Goodwill Harboring: The Trademark Dilution Revision Act of 2006 Legitimates the Goodwill Investment in a Trademark While Safeguarding the First Amendment

William Joern

Follow this and additional works at: https://via.library.depaul.edu/jatip

Recommended Citation
Available at: https://via.library.depaul.edu/jatip/vol17/iss2/3
GOODWILL HARBORING:
THE TRADEMARK DILUTION REVISION ACT OF 2006 LEGITIMATES THE GOODWILL INVESTMENT IN A TRADEMARK WHILE SAFEGUARDING THE FIRST AMENDMENT

I. INTRODUCTION

"The life of the law has not been logic: it has been experience."¹

Perhaps, the Trademark Dilution Revision Act of 2006 (TDRA), signed into law on October 6, 2006 by President George W. Bush, is best understood from Justice Holmes’s above quoted perspective. Subject to endless criticism from all angles of academia and the professional realm², the TDRA has lumbered through a painstaking series of revisions, redactions, and additions to resurrect a cause of action for trademark dilution in the form of blurring and tarnishment.³ Some critics view the TDRA as a duplicative cause of action stepping on the feet of infringement.

2. See, e.g., J. Thomas McCarthy, Dilution of a Trademark: European and United States Law Compared, 94 TRADEMARK REP. 1163 (2004). Professor McCarthy notes:
   No part of trademark law that I have encountered in my forty years of teaching and practicing IP law has created so much doctrinal puzzlement and judicial miscomprehension as the concept of “dilution” as a form of intrusion on a trademark. It is a daunting pedagogical challenge to explain even the basic theoretical concept of dilution to students, attorneys, and judges. Few can successfully explain it without encountering stares of incomprehension or worse, nods of understanding which mask and conceal bewilderment and misinterpretation.
   Id. at 1163.
Other critics view the TDRA as an overly cumbersome legal tool for a species of harm more elusive than the leprechaun. Nonetheless, trademark-holders’ goodwill investment in the creation of famous marks has compelled Congress to resurrect a federal cause of action for trademark dilution under § 43(c) of the Lanham Act that was virtually eliminated by the Supreme Court in *Mosley v. V Secret Catalogue, Inc.*

This Article examines the recent enactment of the TDRA, paying particular attention to its eleventh-hour additions to safeguard it from First Amendment conflicts. It addresses the TDRA’s reaffirmation that the preservation of a famous mark holder’s goodwill investment in the mark is as meritorious as the prevention of consumer confusion. Part I provides a brief history of dilution, chronicling its American debut in Professor Schetcher’s landmark law review article to its post-*Mosley* makeover. Part II outlines the differences between the TDRA and its predecessor, the Federal Trademark Dilution Act of 1995 (FTDA), and it highlights how concerns raised in scholarly literature have been addressed by the language of the TDRA. Part III analyzes the TDRA’s First Amendment safeguards. In this section, I will argue that the TDRA represents a measured and well-developed revision of the FTDA. Part IV concludes with several recent cases that illustrate how the TDRA is neither redundant nor insensitive to the preservation of free speech.

II. BACKGROUND

A. Dilution’s “Radical” Origins

The concept of dilution as a separate basis for trademark protection appears to have originated in the German courts, where a maker of mouthwash and a manufacturer of steel products wanted to use the same brand name, “Odol.” The writings and

7. 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR

https://via.library.depaul.edu/jatip/vol17/iss2/3
congressional testimony of Professor Frank Schechter then introduced the concept to the American legal system in the 1920s and 1930s.\footnote{See Frank Schechter, The Rational Basis of Trademark Protection, 40 HARV. L. REV. 813 (1927), reprinted in 60 TRADEMARK REP. 334 (1970).}

Schechter advanced the thesis that the consumer-protection model, which bases a cause of action upon substantial similarity between marks likely to cause consumer confusion, could not adequately accommodate the realities of twentieth century marketing.\footnote{Id. at 831, 60 TRADEMARK REP. at 345.} He proposed instead to recognize that “the preservation of the uniqueness of a trademark . . . constitute[s] the only rational basis for its protection.”\footnote{Id.; see also Ringling Bros., 170 F.3d at 453.} That is, Schechter believed that it was the mark’s uniqueness that gave it its advertising appeal and selling power. According to Schechter, a trademark’s benefits were “diluted” (a term borrowed the term from the Odol case) when its unique qualities were appropriated by a junior user but the public had always associated these qualities with a senior user’s product.\footnote{Schechter, supra note 8, at 825, 60 TRADEMARK REP. at 342.} Schechter justified this thesis with the insight that the “real injury” caused by the concurrent use of famous marks was not consumer confusion but “the gradual whittling away or dispersion of the identity and hold upon the public mind of the mark or name by its use upon non-competing goods.”\footnote{See Barton Beebe, The Semiotic Analysis of Trademark Law, 51 UCLA L. REV. 621 (2004).}

No jurisdiction has ever adopted Schechter’s original dilution proposal, however, as its practical effect would create trademark property rights in gross in suitably “unique” marks.\footnote{See Trademark Dilution Revision Act of 2005: Hearing on H.R. 683 Before the Subcomm. on Courts, the Internet, and Intellectual Property of the H. Comm. on the Judiciary, 109th Cong. 31-32 (2005) [herinafter 2005 Hearing] (prepared statement of Anne Gundelfinger, President, International Trademark Association (“INTA”)).} Indeed, in the early drafts of the TDRA, a proposal to base antidilution on “uniqueness” was rejected.\footnote{2005 Hearing}
B. Dilution under the FTDA

Under the FTDA, "dilution" meant "the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of competition between the owner of the famous mark and other parties or likelihood of confusion, mistake, or deception." The FTDA’s legislative history also indicates that Congress intended it to cover dilution by "tarnishment," and any other form of dilution that may have been recognized under common law.

The FTDA proclaimed to protect against the "dilution of the distinctive quality of the famous mark." As an aid to the courts, the FTDA set forth eight non-exclusive factors to consider in determining whether a mark was famous:

(a) the degree of inherent or acquired distinctiveness of the mark;

(b) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;

(c) the duration and extent of advertising and publicity of the mark;

(d) the geographical extent of the trading area in which the mark is used;

(e) the channels of trade for the goods or services

16. "Tarnishment" refers to unauthorized uses of a famous mark that associate it with a degrading or inferior product. See 4 MCCARTHY, supra note 7, § 24:89.
17. Senator Hatch has stated:
[T]his bill is designed to protect famous trademarks from subsequent uses that blur the distinctiveness of the mark or tarnish or disparage it, even in the absence of a likelihood of confusion. Thus, for example, the use of Dupont shoes, Buick aspirin, and Kodak pianos would be actionable under this Bill.
with which the mark is used;

(f) the degree of recognition of the mark in the trading areas and channels of trade used by the mark’s owner and the person against whom the injunction is sought;

(g) the nature and extent of use of the same or similar marks by third parties; and

(h) the existence of a registration under the Act of March 3, 1881, or the Act of February 20, 1905, or on the Principal Register. 19

Once the plaintiff successfully showed ownership of a famous mark, it then had the burden of proving: (1) the defendant used the mark in commerce after the plaintiff’s mark became famous; and (2) the defendant’s use of the plaintiff’s mark caused the dilution of the distinctive quality of the mark. 20

1. Blurring

The classic form of trademark dilution occurs through “blurring.” Blurring has been described as the “whittling down” of the identity or reputation of a trademark or a trade name. 21 The idea is that if a junior user were allowed to use another’s famous mark for noncompeting goods or services, then the mark would soon lose its ability to invoke the senior user’s goods or services in a consumer’s mind. That is, the famous mark’s “commercial magnetism” is less capable of functioning as a strong brand signifier when other companies are allowed to sell a variety of unrelated goods under the same name. 22 In other words, there is a loss of distinctiveness through the blurring of the mental image the mark makes in the minds of the consumer. 23

