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FAMOUS TRADEMARKS: ORDINARY INQUIRY BY THE COURTS OF MARKS ENTITLED TO AN EXTRAORDINARY REMEDY

INTRODUCTION

The federal trademark dilution law¹ has been hailed as a "powerful tool" trademark owners can use to protect their marks.² Under a dilution claim, the owner of a famous trademark alleges either that the unauthorized use of a similar mark by someone else whittles away at the distinctiveness of the mark rendering it no longer exclusive or that the unauthorized use tarnishes the good reputation and quality of the famous mark.³ A successful claim results in nationwide injunctive relief for virtually any unauthorized use of a famous mark.⁴

Under a traditional trademark infringement or unfair competition claim, a plaintiff must prove that it owns a registered or distinctive mark, that the alleged infringer is using an identical or deceptively similar mark, and that the use of the infringing mark is likely to cause confusion among consumers as to the origin of the mark.⁵ Thus, if someone attempted to sell Harry-Davidson motorcycles and Popsi cola,⁶ Harley-Davidson and Pepsi could file trademark infringement claims against the junior users.⁷

¹ 15 U.S.C. §§ 1125(c) (1994 & Supp. II 1996).

² See Dominic Bencivenga, *Trademark Dilution: Attorneys Long for Guidance on Proving Erosion*, N.Y.L.J., Apr. 3, 1997, at 5; see also Barry M. Krivsky, *The Federal Trademark Dilution Act of 1995: The In-House Counsel Perspective*, 86 TRADEMARK REP. 514 (1996).

³ See *Nailtiques Cosmetic Corp. V. Salon Sciences Corp.*, 41 U.S.P.Q.2d 1995, 1997 WL 244746, *4 (S.D. Fla. 1997).

⁴ See *id.*

⁵ See 15 U.S.C. §§ 1114(1), 1125(a) (1994 & Supp. II 1996); see also *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 779-80 (1992); *Gruner Jahr USA Pub. v. Meridith Corp.*, 991 F.2d 1072, 1077 (2d Cir. 1993).

⁶ See SCOTT ADAMS, *THE DILBERT PRINCIPLE* 135 (1996).

⁷ A junior user is one who uses the mark after it has already been registered or made famous. See J. THOMAS MCCARTHY, *MCCARTHY ON TRADEMARKS* § 24:72 (4th ed. 1995).

Dilution gives broader protection than traditional trademark protection. Unlike traditional trademark protection which requires unauthorized use of a registered or distinctive mark and consumer confusion, dilution turns on the attenuation of the exclusivity and distinctiveness of a mark. This typically occurs when a mark is employed for a use that is unrelated to that mark's registered purpose.⁸ For example, dilution protection provides the owners of the Harley-Davidson and Pepsi trademarks the additional ability to prevent another party from opening a chain of Harley-Davidson carwashes or Pepsi sex shops.

Dilution prevents the junior use of a mark even though there is no source confusion, direct competition or immediate economic loss. It prohibits the additional use of the mark in other areas that will, over time, "blur" the distinctiveness of the mark.⁹ If others opened Pepsi hardware stores and Pepsi gas stations, sold Pepsi brand tomatoes, Pepsi backpacks and Pepsi sport utility vehicles, the public would no longer instantly associate Pepsi with the cola beverage. The money spent by the company to create a unique identifier with such widespread recognition would be for naught. Ultimately, its ability to compete with others within its own industry would be damaged.¹⁰

The federal dilution statute is indicative of a shift in the theoretical basis for trademark protection. Trademark law has historically served a dual purpose of consumer protection and producer protection.¹¹ Early trademark laws prohibited deceptively similar marks so that consumers would not be confused by cheap imitations.¹² The dilution statute gives the owner of the mark a cause of action against the infringer even in the absence of consumer confusion.¹³

⁸ See *id.* (explaining that dilution originally was intended to cover noncompetitive goods. While state statutes differ on the issue, the Restatement and the new federal statute take the position that the law should also apply to competitive goods).

⁹ See *Mortellito v. Nina of Cal., Inc.*, 335 F. Supp. 1288, 1296 (S.D.N.Y. 1972) ("Even in the absence of confusion, the potency of a mark may be debilitated by another's use [of the mark]. This is the essence of dilution."), excerpted in H.R. REP. NO. 104-374, at 3 (1995), reprinted in 1995 U.S.C.C.A.N. 1029, 1030.

¹⁰ See Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 832 (1927).

¹¹ See JAMES LOVE HOPKINS, HOPKINS ON TRADEMARKS 1-3 (2d ed. 1905).

¹² See *id.*

¹³ See 15 U.S.C. § 1125(c)(4)(C) (1994 & Supp. II 1996).

With this statute, consumer protection, the historical underpinning of trademark law, is no longer an issue. The dilution statute exists only to protect the value of famous trademarks, not consumers.

Trademark owners sought this extra level of protection because a prominent trademark is often the most valuable asset of a company.¹⁴ Owners of famous marks typically spend millions of dollars to promote the mark and to create an instant association between that mark and the product in the minds of consumers.¹⁵ The unique qualities and selling power of a particular trademark provide its value.¹⁶ A distinctive mark that represents a quality product can be worth billions of dollars which the owner understandably wishes to protect.¹⁷ Because of the significant value trademarks represent, their owners increasingly view trademarks as valuable intellectual property rights rather than a means of consumer protection.¹⁸

The owners of famous marks argued for dilution protection since the 1920s.¹⁹ Advocates of federal protection pointed to the insufficient patchwork of protection from the state laws as a major reason why a federal statute was necessary.²⁰ Additionally, famous marks lacked protection "on a nationwide basis."²¹ While enact-

¹⁴ Approximately 70% of the net worth of Sara Lee Corporation is its trademarked brand names. See Jim Kirk, *Building Up the Brands*, CHICAGO TRIBUNE, Oct. 5, 1997, at C1. Sara Lee recently announced that it will follow the lead of such companies as Nike and Coca-Cola and will divest itself of its tangible assets to concentrate on marketing the brand names it owns such as Champion, Playtex, Hanes, Hillshire Farm meats, Coach leather products, L'eggs, and Wonderbra. See *id.*; see also John Ellis, *Leave it to Wall Street to Dislike Sara Lee*, BOSTON GLOBE, Sept. 27, 1997, at A15; Nikki Tait, *The Focus Narrows*, FIN. TIMES, Sept. 19, 1997, at 13. By divesting itself of its manufacturing assets, Sara Lee will become a "virtual company" with its value tied up in its trademarks and marketing skills. See Ellis, *supra*, at A15.

¹⁵ Some companies spend billions of dollars each year to promote their marks. Proctor & Gamble has the highest advertising budget, spending \$2.6 billion in 1996 to advertise and promote its marks. See R. Craig Endicott, *Leaders Back Brands with \$52.1 Billion in Ads*, ADVERTISING AGE, Sept. 29, 1997, at S.3. General Motors and Phillip Morris were second and third, respectively, at \$2.37 billion and \$2.28 billion. See *id.*

¹⁶ See Schechter, *supra* note 10, at 831. Schechter is widely credited as the true father of the dilution theory.

¹⁷ The Marlboro mark is valued at \$44.6 billion, the Coca-Cola mark is estimated to be worth over \$43 billion, and the McDonald's name is worth nearly \$19 billion. See Kurt Badenhausen, *Blind Faith*, FIN. WORLD, July 8, 1996, at 50, cited in Robert N. Klieger, *Trademark Dilution: The Whittling Away of the Rational Basis for Trademark Protection*, 58 U. PITT. L. REV. 789, 791 n.6 (1997).

¹⁸ See Bencivenga, *supra* note 2.

¹⁹ See Schechter, *supra* note 10.

²⁰ See H.R. REP. NO. 104-374, at 3 (1995), reprinted in 1995 U.S.C.C.A.N. 1029, 1030.

²¹ *Id.* Some state courts were afraid to issue sweeping nationwide injunctions for fear

ment was largely based on the above reasons, Congress also gave protection to famous marks to bring United States law into line with international treaties to which the United States is a signatory.²² Moreover, by providing protection to famous marks at home, the President would have additional leverage to negotiate protection for famous American marks abroad.²³

Despite the fact that the federal trademark dilution protection law is hailed as a "powerful tool," practitioners are uncertain about its effect. They cite the lack of an easily articulable test to prove dilution.²⁴ Other critics of the law complain that the dilution statute creates too much uncertainty in the field of trademark law.²⁵ Before the dilution statute, a search of the availability of a mark for use involved checking state and federal registries and then looking for common law uses of the mark within the particular industry for which usage was sought. A lack of similar marks in the product's relevant market indicated that the mark probably would not "infringe" on any other mark. Now, practitioners must advise clients that even if a mark is registered by the Patent and Trademark Office because it will not infringe on any other marks, the client could still be sued for dilution.²⁶ Because there is no register of famous marks, users have less certainty of the availability of their marks.

An additional problem is the growing body of poorly reasoned precedent in this area by the district courts. Particularly problematic is the lack of carefully reasoned opinions discussing the determination of fame. This is troubling in light of the fact that fame is a threshold issue. Congress intended only a small group of truly famous marks to be entitled to dilution protection. The courts, however, have been less than careful, giving protection to undeserving

of violating the dormant Commerce Clause of the Constitution. See *The United States Trademark Association Trademark Review Commission Report and Recommendations to USTA President and Board of Directors*, 77 TRADEMARK REP. 375, 457-58 (1987) [hereinafter *TRC Report*] (citing *Hyatt Corp. v. Hyatt Legal Serv.*, 610 F. Supp. 381, 382-83 (N.D. Ill. 1985)). Though nationally famous marks gained nationwide protection, Congress intended that state laws continue to be invoked to prevent the dilution of locally famous marks. See H.R. REP. NO. 104-374, at 4 (1995), reprinted in 1995 U.S.C.C.A.N. at 1031. The statute explicitly remarks that state statutes are not pre-empted by the federal law. See 15 U.S.C. § 1125(c)(3) (1994 & Supp. II 1996).

