A Circus Among the Circuits: Would the Truly Famous and Diluted Performer Please Stand Up?
The Federal Trademark Dilution Act and Its Challenges

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I. Introduction

Sometimes, nothing is more painful than the truth. Congress passed the celebrated Federal Trademark Dilution Act of 1995 (“the Act” or the “Dilution Act”) with great hope that it would create a uniform anti-dilution law, end forum shopping, and encourage trademark owners to build brand equity with more ease. Congress was overwhelmingly in favor the Act, and thus passed it with little debate, leaving behind a sparse congressional record. In its haste to pass the Act, Congress failed to address whether the Act extends to product design marks; whether the Act requires proof of actual economic harm, or if likelihood of dilution is an acceptable standard; how fame and dilution should be measured; and the degree of fame or dilution required under the Act.

Trademark owners now have to bear the cost of congressional failure. For the time being, trademark owners are facing conflicting interpretations of the Dilution Act coming from the First, Fourth, Eighth and Ninth Circuits. The other circuit courts, expectedly, will soon follow suit when they have their chance to address the Act. Each of the circuit courts that has had the opportunity to address the Act has its own idea about dilution and fame, the meaning of dilution, how to establish fame, and how to prove dilution. With the conflicting rulings from these circuits, there is a circus among the circuits. Each performer at the circus is carrying its own act leaving trademark owners a federal anti-dilution system that is almost as chaotic as the original patchwork system of more than twenty-five state statutes. Trademark owners will continue to shop for a forum that has the best anti-dilution protection where the owners do not have to satisfy, among others, the stringent requirement of actual economic harm to the famous mark.

*159 In Part I, this Article will expose the congressional failure. Part I also provides an analysis for each of the issues left out by Congress. These issues include: (a) the problems with providing a patent-like protection to product design marks under the Act; (b) the problems with proof of actual dilution versus likelihood of dilution; (c) the

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problems with “famous;” and (d) the problems with undefined terms in the Act, such as “willful intent.” Part II analyzes, compares, and contrasts the dizzying circus acts of the First, Fourth, Eighth and Ninth Circuit performers. Part III explains the reasons the fun at the circus is over and offers various ways to orchestrate a new act for the benefits of trademark owners, the courts and the public. Part IV concludes that if a uniform interpretation of the Act is not soon formulated by the circuit courts, more chaos will occur, and perhaps it is time to hear from the ringmasters--the Supreme Court or Congress.

II. A Quick Overview of the Dilution Act

The Federal Trademark Dilution Act went into effect on January 16, 1996, providing a federal remedy to dilution of famous marks. The Act amends section 43 of the Trademark Act of 1946, commonly known as the Lanham Act, to provide owners of famous marks with injunctive relief against unauthorized use of a mark that dilutes the distinctive quality of the famous mark. The Act adds a new subsection 43(c)(1) to the Lanham Act:

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 any 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 famous mark.

The Act amends section 45 with a definition of dilution. The new definition states that dilution is “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.”

The new subsection 43(c)(2) of the Act provides remedies set forth in sections 35 and 36 of the Lanham Act. These remedies include damages and attorneys’ fees to a

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2 Other provisions of the Lanham Act § 43 provide a cause of action for owners of marks, regardless of whether the marks are registered, against unauthorized use that causes false representation, association, sponsorship, advertisement or unfair competition. See 15 U.S.C. 1125(a)(1)(A) and (B); see also Joseph P. Bauer, A Federal Law of Unfair Competition: What Should Be the Reach of Section 43 (a) of the Lanham Act?, 31 UCLA L. Rev. 671, 704 (1984).
plaintiff if it is shown that the defendant “willfully intended to trade on the owner’s reputation or to cause dilution of the famous mark.” The Act and its legislative history are silent on the definition of “willfully intended.”

Under subsection 43(c)(1), not every mark is entitled to anti-dilution protection; the Act protects only famous marks. The Act provides eight non-exclusive factors for courts to consider in determining whether a mark is “distinctive and famous”: (A) the degree of inherent or acquired distinctiveness of the mark; (B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used; (C) the duration and extent of advertising and publicity of the mark; (D) the geographical extent of the trading area in which the mark is used; (E) the channels of trade for the goods or services with which the mark is used; (F) the degree of recognition of the mark in the trading areas and channels of trade used by the mark’s owner and the person against whom the injunction is sought; (G) the nature and extent of use of the same or similar marks by third parties; and (H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the Principal Register.

Since the Act is intended to provide protection against “commercial use” of a mark, the Act exempts certain types of fair use of a mark from a dilution claim. Subsection (c)(4) provides examples of fair use of a mark: using a mark in comparative commercial advertisement, noncommercial use of a mark, and news reporting and commentary.

III. A Circus Created by Congressional Ill-Thought Legislation

In March of 1995, Representative Carlos Moorhead of California introduced a bill to amend the Lanham Act to protect famous marks from dilution—the Federal Trademark Dilution Act of 1995. The Act was passed with a strong reception from Congress and with sparse legislative history.

In passing the bill, Congress was aware of the problems associated with anti-dilution laws in twenty-five states. The “patchwork system” of state laws imposed difficulties on owners of trademarks to build national brand awareness and management

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and encouraged forum shopping for states that offered the most favorable protection.\textsuperscript{10} In addition, state laws lacked uniformity in the application of dilution theory.\textsuperscript{11}

Unfortunately, in its haste to pass the Act, Congress either was silent or failed to provide in-depth discussion on issues such as (1) whether the Act applies to all marks, including product configuration or design; (2) the meaning of dilution, and how dilution must be demonstrated; (3) the meaning of “famous” and how “famous” is measured; and (4) what types of conduct amount to willful intent, and whether remedies against such conduct require proof of actual harm suffered by the famous mark, which has now become less famous than it was before dilution. As demonstrated below, failure to address these issues raises potential threats to the *162 constitutionality of the Act, causes inconsistencies in the application of dilution theories, and creates a circus among the circuits.

\textit{A. The Problems of Perpetual Patent-Like Protection: The Dilution Act and Product Design}

An examination of the plain language of the Dilution Act suggests that the Act applies to a famous “mark” and does not restrict the definition of that term to word marks.\textsuperscript{12} Thus, without such a restriction, an argument could be made that the Act applies to all marks including product design marks.\textsuperscript{13} This interpretation, however, raises a potential constitutional problem: the Act potentially provides perpetual federal protection to a product design which is normally subject to limited time protection under the federal patent law.\textsuperscript{14}

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  \item \textsuperscript{10} See 141 Cong. Rec. H14,318 (daily ed. Dec 12, 1995).
  \item \textsuperscript{12} I.P. Lund Trading v. Kohler Co., 163 F.3d 27, 45 (1st Cir. 1998).
  \item \textsuperscript{13} Id. at 45.
\end{itemize}

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Since the Dilution Act is designed to benefit only the owners of the famous marks and not the general public at large, the Act does not require the owners to prove public confusion as to source.\textsuperscript{15} If Congress indeed intended to extend the reach of the Act to all product designs that are famous, then Congress was creating a perpetual patent grant to the famous product designs solely for the interest of the owner at the expense of the public.\textsuperscript{16} Thus the public’s opportunity to benefit by purchasing similar products at a lower price is prevented as the Act allows the owner of the product design to hold a perpetual monopoly in the product design.\textsuperscript{17}