19. Id.
20. Id.
23. Professor Beebe has observed:
The harm imagined by dilution is progressive in nature. Professor McCarthy explains this progressive erosion with an analogy to a glass of water into which a single drop of red dye is placed.\textsuperscript{24} At first, the change is slight, and the depth of the red does not approximate the drop; however, as more and more drops are added, the saturation of the water closely resembles the drop.\textsuperscript{25} Likewise, the economic harm caused by blurring is imagined as the mark loses its selling power with each successive unauthorized use of the mark, or drop in the water.\textsuperscript{26}

An example of a mark that was found sufficiently similar and famous to support a dilution action by blurring was “Polaroid” optical devices and “Polaraid” heating and refrigeration services.\textsuperscript{27} Another example is the phrase “The Greatest Show on Earth” for a carnival and “The Greatest Used Car Show on Earth” for a car dealership.\textsuperscript{28} However, neither “Cue” for a magazine that was subsequently used for a toothpaste\textsuperscript{29} nor “Freedom” for a savings and loan company that was then used by a real-estate company

What is at issue [in a cause of action for blurring] . . . is not relations of reference, but relations of difference. What is being protected is not the trademark’s distinctiveness of source or product, but its distinctiveness from all other trademarks, including, most importantly, identical marks . . . . Ultimately, in protecting the identity of the trademark signifier itself, antiblurring protection preserves the uniqueness of the relation not between the trademark signifier and its signified or referent, but between the trademark signifier’s one type and the many tokens of that type in the marketplace. A defendant “blurs” this relation when it establishes a new similar or identical type to which plaintiff’s or defendant’s tokens might also refer.

Beebe, \textit{supra} note 13, at 700.


25. \textit{Id}.

26. \textit{Id}.

27. \textit{See} Polaroid Corp. v. Polaraid, Inc., 319 F.2d 830 (7th Cir. 1963).


were sufficiently famous to warrant a finding of blurring.\textsuperscript{30}

2. Tarnishment

Dilution by "tarnishment" is the other classic prong of dilution theory.\textsuperscript{31} Unlike blurring, tarnishment refers to cases where unauthorized uses of a famous mark tarnish the mark's image by associating it with a degrading or inferior quality product.\textsuperscript{32} As the Second Circuit has observed, "[t]he sine qua non of tarnishment is a finding that plaintiff's mark will suffer negative associations through defendant's use."\textsuperscript{33} As Professor McCarthy explains, once a famous mark is tarnished, it is still capable of uniquely identifying a certain source, but it no longer identifies a particular degree of quality or favorable reputation.\textsuperscript{34} The positive associations with the mark are undermined and diluted by the tarnishing use.\textsuperscript{35}

The concern is that the use of the mark in this undesirable way, compounded with the mixed mental association by the consumer, will reduce the public's esteem for the senior mark in some significant capacity.\textsuperscript{36} Thus, a poster-distributor selling posters with the message "Enjoy Cocaine" in the font and color used by Coca-Cola was found to be diluting due to the offensive association of the soft drink with an illegal drug.\textsuperscript{37} Likewise, while on a lunch break as he was writing this section, this author observed a man wearing a T-shirt bearing the slogan "Toke" in the same soft-drink manufacturer's font and colors. It too would likely be found tarnishing, as it also suggests an unwholesome

\textsuperscript{30} See Freedom Sav. & Loan Assoc. v. Way, 757 F.2d 1176 (11th Cir. 1985).
\textsuperscript{31} See 4 Mccarthy, supra note 7, § 24:89.
\textsuperscript{32} See id. § 24:70.
\textsuperscript{33} Hormel Foods Corp. v. Jim Hensen Prods., 73 F.3d 497, 507 (finding no tarnishment of the trademark SPAM, where a Muppet pig character named "Spa'am" was used, as defendant was engaged in parody, which is protected expression under the First Amendment).
\textsuperscript{34} See 4 Mccarthy, supra note 7, § 24:89.
\textsuperscript{35} Id.
association between consuming the cola and illegal barbiturates. 38

Conversely, in a case involving the sale of "CatDog" cheese crackers, crackers in the shape of a goldfish, the court held the crackers were not likely to tarnish the famous mark for Goldfish crackers under either state or federal law. According to the court, the televised cartoon program upon which the CatDog crackers were based were not tarnishing either, as the program did not depict obscene, sexual, or illegal activities, and the crackers were not of an inferior quality. 39

3. Tarnishment following Mosley

In 2003, the Supreme Court speculated in dictum that tarnishment might not have been encompassed within the FTDA. 40 Justice Stevens, speaking for the majority, suggested that because the statute did not include the "likelihood of injury to business reputation" phrasing that the 1964 Model State Law Bill contained, which was also included in many state anti-dilution statutes, tarnishment was not a part of the dilution doctrine in the FTDA. 41 Justice Stevens stated:

The District Court's decision in this case rested on the conclusion that the name of petitioners' store "tarnished" the reputation of respondents' mark, and the Court of Appeal relied on both "tarnishment" and "blurring" to support its affirmance. Petitioners have not disputed the relevance of tarnishment, ... presumably because that concept was prominent in litigation brought under state anti-dilution statutes and because it was mentioned in the legislative history. Whether it is

38. See Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd., 604 F.2d 200, 203 (holding adult film actress wearing attire similar to the Dallas Cowboys Cheerleaders diluted the reputation of plaintiff, as it drew unwholesome analogy between plaintiff and the adult film industry).
41. ld.

https://via.library.depaul.edu/jatip/vol17/iss2/3
actually embraced in the statutory text, however, is another matter. Indeed, the contrast between the state statutes, which expressly refer to both "injury to business reputation" and to "dilution of the distinctive quality of a trade name or trademark," and the federal statute which refers only to the latter, arguably supports a narrower reading of the FTDA.\footnote{Id.}

Until the passage of the TDRA, this dictum left academics and practitioners scratching their heads wondering which way the Court would hold if squarely presented with the issue.\footnote{See 4 MCCARTHY, supra note 7, § 24:95.}

4. Remedies under the FTDA

Under the FTDA, § 1125(c)(2) provided that the owner of a famous mark was entitled only to injunctive relief, unless the party causing the dilution willfully intended to trade on the reputation of the mark or cause the dilution of the mark.\footnote{15 U.S.C. § 1125(c) (2000).} If such willful intent was proven, the owner of the famous mark would be entitled to the remedies set forth in § 35(a) and § 36 of the FTDA, in the discretion of the court and under the principles of equity.\footnote{See Id. §§ 1117(a), 1118.} As such, the prevailing owner of a famous mark was entitled to recover damages (including the possibility of treble damages), the defendant’s profits stemming from the diluting activity, attorney’s fees, and would be able to request the destruction of all of the diluting materials.\footnote{Id.}

5. Defenses and First Amendment safeguards under the FTDA.

In deference to the First Amendment and comparative advertising, the FTDA expressly exempted several uses of famous trademarks from the scope of its enforcement. First, any "fair use of a famous mark by another person in comparative commercial

\footnote{42. Id.}
\footnote{43. See 4 MCCARTHY, supra note 7, § 24:95.}
\footnote{44. 15 U.S.C. § 1125(c) (2000).}
\footnote{45. See Id. §§ 1117(a), 1118.}
\footnote{46. Id.}
advertising or promotion to identify the competing goods or services of the owner of the famous mark" was exempted from the Act. 47 Additionally, any "noncommercial" use of a famous mark, including parody and satire, 48 and "all forms of news reporting and news commentary" were exempted. 49 Finally, there was no language in the FTDA or its legislative history indicating that Congress intended to preempt state anti-dilution statutes, with the exception of Section 43(c)(3). Section 43(c)(3) provided that ownership of a valid federal registration was a complete bar to any dilution action brought by another person under state statute or common law against the mark owner with respect to that mark. 50

