Famous Trademarks: Ordinary Inquiry by the Courts of Marks Entitled to an Extraordinary Remedy

Brendan Mahaffey-Dowd

Follow this and additional works at: http://brooklynworks.brooklaw.edu/blr

Recommended Citation
Brendan Mahaffey-Dowd, Famous Trademarks: Ordinary Inquiry by the Courts of Marks Entitled to an Extraordinary Remedy, 64 Brook. L. Rev. 423 (1998).
Available at: http://brooklynworks.brooklaw.edu/blr/vol64/iss1/8

This Note is brought to you for free and open access by BrooklynWorks. It has been accepted for inclusion in Brooklyn Law Review by an authorized editor of BrooklynWorks. For more information, please contact matilda.garrido@brooklaw.edu.
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

---

4 See id.
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. 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. 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.

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. Early trademark laws prohibited deceptively similar marks so that consumers would not be confused by cheap imitations. The dilution statute gives the owner of the mark a cause of action against the infringer even in the absence of consumer confusion.

---

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).


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

12 See id.

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. 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. The unique qualities and selling power of a particular trademark provide its value. A distinctive mark that represents a quality product can be worth billions of dollars which the owner understandably wishes to protect. Because of the significant value trademarks represent, their owners increasingly view trademarks as valuable intellectual property rights rather than a means of consumer protection.

The owners of famous marks argued for dilution protection since the 1920s. 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. Additionally, famous marks lacked protection “on a nationwide basis.” 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.


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. Moreover, by providing protection to famous marks at home, the President would have additional leverage to negotiate protection for famous American marks abroad.

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. Other critics of the law complain that the dilution statute creates too much uncertainty in the field of trademark law. 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. 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
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

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.\textsuperscript{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."\textsuperscript{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.\textsuperscript{34}

While some argued for abolishment of the Trademark Act of 1905 because the common law provided an adequate and elastic remedy for protection,\textsuperscript{35} others called for more stringent protection to combat the "progressive ingenuity of commercial depravity."\textsuperscript{36} Frank Schechter, the original advocate of dilution protection, argued that protection should not be limited to instances of consumer confusion.\textsuperscript{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.\textsuperscript{38} Additionally, the mark owner would ultimately lose control of the use of the mark as a

\textsuperscript{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).

\textsuperscript{33} See Trademark Act of 1905, c. 595, 33 Stat. 724, reprinted in Hopkins, supra note 11, at 480.

\textsuperscript{34} See Klieger, supra note 17, at 804.

\textsuperscript{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.

\textsuperscript{36} See Schechter, supra note 10, at 813.


\textsuperscript{38} See Schechter, supra note 10, at 831-32.
symbol of quality, the primary value of a trademark to contemporary consumers and producers. Under Schecter's view, the law would vest the famous trademark owner with an in gross property right. A dilution action would, therefore, become tantamount to an action for trespass rather than an unfair trade practice action. 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. 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. Additionally, Congress codified unfair competition law, providing a statutory cause of action for unregistered marks. 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." 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)).
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 . . . .").
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 right 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. 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"). The MSTB provided that:

[[Likelihood 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.]]

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.

C. The Restatement

In 1993, the Restatement included a provision for dilution protection for the first time. 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.
the junior user's goods. 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.

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. Article 6bis was added to include protection for famous marks from unauthorized reproductions which are likely to cause confusion with the well-known mark. 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. 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. 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. TRIPS explicitly adopted Article 6bis of the Paris Convention. 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. 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).
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. TRIPS provided a starting point for the criteria of a well-known mark. However, additional legislation was still required to flesh out the definition.

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. Second, courts frequently applied dilution standards inconsistently. By the end of 1996, only sixteen cases were successful solely on state dilution grounds. 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."

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

[The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark, and to obtain other relief as is provided in this subsection.]

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 bilateral arrangements, the United States signed bilateral treaties with China, Ethiopia, Germany, Greece, Ireland, Israel, Italy, Japan and Taiwan. See id.
64 See id.
66 See General Agreement on Tariffs and Trade, Trade Related Intellectual Property, Art. 16(3), reprinted in Mostert, supra note 54, at 108.
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

70 See id. at 3-4.
71 See id. at 4.
72 See id.
73 See id.
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, 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." 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.

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

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.

---

76 See TRC Report, supra note 21, at 455.
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. In numerous opinions, however, the determination of fame has been disposed of in little more than a sentence or two. These opinions lack a comprehensive discussion of whether a mark is truly famous or not. 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 that considering the degree to which each factor is present. 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

Marks which are descriptive of the goods or services they identify cannot be registered as trademarks. If, through use, the mark becomes distinctive of the user’s goods, it can then be registered. Distinctiveness, therefore, is the threshold requirement for registration of a mark. As originally drafted, the dilution statute applied only to "famous registered marks." 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.

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

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. Distinctiveness, rather than fame,
was the requisite factor for protection under the MSTB and most state dilution statutes. Congress, however, chose to make fame the required showing to be entitled to protection. 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. 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. 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. 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. The mark was neither inherently distinctive nor


See supra note 49 and accompanying text.


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.


had it acquired distinctiveness through a secondary meaning. The court rightfully ended its inquiry of fame at that point. 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. It would be unusual, however, to find a mark that is famous but not distinctive. 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. 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.

