hearings focused on the standard of harm threshold articulated in [*Moseley I*].<sup>149</sup>

Significantly, these transcripts contain no indication that critics of *Moseley I* were concerned with which party bore the burden of proof in trademark dilution disputes, much less advocated shifting the burden of proof to the defendant in dilution by tarnishment cases.<sup>150</sup> Rather, testimony within the reports suggests that concern with the *Moseley I* standard centered around two problems: (1) the problem of proof created by the actual dilution standard and (2) the risk that requiring plaintiffs to wait until actual dilution had occurred to file a dilution claim would result in "too little, too late" protection for famous marks.<sup>151</sup>

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148. See *Moseley II*, 605 F.3d at 391 n.4 (Moore, J. dissenting); see also discussion *supra* Section I.C, *infra* Sections III.B.1, III.B.2.

149. H.R. REP. NO. 109-23, at 5.

150. See 2004 Hearing, *supra* note 54; 2005 Hearing, *supra* note 41.

151. See 2004 Hearing, *supra* note 54; 2005 Hearing, *supra* note 41.



The Subcommittee hearing transcripts indicate widespread confusion regarding what sort of evidence a plaintiff might present in order to establish actual dilution. The prepared statement of Robert W. Sacoff, Chair of the American Bar Association Intellectual Property Law Section, before the subcommittee in 2004 highlights this issue.<sup>152</sup> Sacoff notes: “The Supreme Court’s recent decision in *Moseley I* requiring actual dilution has led to uncertainty and unpredictability in the lower courts as they struggle with the quantum of proof and type of evidence necessary to establish actual dilution. The actual dilution standard has proven unworkable in practice.”<sup>153</sup>

Sacoff pointed to several post-*Moseley I* cases in which the court struggled with what type of evidence would be sufficient to show actual dilution, including *Ty Inc. v. Softbelly’s, Inc.*<sup>154</sup> In *Ty*, Judge Posner explained that *Moseley I* “impl[ie]d a need for trial-type evidence” in order to determine whether dilution had occurred.<sup>155</sup> Further, commenting on the Supreme Court’s reference to consumer surveys as direct evidence of actual dilution, Judge Posner expressed doubt that any “question could be put to consumers that would elicit a meaningful answer either in that case [*Moseley I*] or this one.”<sup>156</sup>

Posner’s concern with how a plaintiff might demonstrate actual dilution was shared by other individuals at the Subcommittee hearings. Congressman Berman, for example, noted: “I agree that if we were to maintain an actual dilution standard, as the Supreme Court held in [*Moseley I*], a number of difficult issues arise, including how one proves actual dilution without demonstrating lost profits. That is very difficult to do in these situations.”<sup>157</sup> Likewise, Anne Gundelfinger, President of the International Trademark Association (INTA), expressed her concern that: “the Supreme Court [in *Moseley I*] has interpreted [the dilution by tarnishment cause of action] in a manner that makes it at best ambiguous and at worst nearly impossible to establish.”<sup>158</sup>

The 2004 and 2005 hearings also reveal trademark holders’ concern that by the time they were able to prove actual damage under the *Moseley I*

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152. 2004 Hearing, *supra* note 54, at 16.

153. *Id.* at 16.

154. *Id.* at 17 (discussing *Ty Inc. v. Softbelly’s, Inc.*, 353 F.3d 528 (7th Cir. 2003); *Caterpillar Inc. v. Walt Disney Co.*, 287 F. Supp. 2d 913 (C.D. Ill. 2003); *Kellogg Co. v. Toucan Golf, Inc.*, 337 F.3d 616 (6th Cir. 2003)).

155. *Ty Inc. v. Softbelly’s, Inc.*, 353 F.3d 528, 535 (7th Cir. 2003) (citing *Moseley I*, 537 U.S. 412, 434 (2008)).

156. *Id.*

157. 2005 Hearing, *supra* note 41, at 4.