Under the aegis of the noncommercial use defense of § 1125(c)(4)(B), Congress intended to accomplish two goals. First, it intended to incorporate speech fully protected by the First Amendment, as opposed to the Court's concept of limited protection for "commercial speech." 51 Second, it intended to forbid the use of the FTDA from enjoining famous marks in noncommercial settings, such as editorial product reviews. As the First Circuit noted before the enactment of the FTDA, "if the anti-dilution statute were construed as permitting a trademark owner to enjoin the use of his mark in a noncommercial context found to be negative or offensive, then a corporation could shield itself from criticism by forbidding the use of its name in commentaries critical of its conduct." 52

47. Id. § 1125(c)(4)(A); see also Deere & Co. v. MTD Products, Inc., 41 F.3d 39 (2d Cir. 1994) (holding defendant's advertisement of the Deere logo animated as a small, frightened deer fleeing from a small dog and the competitor's lawn mower was not fair use and diluted Deere's mark).

48. See Dr. Seuss Enters., L.P. v. Penguin Books USA, Inc., 109 F.3d 1394 (9th Cir. 1997) (holding parody of Dr. Seuss children's book that lampooned the O.J. Simpson trial was not protected parody under section 1125(c)(4)(B)).


50. See id. § 1125(c).


52. L.L. Bean, Inc. v. Drake Publishers, Inc., 811 F.2d 26, 33 (1st Cir. 1987); see also N.Y. Stock Exch., Inc. v. N.Y., N.Y. Hotel, LLC, 293 F.3d 550, 558 (2d Cir. 2002) (holding that plaintiff could succeed on a claim of dilution by tarnishment under state law after a casino with a New York City theme used the slogan "NEW YORK NEW YORK SLOT EXCHANGE" on a façade.
One such case arose in the Ninth Circuit and involved Mattel’s iconic BARBIE mark. In that case, the court held the use of the BARBIE mark in a song and that parodied the carefree, materialistic image sometimes associated with the doll was speech fully protected from liability for dilution under the "noncommercial use" exception. The court stated that the legislative history from both the House and Senate demonstrated that Congress intended the FTDA not to inhibit speech that did not propose a commercial transaction. Writing for the majority, Judge Kozinski reasoned that unless the song was viewed as artistic expression, the court would have been creating a new species of speech doctrine with the potential to open a "Pandora’s box," thereby giving exclusive use of speech throughout all of commerce and, potentially, beyond to big merchant lobbyists. The court acknowledged this risk, noting that such a dilution injunction would be overbroad, subsuming artistic expression fully protected as free speech. Similarly, an artist’s still life photographs that placed BARBIE in perilous situations, such as in resembling the New York Stock Exchange Building, as “a reasonable trier of fact might find that the Casino’s humorous analogy to its activities--deemed by many to involve odds stacked heavily in favor of the house--would injure [plaintiff’s] reputation.”).

54. Id. at 906-07.
55. Id. at 905-06 (citing H.R. REP. NO. 104-374, at 4 (1995)).
56. Pierre N. Leval, Trademark: Champion of Free Speech, 27 COLUM. J.L. & ARTS 187, 207-08 (2004). Judge Leval further noted that the instant case could also have been dismissed under the news commentary exclusion of section 1125(c)(4)(C):

The song's depiction of Barbie as emblematic of an insouciant, mindlessly playful and materialistic world, embodying values as durable as a plastic toy, is without question a comment on the state of society. It would make little sense to construe "news commentary" as restricted to comment on today's news stories, but excluding broader commentary on the moral condition of society.

Id. at 207.

57. MCA Records, 296 F.3d at 904; see also RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25 (2), cmt. i (1995) (supporting the FTDA’s position that “Extension of the antidilution statutes to protect against damaging nontrademark uses raises substantial free speech issues and duplicates other potential remedies better suited to balance the relevant interests”).
a blender, did not tarnish the BARBIE image either. The use was considered artistic and noncommercial.\(^{58}\)

Under the "news" item defense of § 1125(c)(4)(C), the media was free to use trademarks in the context of conveying news and information. Furthermore, the media was free to modify or use famous marks in its political cartoons, stories, and elsewhere, because critical commentary of the mark holder by using its trademark was outside the scope of a cause of action for dilution.\(^{59}\)

Lastly, at least one court held that the "fair use" defense that is applicable to a cause of action for trademark infringement was also applicable to a cause of action for dilution under the FTDA. In Playboy Enterprises v. Welles, the Ninth Circuit held that under the fair use defense, a former Playboy Playmate of the Year could use several Playboy trademarks on her website, including the PMOY acronym for Playmate of the Year, to indicate she was the recipient of that award without diluting Playboy's mark.\(^{60}\) The Ninth Circuit stated that because Welles's use was a nominative use, by definition it did not dilute Playboy's marks.\(^{61}\) According to the court, the defendant's use of PMOY "[did] not create an improper association in consumers' minds between a new product and the trademark holder's mark," because the defendant was simply referring to the trademark holder's product.\(^{62}\)

### C. Dilution after Mosley

Following the passage of the FTDA, the circuit courts were split on whether the FTDA required the owner of a famous mark to prove actual harm as a prerequisite to injunctive relief. This

---

58. Mattel, Inc. v. Walking Mountain Prods., 353 F.3d 792, 812 (9th Cir. 2003); see also Am. Family Life Ins. Co. v. Hagan, 266 F. Supp. 2d 682 (holding politician's use of a cartoon duck that was similar to the AFLAC duck in order to call his opponent a "quack" who was "ducksling the issues" was noncommercial speech fully protected by the First Amendment); MasterCard Int'l Inc. v. Nader 2000 Primary Comm., Inc., 70 U.S.P.Q.2d 1046 (S.D.N.Y. 2004) (holding campaign ad that borrowed the "for everything else there's MasterCard" theme was noncommercial and, thus, not diluting).

59. See 4 McCarthy, supra note 7, § 24:127.

60. Playboy Enters., Inc. v. Welles, 279 F.3d 796, 804 (9th Cir. 2002).

61. Id. at 806.

62. Id.
question was addressed in the Supreme Court’s decision in *Moseley v. V Secret Catalogue*, a dilution action between the lingerie company Victoria’s Secret and a small retail company, Victor’s Little Secret, that sold, among other items, adult “novelties.”^63^  

In a carefully worded opinion, the Court quoted from the statutory definition of “dilution” rather than defining it itself.^64^ Further, as noted above, the Court questioned whether § 1125(c) included a cause of action for tarnishment by quoting a Second Circuit opinion that used a restrictive interpretation of § 1125(c), which did not recognize a cause of action for tarnishment.^65^  

Most significantly, the Court read § 1125(c) to require the plaintiff show actual evidence of dilution, instead of a mere likelihood of dilution, in order to attain judicial relief.^66^ The Court admitted that requiring evidence of actual dilution might result in “difficulties of proof,” but it justified itself by reasoning that the language of the statute required as much.^67^ Perhaps as a consolation, the Court stated, “direct evidence of dilution such as consumer surveys will not be necessary if actual dilution can reliably be proved through circumstantial evidence – the obvious case is one where the junior and senior marks are identical.”^68^  

This language created consternation with subsequent courts. Some courts read the Court’s language to mean that when the parties’ marks are identical, direct evidence of dilution is unnecessary.^69^ Other courts read the passage to mean that when the parties’ marks are identical the only additional evidence necessary to show dilution is circumstantial evidence, rather than direct evidence.^70^  