²² See H.R. REP. NO. 104-374, at 4 (1995), reprinted in 1995 U.S.C.C.A.N. at 1031.

²³ See *id.*

²⁴ See Bencivenga, *supra* note 2.

²⁵ See Bencivenga, *supra* note 2; *Current Commentary on the Federal Trademark Dilution Act*, 87 TRADEMARK REP. 490, 496 (1997) (comments of J. Thomas McCarthy).

²⁶ See Bencivenga, *supra* note 2 (comments of Robert Alpert).

marks. Part I of this Note will trace the history of trademark protection and the increasing pressure for federal dilution protection. It will show how the federal dilution statute was intended to be applied to a narrow range of marks famous on a nationwide basis in order to carefully balance free and fair competition. Part II of this Note analyzes each of the factors the dilution statute sets forth for courts to use to determine if a mark is famous. For each factor, this Note will examine the application of that factor in the courts. It will criticize some decisions and suggest better ways for courts to consider certain factors. This Note argues that the poorly reasoned opinions of the courts determining fame in some instances result in either the finding of fame where none is warranted or the creation of bad precedent which may ultimately lead to inconsistent judicial decision-making. This Note ultimately argues that poorly reasoned fame determinations threaten to undermine the legislative intent and create additional uncertainty in the field of trademark law.

I. BACKGROUND

A. *Infringement*

In the United States, trademark protection developed under the common law until Congress enacted a federal trademark statute in 1870.²⁷ Under the federal law, producers, the ultimate injured parties, could enjoin the use of the infringing mark to prevent the loss of customers and profits.²⁸ Since a trademark identified the "origin, ownership, or place of manufacture or sale, . . . the producer, or where it may be purchased,"²⁹ its owner was entitled to relief if the marks and identifying symbols of a counterfeit caused consumers to believe they were purchasing "the genuine article."³⁰

A trademark did not give the owner an exclusive right to that name; only when the use of the mark was likely to be associated with a certain manufacturer of a "particular kind of goods" would infringement be found.³¹ From the early stages of trademark law, Congress and the courts sought to carefully balance the demands of

²⁷ See Act of July 8, 1870, ch. 2, tit. 60, §§ 4937-4947, 16 Stat. 198, cited in Klieger, *supra* note 17, at 798.

²⁸ See *McLean v. Fleming*, 96 U.S. 245, 251 (1877).

²⁹ *Id.* at 254.

³⁰ *Id.* at 253.

³¹ *Id.* at 252-53.

fair competition and free competition. While the law sought to promote fair business practices and to prevent consumers from being misled, the law was limited to the needs of contemporary business practices so as to not unnecessarily stifle free competition.

The 1870 law which was enacted by Congress under the patent and copyright power was declared unconstitutional in 1879.³² Trademark owners, however, were undeterred and continued to seek federal protection for their marks. Under the Trademark Act of 1905, however, relief could only be obtained for the unauthorized use of a registered mark on "merchandise of the same descriptive properties."³³ Limiting trademark protection to substantially similar goods provided statutory protection to registered marks while not unnecessarily hampering free competition. The statute addressed the needs of the times. The economy had yet to enter the stage where numerous corporations were marketing multiple products under the same mark.³⁴

While some argued for abolishment of the Trademark Act of 1905 because the common law provided an adequate and elastic remedy for protection,³⁵ others called for more stringent protection to combat the "progressive ingenuity of commercial depravity."³⁶ Frank Schechter, the original advocate of dilution protection, argued that protection should not be limited to instances of consumer confusion.³⁷ He argued that any use of a unique mark by a noncompetitor, even in the absence of consumer confusion, would eventually erode its distinctiveness in the field in which it was first used and harm its ability to compete.³⁸ Additionally, the mark owner would ultimately lose control of the use of the mark as a

³² See Trade-Mark Cases, 100 U.S. 82 (1879) (declaring that Congress exceeded its power under the Patent and Copyright Clause found in Article I, Section 8, Clause 17 of the Constitution).

³³ See Trademark Act of 1905, c. 595, 33 Stat. 724, reprinted in HOPKINS, *supra* note 11, at 480.

³⁴ See Klieger, *supra* note 17, at 804.

³⁵ See generally Edward S. Rogers, *The Expensive Futility of the United States Trade-Mark Statute*, 12 MICH. L. REV. 660, 662 (1914). Rogers' distaste for the statute went beyond the conceptual. "[T]his statute is a slovenly piece of legislation, characterized by awkward phraseology, bad grammar and involved sentences. Its draftsmen had a talent for obscurity amounting to genius." *Id.* at 665.

³⁶ See Schechter, *supra* note 10, at 813.

³⁷ See Schechter, *supra* note 10, at 813. Schechter, in addition to being an advocate for stronger trademark laws, was trademark counsel for BVD. See Jerome Gilson, *A Federal Dilution Statute: Is it Time?*, 83 TRADEMARK REP. 108, 109 (1993).

³⁸ See Schechter, *supra* note 10, at 831-32.

symbol of quality, the primary value of a trademark to contemporary consumers and producers.³⁹ Under Schechter's view, the law would vest the famous trademark owner with an in gross property right.⁴⁰ A dilution action would, therefore, become tantamount to an action for trespass rather than an unfair trade practice action.⁴¹ Dilution actions, however, do not prevent all uses, only those uses of a mark which seek to leech off of the good name established by the senior mark. Dilution actions, therefore, are more firmly grounded in the law of unfair competition.

In 1946 Congress supplanted the Trademark Act of 1905 with the Lanham Act.⁴² The Act provided trademark owners with protection against the unauthorized use of a mark in connection with "any goods or services . . . [if] such use is likely to cause confusion, or to cause mistake, or to deceive" the consumer.⁴³ Additionally, Congress codified unfair competition law, providing a statutory cause of action for unregistered marks.⁴⁴ By providing a cause of action for the unauthorized use of a mark on any good or service, Congress abolished the language of the 1905 statute which limited protection to goods with "the same descriptive properties."⁴⁵ No matter what product or service the infringing mark promoted, if the public was confused as to the source origin, the junior user could be enjoined. Direct competition was no longer necessary, however, consumer confusion was still the touchstone of an infringement claim.

Although the Lanham Act significantly broadened the protection of trademark holders, it failed to satisfy those who called for the more sweeping protection which Schechter advocated. The

³⁹ See Schechter, *supra* note 10, at 824.

⁴⁰ See Klieger, *supra* note 17, at 795.

⁴¹ See TRC Report, *supra* note 21, at 456. The problem with the property approach to the use of a mark is that if the owner ceases to use the mark, see MCCARTHY, *supra* note 7, § 17:9, or if it becomes a generic identifier for a product through common use the trademark ceases to exist. See *Illinois High Sch. Ass'n v. GTE Vantage Inc.*, 99 F.3d 244, 247 (7th Cir. 1996) (Posner, J.) (citing the examples of "aspirin" and "thermos" of trademarks which became generic). Interest in a trademark does not rise to the level of property right. See *id.* at 246 (citing *Prestonettes, Inc. v. Coty*, 264 U.S. 359, 368 (1924) (Holmes, J.)).

⁴² See 15 U.S.C. § 1051-1128 (1994 & Supp. II 1996).

⁴³ See 15 U.S.C. § 1114(1)(a).

⁴⁴ See 15 U.S.C. § 1125(a) (providing a cause of action against one who uses "any false designation of origin, false or misleading description of fact, or false or misleading representation of fact . . .").

⁴⁵ See Trademark Act of 1905, c. 592, 33 Stat. 724, reprinted in HOPKINS, *supra* note 11, at 480.

tension in trademark and unfair competition law that existed for some time over whether the laws were truly consumer protection measures or whether they vested in the trademark owner a property right⁴⁶ continued under the new statute. Consumer confusion was still a necessity despite the fact that it was the producer who ultimately was damaged and enforced his right to exclusive use.

B. *State Dilution Protection*

Although Congress declined to exempt the consumer confusion requirement from the Lanham Act, dilution gained momentum the following year with the passage of the first state law protecting distinctive marks from dilution.⁴⁷ Four other states had enacted dilution statutes by 1964 when the United States Trademark Association (now the International Trademark Association) adopted dilution protection into its Model State Trademark Bill ("MSTB").⁴⁸ The MSTB provided that:

[L]ikelihood of injury to business reputation or of dilution of the distinctive quality of a mark registered under this Act, or a mark valid at common law, shall be a ground for injunctive relief notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services.⁴⁹

The passage of the MSTB prompted many states to pass statutes which in large part adopted similar language. At the time of the passage of the federal trademark dilution law, at least twenty-six states, including New York, Illinois, and California, had enacted dilution statutes.⁵⁰

C. *The Restatement*

In 1993, the Restatement included a provision for dilution protection for the first time.⁵¹ The Restatement required that the junior use cause an association between the senior user's mark and

⁴⁶ See Wallace R. Lane, *Development of Secondary Rights in Trademark Cases*, 18 YALE L.J. 571, 577-78 (1909).

⁴⁷ See Klieger, *supra* note 17, at 811.

⁴⁸ See Klieger, *supra* note 17, at 812-13.