\textbf{*163} Whether Congress intended the Act to cover product designs requires scrutiny in the spare legislative history and jurisprudence on patent and trademark conflicts. Legislative history of the Act provides examples of blurring and tarnishment only for word marks.\textsuperscript{18} There are no examples of dilution of product design or configuration. This could mean that Congress was cognizant that it is easy to understand dilution through blurring or tarnishment if the famous mark is a word mark, but not if it is a product design mark where the mark is the product itself.\textsuperscript{19} According to the First Circuit, in a product design mark case it is difficult to see how dilution through blurring or tarnishment can be shown where the defendant has replicated some aspects of a plaintiff’s product design, and the result is a defendant’s product that does not create consumer association between defendant’s product and plaintiff’s product design mark.\textsuperscript{20}

Moreover, in a dilution claim involving product design, often the real issue is not interference with the source identification function of the product design, but rather protection from appropriation of or free-riding on the investment that the plaintiff has made in its known product design.\textsuperscript{21} Such investment is usually given patent protection, which is limited in duration.\textsuperscript{22}

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\textsuperscript{15} I.P. Lund, 163 F.3d at 48.
\textsuperscript{17} See Id. See also Marsh, supra note 14.
\textsuperscript{19} I.P. Lund Trading v. Kohler Co., 163 F.3d 27, 50 (1st Cir. 1998).
\textsuperscript{20} Id.
\textsuperscript{21} Id.
\textsuperscript{22} See Marsh, supra note 14.
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Accordingly, the First Circuit has recently insisted on a vigorous review of the product design in a dilution claim.\textsuperscript{23} Though that court believes that the Dilution Act does cover product designs, the court notes that there may be rare cases where Congress did not envision protection under the Act for a product design from dilution by a competing product.\textsuperscript{24} The court fears that a broad reading of the statute allowing all forms of product designs protection under the Act would push it to the “constitutional edge” creating a conflict between patent and trademark law.\textsuperscript{25}

Some commentators have flatly suggested that Congress intended to categorically exclude product design from the protection provided under the Dilution Act.\textsuperscript{26} According to these commentators, traditional federal trademark infringement protection for a product design does not create a monopoly in the use of the design as long as that protection is based on the consumer confusion rationale.\textsuperscript{27} In that context, there is no conflict between patent and trademark laws.\textsuperscript{28} Outside the context of the traditional consumer confusion rationale, federal patent law preempts any protection for product design.\textsuperscript{29} Thus, blanket anti-dilution protection for product designs under Dilution Act would violate the federal patent law. A way to avoid such a violation is to exclude product design from the “mark” definition under the Dilution Act.\textsuperscript{30}

Such categorical exclusion, however, contradicts the plain language of the Dilution Act, which does not restrict the definition of “mark” to a word mark.\textsuperscript{31} The exclusion violates the statutory meaning of trademark, which includes not just words but symbols, designs, or devices.\textsuperscript{32} In addition, such exclusion would reduce a product design that has

\textsuperscript{23} I.P. Lund, 163 F.3d at 50.

\textsuperscript{24} Id.

\textsuperscript{25} Id. See also Marsh, supra note 14.

\textsuperscript{26} Heald, supra note 16.

\textsuperscript{27} Heald, supra note 16. See also Marsh, supra note 14.

\textsuperscript{28} See Heald, supra note 16.

\textsuperscript{29} See Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 154 (1989); Kohler Co. v. Moen Inc., 12 F.3d 632 (7th Cir. 1993). See also Heald, supra note 16.

\textsuperscript{30} Heald, supra note 16.

\textsuperscript{31} See I.P. Lund, 163 F.3d at 50.

been functioning as a source identifier to a second class citizen status; it functions as a trademark within the meaning of the statute but does not have all the privileges and protection that all other trademarks currently enjoy. As demonstrated above, by passing the Dilution Act without addressing whether the Act reaches all types of marks, Congress has created uncertainty where it envisioned resolution.

**B. The Problems of Dilution: Actual Economic Harm to the Selling Power of a Famous Mark or Likelihood of Dilution**

The plain language of the Act requires that (1) the plaintiff’s mark is famous; (2) the defendant’s use of the junior mark commencing after the plaintiff’s mark has become famous; and (3) the use of the junior mark causes a “lessening of the capacity of a famous mark to identify and distinguish goods or services.” The language of the Act seems simple, direct and clear; however, it is more deceptive than this simple reading. Indeed, the Act could be interpreted to require proof of actual dilution because the language of the Act refers to a junior mark used after the plaintiff’s mark becomes famous and then the junior mark causing dilution. The Act does not state that the use of the junior mark is likely to cause or will cause dilution to the famous mark. This reasoning leads to the question of what type of proof is required to show actual dilution.

The Fourth Circuit, in addressing proof of dilution, has imposed a stringent requirement that actual economic harm be established by showing that the defendant’s use of the junior mark lessened the demand for the plaintiff’s products or services. The First Circuit, in a case involving a product design mark, has observed that the demand for a plaintiff’s products is always lessened whenever a competing product achieves a measurable degree of success. The fact that customers knowingly choose to pay less for a similar product instead of paying more for a more famous product does not in and of itself establish dilution through blurring. According to the First Circuit, dilution through blurring has to do with the identification of a product, and that is not the same thing as

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33 A junior mark is a mark that is used after the plaintiff’s mark has become famous.


36 See Id.


38 Id. at 49.

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a lessening of demand. Nevertheless, questions remain regarding whether the Act requires proof of actual dilution or likelihood of dilution, and regarding what is an acceptable degree of dilution. A district court has also addressed proof of dilution by relying on a consumer survey, which shows that 21% consumers in the geographical areas where the defendant operated its convenience stores associated the defendant’s mark with the plaintiff’s.

The Fourth Circuit has recently held, however, that such proof of “association” between the defendant’s mark and the plaintiff’s mark does not address the heart of actual dilution. Because the Act does not provide any example or guidance on what dilution means and how dilution can be shown, that Act essentially leaves open a wide range of interpretations, including an extreme interpretation of actual dilution imposed by the Fourth Circuit. The Fourth Circuit has held that proof of actual dilution is shown by evidence of actual economic harm to the selling power of the famous mark due to the use of the junior mark by the defendant. In other words, the use of defendant’s mark lessened the demand for the plaintiff’s products or services in a measurable way. The court offered three means for demonstrating actual economic harm to the famous mark’s selling power: (1) actual loss of revenues; (2) contextual factors such as the junior mark’s exposure, the similarity of the marks, and the firmness of the senior mark’s hold; and (3) consumer survey.

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39 Id.