---  

64. Id. at 433. The TDRA does not define dilution either, and the Court simply quoted § 1125(c)(1)’s phrase “dilution of the distinctive quality of the mark” to highlight its pithiness. Id.  
65. Id. at 427 (citing Nabisco v. PF Brands, 191 F.3d 208 (2d Cir. 1999)); see also Barton Beebe, A Defense of the New Federal Trademark Antidilution Law, 16 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 1143, 1153 (2006).  
66. Moseley, 537 U.S. at 433-34.  
67. Id. at 434.  
68. Id.  
69. See, e.g., Savin Corp. v. Savin Group, 391 F.3d 439, 452 (2d Cir. 2004).  
70. See, e.g., Am. Honda Motor Co. v. Pro-Line Protoform, 325 F. Supp. 2d
In addition to this new fissure among the circuits, further restrictions were placed on the FTDA by the lower courts. One such limitation included the Second Circuit’s denial of protection to marks that were not inherently distinctive (i.e., marks which have not yet acquired secondary meaning).71 Further, the Ninth Circuit expanded its interpretation of the noncommercial use exception of § 1125(c)(4)(B) to include all speech that contained at least a modicum of non-commerciality (i.e., speech that did more than merely propose a commercial transaction).72 With the FTDA riddled by the relentless jab of critical judges, the dilution doctrine was primed for a federal rebirth.

III. FEDERAL DILUTION 2.0 AND THE TDRA

A. The Revisionists

The International Trademark Association, represented by President Anne Gundelfinger,73 the American Intellectual Property Law Association, represented by William G. Barber,74 and the Section of Intellectual Property Law of the American Bar Association, represented by chairman Robert W. Sacoff, combined forces to provide significant guidance to Congress as it drafted the
TDRA. Their efforts concluded with two hearings before the House Judiciary Subcommittee on Courts, the Internet, and Intellectual Property (CIIP), where the witnesses focused on the standard of harm threshold articulated in *Mosely*. In pertinent part, Barber testified:

We believe that the First Amendment concerns that were expressed in the hearing before this Subcommittee last year arising in the context of use of a famous mark in connection with legitimate commentary, criticism, parody, etc., can be fully addressed either by amending the defense set forth in Section 43(c)(3)(A) in H.R. 683 as follows:

Fair use of a famous mark by another person, including for purposes of comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark.

Or by adding a new defense to Section 43(c)(3) as follows:

Use of a famous mark to comment on, criticize, or parody the owner of the famous mark or the goods or services in connection with which the famous mark is used. 76

Additionally, Gundelfinger observed that “By the time measurable, provable damage to the mark has occurred much time has passed, the damage has been done, and the remedy, which is injunctive relief, is far less effective.” 77 The Committee on the Judiciary, to whom the TDRA was referred, endorsed this position: *Mosely* created an undue burden for trademark holders who contest diluting uses. 78

77. *Id.* at 22 (prepared statement of Anne Gundelfinger, President, INTA).
Additionally, Representatives Lamar Smith, CIIP Chair, and Howard L. Berman, CIIP ranking member, directed questions focused on a close reading of the TDRA’s language to the witnesses testifying at the hearings. Professor Mark Lemley of Stanford Law School represented the academic community and testified:

The legislative history of the FTDA made it clear that the meaning of “commercial use” was established by long-standing case law interpreting the “commercial speech” doctrine in the First Amendment. Under these principles, only speech that proposes a commercial transaction, not any speech that may ultimately generate revenue, is commercial speech to which the dilution statute applies. Congress should reaffirm that history in reenacting identical language in [the TDRA].

An attorney from the American Civil Liberties Union spoke at both hearings about the First Amendment issues implicated by antidilution protection. Civil organizations such as Public Citizen and Public Knowledge also became closely involved in the drafting process when the Senate was considering the bill, successfully arguing critical free speech amendments into the language of the Act. With such diverse and critical commentary

79. 2005 Hearing, supra note 14, at 47 (statement of Mark A. Lemley, Professor of Law, Stanford University).
80. Id. at 69-83 (prepared statement of Marvin J. Johnson, Legislative Counsel, American Civil Liberties Union) (stating that a cause of action for tarnishment would stifle free speech and that the commercial/non-commercial speech dichotomy strips protection from commercial speech and speech with only incidental commercial components).

Limiting the rights of individuals to utilize trademarks in their speech not only chills the ability of individuals to communicate to the public, it prevents the public from hearing the often valuable messages being expressed by the individuals. By making injunctions against speech that comments on products and the corporations who distribute
upon the TDRA, academicians have embraced a drastically different legislation as deserving of respect.\(^\text{82}\)

**B. Notable Characteristics of the TDRA.**

Section 1125(c)(1) now reads:

> [T]he owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.\(^\text{83}\)

Of initial note, the TDRA provides that the plaintiff need only show a likelihood of dilution in order to prevail under § 1125(c), effectively overriding the central holding of *Moseley*.\(^\text{84}\) Next, § 1125(c) now states that marks that have not yet acquired secondary meaning may qualify for antidilution protection as famous marks.\(^\text{85}\) Further, "a mark is famous if it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner."\(^\text{86}\)

This new definition of "fame" discards the doctrine of "niche fame," which had spawned in the absence of a definition. Fame on them more likely, H.R.683 diminishes the right of the public to access information about the largest and most influential corporations in American society today.

*Id.*

82. See Beebe, *supra* note 65, at 1155.
84. *Id.* § 1125(c)(2)(B); see also *Moseley v. V. Secret Catalogue, Inc.*, 537 U.S. 418, 433-34 (2003) (holding that a finding of dilution under the FTDA requires a showing of actual harm and that a likelihood of harm is insufficient.).
86. *Id.* § 1125(c)(2)(A).
a national level is now required instead.87 Thus, on its face, the TDRA appears to undo the Second Circuit's per se requirement for inherent distinctiveness; however, the prefatory language used in its list of factors for determining the famousness of a mark indicates that the factors are non-exclusive. "[The] court may consider all relevant factors..."88 This means the Second Circuit may still include its previous analysis under the FTDA in new TDRA claims, but it will have to tailor its analysis such that a lack of inherent distinctiveness does not necessarily make the mark incapable of being diluted.

Additionally, a mark's famousness will be determined by the court after an application of four factors, which were slimmed down from the FTDA's eight factor list. The reordered factors of the TDRA now provide:

In determining whether a mark possesses the requisite degree of recognition, the court may consider all relevant factors, including the following:

(i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties.

(ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark.

(iii) The extent of actual recognition of the mark.

(iv) Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.89

87. Id. According to Professor McCarthy, "niche fame" refers to marks that are not "famous" in a national or world scope, but are well known in a defined trade or geographical area. 4 MCCARTHY, supra note 7, § 24:105. McCarthy refers to this as the "big fish in a small pond" theory of relative strength. Id.
89. Id.
The first factor looks to the reach of the mark’s advertising, while the second factor incorporates sales and the third factor measures the responsiveness of consumers to their exposure to the mark. Lastly, while the fourth factor incorporates registration into the court’s analysis, it should be a relatively insignificant factor, as it merely reveals whether the mark is distinctive enough to garner infringement protection. 90

C. Dilution by Blurring

The TDRA states that both dilution by blurring and dilution by tarnishment are actionable under § 1125(c). 91 Dilution by blurring is now defined as “an association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark.” 92 Professor Beebe has observed that this is a four-part definition. 93 First, “mark or trade name” reveals that the defendant’s use of a mark must be as a source indicator of the defendant’s goods or services. 94 Second, consumers must make a mental association—“a mental connection of relational significance,” between the plaintiff’s and defendant’s mark. 95 Third, the mental connection must arise from a similarity between the marks. 96 And fourth, the association must impair the former mark’s distinctiveness. 97 Thus, the combination of the second and third requirement increases the burden on the plaintiff, requiring him or her to show more than that two marks are merely