In Clinique Laboratories, Inc. v. DEP Corporation, the court confused a determination of distinctiveness for a determination of fame. Earlier, the court had determined that the plaintiff’s trademark and trade dress were distinctive for the purposes of infringement protection. 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.” 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.” The court failed to recognize that distinctiveness is but one factor in the determination of fame, and distinctiveness alone does not constitute fame. 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.
105 See id. at 1998.
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.\textsuperscript{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."\textsuperscript{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


the lack of a register for famous marks. 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 years and as young as 15 years 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. 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. Thus, while a determination of fame should be a contextual one and should not rely on any one factor, 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. Although Wawa owned over 500 convenience stores in five states and had an annual advertising budget of over $6,000,000, Wawa's mark did not enjoy nationwide fame which would have entitled it to protection under the federal dilution statute.

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 id. at 1631.
120 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.\textsuperscript{122} One of the plaintiff's newspapers circulated in one additional Maryland county.\textsuperscript{123} The defendant operated solely in one of the same Maryland counties.\textsuperscript{124} The court engaged in a twisted analysis to determine that "Gazette" is not a generic word.\textsuperscript{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.\textsuperscript{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.\textsuperscript{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.\textsuperscript{128} If American courts continue to grant extraordinary protection to non-famous marks, other countries may be unwilling to

\footnotesize{dy available under the dilution statute to nationally famous marks and for locally famous marks, to continue to bring actions under state dilution statutes.\textsuperscript{122}} 934 F. Supp. 688, 690 (D. Md. 1996).\textsuperscript{123} See id.\textsuperscript{124} See id. at 691.\textsuperscript{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.\textsuperscript{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).\textsuperscript{127} See H.R. REP. NO. 104-374, at 4, reprinted in 1995 U.S.C.C.A.N. 1029, 1031.\textsuperscript{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

The third statutory factor—the duration and extent of advertising and publicity of the mark—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. 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

---

130 See id.
spent over the prior decade promoting the mark.\textsuperscript{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.\textsuperscript{133} Similarly, in \textit{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.\textsuperscript{134} This plaintiff, however, spent less than $1 million in the previous year promoting its mark.\textsuperscript{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 \textit{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.\textsuperscript{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."\textsuperscript{137}

D. \textit{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 used—\textsuperscript{138} is one of the most important of the suggested factors set forth by the statute. The House

\textsuperscript{133} See id. at 1036.
\textsuperscript{134} 977 F. Supp. 1407, 1410 (C.D. Cal. 1997).
\textsuperscript{135} See id. at 1409.
Report reiterates three times the fact that the statute is intended to cover only marks that are famous on a nationwide basis.\textsuperscript{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.”\textsuperscript{140}

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

\textsuperscript{140} See id. at 3.
\textsuperscript{141} See id. at 4.
\textsuperscript{142} See id. at 4.
\textsuperscript{143} See id.
\textsuperscript{144} See U.S. CONST. art. I, § 8, cl. 8.
\textsuperscript{146} See supra note 32 and accompanying text.
\textsuperscript{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.
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. 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.

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 used—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. 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.

---

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

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 then 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.").


\(^{163}\) 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. 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.

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"

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. The TRC Report recommended that the mark at issue "should be in substantially exclusive use." 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. Dilution protection, as op-


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.


See TRC Report, supra note 21, at 459.


Id.

See TRC Report, supra note 21, at 459.
posed to infringement protection, is designed to protect something the public perceives as "unique, singular, or particular." 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. The court noted that fifty food-related businesses in the Western United States used the word "Star," including twenty-three retail grocery stores. Moreover, over ninety businesses in Hawaii used "Star" in their names. Lastly, eight similar stores had federally registered trademarks with the word "Star" in them, including another "Star Markets." As a result, the court found such evidence weighed heavily against a finding that the plaintiff's mark was famous.

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. In American Express, the plaintiff's pleadings indicated a history of success at preventing unauthorized use of its mark. 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.

---

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].").
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. 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. 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." The court found that the distinctiveness of the plaintiff's mark was already undermined by third party use of the word "Columbia." 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. 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." 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.

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.

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. 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. A cursory search of the Lexis Directory of Services shows that at least seven major newspapers around the country use Gazette in the title. The extraordinary remedy provided by Congress in the federal statute creates a broad zone of exclusivity around famous marks. Congress wanted to correct the patchwork coverage of state laws to protect famous trademarks which are worthy of protection nationally and internationally. 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." 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

This final factor was initially a requirement under the proposed statute rather than a suggested factor. Limiting dilution protection to registered marks aimed to promote predictability, estab-
lish prima facie evidence of distinctiveness, and promote registration of trademarks. 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.

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. Fame was to be proved separately. The TRC crafted the statute with the understanding that famous marks comprised a small subset of all registered marks. The fact that a mark is registered has little bearing on whether a mark has the degree of distinctiveness necessary to qualify as famous.

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. 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.

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.

---

196 See TRC Report, supra note 21, at 457.
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.candyland.com” to identify a sexually explicit web site is likely to dilute plaintiff’s mark which identifies a children’s board game).
before discussing the other, more indicative, fame factors.\textsuperscript{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.\textsuperscript{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 as 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.\textsuperscript{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.\textsuperscript{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.\textsuperscript{208}

**Conclusion**

Fortunately, only two decisions under the federal dilution statute reached clearly erroneous determinations that the plaintiff’s mark was famous.\textsuperscript{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

\textsuperscript{204} See Hasbro, 40 U.S.P.Q.2d at 1480.


\textsuperscript{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).


\textsuperscript{208} See MCCARTHY, supra note 7, § 24:109.

\textsuperscript{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. 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." 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. 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).
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 guid-
ance arrives, the courts should carefully consider each factor in light
of Congressional intent to guarantee the mark in question is
deserving of dilution protection.

Brendan Mahaffey-Dowd