40 The court in Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. Of Travel Dev., 955 F. Supp. 605, 612, aff’d, 170 F.3d 449 (4th Cir. 1999) [hereinafter Ringling II], commented that “the Act does not specify how dilution occurs or how it may be detected or measured.” The court suggests that “[b]ecause the effect of blurring may manifest itself directly in harm to the selling power of the famous mark, dilution by blurring may be shown by proof that the use of a junior mark has caused a lessening of demand for the product or services bearing the famous mark or for use of the famous mark in co-promotions” or dilution via blurring may be shown “by the direct evidence of a survey of consumers and indirectly or circumstantially by the application of [the Mead Data] multi-factor balancing test”).


42 Ringling, 170 F.3d at 453.

43 See Id. at 459-61.

44 See Id. at 461.

45 See Id.

The proof of actual loss of revenues is very rare and difficult to obtain.\(^\text{47}\) Because dilution is a slow process, it would take years for the owner of a famous mark to be able to quantify the actual loss of revenues due to the diminishment of the selling power of the famous mark.\(^\text{48}\) Further, waiting for enough evidence to be quantifiable may cause the owner of the famous mark to foreclose his opportunity to get preliminary injunctive relief from the defendant.

The proof of “the extent of the junior mark’s exposure, the similarity of the marks, and the firmness of the senior mark’s hold”\(^\text{49}\) is irrelevant, redundant and not helpful. Although dilution through blurring more likely occurs if the junior mark is strong and has independent image and reputation, “the extent of the junior mark’s exposure” is not relevant in cases where the junior mark triggers no recollection or thought of the famous mark.\(^\text{50}\) “The similarity of the marks” is not helpful because dilution can occur in cases such as parody or tarnishment where the junior mark may not be very similar to the famous mark.\(^\text{51}\) Furthermore, the Dilution Act does not require the junior mark to be similar to the famous mark.\(^\text{52}\) “The firmness of the senior mark’s hold” is a redundancy of the “fame” analysis\(^\text{53}\) because the Dilution Act only protects marks that are famous. A dilution analysis is not necessary if the fame analysis reveals that the mark is not famous within the meaning of the Dilution Act.\(^\text{54}\)

The third type of proof requires a “consumer survey designed not just to demonstrate mental association of the marks in isolation, but further consumer impressions

\(^{47}\) See Id.


\(^{49}\) See Ringling, 170 F.3d at 465.

\(^{50}\) McCarthy, § 24:94.1, 24-165.


\(^{53}\) See 15 U.S.C. § 1125(c)(1) (the Dilution Act protects only famous marks; thus, the fame analysis must take place prior to the dilution analysis. Therefore, it is redundant to analyze the fame of the senior mark again in the dilution analysis).

from which actual harm and cause might rationally be inferred.” The third type of proof seems plausible; however, the Fourth Circuit failed to address the degree of actual harm that the consumer survey must show in order for the plaintiff to meet its evidentiary burden. Specifically, what percentage of “dilution” in the consumer survey is an acceptable threshold of dilution?

On the other end of the spectrum, a “likelihood of dilution” standard dominates a dilution analysis. Courts that apply this standard often use a modified Mead Data test that was originally formulated by Judge Sweet ten years ago in his concurring opinion in Mead Data Inc. v. Toyota Motor Sales. The original Mead Data test included balancing the factors: (1) similarity of the marks; (2) similarity of the products; (3) sophistication of the consumers; (4) predatory intent; (5) renown of the senior mark; and (6) renown of the junior mark. The modified Mead Data test eliminates the “similarity of the products” and “predatory intent” factors because those factors belong to the traditional likelihood of confusion analysis and thus they are not appropriate in a dilution analysis. A modified Mead Data test, as argued by several commentators, is significant because it allows an owner of a famous mark to seek preliminary injunctive relief from a defendant who has yet to market its dissimilar products with a junior mark that is similar to the famous mark.

In summary, with sparse congressional record providing guidance in order to

55 See Ringling at 465.


59 See Mead Data, 875 F.2d at 1035.

60 See Bible, supra note 56.
consistently interpret the meaning of dilution and proof of dilution, the Dilution Act creates a problem that Congress intended to correct: forum shopping for courts within a circuit that has the most favorable and broadest protection. Trademark owners now would avoid courts in the Fourth Circuit so that they do not have to demonstrate actual economic harm suffered by the famous marks!

C. The Problems with “Famous”

“Famous” is an amorphous concept. It is difficult to determine whether a mark is famous, how much fame a famous mark needs, and whether a famous mark is more famous than another famous mark. The Dilution Act requires that only famous marks are entitled to federal anti-dilution protection; however, the Act is of no assistance in resolving how famous a mark should be in order for it to enjoy its protection. The Act provides a list of eight non-exclusive factors for courts to analyze to determine whether a mark is famous; however, that list fails to quantify the fame of a mark. Further, if a mark is found famous, does it follow that the degree of fame the mark possesses should correlate with the extent of protection it should receive?

In analyzing whether a mark is famous within the context of the Act, courts have held that it is not sufficient that a mark has acquired secondary meaning. The question then would be whether such a mark could ever be accorded a status of famous. If the answer is no, here lays the pitfall of trademark law: a mark that has acquired secondary meaning would always be treated as a second class citizen compared to a mark that is inherently distinctive or suggestive.

Thus, it is not surprising that some courts have erroneously found famous a number of marks that are only known and recognized within a particular industry. These cases often involve domain names on the Internet. In the Internet cases, it seems that the courts are willing to find a plaintiff’s mark famous, and that a defendant’s use of the mark as a

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62 See Alexander, supra note 61; Serad, supra note 61.


domain name amounts to dilution. This indicates that the courts want to accommodate congressional desire to curb the use of deceptive domain names. This poses a threat to a uniform application of the Act; some marks are not qualified to get the protection but are accorded such protection *simply because the use of the marks involves the Internet! Additionally, in the non-Internet area, some courts find marks to be famous that enjoy very little fame outside their narrowly defined markets.

D. The Problems with the Undefined Term “Willfully Intended”

In an unexpected twist of fate, the Dilution Act’s undefined term “willfully intended” has acquired a new meaning in a recent Fourth Circuit’s decision. The Fourth Circuit in Ringling examined the Dilution Act and held that “causes dilution” requires proof of actual economic harm because “cause” is not “will” or “may.” The Fourth Circuit found support for its ruling by contrasting the state dilution laws and the Dilution Act. It noted that unlike state dilution statutes that only focus on future harm by providing only injunctive relief, the federal statute focuses on consummated actual economic harm suffered by the famous mark. According to the Fourth Circuit, evidence for the requirement of consummated actual economic harm is in the remedy provision against “willful intend.” Since the Act provides monetary and restitutionary damages against a

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66 See Panavision International v. Toeppen, 141 F.3d 1316, 1326 (9th Cir. 1998) (affirming the district court’s finding that dilution occurs when “potential customers of [plaintiff] will be discouraged if they cannot find its web page by typing in ‘Panavision.com,’ but instead are forced to wade through hundreds of web sites.”); Jews for Jesus v. Brodsky, 993 F. Supp. 282, 306-07 (D.N.J. 1998) (finding dilution occurs when “[p]rospective users of plaintiff’s services who mistakenly access defendant’s web site may fail to continue to search for plaintiff’s own home page, due to anger, frustration or the belief that plaintiff’s home page does not exist.”); Teletech, 977 F. Supp. at 1410 (finding that use of a search engine can generate as many as 1,000 matches and it is “likely to deter web browsers from searching for Plaintiff’s particular web site”).