90. See Beebe, supra note 65, at 1159 (noting this factor is arguably irrelevant to the fame analysis, and, at best, shows whether the plaintiff considered their mark to be of sufficient value to justify registration).
92. Id. § 1125(c)(2)(B).
93. See Beebe, supra note 65, at 1165-70.
94. Id. at 1166. As such, the traditional body of trademark law still requires: (1) the physical use, in commerce, of a symbol to create a separate and distinct commercial impression, identifying the source to consumers (not competitors); and (2) the cognitive use of a mark so that it is intrinsically capable of being understood as a signal of the sources of goods or services, enabling the mark holder to distinguish the user’s goods from others. [cite suggested]
95. Id.
96. Id.
97. Id.
identical. In the wake of Moseley, some courts had assumed that blurring could be presumed if two marks were identical, but the new language of the TDRA will require the plaintiff to show both that the marks are identical and that consumers conflate the sources.98

The TDRA also enumerates a non-exclusive list of factors that courts should consider to determine the likelihood of dilution by blurring.99 In determining whether a mark or trade name is likely to cause dilution by blurring, courts may now consider all relevant factors, including the following:

(i) The degree of similarity between the mark or trade name and the famous mark.

(ii) The degree of inherent or acquired distinctiveness of the famous mark.

(iii) The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark.

(iv) The degree of recognition of the famous mark.

(v) Whether the user of the mark or trade name intended to create an association with the famous mark.

(vi) Any actual association between the mark or trade name and the famous mark.100

Here, the second and third factors work to regulate the degree of protection a mark may receive. Professor Beebe has pointed out that these factors highlight the difference between the subject-matter and the scope of anti-blurring protection, because they limit the amount of protection to the degree of distinctiveness.101 That is, while APPLE as a mark is "arbitrary," and thus inherently

98. See id. at 1167-68 (enumerating examples such as United for an airline and for a moving company and Ace for bandages and for a hardware store chain).
100. Id.
101. See Beebe supra note 65, at 1147-50.
distinctive, it is still used to indicate sources such as a bank and a record company.\textsuperscript{102} As such, the rationale for protecting it from further use with dissimilar products or services is much more attenuated than it is for preventing new use of arbitrary marks, such as GOOGLE or KLEENEX, where there is no need to tie these marks to new products.\textsuperscript{103} That is, the arbitrariness of the marks is so unrelated to both the product and the English language that there is no genuine need for these words to describe other products in dissimilar markets. These subsequent producers should be required to create the same goodwill association that GOOGLE and KLEENEX have created on their own.

The remaining blurring factors revisit and refine the FTDA.\textsuperscript{104} The first factor limits the courts analysis to the marks. The fourth factor is effectively tautological, and it acknowledges that once a mark meets the threshold determination that it is famous, it may then be more or less famous. That is, the mark has met the threshold requirement of famousness, and this factor simply acknowledges the distance between the floor and the ceiling of fame, so to speak. The fifth factor calls for the court to inquire into whether the association created between the marks was the result of deliberate action by the defendant. Whereas the association of the mark APPLE with both computers and the record company does not result in a loss of distinctiveness, if a defendant intends to create confusion between two products, the court will assume the defendant was successful in creating such confusion and weigh this against the defendant. The point is that a mere association between marks is, in and of itself, insufficient to find a loss of distinctiveness. When such an association is coupled with a bad faith intent, however, any justification for overlooking this action ignores the goodwill investments the prior user had put into their mark. Likewise, the sixth factor acknowledges that the best indication of a loss of distinctiveness is from actual evidence of such a loss. Surveys and anecdotal evidence, as used to show trademark infringement, will likely suffice here as well.

\textsuperscript{102} Id. at 1171.
\textsuperscript{103} See id.
\textsuperscript{104} Id.
D. Dilution by Tarnishment

The TDRA defines dilution by tarnishment as "an association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark."\textsuperscript{105} Like dilution by blurring, the plaintiff must make a threshold showing that the defendant is using the mark as an indicator of the source of defendant's goods or services. Anything less than using the plaintiff's mark as an indicator, such as using product design, product packaging, or trade dress similar to that of plaintiff, will not suffice. Next, consumers must make an "association" between the famous mark and the allegedly diluting mark. Whether the association is tarnishing, however, will depend upon whether the association "harms," or is likely to harm, the famous mark's reputation.\textsuperscript{106} Finally, the plaintiff must show that the association generated in consumers' minds is a result of the "similarity" of the parties' marks.\textsuperscript{107}

The distinction that needs to be made here is between traditional trademark infringement and non-diluting, non-tarnishing use of a plaintiff's mark. For example, returning to the "Toke" t-shirt the author observed on his way to lunch, if the t-shirt had instead stated "Toke Coke," this would not be actionable because the defendant's shirt is not acting as a source indicator of the t-shirt. Instead, the defendant is using the plaintiff's mark, COKE, to refer to the plaintiff. As such, in situations like this, the TDRA requires the plaintiff to show that the defendant's use would function as a designation of source for the defendant's goods but for the alleged tarnishment.\textsuperscript{108}

\textsuperscript{105} 15 U.S.C. § 1125(c)(2)(C).
\textsuperscript{106} Id.
\textsuperscript{107} See id.
\textsuperscript{108} See Beebe, supra note 65, at 1172 n.128 (noting past cases in anti-tarnishment law such as "Michelob Oily," "Enjoy Cocaine," and the adult film Debbie Does Dallas, which briefly clothed several actresses in outfits closely resembling the Dallas Cowboys Cheerleaders uniform, would similarly not satisfy the TDRA's requirements, because in each case the defendant was using the plaintiff's mark to refer to the plaintiff).
E. Trade Dress Dilution

The TDRA now explicitly addresses a civil action for trade dress dilution when the trade dress is not registered on the Principal Register. The plain language of the Act requires the person who asserts trade dress protection for such marks to prove the following:

(A) the claimed trade dress, taken as a whole, is not functional and is famous; and

(B) if the claimed trade dress includes any mark or marks registered on the principal register, the unregistered matter, taken as a whole, is famous separate and apart from any fame of such registered marks.

Subsection (A) thus incorporates by reference the requirements for famousness that were enumerated in subsection (c)(2), and it prohibits plaintiffs who claim they are suffering trade dress dilution from escaping the limitations for trademark infringement. That is, § 1125(a)(3), which provides a cause of action for trade dress infringement, states that the person asserting trade dress protection for trade dress that is not registered on the principal register has the burden of proving that the trade dress is

109. “Trade dress” involves the total image of a product and may include features such as size, shape, color or color combinations, texture and graphics; it is simply a form of trademark, to which standard principles of trademark law are applicable. 74 AM. JUR. 2D Trademarks and Tradenames § 38 (2007).


111. Id. § 1125(c)(4)(A), (B).

112. Id. § 1125(c)(4)(A). In TrafFix Devices, Inc. v. Marketing Displays, Inc., 532 U.S. 23, 24 (2001), the Supreme Court held that trade dress may not receive protection for product features that are functional. In determining whether trade dress is functional, the courts consider several factors:

(1) whether the design yields a utilitarian advantage;
(2) whether alternative designs are available;
(3) whether advertising touts the utilitarian advantages of the design; and
(4) whether the particular design results from a comparatively simple or inexpensive method of manufacture.

Clicks Billiards, Inc. v. Sixshooters, Inc., 251 F.3d 1252, 1260 (9th Cir. 2001).
The FTDA had not closed this loophole, but now any uncertainty surrounding the burden of proof for functionality is clearly resolved against the plaintiff.