158. *Id.* at 9.

standard, too much reputational harm may have already been done. The prepared statement of David C. Stimson, Chief Trademark Counsel for the Eastman Kodak Company, explained that

[a] requirement that Kodak show actual harm would mean spending months litigating at the potential cost of hundreds of thousands of dollars in legal and survey fees. But even more importantly, in the meantime the dilution would continue and the value of our trademark would be constantly diminishing at a huge cost that could not be calculated. Once the injunction was finally issued, the damage to our trademark would already have been done.<sup>159</sup>

Members of professional associations and trademark scholars also shared in this concern. INTA President Anne Gundelfinger noted at the 2005 hearing that

[The *Moseley I* “actual dilution” standard] is completely at odds with Congress’ [sic] intent—to prevent dilution at its incipiency, before measurable damage to the mark has occurred. By the time measurable, provable damage to the mark has occurred much time has passed, the damage has been done, and the remedy, which is injunctive relief, is far less effective.<sup>160</sup>

Professor Mark Lemley explained the problem with an analogy: “The idea that you have to wait until you have suffered actual injury . . . [e]ssentially says you have got to wait until the horse is gone, and then the only thing you can do is close the barn door.”<sup>161</sup>

As demonstrated by these excerpts, the 2004 and 2005 Subcommittee hearing transcripts indicate that those involved in the process of guiding the revision of federal dilution law were primarily concerned with the problems of proof created by the “actual dilution” standard and with the irreversible reputational damage that would be done to a brand should a plaintiff be required to wait until he or she is able to prove actual damage before seeking an injunction. The 2004 and 2005 hearing transcripts do not show that lawmakers, trademark holders, or legal scholars were concerned with which party bore the burden of persuasion, or production, in a dilution by tarnishment case.

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159. 2004 Hearing, *supra* note 54, at 46.

160. 2005 Hearing, *supra* note 41, at 9.

161. *Id.* at 18.

## 2. *The Congressional Record*

The Congressional Record likewise reveals that members of Congress were concerned that, in requiring plaintiffs to wait to bring suit until they could prove that their marks had actually been diluted, the *Moseley I* “actual dilution” standard would fail to adequately protect famous marks. Representative Smith stated on the House floor:

[A] 2003 Supreme Court decision involving Victoria’s Secret ruled that the standard of harm in dilution cases is actual harm. Based on testimony taken at our two Intellectual Property Subcommittee hearings, this is contrary to what Congress intended when it passed the dilution statute and is at odds with the concept of dilution. Diluting needs to be stopped at the outset because actual damage can only be proven over time, after which the good will of a mark cannot be restored.<sup>162</sup>

Representative Smith’s concerns were shared by Senator Leahy, whose comments before the Senate indicate that Congress did not originally intend that federal dilution law require a trademark holder wait until actual dilution of his or her mark had occurred before filing suit:

As an original author and sponsor of the act, I know firsthand that [the *Moseley I* “actual dilution” burden of proof] is contrary to what Congress intended when it passed the dilution statute. What we did intend was to stop diluting before actual harm could be realized and the value of any reputable trademark debased.<sup>163</sup>

Thus, it appears that lawmakers advocating for the passage of the TDRA were chiefly concerned with how the “actual dilution” standard mandated by the *Moseley I* decision would impact a trademark holder’s ability to quickly protect his or her mark. The Congressional Record does not reveal similar concern with which party bears the burden of production or persuasion in a dilution by tarnishment case.

## 3. *The Proposed Solution: “Likelihood of Dilution”*

The TDRA’s proposed solution to the problems discussed above was a lowering of the required burden of proof—the new act would demand a showing of a “likely” rather than “actual” dilution.<sup>164</sup> Professor Lemley and

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162. 151 CONG. REC. H2121-01 (daily ed. April 19, 2005) (statement of Rep. Smith).

163. 152 CONG. REC. S1921-01 (daily ed. March 8, 2006) (statement of Sen. Leahy).