67 See Reichman, supra note 57.


69 Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449, 460 (4th Cir. 1999).

70 Id. at 460-61.

71 Id. at 458, 460.

72 Id. at 461.
defendant who “willfully intended to trade on the owner’s reputation or to cause dilution of the famous mark,” it follows that the Act requires only proof of actual economic harm suffered by the famous mark.\textsuperscript{73} Under the Fourth Circuit’s reasoning, “causes dilution” becomes “caused dilution” and “willful intent” has become “consummated economic harm”!

On the other hand, a different interpretation of the Dilution Act can be formulated such that the Act’s subsection (c)(2) simply provides different remedies \textsuperscript{*172} against different types of conduct committed by the defendant.\textsuperscript{74} If there is no willful intent then the remedy is limited to injunctive relief.\textsuperscript{75} If there is willful intent, then the remedy includes monetary and restitutionary relief.\textsuperscript{76} A narrow reading of the subsection inferring that the Act absolutely requires proof of actual economic harm to the famous mark, because there is the potential for monetary and restitutionary relief, is contrary to well established trademark jurisprudence. Trademark law has long provided that proof of \textit{likelihood} of confusion is sufficient despite the fact that the Lanham Act allows for both equitable and legal remedies under section 35(a).\textsuperscript{77}

Moreover, section 35(a) provides remedies specific to trademark infringement or likelihood of confusion claims under section 43(a), not dilution claims under section 43(c).\textsuperscript{78} The language of section 35(a) makes clear that only plaintiffs who own registered trademarks asserting trademark violation under the Lanham Act or who allege likelihood

\textsuperscript{73} \textit{Id.}

\textsuperscript{74} \textit{See} Lanham Act § 43(c), 15 U.S.C. § 1125(c) (1996).


\textsuperscript{76} \textit{See} 15 U.S.C. 1125(c)(2).


\textsuperscript{78} \textit{See} Lanham Act § 35(a).
of confusion can obtain monetary damages. The plaintiff does not have to prove actual economic harm due to infringement or confusion of its mark under section 43(a). Similarly, Congress grants a plaintiff who prevails in a dilution claim monetary remedies under section 35(a) which are identical to the remedies entitled to a plaintiff who prevails in a trademark infringement or likelihood of confusion claim. This suggests that Congress could have not intended section 43(c) to always require proof of actual dilution or actual economic harm.

In its eager haste to pass the Moorhead bill, Congress failed to address the issues noted above: perpetual patent-like protection, whether actual economic harm or likelihood of dilution is required, and the extent of fame a mark must possess. These issues have created a circus in place of the 25 clowns of the state statutes Congress originally wanted to eliminate. The problems will only proliferate until either the Supreme Court clarifies the meaning of the Dilution Act or Congress amends the Act with provisions to clarify the issues noted above. Thus, the Dilution Act has brought uncertainty where it had set out to resolve uncertainties. Once again, trademark owners are facing problems ranging from constitutional challenges, inconsistent application of dilution theories, differing interpretations of the Act, and the need for forum shopping.

As demonstrated below, several circuit courts have had the opportunity to interpret the Dilution Act, and all of these courts seem to struggle with the concept of dilution. The end result so far is a circus of decisions that are more disjoined than the “patch work system” of state laws that existed before the enactment of the Dilution Act. Each performer at the circus has its own ideas of what dilution is and how to prove dilution. Yet all performers start out at the same point of origin: the language of the Dilution Act itself. The audience at the circus--trademark owners and practitioners--are experiencing nothing less than a dizzying performance. Perhaps the performance is getting too convoluted and is not well orchestrated.

Below is a description of the various acts at the circus with critique.

IV. A View of the Performances of the Circuits at the Circus


The First Circuit has recently addressed the standards of determining dilution and whether the Dilution Act applies to product designs in cases of first impression for the

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79 See Lanham Act § 35(a).


81 See Lanham Act § 43(c)(2).

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In this case, the plaintiff was the Danish manufacturer of VOLA faucets designed by the noted architect Arne Jacobsen. The VOLA faucet is a single-control, wall-mounted faucet with a handle that utilizes a thin cylindrical lever to adjust water temperature and volume. The VOLA faucet has a spout and an aerator holder of uniform diameter with the spout bending downward at right angles softened by a curve. The VOLA faucet only fits no-hole sinks. The VOLA faucet has been on the market since 1969, has received numerous awards, and has been displayed in the Museum of Modern Art. The faucet has also been regularly advertised and featured in numerous magazines.

Defendant Kohler was the largest supplier of plumbing fixtures in the United States. In 1994, Kohler contacted plaintiff Lund regarding the possibility of selling VOLA faucets under Kohler’s name and subsequently bought eight VOLA faucets to test whether the faucets met U.S. regulations. Kohler gave a VOLA faucet to its industrial designer who studied the VOLA faucet and then designed the Falling Water faucet. Kohler’s Falling Water faucet contains most of the VOLA faucet features described above. Kohler’s Falling Water faucet is sold at lower price than the VOLA faucet. Co-defendant Robern, prior to being acquired by Kohler in 1995, sold VOLA faucets and used pictures with VOLA faucets to promote the sale of its sink modules. Robern continued to use the same pictures in its promotional materials, despite the fact that for sales it has replaced the VOLA faucets with the Falling Water faucets in its sink modules. Plaintiff Lund brought suit against defendants Kohler and Robern for trade dress dilution and infringement. The district court entered preliminary injunction against the defendants on dilution claim, but not on the infringement claim. The defendants appealed.

83 Id. at 34.
84 Id.
85 Id.
86 Id. at 32, 34.
87 Id. at 34.
89 Id. at 34.
90 Id.
91 Id.
92 Id. at 35.
The First Circuit recognized from the outset that this case raised several questions of first impression in the circuit.\textsuperscript{93} The First Circuit noted that unlike traditional trademark and trade dress law, the Dilution Act is not concerned with consumer confusion or the public interest;\textsuperscript{94} the Dilution Act protects only the owners of trademarks or trade dresses.\textsuperscript{95} The First Circuit stated that despite their different purposes, a claim for trade dress infringement and a claim for trade dress dilution share three elements before the analyses diverge: (1) the trade dress must be used in commerce; (2) the trade dress must be non-functional; and (3) the trade dress must be distinctive.\textsuperscript{96} The First Circuit held that the plaintiff in a dilution claim bears the burden of proving that its trade dress is non-functional. Non-functionality is essential because (a) this doctrine prevents a constitutional problem between trademark and patent law; (b) Congress could not have intended to provide Lanham Act protection to functional aspects of products—trademarks must serve their intended purpose of identifying product source; and (c) the doctrine deters a plaintiff from bringing unwarranted action since it is the plaintiff who must bear the burden of non-functionality.\textsuperscript{97} Thus, if the plaintiff cannot demonstrate non-functionality, there is no trade dress protection available under the Dilution Act.\textsuperscript{98} Accordingly, the First Circuit remanded the case for a finding on non-functionality, which the district court previously had failed to conduct.\textsuperscript{99}