⁴⁹ United States Trademark Association Model State Trademark Bill § 12, *reprinted in* MCCARTHY, *supra* note 7, § 24:80.

⁵⁰ See MCCARTHY, *supra* note 7, §§ 24:80, 24:129, 24:130.

⁵¹ See RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25 (1993).

the junior user's goods.⁵² The plaintiff then has to prove that the association between the junior user's goods and the senior user's mark will either reduce the distinctiveness of the senior user's mark or tarnish it.⁵³

D. *International Protection*

In 1967 famous marks gained protection internationally through an amendment to the Paris Convention, an international treaty for the protection of intellectual property.⁵⁴ Article 6bis was added to include protection for famous marks from unauthorized reproductions which are likely to cause confusion with the well-known mark.⁵⁵ Under the Convention, however, a "well-known" mark is not defined. It is explicitly left to the member nations to each define the criteria of well-known marks.⁵⁶ Although case law remains split on the issue, generally, federal courts have held that the Paris Convention is not a self-executing treaty; as such, it requires federal legislation to implement its provisions.⁵⁷ Thus, although the Paris Convention gave infringement protection to well-known marks, the absence of federal legislation clearly defining what constituted a well-known mark left Article 6bis unenforceable in the United States.

In 1994 the Trade Related Intellectual Property ("TRIPS") portions of General Agreements on Tariffs and Trade ("GATT") was passed into law in the United States.⁵⁸ TRIPS explicitly adopted Article 6bis of the Paris Convention.⁵⁹ To assist in determining whether a mark is well-known, TRIPS provided that "knowledge . . . in the relevant sector of the public, including knowledge in that member obtained as a result of the promotion of the trademark[]" should be considered.⁶⁰ Additionally, Article 16(3) of TRIPS includ-

⁵² See *id.* § 25(1) ("if the actor uses such a designation in a manner that is likely to associate the other's mark with the goods, services, or business of the actor . . .").

⁵³ See *id.* § 25(1)(a), (b).

⁵⁴ See Frederick W. Mostert, *Well-Known and Famous Marks: Is Harmony Possible in the Global Village?*, 86 TRADEMARK REP. 103, 107 (1996). The United States is a member of the Paris Convention. See MCCARTHY, *supra* note 7, § 29:25.

⁵⁵ See Mostert, *supra* note 54, at 107.

⁵⁶ See Paris Convention, Art. 6bis(1), reprinted in Mostert, *supra* note 54, at 107.

⁵⁷ See MCCARTHY, *supra* note 7, § 29:33.

⁵⁸ See MCCARTHY, *supra* note 7, § 29:36.

⁵⁹ See Mostert, *supra* note 54, at 108.

⁶⁰ See Mostert, *supra* note 54, at 108.

ed dilution protection for well-known marks.⁶¹ TRIPS provided a starting point for the criteria of a well-known mark. However, additional legislation was still required to flesh out the definition.⁶²

As dilution protection made inroads at both the state and international levels, advocates continued to push for federal protection for a number of reasons. First, judges often limited injunctive relief to the state where the dilution occurred, creating an insufficient patchwork of protection.⁶³ Second, courts frequently applied dilution standards inconsistently.⁶⁴ By the end of 1996, only sixteen cases were successful solely on state dilution grounds.⁶⁵ Third, the lack of federal protection was inconsistent with the United States' obligations under international treaties. Finally, while legislation enacting TRIPS gave special protection to well-known marks, the U.S. Congress had yet to define what it considered a "well-known mark."⁶⁶

E. *The Federal Dilution Statute*

Dilution advocates finally obtained the protection they had long sought in 1996 with the passage of the Federal Trademark Dilution Act of 1995. The statute provides that

[t]he owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark, and to obtain other relief as is provided in this subsection.⁶⁷

⁶¹ See Mostert, *supra* note 54, at 108.

⁶² The United States also belongs to the Inter-American Convention for Trademark and Commercial Protection with thirteen other Latin American nations. See MCCARTHY, *supra* note 7, § 29:26 n.1. In addition to multilateral arrangements, the United States signed bilateral treaties with China, Ethiopia, Germany, Greece, Ireland, Israel, Italy, Japan and Taiwan. See *id.*

⁶³ See H.R. REP. NO. 104-370, at 3 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1030.

⁶⁴ See *id.*

⁶⁵ See Klieger, *supra* note 17, at 820 (citations omitted). Ironically, the House Report to the federal bill stated that the federal definition of dilution "is designed to encompass all forms of dilution recognized by the [state] courts." H.R. REP. NO. 104-30, at 8 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1035.

⁶⁶ See General Agreement on Tariffs and Trade, Trade Related Intellectual Property, Art. 16(3), *reprinted in* Mostert, *supra* note 54, at 108.

⁶⁷ 15 U.S.C. § 1125(c)(1) (1994 & Supp. II 1996). The language of the statute was adopted almost verbatim from proposed language from the Trademark Review Commis-

Moreover, the statute defines "dilution" as the "lessening of the capacity of a famous mark to identify and distinguish goods or services" even in the absence of competition between the parties and even if there is no likelihood of "confusion, mistake, or deception."⁶⁸

The House Report that accompanied the bill cited four reasons for the legislation. It pointed out that famous marks are generally used nationwide, and the current "patch-quilt" protection afforded by state statutes was insufficient to protect marks that have such wide geographic use.⁶⁹ Similarly, the report noted that many state courts were unwilling to issue nationwide injunctions in dilution actions due to the fact that half of the states had no dilution statutes.⁷⁰ If a state judge were to limit an injunction to the immediate state, the owner of a famous mark would be forced to bring a separate dilution action in each state which had a dilution statute where dilution was occurring.

The House report also noted that the TRIPS portion of GATT gave protection to famous marks.⁷¹ By passing federal legislation which offers dilution protection to famous marks, the United States would make its domestic policies consistent with its international obligations under GATT and the Paris Convention.⁷² Finally, the House acknowledged that a dilution law would help the executive branch to negotiate stronger protection for famous marks owned by United States companies which are used in other countries.⁷³ Other countries would be "reluctant to change their laws to protect famous U.S. marks if the U.S. itself does not afford special protection for such marks."⁷⁴

sion of the United States Trademark Association (now the International Trademark Association). See *TRC Report*, *supra* note 21, at 455. The influence of the TRC Report extended beyond the crafting of the ultimate language of the statute. All of the reasons for the legislation cited in the congressional history came from the TRC Report except for the need to make U.S. trademark law consistent with our international obligations. Since the TRC Report was drafted before TRIPS was enacted, the international rationale was less pressing at the time.

⁶⁸ 15 U.S.C. § 1127 (1994 & Supp. II 1996).

⁶⁹ See H.R. REP. NO. 104-374, at 3 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1030.

⁷⁰ See *id.* at 3-4.

⁷¹ See *id.* at 4.

⁷² See *id.*

⁷³ See *id.*

⁷⁴ See H.R. REP. NO. 104-374, at 4 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1030.

The language of the federal statute is very similar to that of the MSTB. One of the notable differences, however, is that the federal statute applies only to famous marks,⁷⁵ whereas under the MSTB, a mark just had to be distinctive. The proposers of the statute believed only a "limited category" of marks deserved national protection due to their enormous value and the ease with which they could be irreparably harmed by "promiscuous use."⁷⁶ Thus, nationwide dilution protection created a broad zone of exclusivity around a mark, limiting protection to famous marks in nationwide use because of their particular susceptibility to irreparable injury.⁷⁷

To guide the courts, the federal law provides eight suggested factors for courts to consider to determine whether a mark is famous.⁷⁸ The factors are:

- 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 marks' 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.⁷⁹

Once a plaintiff demonstrates that his mark is famous, he must then show that dilution is or will be caused through defendant's use of the mark.⁸⁰

⁷⁵ See 15 U.S.C. 1125(c)(1) (1994 & Supp. II 1996).

⁷⁶ See *TRC Report*, *supra* note 21, at 455.

⁷⁷ See *TRC Report*, *supra* note 21, at 455. The House Report noted that state laws would still be available to protect marks that are only regionally famous as the federal statute does not pre-empt state statutes. See H.R. REP. NO. 104-374, at 4 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1031.

⁷⁸ See 15 U.S.C. § 1125(c)(1) (1994 & Supp. II 1996).

⁷⁹ See *id.*

⁸⁰ See *id.*

II. ANALYSIS-APPLICATION OF THE FAME FACTORS BY THE COURTS

Some courts have paid little attention to the requirement that the plaintiff in a dilution action must prove ownership of a famous mark. No benchmark exists; fame must be determined on a case by case basis.⁸¹ In numerous opinions, however, the determination of fame has been disposed of in little more than a sentence or two.⁸² These opinions lack a comprehensive discussion of whether a mark is truly famous or not.⁸³ Thus, some courts are giving short shrift to the fame requirement despite Congress' intention that only a small group of marks be protected by the dilution law.

Other courts are misunderstanding the meaning of the various factors comprising the fame analysis. Once again, the courts are operating without an appreciation for the importance Congress placed on certain fame factors set forth in the limited legislative history. This is partly due to the fact that since fame is to be determined on a case-by-case basis, each factor is stated in general, equivocal terms. Such general language gives courts little guidance as to the degree to which a certain factor or set of factors must be present in order for a mark to be famous. Too often, courts will simply find fame by noting that a single factor is present or a combination of factors exist rather than considering the degree to which each factor is present.⁸⁴ In order to make a well grounded determination of fame, however, courts must carefully interpret the fame factors in light of legislative intent. They should carefully discuss the degree to which various factors are present and the weight each factor receives in the final determination. This type of analysis

⁸¹ See *TRC Report*, *supra* note 21, at 460.