164. H.R. REP. NO. 109-23, at 8, 25 (2005) (“Under H.R. 683, and in response to the [*Moseley I*] decision, actual harm is not a prerequisite to injunctive relief. . . . [T]his bill changes the standard of dilution from ‘actual’ to ‘likelihood’ of dilution.”).

others voraciously advocated for this solution during the 2004 and 2005 hearings.<sup>165</sup> Likewise, the Congressional Record clearly indicates congressional endorsement of the “likelihood of dilution” standard as an appropriate solution to these problems:

As a result of [the *Moseley I*] decision, trademark holders are now required to wait until the injury happens before bringing suit. . . . Section (2)(c)(1) of this bill addresses this problem by changing the standard to “likelihood of dilution.” *By lowering the standard, proof of actual harm would no longer be a prerequisite to injunctive relief, and therefore extensive damage cannot be done before relief can be sought.*<sup>166</sup>

Indeed, comments made by several lawmakers suggest that Congress had always intended that the burden of proof in dilution cases be one of “likely” rather than “actual” dilution.<sup>167</sup>

By contrast, neither the House Report, the TDRA, the transcripts of the 2004 and 2005 hearings before the Subcommittee on the Courts, the Internet, and Intellectual Property, nor the Congressional Record reveal any congressional intent whatsoever to modify the statute’s “method of allocating the burden of proof” as the Sixth Circuit suggested in *Moseley II*.<sup>168</sup> Although lawmakers were concerned with the level of proof required by the *Moseley I* decision, the legislative material does not suggest that Congress ever considered burden-shifting as a possible solution to problems created by the “actual dilution” standard.

Consequently, the Sixth Circuit’s reliance on legislative history to support its contention that Congress intended either the burden of production or proof to be re-allocated to the defendant is misguided. Congress did not

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165. See 2004 Hearing, *supra* note 54; 2005 Hearing, *supra* note 39.

166. 151 CONG. REC. H2121-01 (daily ed. April 19, 2005) (statement of Rep. Berman) (emphasis added).

167. See H.R. REP. NO. 109-23, at 25 (“The language in the [the TDRA] now squares with what Congress had initially intended.”); 151 CONG. REC. H2121-01 (daily ed. Apr. 19, 2005) (statement of Rep. Sensenbrenner) (“H.R. 683 [the TDRA bill] does not establish new precedent or break new ground. Rather, the bill represents a clarification of what Congress meant when it passed the dilution statute a decade ago.”); 151 CONG. REC. H2121-01 (daily ed. April 19, 2005) (statement of Rep. Smith) (“Based on testimony taken at our two Intellectual Property Subcommittee hearings, [the *Moseley I* decision] is contrary to what Congress intended when it passed the dilution statute and is at odds with the concept of dilution.”); 152 CONG. REC. S1921-01 (daily ed. March 8, 2006) (statement of Sen. Leahy) (“As an original author and sponsor of the act, I know firsthand that [the *Moseley I* ‘actual dilution’ burden of proof] is contrary to what Congress intended when it passed the dilution statute.”).

168. See *Moseley II*, 605 F.3d 382, 389 (6th Cir. 2010).

intend that the TDRA would shift the burden of proof or production in cases where a defendant had used a plaintiff's mark in association with sex related products. In allowing a court to presume tarnishment, the Sixth Circuit's "rebuttable presumption" greatly expands trademark holders' rights and may encourage dilution by tarnishment litigation.<sup>169</sup> The presumption therefore frustrates Congress's intent that "[l]egislation should refrain from . . . creating rights in perpetuity for trademarks" and that the dilution cause of action "be used sparingly as an 'extraordinary' remedy."<sup>170</sup>

Therefore, courts adjudicating future dilution by tarnishment cases should not rely upon the reasoning of the Sixth Circuit in *Moseley II*. Courts struggling to apply the post-TDRA dilution by tarnishment cause of action should turn to a truer guide, the Second Circuit *Starbucks* opinion. As was shown in Section II.A.2, *supra*, the *Starbucks* reasoning—in contrast to the Sixth Circuit's reasoning in *Moseley II*—focuses more intently on whether the defendant's use of the plaintiff's mark is actually likely to "harm[] the reputation of the famous mark,"<sup>171</sup> as mandated by the language of the TDRA. In assessing the harm that would likely result from the defendant's use of a plaintiff's mark (rather than presuming its probability), the Second Circuit reasoning more accurately applies the TDRA standard for dilution by tarnishment.