\*176 As to the fame prong of the analysis, the First Circuit held that that district court failed to apply the fame factors under the Dilution Act.\textsuperscript{100} The district court erroneously concluded that the VOLA design is distinctive because it had acquired secondary meaning.\textsuperscript{101} Such a per se analysis is incorrect under the Dilution Act that requires a rigorous analysis of fame.\textsuperscript{102} The First Circuit found that the VOLA product design is an unregistered mark and not inherently distinctive, strong or nationally

\textsuperscript{93} Id. at 32.  
\textsuperscript{94} I.P. Lund Trading v. Kohler Co., 163 F.3d 27, 36 (1st Cir. 1998).  
\textsuperscript{95} Id.  
\textsuperscript{96} Id.  
\textsuperscript{97} Id. at 38.  
\textsuperscript{98} Id.  
\textsuperscript{99} Id. at 51.  
\textsuperscript{100} I.P. Lund Trading v. Kohler Co., 163 F.3d 27, 47 (1st Cir. 1998).  
\textsuperscript{101} Id.  
\textsuperscript{102} Id.
known.\textsuperscript{103} Thus, the VOLA product design has not achieved the level of fame required within the context of the Dilution Act.

As to the dilution prong of the analysis, the First Circuit held that the district court’s standard for determining dilution through blurring was incorrect.\textsuperscript{104} The district court had articulated that the plaintiff must demonstrate that “the use of a junior mark has caused a lessening of demand for the product or services bearing the famous mark.”\textsuperscript{105} The First Circuit rejected the district court’s actual harm standard because “the demand for one product is almost always lessened whenever a competing product achieves a measurable degree of success.”\textsuperscript{106} A customer’s economic decision to knowingly choose to pay less for a similar product, balancing the trade off of lower price or greater fame does not establish dilution through blurring.\textsuperscript{107} According to the First Circuit, the correct standard for determining dilution through blurring is “whether target customers will perceive the products as essentially the same.” Thus, dilution through blurring “has to do with the identification of a product, and that is not the same thing as a lessening of demand.”\textsuperscript{108}

The First Circuit’s standard for determining dilution, however, is contrary to the Dilution Act and its legislative intent. The Dilution Act only protects famous marks from dilution, and to achieve the “famous” status within the meaning of the Dilution Act a mark must be recognized by a large segment of the public in a wide geographical area.\textsuperscript{109} Thus,

\textsuperscript{103} Id.
\textsuperscript{104} Id. at 49.
\textsuperscript{105} Id. This actual dilution standard was used by the district court in \textit{Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. Of Travel Dev.,} 955 F. Supp. 605, 616 (E.D.Va. 1997), and was later adopted by the Fourth Circuit in the same case. See \textit{Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.,} 170 F.3d 449 (4th Cir. 1999).
\textsuperscript{106} I.P. Lund Trading v. Kohler Co., 163 F.3d 27, 49 (1st Cir. 1998).
\textsuperscript{107} Id. at 50.
\textsuperscript{108} Id. at 33, 49-50.
\textsuperscript{109} America OnLine, Inc. v. LCGM, Inc., 46 F. Supp.2d 444 (E.D.Va. Nov. 10, 1998) (stating that the ownership of a distinctive mark is required for a dilution claim under the Act); Breuer Elec. Mfg. Co. v. The Hoover Co., 1998 WL 427595 *16 (N.D. Ill. July 23, 1998) (“While these marks are registered and have been used for many years on products sold nationwide, Breuer/Tornado has provided little evidence that these marks have acquired a degree of recognition sufficient to be considered famous, particularly outside of the narrow market for commercial vacuums and floor cleaning”); Michael Caruso & Co., Inc. v. Estefan Enterprises, Inc., 994 F. Supp. 1454, 1463 (S.D.Fla. 1998)

1 Chi.-Kent J. Intell. Prop. 158
if a famous mark is diluted, it is the general public, not just “target customers,” which after being exposed to the junior mark and its products, associate the famous mark with the products bearing the junior mark. In addition, the First Circuit’s requirement that the plaintiff’s product and the defendant’s product must be perceived to be “essentially the same” has no place in a dilution analysis. Such a requirement is more appropriate with the traditional likelihood of confusion analysis. The First Circuit essentially requires that in a dilution analysis, the plaintiff must demonstrate that the consumer perceives the products as coming from the same source! This requirement contradicts the language of the Dilution Act and its legislative intent; there is no such requirement in the Act. In addition, the First Circuit decision ignores the fact that the definition of dilution under the Dilution Act is the “lessening of the capacity of a famous mark to identify and distinguish goods or services.” The likely outcome of such actual dilution of the famous mark would be that the famous mark no longer has the reputation and prestige that it once enjoyed, and thus the demand for the products bearing the famous mark would be less than before the junior mark was used.

The First Circuit, however, raised a serious constitutional issue relating to the reach of the Dilution Act. The First Circuit examined whether the Dilution Act protects product design or configuration. Though recognizing that the Dilution Act does not restrict the definition of “famous mark” to just word marks, the First Circuit observed that there is a fundamental problem in applying the dilution law to the product design in a case involving competing products. The First Circuit expressed its doubt that Congress intended the reach of the Dilution Act to extend to the designs of competing products because (a) dilution theories such as blurring and tarnishment can easily apply to word marks but are more difficult to apply to product design marks; (b) legislative history of the Dilution Act provides examples of blurring and tarnishment to word marks only; and (c) it is difficult to prove dilution of the source identifying function of a product design in a case where some of the product design is “partially replicated and the result is largely dissimilar and does not create consumer confusion.” The First Circuit even speculated that it is possible that (“Even if a mark is distinctive in its particular market, [this] does not render it inherently distinctive so as to engender immediate recognition in the general public of a particular product”). One court found a plaintiff’s mark not famous though the mark has been in use and widely advertised for 46 years in connection with eight grocery stores, while another court found a plaintiff’s mark famous that has been in use for 90 years in connection with grocery chain stores in the Northeast region. See Star Markets, Ltd. v. Texaco, Inc., 950 F. Supp. 1030 (D. Hawai’i 1996); WAWA v. Haaf, 40 U.S.P.Q.2d 1629 (E.D.Pa. 1996).

110 McCarthy, supra notes 48.
112 Id., at 49.
113 Id., at 50.
Congress did not envision anti-dilution protection for product design against a competing product under the Dilution Act; however, the court recognized that the language of the Dilution Act does not permit a court to categorically deny such protection to product design. Nevertheless, “rare cases can be imagined.” Thus, the court refused to read the statute broadly for fear that such reading would bring the Circuit “to the constitutional edge” and require a “rigorous review” of product design cases under the Dilution Act.

*179 B. The Fourth Circuit: Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development.