⁸² See, e.g., *Hasbro, Inc. v. Internet Entertainment Group, Ltd.*, 40 U.S.P.Q.2d 1479, 1480 (W.D. Wash. 1996) (finding fame because the Candyland trademark has been registered since 1951); *Wawa Inc. v. Haaf*, 40 U.S.P.Q.2d 1629, 1631 (E.D. Pa. 1996) (finding fame because Wawa is fanciful, not descriptive, used extensively in its industry and extensively advertised). Even if a court wishes to take judicial notice of the fame of a mark or if the parties stipulate to its fame in an effort to save time and expense, the court should explain the basis for those actions.

⁸³ See, e.g., *Anheuser-Busch Inc. v. Andy's Sportswear Inc.*, 40 U.S.P.Q.2d 1542 (N.D. Cal. 1996); *Hasbro Inc.*, 40 U.S.P.Q.2d at 1479. This does not imply that the fame determinations in these cases are incorrect. It only suggests that since Congress intended for the statute to apply to a very limited group of marks, a greater explanation by the courts of why a certain mark qualifies would be helpful during the nascent stages of this statute, until the judiciary reduces some of the vagueness and confusion surrounding the statute.

⁸⁴ See, e.g., *Hasbro Inc.*, 40 U.S.P.Q.2d at 1479.

would result in decisions which not only better effect the legislative intent but also provide valuable guidance for other courts and trademark lawyers.

*A. The Degree of Inherent or Acquired Distinctiveness of the Mark*⁸⁵

Marks which are descriptive of the goods or services they identify cannot be registered as trademarks.⁸⁶ If, through use, the mark becomes distinctive of the user's goods, it can then be registered.⁸⁷ Distinctiveness, therefore, is the threshold requirement for registration of a mark. As originally drafted, the dilution statute applied only to "famous registered marks."⁸⁸ Since distinctiveness is a requirement for registration, Congress intended that famous marks were more than just distinctive. If mere distinctiveness was the requirement, "famous" would have been superfluous, and no fame factors would have been required.⁸⁹

To be diluted, a mark must first have a high degree of distinctiveness.⁹⁰ Distinctiveness in the dilution context requires that the mark retain its source significance outside of the normal use of the mark.⁹¹ A determination of the degree of distinctiveness is tantamount to a determination of the fame of a mark.⁹²

Since Congress drafted the statute to apply only to famous marks and not just distinctive marks, federal courts should require a threshold finding that the mark is highly distinctive despite the fact that it is just a suggested factor.⁹³ Distinctiveness, rather than fame,

⁸⁵ 15 U.S.C. § 1127(c)(1)(A) (1994 & Supp. II 1996).

⁸⁶ See 15 U.S.C. § 1052(e)(1) (1994).

⁸⁷ See 15 U.S.C. § 1052(f). The mark is said to have acquired distinctiveness or secondary meaning. See MCCARTHY, *supra* note 7, § 15:15.

⁸⁸ See H.R. REP. NO. 104-374, at 4 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1031.

⁸⁹ See *Platt v. Union Pac. R.R. Co.*, 99 U.S. 48, 58 (1878) (the legislature is presumed to have used no superfluous words when drafting statutes); *In re Nantucket, Inc.*, 677 F.2d 95 (C.C.P.A. 1982).

⁹⁰ See RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25, cmt. e (1995); see also H.R. REP. NO. 104-374, at 4 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1031 (endorsing the view of dilution as the debilitation of the "potency" of a mark) (emphasis added).

⁹¹ See RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25, cmt. e (1995).

⁹² See MCCARTHY, *supra* note 7 § 24:92.

⁹³ Thus far, most courts have grounded their findings of fame in a high degree of distinctiveness. See *Sunbeam Products Inc. v. West Bend Co.*, 39 U.S.P.Q.2d 1545, 1551 (S.D. Miss. 1996) (finding inherently distinctive trade dress); *Intermatic Inc. v.*

was the requisite factor for protection under the MSTB and most state dilution statutes.⁹⁴ Congress, however, chose to make fame the required showing to be entitled to protection.⁹⁵ Therefore, more than mere distinctiveness is necessary.

The courts have recognized a high level of distinctiveness in a wide variety of contexts. In *Augusta National, Inc. v. Sir Christopher Hatton, Inc.*, the court found that "Augusta," though not inherently distinctive, had acquired a high degree of distinctiveness to qualify as a famous mark in the context of golf.⁹⁶ The court's finding of acquired distinctiveness was attributed to the long, continuous use of the mark by the plaintiff and the "unceasing efforts of . . . its employees and volunteers" to promote the mark for annual tournaments and services.⁹⁷ Although not explicitly stated, the high level of acquired distinctiveness was the major factor in the court's characterization of "Augusta" as a famous mark.

In addition to acquired distinctiveness, courts may base a determination of fame on a finding that a mark is inherently distinctive. In *Toys "R" Us Inc. v. Akkaoui*, the court found that the "inherent peculiarity" of the "R Us" family of marks contributed to a finding of fame.⁹⁸

Trademarks which lack a high level of acquired or inherent distinctiveness, however, should be precluded from obtaining relief under the statute. In *Petro Shopping Center, L.P. v. James River Petroleum*, the court found that the plaintiff's mark was not famous because it did not have the requisite distinctiveness to constitute a famous mark.⁹⁹ The mark was neither inherently distinctive nor

Toeppen, 947 F. Supp. 1227, 1239 (N.D. Ill. 1996); *Toys "R" Us Inc. v. Akkaoui*, 40 U.S.P.Q.2d 1836, 1838 (N.D. Cal. 1996); cf. *Hasbro Inc. v. Internet Entertainment Group Ltd.*, 40 U.S.P.Q.2d 1479, 1480 (W.D. Wash. 1996) (relying only on federal registration of the mark and length of use by plaintiff).

⁹⁴ See *supra* note 49 and accompanying text.

⁹⁵ See 15 U.S.C. § 1125(c)(1) (1994 & Supp. II 1996).

⁹⁶ 41 U.S.P.Q.2d 1846 (N.D. Ga. 1996).

⁹⁷ *Id.* at 1847. This reasoning also incorporates factors (B) the extent and duration of use of the mark, (C) the duration for the service with which the mark is used, and (F) the degree of recognition of the mark within its trading area. This reflects how many of the factors are interrelated, as fame is generally due to a combination of factors.

⁹⁸ 40 U.S.P.Q.2d 1836, 1838 (N.D. Cal. 1996).

⁹⁹ 41 U.S.P.Q.2d 1853, 1855 (E.D. Va. 1997), *aff'd* 130 F.3d 88 (4th Cir. 1997), cert. denied 118 S. Ct. 1561 (1998); see also *Knaack Mfg. Co. v. Rally Accessories, Inc.*, 955 F. Supp. 991 (N.D. Ill. 1997) (finding plaintiff's "WEATHER GUARD" mark not sufficiently distinctive and thus, not famous).

had it acquired distinctiveness through a secondary meaning.¹⁰⁰ The court rightfully ended its inquiry of fame at that point.¹⁰¹ Unless the mark has a high level of distinctiveness, it cannot be famous.

Analysis under this factor must avoid confusing mere distinctiveness with fame. An inherently distinctive mark is not necessarily a famous mark.¹⁰² It would be unusual, however, to find a mark that is famous but not distinctive.¹⁰³ Put another way, all famous marks will be distinctive, but all distinctive marks will not be famous. This observation was made by a Florida District Court in *Nailtiques Cosmetic Corp. v. Salon Sciences, Corp.*¹⁰⁴ The court pointed out that while distinctiveness was sufficient to entitle a mark to protection under the Florida statute, the federal statute required a greater showing to be famous and entitled to dilution protection.¹⁰⁵

In *Clinique Laboratories, Inc. v. DEP Corporation*, the court confused a determination of distinctiveness for a determination of fame.¹⁰⁶ Earlier, the court had determined that the plaintiff's trademark and trade dress were distinctive for the purposes of infringement protection.¹⁰⁷ Turning to the dilution question, the court recited the statutory factors for fame but mistakenly said that the same factors were relevant to a determination of whether a mark is "distinctive or famous."¹⁰⁸ The *Clinique* court noted that since the plaintiff's mark was sufficiently distinctive under federal trademark infringement and trade dress infringement law, the plaintiff's marks "are distinctive for the purposes of Section 43(c) [the dilution statute] as well."¹⁰⁹ The court failed to recognize that distinctiveness is but one factor in the determination of fame, and distinctiveness alone does not constitute fame.¹¹⁰ When courts similar to the

¹⁰⁰ See 41 U.S.P.Q.2d at 1855.

¹⁰¹ See *id.*

¹⁰² See *TRC Report*, *supra* note 21, at 460.

¹⁰³ See *TRC Report*, *supra* note 21, at 460.

¹⁰⁴ 41 U.S.P.Q.2d 1995 (S.D. Fla. 1997).

¹⁰⁵ See *id.* at 1998.

¹⁰⁶ 945 F. Supp. 547, 561 (S.D.N.Y. 1996).

¹⁰⁷ See *id.* at 551, 559.

¹⁰⁸ *Id.* at 561.

¹⁰⁹ *Id.*

¹¹⁰ In fairness to the court, a proper consideration of the fame factors would have undoubtedly reached the same result. Clinique has been in use for approximately 30 years; its skin care products are distributed to department stores, specialty stores and drug stores; and it sold approximately \$2 billion of its skin care products in the United States

Clinique court rely on precedent from federal infringement law, they must be careful to observe the carefully drawn differences between the federal dilution statute and other statutes. Improper reliance on infringement case law to address dilution questions creates poor precedent and leads to greater uncertainty as to what constitutes a famous mark.