C. APPLYING THE *STARBUCKS* REASONING TO *MOSELEY II*: A DIFFERENT OUTCOME

Indeed, had Sixth Circuit focused on whether the plaintiff had presented sufficient evidence to show that the defendant's use of the mark would likely harm the plaintiff's mark—as the Second Circuit in *Starbucks* did—the case would have likely come out the other way.

In *Moseley II*, the plaintiff failed to present *any* evidence that consumers' positive associations with the Victoria's Secret mark are likely to be degraded as a result of the defendants' use of the "Victor's Little Secret" mark.<sup>172</sup> Although the plaintiff presented an affidavit from Army Colonel John E. Baker stating that he "was offended by [the] defendants' use of [Victoria's Secret's] trademark to promote . . . un-wholesome, tawdry merchandise," such as " 'adult' novelties and gifts,"<sup>173</sup> the Supreme Court made clear in its

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169. See discussion *supra* note 129.

170. See H.R. REP. NO. 109-23, at 25.

171. 15 U.S.C. § 1125(c)(2)(C) (2006).

172. See *Moseley II*, 605 F.3d 382, 393 (6th Cir. 2010) (Moore, J., dissenting).

173. *Id.* at 391.

opinion that although the Colonel was offended by the ad, it did not change his conception of Victoria's Secret: "His offense was directed entirely at [the Moseleys' store], not at [Victoria's Secret]."<sup>174</sup>

Had the Sixth Circuit applied the *Starbucks* reasoning to the facts at issue and focused on the junior use's potential for harm, it would have undoubtedly found this evidence lacking. As articulated by the Second Circuit in the *Starbucks* case (and as quoted by Judge Moore in her dissent):

That a consumer may associate a [negative] junior mark with a famous mark says little of whether the consumer views the junior mark as harming the reputation of the famous mark. The more relevant question, for purposes of tarnishment, would have been how a [mark with negative associations] would affect the positive impressions [about the senior mark].<sup>175</sup>

Under this reasoning, the Baker affidavit fails to provide any answer to the "relevant question" in the tarnishment analysis.<sup>176</sup> Certainly, it may show that some consumers may find the goods the Moseleys were selling distasteful. Likewise, it may demonstrate that some consumers may associate "Victor's Secret" or "Victor's Little Secret" with the famous "Victoria's Secret" mark. However, the affidavit simply does not demonstrate that consumers would be likely to *transfer* their negative feelings about the Moseleys' goods to the Victoria's Secret brand and therefore does not demonstrate a likelihood of harm.

Indeed, when presented with similar evidence that merely pointed to the fact that consumers were likely to associate a negative mark with the Starbucks' famous mark, the Second Circuit in *Starbucks* held that a court should not "assume that a purportedly [negative] junior mark will likely harm the reputation of the famous mark by mere association when [a] survey

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174. *Moseley I*, 537 U.S. 418, 434 (2003).

175. *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.*, 588 F.3d 97, 110 (2d Cir. 2009); *Moseley II*, 605 F.3d at 392.

176. In addition, although outside the scope of this Note, there is some question as to whether the Sixth Circuit should have considered (as the Second Circuit did in the *Starbucks* case) whether the Victor's Secret mark is a parody. While, as a designation of source, the Victor's Little Secret mark cannot qualify for automatic fair use protection under the TDRA, it is possible that under the reasoning of *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252, 266–69 (4th Cir. 2007), the potentially parodic element of this mark should have been considered in the court's analysis of whether Victoria's Secret proved its claim that Victor's Secret tarnished its mark.

conducted by the party claiming dilution could have easily enlightened [the court] on the matter.”<sup>177</sup>

Further, had the court compared the goods at issue—as the Second Circuit did in *Starbucks*—it would have been forced to acknowledge that the Victoria’s Secret brand is hardly free from association with sexual themes. Thomas McCarthy noted that “it’s ironic that the ‘tarnished’ plaintiff’s VICTORIA’S SECRET mark itself is widely promoted as a source for ‘sexy little things’ intimate lingerie.”<sup>178</sup> In the same way that the fact that the Charbucks’ coffee was of a similar quality to Starbucks’ coffee “undercut” its claim of dilution by tarnishment,<sup>179</sup> here, the fact that the Victoria’s Secret brand itself is loosely associated with sex at least partially undercuts its assertion that the Moseleys’ “sexy” goods would tarnish its image in the eyes of consumers. Therefore, the amount of tarnishment likely to result from its association with sex-related goods seems to be merely speculative—as admitted by the majority itself in the Sixth Circuit *Moseley II* decision.<sup>180</sup>

However, speculation alone is not enough to support a dilution by tarnishment claim:

177. *Starbucks*, 588 F.3d at 110.