Plaintiff Ringling Bros.-Barnum & Bailey had been using the mark THE GREATEST SHOW ON EARTH in association with its circus since 1872. The plaintiff obtained a federal registration for its mark in 1961. The plaintiff has extensively advertised and promoted its mark, and the budget for such marketing purposes was $19 million for its most recent fiscal year. On average, more than 70 million people each year are exposed to the mark THE GREATEST SHOW ON EARTH in connection with plaintiff Ringling. Revenues derived from goods and services bearing the mark exceeded $103 million for the most recent fiscal year. To protect its mark from

114 Id.
115 Id.
116 Id.
117 I.P. Lund Trading v. Kohler Co., 163 F.3d 27, 50 (1st Cir. 1998). See also Sunbeam Prods., Inc. v. West Bend Co., 123 F.3d 246 (5th Cir. 1997) (affirming an injunction on the infringement ground). In this case, plaintiff Sunbeam was the manufacturer of stand food mixers since 1930. The stand food mixer had its present design since 1979 and is named “the America Classic.” Defendant West Bend introduced its “Legend” stand mixer market, which closely resembled plaintiff’s stand mixer design. The defendant sold the Legend stand mixer for $20 less than the plaintiff’s product. The plaintiff sued the defendant for infringement and dilution. The district court entered an injunction in plaintiff’s favor on the infringement ground and alternatively held that an injunction would be appropriate against the defendant under the Dilution Act. The defendant appealed to the Fifth Circuit on all grounds.


119 See Id.
120 See Id.
121 See Id.
unauthorized use, the plaintiff has expended a substantial effort to police the mark against third party use with an enforcement program.\textsuperscript{122} On the other hand, defendant Utah Division of Travel Development, an agency of the State of Utah, used the mark THE GREATEST SNOW ON EARTH in connection *180 with Utah tourism services since 1962.\textsuperscript{123} The defendant, however, did not use its mark continuously; it ceased using the mark in 1963, 1977 and 1989.\textsuperscript{124} The plaintiff brought a dilution claim under the Dilution Act against the defendant and lost at a bench trial. The district court held that defendant Utah Travel Division’s use of the mark THE GREATEST SNOW ON EARTH did not dilute plaintiff Ringling’s mark THE GREATEST SHOW ON EARTH.\textsuperscript{125} The plaintiff appealed to the Fourth Circuit that later affirmed the district court’s decision.

On appeal, the Fourth Circuit did not find the need to analyze fame.\textsuperscript{126} The Fourth Circuit summarily affirmed the district court’s conclusion that the plaintiff’s mark is famous since over 40% of respondents in the United States, both inside and outside of Utah, were able to complete the incomplete phrase THE GREATEST _____ ON EARTH with the word SHOW and to associate that mark with the Ringling Circus, thus finding that the plaintiff’s mark is famous.\textsuperscript{127}


\textsuperscript{123} See Ringling, 170 F.3d at 451.

\textsuperscript{124} See Id.

\textsuperscript{125} See Ringling II at 621.

\textsuperscript{126} Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449, 452 (4th Cir. 1999) (“At trial, Ringling put on essentially undisputed evidence demonstrating that its mark had achieved ‘famous’ status before Utah began use of its mark. This left as the dispositive issue whether Utah’s mark had ‘diluted’ Ringling’s by ‘blurring’ it.”)

\textsuperscript{127} The survey results in Utah were

(i) 25% of respondents completed the statement THE GREATEST _____ ON EARTH with only the word SHOW and associated the completed statement with the Circus; (ii) 24% completed that statement with only the word SNOW and associated the completed statement with [defendant]; and (iii) 21% of respondents completed that statement with SHOW and associated the result with the Circus and also completed this statement with SNOW and associated the completed statement with [defendant]. So in Utah, a total of 46% of respondents completed the statement THE GREATEST _____ ON EARTH with the word SHOW and associated the completed statement with the Circus, and a total of 45% of respondents completed that statement with the word SNOW and associated the completed statement with [defendant].

Ringling II, 955 F. Supp. at 612-3 n.4.
The Fourth Circuit devoted most of its opinion on the dilution analysis. It examined state dilution statutes, the Dilution Act and its legislative history.\(^{128}\) It observed that unlike state statutes, which protect famous marks from future harm, the Dilution Act protects a famous mark from actual economic harm inflicted on the former selling power of the famous mark by defendant’s use of the junior mark.\(^{129}\) The Fourth Circuit found support for its interpretation in the language of the Act. According to the Fourth Circuit, the Act requires the plaintiff to show that the defendant’s use of the junior mark actually causes dilution, as opposed to “will” or “may” cause dilution.\(^{130}\) In another words, the Dilution Act focuses on the past measurable harm and not on the future unmeasurable harm.

The Fourth Circuit further held that the Dilution Act requires proof that (a) a defendant used a junior mark sufficiently similar to a famous mark to evoke a mental association of the two marks perceived by consumers who were exposed to the marks; (b) the famous mark suffered actual economic harm, i.e., a lessening of its former selling power for its products or services; and (c) the defendant’s use of the junior mark caused that harm.\(^ {131}\)

With this new standard of dilution, the Fourth Circuit rejected the survey evidence presented by the plaintiff. The Fourth Circuit affirmed the district court’s finding that the plaintiff’s survey evidence failed to show that defendant Utah’s use of the junior mark had caused any actual harm to the plaintiff’s mark in the form of a lessening of that mark’s former capacity to identify and distinguish the plaintiff’s circus as its subject.\(^ {132}\) The plaintiff contended that, within Utah, only 25% of respondents, as compared to 41% nationwide, associate the incomplete statement “THE GREATEST _____ ON EARTH” with Ringling alone because defendant’s use of its mark has caused respondents in Utah to associate the uses of Ringling’s and defendant’s marks.\(^ {133}\) The district court rejected the plaintiff’s contention because Ringling’s survey also demonstrated that 46% of respondents in Utah, as compared to 41% elsewhere, associated “THE GREATEST SHOW ON EARTH” with Ringling.\(^ {134}\) Thus, no evidence in the survey demonstrated that the defendant’s use of “THE GREATEST SNOW ON EARTH” lessens the capacity of

\(^{128}\) Ringling, 170 F.3d at 453-461.

\(^{129}\) Id. at 461.

\(^{130}\) Id.

\(^{131}\) Id.

\(^{132}\) Id. at 463.

\(^{133}\) Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449, 462-63 (4th Cir. 1999).

\(^{134}\) Id.
plaintiff’s mark THE GREATEST SHOW ON EARTH. The power of plaintiff’s famous mark to identify and distinguish Ringling’s circus was as strong within Utah as it was outside of Utah. Thus, there was no actual dilution of plaintiff’s mark.

As to proof of dilution, the Fourth Circuit in *Ringling* obviously misread the dilution law and thus misinterpreted the survey evidence of dilution. The interpretation that the Dilution Act requires proof of actual economic harm to the famous mark’s selling power is contrary to a long line of jurisprudence on dilution. Dilution through the blurring theory does not require consumers in the defendant’s market to be confused or mistaken in their associations of famous and junior marks. Dilution indeed occurs if consumers think of both a famous and junior mark at the same time, but properly recognize that the two products come from two different sources. Further, dilution is a slow process of whittling away the selling power of a trademark.

The *Ringling* court buttressed its conclusion of no dilution by pointing to the survey evidence establishing that respondents in Utah, the epicenter of injury to the plaintiff’s mark, showed a higher degree of recognition of plaintiff’s mark than respondents elsewhere. The *Ringling* court’s analysis of the survey evidence creates a nightmare for owners of known trademarks. If an owner establishes fame through a consumer survey, that finding may then be used as evidence that recognition power has not diminished, so there will be no finding of injury or dilution to the mark!