Additionally, subsection (B) limits the scope of dilution protection for unregistered trade dress subject matter that appears in conjunction with trade dress that already receives protection from the principal register. For example, while the renowned Starbucks logo on the side of disposable coffee cup receives protection as a matter of its registration, whether a green banded circle with a black center that includes white text is protected on all white disposable coffee cups will depend upon whether that unprotected subject matter can meet the same showing of fame under subsection (2)(A) of the TDRA. Clearly, Congress' concern was to subject unregistered trade dress to the same strict requirements whether a plaintiff was filing an action for infringement or dilution.

**F. Other Provisions of the TDRA**

The principal remedy under the TDRA is injunctive relief. Subject to the principles of equity, a court may enjoin another person from using a mark or tradename so long as the mark or tradename was used in commerce and its continued use is likely to cause dilution by blurring or tarnishment. The TDRA specifies that the presence or absence of actual or likely confusion, competition, or actual economic injury shall not prevent the court from issuing an injunction.

Additional remedies include those set forth in sections 1117(a) and 1118 of the Lanham Act. However, a plaintiff will still be subject to the discretion of the court and the principles of equity. Further, these remedies only apply to commercial uses that began after October 6, 2006. Lastly, to receive the additional remedies in an action for dilution by blurring, the person against whom the injunction is sought must have willfully intended to trade on the recognition of the famous mark. If the action is for dilution by

---

114. *Id.* § 1125(c)(1).
115. *See id.*
116. *See id.* § 1125(c)(5).
tarnishment, the person against whom the injunction is sought must have willfully intended to harm the reputation of the famous mark.\textsuperscript{117}

IV. SAFEGUARDING FREE SPEECH

The defenses to a claim of dilution have been substantially buttressed through the cumulative efforts of the American Civil Liberties Union (ACLU) and the efforts of Paul Alan Levy, while he was drafting his article \textit{The Trademark Dilution Revision Act—A Consumer Perspective}.\textsuperscript{118} The statute as enacted now reads:

(3) Exclusions

The following shall not be actionable as dilution by blurring or dilution by tarnishment under this subsection:

(A) Any fair use, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person’s own goods or services, including use in connection with—

(i) advertising or promotion that permits consumers to compare goods or services; or
(ii) identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.

(B) All forms of news reporting and news commentary.

(C) Any noncommercial use of a mark.\textsuperscript{119}

\textsuperscript{117} Id. § 1125(c)(5)(B).
\textsuperscript{119} 15 U.S.C. § 1125(c)(3).
However, the road to the inclusion of so many exclusions was nearly as long as the entire TRDA revision process.

A. The Evolution of the First Amendment Protections

In a recent symposium on the TDRA hosted by Fordham Law School (Fordham Symposium), Michael Heltzer, then manager for external relations for the International Trademark Association (INTA), the largest organization in the world dedicated to trademark protection in commerce, gave a brief overview of the steps taken by Congress to safeguard the First Amendment from the TRDA.\(^\text{120}\) Heltzer explained that when the TDRA was first introduced as H.R. 683, Marvin Johnson, Legislative Counsel to the ACLU, testified that changing the requirement of a showing from actual dilution to a likelihood of dilution by tarnishment might enable trademark owners to impinge upon free speech rights.\(^\text{121}\) Johnson stated that without a showing of actual harm, trademark law could be used “as a pretext to stifle criticism, parody or legitimate competition when there is no reasonable likelihood of confusion and no actual dilution caused by use of the trademark.”\(^\text{122}\) Johnson continued, “[d]ilution causes of action are problematic under the First Amendment because they allow commercial entities to secure injunctions prohibiting speech that is truthful and neither misleading or confusing.”\(^\text{123}\) In support of the ACLU’s position, Johnson cited CPC International, Inc. v. Skippy Incorporated, where the Fourth Circuit stated, “It is important that trademarks not be transformed from rights against unfair competition to rights to control language . . . [because] such a transformation would diminish our ability to discuss the products or criticize the conduct of companies that may be of widespread public concern and importance . . . .”\(^\text{124}\)

\(^{120}\) Symposium, Panel II: Trademark Dilution Revision Act Implications, 16 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 1093, 1097-98 (2006).


\(^{122}\) ld. at 2.

\(^{123}\) ld.

\(^{124}\) ld. (quoting CPC Int’l, Inc. v. Skippy, Inc., 214 F.3d 456, 462 (4th Cir.)
GOODWILL HARBORING believes that trademarks are essential to our shared culture and communication about particular goods and services because they often represent the most effective means by which to state one’s opinion.\(^{125}\)

William G. Barber, a member of the Fordham Symposium, noted that the ACLU was initially “not a fan” of the noncommercial-use exception that was included as a First Amendment safeguard in the FTDA, and that they went along with taking that provision out of the TRDA in favor of a more specific parody fair-use exception.\(^{126}\) The parody fair-use provision they advocated instead would avoid what the ACLU believes is the difficult distinction between commercial and non-commercial speech.\(^{127}\) As Johnson stated, “under the FTDA, critical websites and parodies that generate incidental revenue could still be found to be ‘commercial’ and therefore subject to an injunction. The result is a chilling of the expressive use of trademarks in speech that mixes traditionally understood free speech with commercial elements.”\(^{128}\) As an example, the ACLU pointed to an anti-smoking campaign that appeared in Adbusters magazine featuring

\(^{125}\) ACLU TESTIMONY, \textit{supra} note 121, at 3; \textit{see also} Meyer v. Grant, 486 U.S. 414, 424 (1988) (stating that the First Amendment not only protects the right to advocate a cause, but also the right to select the most effective means to do so).

\(^{126}\) Symposium, \textit{supra} note 120, at 1102-03.


\(^{128}\) ACLU TESTIMONY, \textit{supra} note 121, at 8.
"Joe Chemo," a parody of Camel Cigarette's Joe Camel character. The parodies depict the Joe Camel character in a hospital gown walking down a corridor attached to an intravenous drip machine and then again in an open coffin wearing a suit. In both of the parodies, the Camel trademark and font was used to state "Joe Chemo" instead of Joe Camel. The ACLU noted the parodies represent "a type of important civic speech that makes critical commentary on the trademark holder, [which furthers] the traditional goals of trademark law by informing the consumer about the goods and services they purchase" – albeit in a way the mark holder would likely object to. Further, while one could argue that the Joe Chemo parodies do not function as a trademark because they are not acting as a designation of a source, as soon as the parodies were printed on a T-shirt or used as the logo of an anti-smoking campaign website, the logo might be "commercial" and without First Amendment protection. As such, the ACLU believed only a parody exception could avoid the pitfalls of the early versions of the TDRA. It believed the other versions of the TRDA "inappropriately" relied on a distinction between commercial and non-commercial speech, because it only afforded non-commercial speech protection and striped protection from commercial speech and speech with only incidental commercial components.

Barber has noted that in response to these concerns, the AIPLA, INTA, and ACLU negotiated an exclusion into H.R. 683 by the House IP Subcommittee. The non-commercial use defense was replaced by a fair use exclusion that allowed "fair use of a famous mark by another person, other than as a designation of source for the person's goods or services, including for purposes of identifying and parodying, criticizing or commenting upon the famous mark owner or the goods or services of the famous mark

129. Id.
130. Id.
131. Id.
132. Id. at 7.
Barber stated that although he believes there is some merit to the principle of the noncommercial use exception, it still presents a "slippery slope." Barber notes that "a purely noncommercial gripe [web] site by a consumer that has had a problem with some product they (sic) have bought from a trademark owner," is "fine" by him. The problem he has is that "a lot of these gripe websites really have commercial aspects to them. Some of them are even done by competitors."