*B. The Duration and Extent of Use of the Mark in Connection with the Goods or Services with which the Mark is Used.*¹¹¹

The second factor in the fame analysis—duration and extent of use—like the others, is drawn in general, equivocal terms. The statute gives no indication as to the duration of time a mark have to be in use in order to be considered famous. The House Report and the TRC Report note that, generally, famous marks “will have been in use for some time.”¹¹² From the language of the statute, the legislative history and the TRC Report, it is clearly difficult to surmise what length of use indicates that a mark may be famous. This factor may be a pragmatic one for making case-by-case determination. However, over time the lack of direction will leave the judiciary open to attack for making inconsistent decisions. While a determination of fame is often grounded upon a multitude of factors, one can easily envision an equal period of use aiding a determination of fame in one instance and damaging it in another. If a mark has been in use for 5-10 years, reasonable individuals can differ as to whether that period would tilt in favor of or against a finding of fame.

Inconsistent judicial findings on this factor are likely to confuse and mislead those seeking to use potentially diluting marks on other products. If similar periods of use lead to different determinations of fame, those seeking to advise clients as to whether use of a particular mark is likely to create liability under the dilution statute will have little guidance. Trademark counsel is already handicapped by

between 1991 and 1995. See *id.* at 549.

¹¹¹ 15 U.S.C. § 1125(c)(1)(B) (1994 & Supp. II 1996).

¹¹² See H.R. REP. NO. 104-374, at 7 (1995), reprinted in 1995 U.S.C.C.A.N. 1029, 1034; TRC Report, *supra* note 21, at 460.

the lack of a register for famous marks.¹¹³ If objective criteria is able to cause opposite results in similar circumstances, trademark counsel is able to give advice with even less certainty.

Thus far, courts have considered marks as old as 125 years¹¹⁴ and as young as 15 years¹¹⁵ to be famous marks. In one case, the fact that a mark had been in use for only 9 years weighed heavily against a determination that the mark was famous.¹¹⁶ In this age of rapid nationwide distribution and extensive advertising budgets, however, it is not unlikely that a mark could achieve a high degree of renown in just 9 years. The TRC Report recognized that certain marks will become famous overnight through heavy publicity and advertising.¹¹⁷ Thus, while a determination of fame should be a contextual one and should not rely on any one factor,¹¹⁸ the questionable nature of the duration factor creates the possibility of similar objective facts creating different results.

Another potential danger of the legislature drawing the fame factors in such equivocal terms is the possibility of courts using the factor incorrectly to bolster a poor decision. There have been two cases where the courts reached somewhat specious determinations of fame. The number of years in which the marks had been in use was a factor used to bolster both decisions. In *Wawa Inc. v. Haaf*, the court granted an injunction to the plaintiff based partially on the fact that the plaintiff had been using its mark for nearly 90 years.¹¹⁹ Although Wawa owned over 500 convenience stores in five states and had an annual advertising budget of over \$6,000,000,¹²⁰ Wawa's mark did not enjoy nationwide fame which would have entitled it to protection under the federal dilution statute.¹²¹

¹¹³ See *Current Commentary on the Federal Trademark Dilution Act of 1995*, 87 TRADEMARK REP. 490, 496 (1997) (comments of J. Thomas McCarthy).

¹¹⁴ See *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 955 F. Supp. 605, 609 (E.D. Va. 1997). "The Greatest Show On Earth" has continuously been in use by Ringling Bros. since 1872.

¹¹⁵ See *Teletech Customer Care Management (Cal.), Inc. v. Télé-Tech Co.*, 977 F. Supp. 1407, 1408 (C.D. Cal. 1997).

¹¹⁶ See *Genovese Drug Stores, Inc. v. TGC Stores, Inc.*, 939 F. Supp. 340, 350 (D.N.J. 1996) (The "plaintiff's mark is not famous and [is] unworthy of protection The slogan has only been used . . . for nine years.").

¹¹⁷ See *TRC Report*, *supra* note 21, at 460.

¹¹⁸ See *TRC Report*, *supra* note 21, at 460.

¹¹⁹ See 40 U.S.P.Q.2d 1629, 1631 (E.D. Pa. 1996).

¹²⁰ See *id.* at 1631.

¹²¹ See Section II.D., *infra* discussing Congress' intent to limit the extraordinary reme-

Similarly, in *Gazette Newspapers, Inc. v. New Paper, Inc.*, the court granted relief to the plaintiff who operated a chain of weekly newspapers almost exclusively in a single Maryland county.¹²² One of the plaintiff's newspapers circulated in one additional Maryland county.¹²³ The defendant operated solely in one of the same Maryland counties.¹²⁴ The court engaged in a twisted analysis to determine that "Gazette" is not a generic word.¹²⁵ It then noted that the plaintiff's use of "Gazette" since 1957 "bolsters the meaning of the name" which entitles plaintiff's mark to protection as a famous mark.¹²⁶

Decisions such as *Wawa* and *Gazette Newspapers* threaten to undermine the legislative goal of strengthening the hand of the executive branch to negotiate strong protection for famous American marks. Congress passed the dilution statute to bring United States law into line with our obligations under international treaties, which provide special protection to famous marks, and to strengthen the hand of the executive branch to negotiate stronger rights for famous American marks in overseas markets.¹²⁷ The House specifically noted that other countries will be unlikely to give marks owned by United States companies special protection if the United States does not give such protection to its own marks.¹²⁸ If American courts continue to grant extraordinary protection to non-famous marks, other countries may be unwilling to

dy available under the dilution statute to nationally famous marks and for locally famous marks, to continue to bring actions under state dilution statutes.

¹²² 934 F. Supp. 688, 690 (D. Md. 1996).

¹²³ See *id.*

¹²⁴ See *id.* at 691.

¹²⁵ See *id.* at 693-94 (reasoning that Webster's dictionary defines "gazette" as a newspaper, but the definition of "newspaper" does not include the word "gazette."). In *Gazette*, it appeared that the defendant intentionally chose the name "Gazette" for his newspaper in the hope of enticing the plaintiff to buy his operation. See *id.* at 692. It appears that defendant's bad faith motivated the court to find a way to grant the plaintiff relief. If the plaintiff's mark was only generic, he would not have been entitled to an injunction. See *id.* Despite the intention of the court to reach an equitable result, the published decision sets an extremely low threshold for a finding of fame. As such, it is poor precedent for future courts.

¹²⁶ See *id.* at 695-97. Sadly this court confused a determination of fame for a determination of dilution itself. In footnote six of the opinion it stated, "To determine whether trademark *dilution* has occurred: a court may consider factors such as, but not limited to" and then proceeded to list the statutory factors to determine *fame*. *Id.* at 696-97 n.6 (emphasis added).

¹²⁷ See H.R. REP. NO. 104-374, at 4, reprinted in 1995 U.S.C.A.N. 1029, 1031.

¹²⁸ See *id.*

grant similar protection to famous American marks. Declaring a mark famous creates a broad zone of exclusivity around the mark, prohibiting others from using it even in the absence of confusion. If the courts apply the statute too broadly, it will create concerns in nations with developing economies about the statute tipping the balance between fair competition and property rights too sharply in favor of vesting trademark owners with a property right.

Since the duration of use factor has the potential to lead to inconsistent judicial decision-making and can be used to bolster poorly considered determinations, courts should give minimal consideration to this factor. Determinations of fame should instead be grounded in those factors which are more indicative of the mark's national reputation. In a close case, the courts may want to consider the past use of the mark over multiple generations to tip the balance in favor of a finding of fame.

C. *The Duration and Extent of Advertising and Publicity of the Mark*¹²⁹

The third statutory factor—the duration and extent of advertising and publicity of the mark¹³⁰—requires the court to consider the efforts the owner of the mark has made to notify others of the existence of its mark. This factor reflects Congress' recognition of the "substantial investment" that famous mark owners ordinarily make in promoting their marks and the products and services that accompany them.¹³¹ The statute rewards mark owners that have invested heavily in promoting their unique identifiers by enjoying others seeking to trade on the good name established by the famous mark.

This third factor should not be relied upon heavily by the courts in their determinations of fame. Similar to the duration of use factor discussed *supra*, the duration of promotion factor suffers from the possibilities of misuse. Because this factor evaluates objective numbers, it is possible for different fame determinations to be made for different marks which have similar levels of advertising. For example, in *Star Markets, Ltd. v. Texaco, Inc.*, the court found the plaintiff's mark not famous despite the fact that \$30 million was

¹²⁹ 15 U.S.C. § 1125(c)(1)(C) (1994 & Supp. II 1996).

¹³⁰ See *id.*

¹³¹ See H.R. REP. NO. 104-374, at 3, reprinted in 1995 U.S.C.C.A.N. 1029, 1030.

spent over the prior decade promoting the mark.¹³² Fortunately, the court did a factor-by-factor analysis before balancing all of the factors. The court found that the level of advertising favored a finding of fame; however, the court properly gave more emphasis to other factors which are more indicative of fame.¹³³ Similarly, in *Teletech Customer Care Management (California), Inc. v. Tele-Tech Co., Inc.*, the court based its finding of fame, in part, on the plaintiff's "extensive" advertising.¹³⁴ This plaintiff, however, spent less than \$1 million in the previous year promoting its mark.¹³⁵

Although both courts found that the different levels of advertising costs favored the plaintiffs in each case, the opposite fame determinations make it more difficult for practitioners to advise clients as to whether a mark in existence is famous and thus, protected by a broad zone of exclusivity. Practitioners, like the courts, should place little emphasis on this factor when advising clients.