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135 *Id.*

136 *Id.*


141 A commentator has also criticized the *Ringling* decision, noting that the court failed to recognize that dilution “does not require consumers in the defendant’s market to
C. The Eighth Circuit: Luigino’s v. Stouffer Corp.

In this case, plaintiff Stouffer has been successfully marketing its low-fat frozen entrees under the registered trademark LEAN CUISINE since 1978. As a competitor of the plaintiff in the frozen entrees market, defendant Luigino introduced its low-fat frozen entrees under the “Michelina’s Lean ‘N Tasty” mark in 1996. The plaintiff immediately requested defendant to cease using the Michelina’s Lean ‘N Tasty mark. The defendant refused and brought a declaratory judgment that its mark did not dilute the LEAN CUISINE mark. The plaintiff counterclaimed for dilution.

According to the Eighth Circuit, dilution occurs when consumers associate a famous mark that has traditionally identified the mark owner’s goods with a new and different source. By causing consumers to associate the famous mark with different goods, the junior mark weakens the famous mark’s unique and distinctive connection to a particular product. Thus, to establish a trademark dilution claim, the plaintiff must show that (a) its LEAN CUISINE mark is famous; (b) the defendant began using a similar mark after the LEAN CUISINE mark became famous; and (c) the defendant’s mark dilutes the distinctive quality of the LEAN CUISINE mark by causing consumers to connect the LEAN CUISINE mark with different products. Since the defendant conceded that the plaintiff’s LEAN CUISINE mark is famous, the Eighth Circuit focused its attention on “similarity and dilution.”

The Eighth Circuit noted that the two marks are not similar enough to support an action for dilution by blurring. The Eighth Circuit’s requirement that the marks be confused or mistaken in their associations. Dilution occurs if a consumer thinks of both marks at the same time and properly recognizes that the mark identifies two sources.” Thus, based on its misreading of dilution law, the Ringling court misinterpreted the survey evidence on dilution. Reichman, supra note 57, at 134-35.

Luigino’s v. Stouffer Corp., 170 F.3d 827, 829 (8th Cir. 1999). Defendant Luigino also sought a declaratory judgment that its mark did not infringe on the LEAN CUISINE mark.

Plaintiff also counter-claimed for infringement. Id.

Id. at 832.

Id.

Id.

Id.
similar is at odds with the plain language of the Dilution Act, which does not require that the junior mark be similar to the famous mark. The Eighth Circuit drew its support for its requirement from Professor McCarthy who has suggested that the junior mark and the famous mark must “at least be similar enough that a significant segment of the target group of customers sees the two marks as essentially the same.”

As to the dilution issue, the court rejected the plaintiff’s argument that dilution occurs because consumers associate both marks with tasty, low-fat frozen entrees. The plaintiff’s argument, the court stated, is contrary to trademark law, which does not give the plaintiff the exclusive right to use a mark that consumers associate with tasty, low-fat frozen entrees. The court held that to succeed on a dilution claim, the plaintiff must demonstrate that the defendant’s mark causes consumers to associate the LEAN CUISINE mark with something other than plaintiff’s frozen entrees. Since the plaintiff failed to offer such evidence for its dilution claim, summary judgment in the defendant’s favor was affirmed.

The Eighth Circuit’s standard for determining dilution is markedly different from the First Circuit’s and Fourth Circuit’s. The Eighth Circuit requires that the plaintiff demonstrate that the defendant’s mark is causing consumers to associate the famous mark with something other than its own products. This test is different from the First Circuit’s test to see if the target customers perceive the plaintiff’s product and the defendant’s product as the same. The Eighth Circuit’s standard is also different from the Fourth Circuit’s requirement of a showing of actual economic harm to the famous mark’s selling power due to the defendant’s use of the junior mark.

The standard adopted by the Eighth Circuit to determine dilution is consistent with the theory of dilution through blurring which Professor Schechter formulated in 1927. Dilution through blurring occurs when a customer is exposed to the junior mark, remembers the famous mark, and associates the famous mark with the new products or services that bear the junior mark. The Eighth Circuit decision, however, failed to explain how and what kind of evidence a plaintiff should offer to demonstrate that the defendant’s

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149 McCarthy, supra note 48, § 24:90.1 at 24-145.

150 Luigino’s v. Stouffer Corp., 170 F.3d 827, 833 (8th Cir. 1999).

151 Id.

152 Id.

mark causes consumers to associate the famous mark with different products. It does not clarify in the language of the decision whether actual dilution or likelihood of dilution must be shown, nor the degree of dilution a plaintiff must demonstrate in order to prevail. The Eighth Circuit’s silence on these issues just keeps the circus spinning so fast that the audience and performers are all dizzy.

D. The Ninth Circuit: Panavision International v. Toeppen

This case involved an Internet domain name dispute. Plaintiff Panavision is the owner of the trademark PANAVISION for motion picture camera equipment.\textsuperscript{154} Plaintiff attempted to register \textit{panavision.com} as a domain name but could not \textsuperscript{*186} because defendant Toeppen had already established a website with such name.\textsuperscript{155} Defendant Toeppen was in the business of registering domain names of companies such as Delta Airlines, Neiman Marcus, and Eddie Bauer and subsequently offering to sell the domain names back to the respective company.\textsuperscript{156} The defendant offered to sell the Panavision.com domain name to plaintiff for $13,000.\textsuperscript{157} The plaintiff refused and brought an anti-dilution claim against defendant.

The Ninth Circuit examined the language of the Dilution Act and its legislative history, finding the traditional theories of dilution through blurring and tarnishment inapplicable to the Internet domain name dispute.\textsuperscript{158} The court ignored the fame requirement and proceeded to analyze dilution of a trademark in the Internet context.\textsuperscript{159} The court found that the legislative intent of the Dilution Act was clearly aimed at stemming the use of deceptive Internet addresses taken by those who choose marks that are associated with the products and reputations of others.\textsuperscript{160} Thus, dilution occurred in the Internet case where the defendant’s conduct diminished the capacity of the Panavision mark to identify and distinguish Panavision’s goods and services on the Internet.\textsuperscript{161} Indeed, because of the defendant’s use of plaintiff’s trademark as a domain name, the

\begin{footnotesize}
\begin{enumerate}
\item[154] Panavision Int’l v. Toeppen, 141 F.3d 1316, 1319 (9th Cir. 1998).
\item[155] Id.
\item[156] Id.
\item[157] Id.
\item[158] Id. at 1325.
\item[159] Id.
\item[160] Panavision Int’l v. Toeppen, 141 F.3d 1316, 1325 (9th Cir. 1998).
\item[161] Id.
\end{enumerate}
\end{footnotesize}
plaintiff’s potential customers are discouraged if they cannot quickly locate the Internet site for Panavision because Panavision.com is being used by the defendant, and as a result potential customers would have to wade through hundreds of web sites to find the real site. The defendant’s conduct is holding the plaintiff’s Panavision mark and reputation hostage.\textsuperscript{162} The Ninth Circuit concluded that defendant’s registration of *187 plaintiff’s Panavision mark as its domain name on the Internet diluted that mark within the meaning of the Dilution Act.\textsuperscript{163}