Paul Alan Levy, another member of the Fordham Symposium and an attorney specializing in free-speech on the internet with Public Citizen Litigation Group, has meanwhile noted that the ACLU's actions, while helpful, resulted in more complications than they could have anticipated. Levy stated: "Although this exception was plainly written with free speech considerations in mind, and standing alone was plainly a desirable addition to the bill, as a substitute for the non-commercial use exception it was actually worse from the perspective of any ordinary citizen who must face the realities of litigation."

Levy believes that without the non-commercial use exception speakers and artists are not able to use trademarks as "important cultural reference points" to make their conversational and artistic points more clearly. As an example, Levy points to Judge Alex Kozinski's article, Trademarks Unplugged, which discusses Walter Mondale's criticism of Gary Hart in the 1984 primaries. Mondale used Wendy's slogan "Where's the Beef?" to comment

---

135. Symposium, supra note 120, at 1102.
136. Id.
137. Id.
138. Public Citizen is a public-interest law firm founded by Ralph Nader in 1972 that litigates federal health and safety regulations, consumer litigation, open government, union democracy, separation of powers, and the First Amendment. Id. at 1100; see also Public Citizen, http://www.citizen.org.
139. See Levy, supra note 118, at 1208.
140. Id.
141. See id. at 1209.
143. Levy, supra note 118, at 1209.
on Hart – not the fastfood company. Although the comment was non-commercial, it did not parody or criticize Wendy’s; as such, Mondale would not be able to invoke a free speech exemption to the TDRA.¹⁴⁴

Levy further noted that photographers, writers, and artists would be adversely affected by the removal of the non-commercial use exception from the TDRA if they could not invoke the expansive interpretation to the non-commercial use exception the Ninth Circuit had recently read into it.¹⁴⁵ Under the Ninth Circuit’s reading of the non-commercial use exception, when an artist used a famous mark to comment on society at-large instead of the holder such use was still non-commercial expression even though it was sold for a profit.¹⁴⁶ It was not intended to confuse consumers or misappropriate the mark’s cache. Artists find it difficult to depict an everyday scene without referring to famous marks, be it a Coke can or the Sears Tower, Levy noted, because the work is not commenting on the mark as much as it is using it to establish societal context.¹⁴⁷ For example, Levy points to Donald Stewart, a graphic artist who employs visual puns, such as a Volkswagen “bug” drawn as though it were constructed of insect parts, who was threatened with a dilution suit by Lawyers for Volkswagen of America.¹⁴⁸ Stewart could easily and inexpensively defend under the non-commercial use exception, as understood by the Ninth Circuit, even though he sold his artwork. However, without the non-commercial use exception, Stewart would have to invoke the complex multi-factor fair-use parody test, but the cost of litigation would likely put him out of business.¹⁴⁹

Levy raised his concerns with the Senate Judiciary Committee on the eve of the Committee’s markup, and the version of the bill

¹⁴⁴. See MasterCard Int’l Inc. v. Nader 2000 Primary Comm., Inc., 70 U.S.P.Q.2d 1046, 1048 (S.D.N.Y. 2004) (holding Nader’s use of the “priceless” punch-line from the MasterCard commercials was not diluting under the non-commercial use exception even though Nader used “priceless” to comment on other politicians but not MasterCard).
¹⁴⁵. Levy, supra note 118, at 1209.
¹⁴⁶. See Mattel, Inc. v. MCA Records, 296 F.3d 894, 905-07 (9th Cir. 2002).
¹⁴⁷. Levy, supra note 118, at 1210.
¹⁴⁸. Id.
¹⁴⁹. See id.
that passed added the exclusion for noncommercial use back into the bill.\textsuperscript{150} As such, when viewed in light of the exclusions for 
"[a]ll forms of news reporting and news commentary," in addition to the parody exemptions, the TDRA alleviates the great majority of legitimate First Amendment concerns.\textsuperscript{151}

V. EXAMPLES OF PROTECTED AND UNPROTECTED SPEECH UNDER THE TRDA

At this point several examples are in order to illustrate how the TDRA will preserve the goodwill investments of famous mark holders while enjoining free-riders who seek to appropriate a famous mark's ability to easily and clearly distinguish itself from its competitors.

A. Classic Blurring and Tarnishment

A recent example of dilution arose in the case of \textit{Starbucks Corp. v. Wolfe's Borough Coffee, Inc.}, \textit{477 F.3d 765} (2d Cir. 2007). While the Second Circuit remanded the case because the district court erroneously evaluated the dilution claim under the FTDA instead of the TRDA, this case presents an excellent example of dilution by tarnishment.\textsuperscript{152} In \textit{Wolfe's Borough Coffee}, Starbucks alleged that Wolfe's current sale of coffee under the name "Mister Charbucks" or "Mr. Charbucks" infringes and dilutes the "Starbucks" trademark for coffee.\textsuperscript{153} Following a bench trial, the District Court of the Southern District of New York concluded that Starbucks had failed to carry its burden of proving trademark dilution under either the FTDA or New York Gen. Bus. Law § 360-1.\textsuperscript{154} From the ensuing judgment, Starbucks appealed. The Second Circuit held that TDRA applied to the instant case to the extent that Starbucks has sought injunctive relief on the issue

\begin{itemize}
\item \textsuperscript{150} \textit{Id. at 1211-12.}
\item \textsuperscript{152} \textit{See supra} text accompanying notes 31-39.
\item \textsuperscript{153} \textit{Starbucks Corp. v. Wolfe's Borough Coffee, Inc. (Starbucks II), 477 F.3d 765, 765 (2d Cir. 2007).}
\item \textsuperscript{154} \textit{Id. at 765-66.}
\end{itemize}
of dilution.\textsuperscript{155} The court noted that relief by injunction operates prospectively and, as such, the right to injunctive relief must be determined as of the time of the hearing.\textsuperscript{156} As such, the district court's judgment was vacated and the case was remanded.\textsuperscript{157}

Interestingly, even though the district court was evaluating the claim under the FTDA, it found that Starbucks could not prove either dilution by blurring or dilution by tarnishment. Under the blurring claim, the court stated, "although Starbucks's survey results indicated that 39.5% of people associate the term "Charbucks" with "Starbucks" or coffee, there was no indication that that was attributable to any usage of that term by Wolfe, or that such usage affected the ability of the Starbucks marks to serve as a unique identifier of their products."\textsuperscript{158} However, the court acknowledged that the evidence showed Wolfe’s principal intent in adopting the "Charbucks" moniker was to "evoke associations with the sort of dark-roasted coffee purportedly favored by Starbucks’ clientele." The only shortcoming of Starbucks cause of action, under the district court’s analysis for dilution by blurring, was that the evidence of record did not demonstrate any likely diminution of the capacity of the Starbucks mark to serve as unique identifiers of Starbucks’ products by reason of Wolfe’s commercial activities.\textsuperscript{159}

Applying the blurring factors of section 1125(c)(2)(B)(i)-(vi) of the TDRA\textsuperscript{160} on remand, Starbucks should be able to prevail. First, the degree of similarity between "Charbucks" and "Starbucks" is strong. It takes little imagination or effort to draw the intended analogy. Second, the degree of inherent or acquired distinctiveness of the Starbucks mark is as strong McDonalds or Pepsi. The reference to Herman Melville’s \textit{Moby Dick} has as much to do with coffee as apples have to do with computers. Additionally, the Starbucks mark has acquired so much

\begin{itemize}
  \item \textsuperscript{155} Id. at 766.
  \item \textsuperscript{156} Id. (citing Am. Steel Foundries v. Tri-City Cent. Trades Council, 257 U.S. 184, 201 (1921)).
  \item \textsuperscript{157} Id.
  \item \textsuperscript{158} Starbucks Corp. v. Wolfe's Borough Coffee, Inc. (\textit{Starbucks I}), 79 U.S.P.Q.2d 1138, 1145 (S.D.N.Y. 2005).
  \item \textsuperscript{159} Id.
  \item \textsuperscript{160} See supra notes 99-100 and accompanying text.
\end{itemize}
distinctiveness that one can hardly help but conjure up a mental image of the green and white logo upon hearing the name. Third, the extent to which Starbucks is engaging in substantially exclusive use of the mark appears to be as strong as Coca-Cola. Fourth, the degree of recognition of the Starbucks mark as high as it can be, and fifth, Wolfe’s use of the “Charbucks” mark was admittedly intended to create an association with the famous mark. Wolfe’s intent was to “evoke associations with the sort of dark-roasted coffee purportedly favored by Starbucks’ clientele.”