Moreover, similar to this Note's discussion in the previous section addressing the duration of use factor, the level of advertising can be used by the courts to bolster a poorly made decision. In the *Gazette Newspapers* and *Wawa* decisions, each court cited the level of the plaintiff's advertising as a reason for finding that its mark was famous.¹³⁶ Since neither mark was used across a substantial portion of the United States, no finding of fame should have been made. This factor should not be considered until it is established that the mark is used in a "substantial portion of the U.S."¹³⁷

D. *The Geographical Extent of the Trading Area in which the Mark is Used*

The fourth statutory factor—the geographical extent of the trading area in which the mark is used¹³⁸—is one of the most important of the suggested factors set forth by the statute. The House

¹³² 950 F. Supp. 1030, 1034 (D. Haw. 1996).

¹³³ See *id.* at 1036.

¹³⁴ 977 F. Supp. 1407, 1410 (C.D. Cal. 1997).

¹³⁵ See *id.* at 1409.

¹³⁶ See *Gazette Newspapers, Inc. v. New Paper, Inc.*, 934 F. Supp. 688, 691 & n.3 (D. Md. 1996); *Wawa Inc. v. Haaf*, 40 U.S.P.Q.2d 1629, 1631 (E.D. Pa. 1996) (annual advertising of \$6 million).

¹³⁷ See H.R. REP. NO. 104-374, at 7, reprinted in 1995 U.S.C.A.N. 1029, 1034.

¹³⁸ See 15 U.S.C. § 1125(c)(1)(D) (1994 & Supp. II 1996).

Report reiterates three times the fact that the statute is intended to cover only marks that are famous on a nationwide basis.¹³⁹ Moreover, the section of the Report entitled "Background and Need for the Legislation," unequivocally states that the "statute is necessary because famous marks ordinarily are used on a nationwide basis."¹⁴⁰

Later in the same section, the House Report tacitly reiterates its intention that the law be used to protect only nationally famous marks.¹⁴¹ The Report notes that the federal statute does not preempt state statutes.¹⁴² It then states that "[s]tate laws could continue to be applied in cases involving locally famous or distinctive marks."¹⁴³ The same section also points out that unlike patent and copyright law, for which Congress has a constitutional grant of power,¹⁴⁴ federal trademark laws coexist with state trademark laws.¹⁴⁵ As earlier versions of federal trademark legislation had been declared unconstitutional,¹⁴⁶ Congress was aware of the need to avoid overstepping its constitutional powers.¹⁴⁷

The House Report's "Section-by-Section Analysis" states that the "geographical extent" factor means that "[t]he geographic fame of the mark must extend throughout a substantial portion of the U.S."¹⁴⁸ In addition, although no Senate Report accompanied the bill, Senator Hatch noted on the floor of the Senate during deliberations on the bill that it was intended only to cover marks that were famous on a "nationwide basis."¹⁴⁹ The emphasis on nationwide fame in the House Report and the accompanying remarks on the Senate floor demonstrate that the legislature only intended for the dilution statute to apply to nationally famous marks. Congress'

¹³⁹ See H.R. REP. NO. 104-374, at 3, 4, 7, reprinted in 1995 U.S.C.C.A.N. 1029, 1030, 1031, 1034.

¹⁴⁰ See *id.* at 3.

¹⁴¹ See *id.* at 4.

¹⁴² See *id.*

¹⁴³ See *id.* at 4.

¹⁴⁴ See U.S. CONST. art. I, § 8, cl. 8.

¹⁴⁵ See H.R. REP. NO. 104-374, at 4, reprinted in 1995 U.S.C.C.A.N. 1029, 1031.

¹⁴⁶ See *supra* note 32 and accompanying text.

¹⁴⁷ The defendants' marks in *Gazette Newspapers, Inc.* and *Wawa Inc.* were not used in interstate commerce. See 934 F. Supp. 688, 691 (D. Md. 1996) (newspaper published in one county); 40 U.S.P.Q.2d 1629, 1631 (E.D. 1996) (one convenience store in Pennsylvania). Accordingly, the use of the federal statute was improper. See MCCARTHY, *supra* note 7, § 24:89.

¹⁴⁸ See H.R. REP. NO. 104-374, at 7, reprinted in 1995 U.S.C.C.A.N. 1029, 1034.

¹⁴⁹ See 141 CONG. REC. S19,310 (daily ed. Dec. 29, 1995) (statement of Sen. Hatch).

failure to give this factor more weight in the language of the statute is unfortunate in light of its importance in the legislative history. No mark should be able to obtain relief under the federal statute in the absence of a showing that the mark enjoys renown over the vast majority of the United States.

The inclusion of the geographical extent of the use of the mark in such vague terms in the statute has led some courts to grant relief in cases where Congress undoubtedly intended for state laws to be the sole remedy, curbing any damage to the senior mark through dilution. As previously discussed, the *Gazette Newspapers* and *Wawa* marks were deemed famous despite their limited geographic reach.¹⁵⁰ Moreover, although the mark in *Genovese Drug Stores, Inc. v. TGC Stores, Inc.* was deemed not famous on other grounds, the fact that the mark was in use in only three states should have precluded a finding a fame.¹⁵¹

E. *The Channels of Trade for the Goods or Services with which the Mark is Used*

The fifth factor—the channels of trade for the goods or services with which the mark is used¹⁵²—is an indicator of the breadth of the use of the mark. In the TRC's proposal of the statute, it is suggested that if the senior user's mark moves in a great number of channels of trade, it will be easier for the court to infer that the mark is famous. The court can then grant protection without actual proof that a certain number of people actually know of the senior mark.¹⁵³ A finding by the court that the goods are used in channels of trade likely to make the good known to a broad section of the public would dispense with the need for the plaintiff to rely on survey evidence to prove that its mark is famous due to its recognition by a substantial number of people.¹⁵⁴

¹⁵⁰ See *supra* Sections II.B. and II.C.

¹⁵¹ 939 F. Supp. 340, 343 (D.N.J. 1996) (plaintiff owns stores in New York, New Jersey and Connecticut).

¹⁵² 15 U.S.C. § 1125(c)(1)(E) (1994 & Supp. II 1996).

¹⁵³ See *TRC Report*, *supra* note 21, at 461.

¹⁵⁴ One commentator has expressed doubts about the ability to use survey evidence in the dilution context. See *Current Commentary on the Federal Dilution Act*, 87 TRADE-MARK REP. 490, 493 (1997) (comments of Harvey Perlman); see also Bencivenga, *supra* note 2 (discussing the lack of authority regarding survey evidence proving dilution).

Often famous marks are used in a variety of contexts which makes this factor a helpful indicator of fame. In *Panavision International, L.P. v. Toeppen*, the court rendered a determination of fame, noting that Panavision directs its advertising to the general public, companies in the entertainment industry and targeted individuals within that industry.¹⁵⁵ American Express' use of its "Don't Leave Home Without It" mark in the fields of travel, charge services, traveler's checks, tours and reservations also aided a determination that the mark was famous.¹⁵⁶ The greater the number of channels in which, the mark is used, the more likely that the mark will be considered well-known, famous and eligible for dilution protection.

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*

The sixth factor is more an indicator that dilution is likely to occur or that the junior user acted in bad faith than it is an indicator of fame. This factor requires the court to consider the renown of the senior mark within its own market and the market for the goods of the junior user.¹⁵⁷ The court must look at the channels of trade for the two marks and make a determination as to whether the senior mark enjoys renown in both markets to the extent that the junior use could lead those in its market to associate its goods with the goods of the senior user.¹⁵⁸

Under this factor, the fame determination should rest solely on a mark's renown, or "degree of recognition," within its own market. Once fame has been determined, the comparative factor should then be used by the courts to decide whether dilution is likely. The comparative portion of the factor has often been erroneously considered a factor to determine the threshold issue of whether the

¹⁵⁵ 945 F. Supp. 1296, 1303 (C.D. Cal. 1996), *aff'd* 141 F.3d 1316 (9th Cir. 1998).

¹⁵⁶ See *American Express Co. v. CFK, Inc.*, 947 F. Supp. 310, 315 (E.D. Mich. 1996); see also *Toys "R" Us Inc. v. Akkaoui*, 40 U.S.P.Q.2d 1836, 1838 (N.D. Cal. 1996) (finding that the plaintiff advertises its "products through a variety of channels [of trade] both locally and nationally.").

¹⁵⁷ See *TRC Report*, *supra* note 21, at 460-61.

¹⁵⁸ See *TRC Report*, *supra* note 21, at 460-61.; see also RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25(1) (1995) (liability results "if the actor uses such a designation in a manner that is likely to associate the other's mark with the goods, services, or business of the actor.").

senior mark is famous. In fact, it is a better indicator of whether dilution is likely to occur. Any determination of whether a mark is famous or not should not rest on a comparison of the channels of trade in which two competing marks are used. Pursuant to TRIPS, a mark famous within its own industry should be entitled to protection from dilution.¹⁵⁹ Of course, if that mark has no renown in the junior user's channels of trade, it is unlikely that dilution will occur since those customers will be unlikely to associate the junior user's products with the senior mark. Still, such analysis is separate and independent of whether the determination as to a mark is famous or not.