178. McCarthy, *supra* note 140 (citing *Menashe v. V Secret Catalogue, Inc.*, 409 F. Supp. 2d 412 (S.D.N.Y. 2006)) (emphasis in original); *see also Moseley II*, 605 F.3d 382, 394 n.4 (6th Cir. 2010) (Moore, J., dissenting) (“Nor can the court ignore the character of the senior mark when applying the majority’s ‘rule.’ Victoria’s Secret sells women’s lingerie, and, as Victoria’s Secret readily admits, its own mark is already associated with sex, albeit not with sex novelties.”).

179. *Starbucks*, 588 F.3d at 111.

180. *Moseley II*, 605 F.3d at 389 (“We agree that the tarnishing effect of the Moseley’s [sic] mark on the senior mark is somewhat speculative . . .”). Indeed, lawmakers at the 2004 hearing before the Subcommittee on the Courts, Internet, and Intellectual Property expressed doubt (albeit light-heartedly) about the likelihood that Victoria’s Secret could actually be tarnished by the Victor’s Little Secret Mark:

Mr. STIMSON. The problem here is not a question of confusion but it is the question of blurring and diluting the value of the mark which does belong to the trademark owner. It no longer signifies a single origin or source.

You also asked about, so what if there is some small store in Kentucky? Well, dilution is designed to try to prevent this whittling away, which does start off often in a very small circumstance and protect marks in their incipency before it is too late, before things do go to the point where it is impossible to get your reputation back.

Mr. BERMAN. Yes, but Victor’s Little Secret is not Victoria’s Secret. . . .

*And can one actually tarnish the image of Victoria’s Secret?*

Mr. STIMSON. *I won’t get into that.*

Mr. BERMAN. *Okay.* [Laughter.]

2004 Hearing, *supra* note 54, at 52–53 (emphasis added).

Even after the 2006 revision when only a likelihood of dilution is required, . . . judges should demand persuasive evidence that dilution is likely to occur. Even the probability of dilution should be proven by evidence, not just by theoretical assumptions about what possibly occur or might happen.<sup>181</sup>

Indeed, the Sixth Circuit itself defined “likelihood” as more than a mere possibility: “the word ‘likely’ or ‘likelihood’ means ‘probably.’”<sup>182</sup> Here, when the Sixth Circuit’s “rebuttable presumption” is set aside, Victoria’s Secret did not present evidence sufficient to demonstrate that tarnishment of its mark was “probable.” In sum, under an analysis more akin to the Second Circuit’s, it is possible that Victoria’s Secret’s tarnishment claim would not have passed muster.

#### IV. CONCLUSION

Because the Second Circuit’s reasoning assesses, rather than merely assumes, the harm likely to result from a defendant’s use of a mark, the *Starbucks Corp. v. Wolfe’s Borough Coffee, Inc.* opinion more accurately applies the evolved dilution by tarnishment standard. By contrast, the Sixth Circuit’s creation of a “rebuttable presumption,” justified primarily by a gross misreading of the TDRA’s legislative history, greatly expands the scope of trademark holders’ rights beyond what was intended by Congress.<sup>183</sup> Consequently, courts seeking a truer guide in future tarnishment decisions should turn to the Second Circuit’s reasoning in *Starbucks* and shelve the Sixth Circuit’s decision as a mere oddity—a reflection of the persistent ambiguity in this area of trademark law.

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181. MCCARTHY, *supra* note 11, § 24:115.

182. *Moseley II*, 605 F.3d at 388.

183. See discussion *supra* Section III.B.