The Ninth Circuit decision adds a different twist to the interpretation of the Dilution Act. As noted above, the court completely ignored the fame analysis.\textsuperscript{164} Had the court engaged in the fame analysis examining the factors listed in the subsection (c)(1) of the Dilution Act, the court could not have concluded that “Panavision” is a famous mark within the meaning of the Dilution Act. The Ninth Circuit apparently interpreted congressional intent to hold that the Dilution Act prohibits the use of domain names taken by those who deliberately chose domain names that are similar to trademarks belonging to others. Indeed, as justification for its finding of dilution, the Ninth Circuit quoted Senator Patrick Leahy’s statement that trademark dilution on the Internet was a matter of congressional concern.\textsuperscript{165} In so doing, the Ninth Circuit ignored the fame analysis under the Act. The danger in a blanket application of the Dilution Act to the Internet without engaging in the fame analysis raises potential problems of according undeserving marks on the Internet the famous status while refusing the more deserving marks the same status. Thus, some marks that should not be entitled to federal anti-dilution protection get the protection merely because these marks have been used as domain names without permission of the trademark owners.

V. The Fun at the Circus is over

\textsuperscript{162} Id. at 1327.

\textsuperscript{163} Id.

\textsuperscript{164} Several district courts have made the similar mistake of ignoring the fame analysis. As a result, these courts found certain marks famous under the Dilution Act when in fact these marks are only known either in a small geographical area or in a small market niche. \textit{See, e.g.}, Gazette Newspapers, Inc. v. New Paper, Inc., 934 F. Supp. 688 (D. Md. 1996); Nailtiques Cosmetic Corp. v. Salon Sciences Corp., 41 U.S.P.Q.2d 1995 (S.D. Fla. 1997).

\textsuperscript{165} Senator Patrick Leahy (D-Vt) stated, “It is my hope that this anti-dilution statute can help stem the use of deceptive Internet addresses taken by those who are choosing marks that are associated with the products and reputations of others.” 141 Cong. Rec. S19312-01 (daily ed. Dec. 29, 1995) (statement of Sen. Leahy), \textit{quoted in Panavision}, 141 F.3d at 1326.
The conflicting rulings from various appellate courts on the application and interpretation of the Dilution Act will spin trademark owners and practitioners in different directions. The hope for a more uniform dilution law has been shattered by inharmonious and fragmented interpretations of the Dilution Act from appellate courts.

At the present time, a number of federal circuit courts have had the opportunity to address the Dilution Act, and each has a different interpretation. As demonstrated above, the First and Fourth Circuits’ standards to determine dilution are 180 degrees apart. The First Circuit rejects the Fourth Circuit’s requirement that the plaintiff must demonstrate that the defendant’s use of the junior mark lessens the demand for products or services bearing the famous mark. The First Circuit, instead imposes a test of whether the target customers would perceive the plaintiff’s products and defendant’s products as essentially the same. The Fourth Circuit, on the other hand, requires the plaintiff to demonstrate that the defendant’s use of the junior mark has caused the famous mark actual economic harm, i.e., the famous mark’s selling power is less than what it was prior to the defendant’s use of the junior mark. The Eighth Circuit articulates a third standard: it requires the plaintiff to show that the defendant’s use of the junior mark is causing consumers to associate the famous mark with something other than its own products. The Ninth Circuit interprets the Act to address congressional concern on trademark use on the Internet. The Ninth Circuit ignores the fame analysis altogether and fashions a new dilution theory of diminishment. Under this theory, the plaintiff bears the burden to show that the defendant’s use of the trademark is discouraging the plaintiff’s potential customers from surfing the web to get to the plaintiff’s site. The customers may have to wade through hundreds of sites before they reach the plaintiff’s site since the defendant occupies the obvious site name.

Moving towards a more harmonious and uniform interpretation of the Dilution Act requires the courts to acknowledge from the outset that only truly famous marks are entitled to federal anti-dilution protection. The fame analysis is critical to the overall dilution analysis. By engaging in vigorous review of whether a mark has achieved fame and distinctiveness as required by the Dilution Act, courts will eliminate the potential problem of protecting non-famous, and thus undeserving, marks, which are known only in small market niches or limited geographical areas. The starting point of analyzing fame is the list of eight factors in subsection (c)(1) of section 43 of the Lanham Act.

After determining whether a mark is famous within the meaning of the Dilution Act, the courts need to determine the appropriate standard for ascertaining whether a famous mark is diluted and the degree of dilution. Again, the starting point for a dilution analysis is the language of the Dilution Act itself, which provides federal protection to owners of famous marks 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 famous mark.”

as “the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence of absence of (1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake, or deception.”

Most courts seem to disagree on the definition of dilution and how to demonstrate dilution.

Though legislative history of the Dilution Act and the language of the Act itself fail to provide any examples of dilution through blurring that causes “the lessening of the capacity of a famous mark to identify and distinguish goods or services,” courts should recognize that dilution through blurring is a slow process. To require a plaintiff to show actual economic harm suffered by the famous mark is unreasonable, if not impossible. Such proof would require owners of famous marks to wait until they could quantify the actual economic harm to the famous mark. By that time it is probably too late for the owner to get a preliminary injunction, or worse: the defendant may use laches and numerous third party use as defenses. A likelihood of dilution standard would be more realistic a test for the plaintiff to demonstrate. Likelihood of dilution can be shown through consumer survey evidence that follows acceptable criteria of survey research. Additionally, since the language of the Dilution Act does not require owners of famous marks to show source confusion, courts should avoid imposing the “source confusion” test such as the First Circuit did when requiring that the plaintiff in a dilution claim to demonstrate that the products were perceived by target customers as essentially the same.

As to product design marks, courts should not dodge the issues: non-functional product design marks are entitled to federal anti-dilution protection just as word marks would be. As long as a product design mark meets (1) all the criteria of a trademark, i.e., the product design is inherently distinctive, identifies source, and is non-functional; and (2) all the criteria of a famous mark as listed in subsection (c)(1), it is then entitled to the anti-dilution protection under the Dilution Act. The dilution analysis should then proceed as in any other cases involving famous marks. Step 1 would ensure that the conflict between patent and trademark laws is resolved by only providing trademark protection for product designs that are inherently distinctive, act like source identifiers and are non-functional. Step 2 would ensure that only famous product design marks are entitled to federal anti-dilution protection. This would put to rest concerns relating to perpetual patent-like protection for product designs. These steps involve vigorous analyses, and most likely, very few product designs could pass muster.

V. Conclusion

With the discrepancies and inconsistencies among the standards employed by the various circuits, if a more uniform approach to dilution is not soon reached, forum shopping is unavoidable. Trademark owners would seek district courts in a circuit that has a more lenient requirement for proof of dilution. If the conflict among the Circuits is

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irreconcilable, it may be time for the Supreme Court or Congress to clarify the appropriate standard of determining dilution.