In fact, a high level of recognition of the senior mark in the junior user's market indicates bad faith more than fame. The presence of this combination of factors makes it more likely than not that the junior user knew of the senior mark and sought to profit from its good name.¹⁶⁰ A determination that the defendant willfully intended to act in bad faith is not only more pertinent to the question of whether dilution occurred but also to whether damages are available to the plaintiff.¹⁶¹

When conducting a fame analysis, courts typically talk about this factor simply in terms of the level of recognition of the senior mark within its own markets. Any comparative discussion concerning the markets for the parties' products usually only arises if the court is seeking to determine whether dilution is likely to occur. For example, although no evidence exists in the record demonstrating the renown of the plaintiff's slogan, the *American Express* court concluded that the mark was widely recognized throughout the world.¹⁶² However, when subsequently determining whether dilution was likely, the court found that the defendant's product was completely different from American Express' making an occurrence of dilution unlikely.¹⁶³ Similarly, the *Panavision* court limited its

¹⁵⁹ See Article 16(3) of TRIPS, reprinted in Mostert, *supra* note 54, at 108.

¹⁶⁰ See TRC Report, *supra* note 21, at 460.

¹⁶¹ See 15 U.S.C. § 1125(c)(2) (1994 & Supp. II 1996) (providing that damages and attorney's fees are available to the plaintiff where the defendant "willfully intended to trade on the owner's reputation or to cause dilution of the famous mark.").

¹⁶² See 947 F. Supp. 310, 315 (E.D. Mich. 1996).

¹⁶³ See *id.* at 318. The court considered the differences between the products in its analysis of whether dilution was likely to occur after determining that American Express' mark was famous. This factor was adopted from a federal judge's interpretation of New York's dilution statute which listed six factors to consider to determine whether dilution was likely. See *id.* at 317 (citing *Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A.*,

analysis under this factor to the fact that the plaintiff's mark appeared at the end of films and television shows on a daily basis and that the plaintiff was a major source of photographic equipment.¹⁶⁴ Likewise, in *Star Markets, Ltd.*, the court found a high degree of recognition of the plaintiff's mark in its channels of trade, but the plaintiff's one-state geographic reach defeated a finding of nationwide fame.¹⁶⁵

Each of these courts correctly limited their fame determination under this factor to the degree of renown of the plaintiff's mark in its own channels of trade. To extend the analysis to the mark's renown in the junior user's channels of trade prematurely considers the merits of whether dilution is likely before fame has been conclusively determined.

G. *"The Nature and Extent of Use of the Same or Similar Marks by Third Parties"*¹⁶⁶

The seventh factor—the nature and extent of use of the same or similar marks by third parties—hinges on a determination of the exclusivity of the senior mark.¹⁶⁷ The TRC Report recommended that the mark at issue "should be in substantially exclusive use."¹⁶⁸ Moreover, the court in *Star Markets, Ltd.* cited the House Report to make clear that this seventh factor involves the use of similar marks even in noncompeting industries.¹⁶⁹ Dilution protection, as op-

Inc., 875 F.2d 1026, 1035 (2d Cir. 1989) (Sweet, J., concurring)). The *Mead Data* test has been very influential in federal courts since the passage of the federal law. See, e.g., *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. B.E. Windows Corp.*, 937 F. Supp. 204, 209 (S.D.N.Y. 1996); *Wawa Inc. v. Haaf*, 40 U.S.P.Q.2d 1629, 1632 (E.D. Pa. 1996); *Clinique Lab., Inc. v. DEP Corp.*, 945 F. Supp. 547, 562 (S.D.N.Y. 1996).

¹⁶⁴ See 945 F. Supp. 1296, 1303 (C.D. Cal. 1996) ("Filmed With Panavision" was seen during the credits of many productions). The court did not engage in a comparative analysis of the products or channels of trade between the parties. In this case the defendant obtained the rights to the Internet domain name "www.panavision.com" and demanded \$13,000 from the plaintiff to allow the plaintiff to use the name. *Id.* at 1300. The court found that the defendant's registration of the name prevented the plaintiff from using its marks on the Internet, which diluted the marks. *Id.* at 1304.

¹⁶⁵ 950 F. Supp. 1030, 1035-36 (D. Haw. 1996) (plaintiff's business limited to Hawaii).

¹⁶⁶ 15 U.S.C. § 1125(c)(1)(G) (1994 & Supp. II 1996).

¹⁶⁷ *Id.*

¹⁶⁸ See TRC Report, *supra* note 21, at 459.

¹⁶⁹ 950 F. Supp. at 1035 (citing H.R. REP. NO. 104-374, at 3 (1995), reprinted in 1995 U.S.C.C.A.N. 1029, 1030).

posed to infringement protection, is designed to protect something the public perceives as "unique, singular, or particular."¹⁷⁰ Thus, it is unlikely that the exclusiveness or distinctiveness of a mark will be blurred through another's use if third parties are already using the same mark.

Accordingly, the *Star Markets* court refused to limit its consideration of third party use to the plaintiff's industry.¹⁷¹ The court noted that fifty food-related businesses in the Western United States used the word "Star," including twenty-three retail grocery stores.¹⁷² Moreover, over ninety businesses in Hawaii used "Star" in their names.¹⁷³ Lastly, eight similar stores had federally registered trademarks with the word "Star" in them, including another "Star Markets."¹⁷⁴ As a result, the court found such evidence weighed heavily against a finding that the plaintiff's mark was famous.¹⁷⁵

Evidence weighing in favor of a finding of fame based upon exclusivity may be established in plaintiff's legal efforts to preserve the exclusivity of their marks. The *Toys "R" Us* and *American Express* courts pointed out that each plaintiff had a history of preventing others from using its marks. The *Toys "R" Us* court referred to the extensive litigation the company engaged in to protect its marks.¹⁷⁶ In *American Express*, the plaintiff's pleadings indicated a history of success at preventing unauthorized use of its mark.¹⁷⁷ Thus, when seeking such an extraordinary equitable remedy, if a plaintiff can show that it has gone to extensive efforts to preserve the exclusivity of its mark, the court will be more likely to find that it is entitled to relief.¹⁷⁸

¹⁷⁰ *Id.*

¹⁷¹ *Id.*

¹⁷² *Id.* at 1036.

¹⁷³ *Id.*

¹⁷⁴ 950 F. Supp. at 1036.

¹⁷⁵ *Id.*; see also *King of the Mountain Sports, Inc. v. Chrysler Corp.*, 968 F. Supp. 568, 578 (D. Col. 1997) (defendant's presentation of "copious" evidence of third party uses of "King of the Mountain" precludes a finding that plaintiff's mark is famous); *Sports Authority, Inc. v. Abercrombie & Fitch, Inc.*, 965 F. Supp. 925, 941 (E.D. Mich. 1997) ("current third-party use of [the mark] . . . [w]hether or not it is in the [plaintiff's] market . . . diminishes any 'distinctive or famous' aspects of [the mark].").

¹⁷⁶ See 40 U.S.P.Q.2d 1836, 1838 (N.D. Cal. 1996).

¹⁷⁷ See 947 F. Supp. 310, 315 (E.D. Mich. 1996).

¹⁷⁸ The *American Express* court did not grant relief on plaintiff's motion for summary judgment. *Id.* at 319. The court ruled that there were genuine issues of material fact on a number of the factors it considered to determine whether dilution was likely. *Id.* at

The exclusivity of a mark can be an indication of fame because it helps to indicate the distinctiveness of a mark.¹⁷⁹ Sometimes, however, a mark should be declared famous, despite extensive third party use. In such instances, the exclusivity of a mark is more properly an indicator of whether dilution is likely to occur. As *Trustees of Columbia University v. Columbia/HCA Healthcare Corp.* demonstrated, a mark may be world famous, but third party use can indicate that dilution is unlikely.¹⁸⁰ In *Trustees of Columbia University*, plaintiff's nationally famous Ivy League university hospital sought to enjoin a nationally famous health care provider from using the name "Columbia."¹⁸¹ The court found that the distinctiveness of the plaintiff's mark was already undermined by third party use of the word "Columbia."¹⁸² Specifically, the ubiquitous nature of the "Columbia" name, even in the healthcare industry, was a strong indicator that those in the market for the defendant's services were unlikely to associate Columbia University with the defendant's services.¹⁸³ The plaintiff's mark should have been found famous based on the hospital's reputation as one of "the most distinguished centers for medical education in the United States."¹⁸⁴ The use of the mark by third parties should not have altered that determination. The extensive use of "Columbia" by third parties, however, was indicative that dilution was unlikely to occur.¹⁸⁵

318 (genuine issue as to similarity of the products covered by the marks, sophistication of plaintiff's consumers and the predatory intent of the defendant).

¹⁷⁹ See RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25 cmt. e at 268 (1995). If the mark is exclusive, it is more likely to retain its significance as a source indicator outside the context of its market and thus indicate fame. If others use the same mark in other contexts, the mark is less likely to retain such significance.

¹⁸⁰ 964 F. Supp. 733 (S.D.N.Y. 1997).

¹⁸¹ *Id.*

¹⁸² *Id.* at 749. This court, like others discussed above, confused distinctiveness with fame. The court held that the "determination whether a mark is famous and distinctive [for dilution protection] is similar to the analysis . . . for trademark infringement purposes." *Id.* The court cited *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026, 1030 (2d Cir. 1989), for support. *Mead Data*, however, interpreted the New York dilution statute, which only requires that the trademark be distinctive and established. See *id.* at 1028.

¹⁸³ 964 F. Supp. at 750. The court accepted the representations of the defendant's founder that he chose "Columbia" because it "sounded positive and national in scope." *Id.* at 739.

¹⁸⁴ *Id.* at 737.