Finally, the court itself noted the actual association between the mark and the famous mark with the survey that showed 39.5% of the people surveyed associated the term “Charbucks” with “Starbucks” or coffee. In light of the new TDRA analysis, the district court would be remiss if it did not find dilution by blurring. As such, the purpose of the TDRA to protect the substantial advertising and goodwill associated with the Starbucks mark is honored.

Further, upon remand the district court should clearly find dilution by tarnishment. Wolfe is using the mark “Mr. Charbucks” to portray Starbucks coffee in an unwholesome or unsavory context with the result that the public will associate a lack of prestige in the plaintiff’s unrelated goods. The district court itself noted that Starbucks’ survey results indicated that 43.3% of the respondents, when queried as to whether they “[w]ould . . . have a positive impression or negative impression of a coffee called ‘Charbucks,’” indicated that they would have a “negative” impression of such a coffee. It is worth noting that reported responses to the open-ended question “If the name ‘Charbucks’ were used for a type of coffee, how would you describe the coffee?” were much less indicative of any potential for tarnishment; only 6.3% of the respondents provided what was characterized as “generally negative” response. However, when the survey respondents were asked how they would link the term “Charbucks” to Starbucks,” it was generally described as a “joke”

162. Id.
163. Id. at 1145-46.
164. Id. at 1146.
or a "rip-off."\textsuperscript{165}

Against these survey results, a likelihood of dilution by tarnishment, "an association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark,"\textsuperscript{166} is a much closer question. Starbucks can clearly make a threshold showing that Wolfe is using the mark as a source indicator, and the survey results overwhelmingly show consumers must make an "association" between the famous mark and the allegedly diluting mark. Whether the association is tarnishing, however, which depends upon whether the association "harms" Starbucks reputation, could go either way. However, Starbucks can show that the association generated in consumers' minds is a result of the "similarity" of the parties' marks. As such, any resistance by the district court to finding that Wolfe's use of the "Mr. Charbucks" mark dilutes the Starbucks mark would make this a prime case for reversal by the Second Circuit.

On a final note regarding the Wolfe case, a cursory glance back at the exemptions should make it clear that Wolfe can not avail itself of any of the enumerated defenses. "Mr. Charbucks" is a commercial use of a mark in commerce. It is not news reporting, nominative fair use, or parody, because the defendant intentionally used the mark to evoke the sort of associations it believed Starbucks drinkers preferred, in an attempt to appropriate the goodwill that had been generated by Starbucks' advertising.

\textbf{B. Classic Free Speech}

In \textit{Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC}, one of the first cases to be decided under the TDRA, the U.S. District Court for the Eastern District of Virginia considered the application of the dilution statute to an alleged parodist.\textsuperscript{167}

Plaintiff, Louis Vuitton Malletier S.A., (LVM) manufactures luxury consumer goods, including luggage and handbags, in addition to a limited number of high-end pet products, such as...
leashes and collars that range in price from $250 to $1600.\textsuperscript{168} LVM's products have used an intertwined monogram L and V as a trademark since 1896.\textsuperscript{169} Defendants Haute Diggity Dog, LLC (HDD), Victoria Dauernheim, and Woofies, LLC d/b/a Woofie's Pet Boutique, market stuffed toys for dogs for around $10 under the name Chewy Vuiton.\textsuperscript{170} LVM alleged trademark dilution by blurring and by tarnishment, and both parties filed for summary judgment.\textsuperscript{171}

Under the dilution by blurring claim, the court cited Second Circuit precedent under New York General Business Law § 360-1, which it believed incorporates the likelihood of dilution standard adopted by Congress in the TDRA.\textsuperscript{172} The Court then noted that in the case of parody, the use of famous marks causes no loss of distinctiveness, because the parody's success depends upon the continued association with the plaintiff's mark.\textsuperscript{173} Further it noted that the presence of a famous mark on certain products may have little diluting effect, particularly where it is obvious that the defendant intends the public to associate the use with the true owner.\textsuperscript{174}

While the Court conceded that LVM's mark was strong and famous, it nonetheless found no likelihood that the parody would result in dilution of LVM's mark by blurring. The LVM mark continued to be associated with the true owner, LVM, and the success of the parodic use depended upon the continued association with LVM. As such, the court concluded no reasonable trier of fact could conclude that plaintiff's mark is diluted by blurring in this case.\textsuperscript{175}

Next, under the dilution by tarnishment claim, the Court noted

\textsuperscript{168} Id.
\textsuperscript{169} Id.
\textsuperscript{170} Id. Defendant also produces products that parody other companies, such as Chewnel # 5, Dog Perignon, and Sniffany & Co. Id.
\textsuperscript{171} Id.
\textsuperscript{172} See id. at 505.
\textsuperscript{174} Id. (quoting Tommy Hilfiger Licensing, Inc. v. Nature Labs, LLC, 221 F. Supp. 2d 410, 422-23 (S.D.N.Y. 2002).
\textsuperscript{175} Id.
that tarnishment depends on either the likening of a high quality product to one of low quality or a negative portrayal of the high quality product; tarnishment is unlikely when the association is made through harmless or clean puns and parodies.176 The Court found that LVM’s dilution claims were baseless, and without merit, because its only “flimsly” theory was that a pet might some day choke on a Chewy Vuiton squeak toy and incite the wrath of a confused consumer against LVM.177

Plaintiff’s assertions that Chewy Vuiton products tarnish LVM’s marks by associating “inferior products” with the Vuitton name that plaintiff provides are neither examples of actual tarnishment, nor any evidence that shows likely tarnishment.178 At oral argument, therefore, the Court concluded that no reasonable trier of fact could find for LVM on the issue of dilution by tarnishment and granted HDD’s motion for summary judgment on the tarnishment issue.179

In stark contrast to the Wolfe case discussed above, LVM failed to provide the court with any evidence that consumers thought any less of Louis Vinton’s products or mistook the squeaky dog toys for a cheap knock-off of an expensive counterpart. Therefore, LVM was not entitled to fetter the parodic use of its mark in the name of preserving the goodwill investment in their mark. And while defendant HDD could not contest that its use of the plaintiff’s mark was a commercial use, without the parody exemption of the TDRA, LVM would have been able to obstruct HDD’s ability to freely engage in a comedic dialogue. That is a harm no one, mark holder or not, should have to suffer. Fortunately, the TDRA represents a measured balance between protecting the goodwill investment in a mark and the First Amendment’s protection of free speech.

VI. CONCLUSION

The intent of the TDRA is to protect the goodwill investment of mark holders, while carefully restricting the breadth of the Act’s

---

176. Id.

177. Id.

178. Id.

causes of action. The TDRA’s exemptions have been thoroughly revised to provide complete First Amendment protection. As enacted, it safeguards the rights and interests of artists and competitors alike. Each is free to comment on, criticize, or parody a famous mark, so long as it does not disparage or obfuscate the famous mark by piggy-backing off of the famous mark’s substantial investment in its own fame. The TDRA is a laudable revision, and it deserves a respectful application by both courts and commentators alike in the years to come.

William Joern*