¹⁸⁵ *Id.* at 750. For the final result, it would appear to matter little whether the court considers third party usage during the fame determination or during a determination on

Among the many problems with the court's decision in *Gazette Newspapers* is its dismissal of the fact that third parties used the "Gazette" name extensively.¹⁸⁶ The defendant argued that "Gazette" was being used by others in the same geographical region; however, the court limited its consideration to the two counties in which the plaintiff operated.¹⁸⁷ A cursory search of the Lexis Directory of Services shows that at least seven major newspapers around the country use *Gazette* in the title.¹⁸⁸ The extraordinary remedy provided by Congress in the federal statute creates a broad zone of exclusivity around famous marks.¹⁸⁹ Congress wanted to correct the patchwork coverage of state laws to protect famous trademarks which are worthy of protection nationally and internationally.¹⁹⁰ The use of the federal statute to protect the use of "Gazette" in only two counties in Maryland, however, when many others are using the name across the country contradicts congressional intent.

Whether courts use the seventh factor to determine the fame of a mark or whether dilution is likely, it is important that all courts perform a comprehensive analysis of this factor before finding that a mark is diluted. Congress explicitly intended for the dilution statute to protect marks that are "unique, singular, or particular."¹⁹¹ It is irresponsible for a court to grant an injunction under the statute to protect a mark which does not carry a high degree of exclusivity.

H. *Whether the Mark [is] Federally Registered*¹⁹²

This final factor was initially a requirement under the proposed statute rather than a suggested factor.¹⁹³ Limiting dilution protection to registered marks aimed to promote predictability,¹⁹⁴ estab-

the merits. In order to provide valuable precedent, however, it is important for the courts to provide clear, explanatory opinions upon which others can provide sensible advice.

¹⁸⁶ 934 F. Supp. at 695.

¹⁸⁷ *Id.*

¹⁸⁸ See Lexis Directory of Services at 189-91 (1997).

¹⁸⁹ See MCCARTHY, *supra* note 7, § 24:100.

¹⁹⁰ See H.R. REP. NO. 104-374, at 3 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1930.

¹⁹¹ *Id.*

¹⁹² See 15 U.S.C. § 1125(c)(1)(H) (1994 & Supp. II 1996).

¹⁹³ See TRC Report, *supra* note 21, at 458; H.R. REP. NO. 104-374, at 4, *reprinted in* 1995 U.S.C.C.A.N. 1029, 1031.

¹⁹⁴ See TRC Report, *supra* note 21, at 457.

lish prima facie evidence of distinctiveness,¹⁹⁵ and promote registration of trademarks.¹⁹⁶ After the bill was introduced in the House, however, it was amended to include protection for famous unregistered marks so as to keep the law consistent with international obligations under the TRIPS portion of GATT.¹⁹⁷

This factor should now have little weight in determining whether a mark is famous or not. Registration was required to show that, at a minimum, the mark was distinctive.¹⁹⁸ Fame was to be proved separately.¹⁹⁹ The TRC crafted the statute with the understanding that famous marks comprised a small subset of all registered marks.²⁰⁰ The fact that a mark is registered has little bearing on whether a mark has the degree of distinctiveness necessary to qualify as famous.²⁰¹

In one decision, a Washington District Court granted a preliminary injunction to a plaintiff where the finding of fame rested on the fact that plaintiff's mark had been registered since 1951.²⁰² While the plaintiff's mark was arguably famous, the court failed to consider the other indicia of fame, despite the fact that Congress intended for the dilution statute to protect a limited group of marks, and legislative history clearly reveals that federal registration of a mark is insufficient to prove fame.²⁰³

While other courts have mentioned federal registration of the plaintiff's mark as a reason for finding fame, they appeared to place little emphasis on this factor. In *Panavision*, the court listed federal registration of the mark as a starting point for establishing fame

¹⁹⁵ See *TRC Report*, *supra* note 21, at 459. Only distinctive marks can be registered. See 15 U.S.C. § 1115 (1998 Supp.); see also H.R. REP. NO. 104-374, at 7, *reprinted in* 1995 U.S.C.C.A.N. 1034.

¹⁹⁶ See *TRC Report*, *supra* note 21, at 457.

¹⁹⁷ See H.R. REP. NO. 104-374, at 4, *reprinted in* 1995 U.S.C.C.A.N. 1031.

¹⁹⁸ See *TRC Report*, *supra* note 21, at 459.

¹⁹⁹ See *TRC Report*, *supra* note 21, at 459.

²⁰⁰ See *TRC Report*, *supra* note 21, at 455. ("a limited category of trademarks, those which are truly famous and registered, are deserving of national protection from dilution We therefore urge the adoption of a *highly selective* federal dilution statute") (emphasis added).

²⁰¹ See *MCCARTHY*, *supra* note 7, § 24:109.

²⁰² See *Hasbro Inc. v. Internet Entertainment Group Ltd.*, 40 U.S.P.Q.2d 1479, 1480 (W.D. Wash. 1996) (finding that the defendant's use of the domain name "www.candyl-nd.com" to identify a sexually explicit web site is likely to dilute plaintiff's mark which identifies a children's board game).

²⁰³ See generally H.R. REP. NO. 104-374, *reprinted in* 1995 U.S.C.C.A.N. 1031. The Report consistently refers to protection of "famous marks" rather than registered marks.

before discussing the other, more indicative, fame factors.²⁰⁴ In *Teletech*, the court listed federal registration of the mark as an afterthought to the facts which more accurately led to the conclusion that the mark was famous.²⁰⁵

Federal registration of a mark should be deleted from the federal statute as a factor indicating the fame of a mark. Although most courts place little emphasis on registration as an indicator of fame, one court found that lack of federal registration counted against the plaintiff in the determination of fame. The *Star Markets* court actually wrote that the absence of federal registration of the plaintiff's mark favored the defendants.²⁰⁶ The other fame factors may fit well into a checklist "for" or "against" the plaintiff. Registration, however, should only be considered as a minor benefit to the plaintiff as prima facie evidence that the mark is distinctive. The plaintiff should not be penalized if the mark is not registered. Doing so would be inconsistent with our obligations under international treaties to protect all famous marks whether they are registered or not.²⁰⁷ The registration factor is present to assist courts to determine whether a mark is distinctive. It is of little assistance, at best, and possibly confusing to the analysis of fame, since the first factor in the fame analysis requires a finding that the mark has a high degree of distinctiveness.²⁰⁸

CONCLUSION

Fortunately, only two decisions under the federal dilution statute reached clearly erroneous determinations that the plaintiff's mark was famous.²⁰⁹ However, in a number of decisions where the court appears to have reached a correct determination of fame, the court has, in fact, reached its determination through an incorrect or abbreviated analysis. Although fame is to be determined on a case-by-case basis, these opinions will serve as precedent for future

²⁰⁴ See *Hasbro*, 40 U.S.P.Q.2d at 1480.

²⁰⁵ See 977 F. Supp. 1407, 1413 (C.D. Cal. 1997).

²⁰⁶ See 950 F. Supp. 1030, 1036 (D. Haw. 1996) ("Not owning a federal registration of its mark . . . compels the court to find that this factor favors Defendants.") (emphasis added).

²⁰⁷ See H.R. REP. NO. 104-374, at 4, reprinted in 1995 U.S.C.C.A.N. 1029, 1031.

²⁰⁸ See MCCARTHY, *supra* note 7, § 24:109.

²⁰⁹ See *Gazette Newspapers*, 934 F. Supp. at 688; *Wawa*, 40 U.S.P.Q.2d at 1629.

courts that look for guidance to interpret this new statute.²¹⁰ Relying on poorly or incorrectly reasoned opinions could lead to inconsistencies in the relief similarly situated plaintiffs receive in the federal courts.

More importantly, courts interpreting the federal dilution statute should engage in a comprehensive analysis of each of the fame factors. The factors should be discussed while keeping in mind Congress' intent to limit protection to a small group of marks that are "unique, singular," marks that are potent, marks in which the owner has made a "substantial investment . . . in the mark," and marks which carry an "aura."²¹¹ The courts should also bear in mind that the statute was intended to protect marks for which the executive branch is seeking greater protection in overseas markets.²¹² If the courts apply the statute too broadly to marks that are not truly famous on a nationwide basis, the bargaining strength of United States trade negotiators will be undermined. Since the dilution statute carves out a broad zone of exclusivity around the mark, foreign nations will be unwilling to grant such extraordinary rights to a large number of marks for fear that such rights could hamper free competition.

In the absence of a national register of famous marks, greater judicial scrutiny of the fame factors with careful explanations of the weight accorded to each factor will aid practitioners to determine whether an existing mark is possibly a famous one. This will further assist the practitioner to more accurately predict whether the use of a mark in a non-competitive area is permissible.

Courts should not determine fame based on precedents from other federal trademark laws. Courts which are considering mixed infringement/dilution claims should be careful to separate their analyses of mere distinctiveness under the infringement action from the fame analysis under the dilution action where distinctiveness is only one of many pertinent factors. Similarly, use of state law precedent to determine fame is incorrect because marks are not required to be famous under state dilution statutes. State statutes only require a finding of distinctiveness which is insufficient to a finding of fame under the federal statute.

²¹⁰ See *Star Markets*, 950 F. Supp. at 1034 (noting that in *Wawa*, use of the mark in only five states did not preclude the application of the statute).

²¹¹ See H.R. REP. NO. 104-374, at 3, *reprinted in* 1995 U.S.C.C.A.N. 1029, 1030.

²¹² See H.R. REP. NO. 104-374, at 4, *reprinted in* 1995 U.S.C.C.A.N. 1031.

The lack of appellate decisions thus far has resulted in little guidance to district courts and practitioners alike as to the proper weight to be accorded the various fame factors. Until such guidance arrives, the courts should carefully consider each factor in light of Congressional intent to guarantee the mark in question is deserving of dilution protection.

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