Why Is Fame Still Confusing?: Misuse of the "Niche Market Theory" under the Federal Trademark Dilution Act

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INTRODUCTION

People who own famous trademarks do not take kindly to having their mark used to promote and sell goods other than their own. They have spent time, effort, and marketing resources to develop their trademark. Thus, fairness concerns seem to dictate that they should reap the benefit of any goodwill and resulting profits generated by the mark. For example, Anheuser-Busch, an advertising giant, has cultivated and used its BUDWEISER trademark to identify and distinguish its products in excess of one hundred years.\(^1\) Due to the enormous amounts of money, time, and effort employed to publicize its slogan THIS BUD’S FOR YOU, the corporation has developed a multimillion dollar trademark for its line of BUDWEISER beer and related products.\(^2\) Imagine the reaction of the corporation upon learning that a small, non-profit, floral organization decided to capitalize on the public’s recognition of Anheuser-Busch’s famous slogan in a “Sweetest Week” campaign by advertising “THIS BUD’S FOR YOU—And 11 More Rosebuds.”\(^3\)

Although the uniqueness of Anheuser-Busch’s slogan was diminished by the florist’s use in the Ohio community, it was impossible for the corporation to state a claim for relief.\(^4\) Anheuser-Busch could not argue trademark infringement because beer and roses are clearly distinct goods that are unlikely to cause consumer confusion. There was no evidence of actual confusion as to the source or sponsorship of the “Sweetest Week” campaign nor was there any intent by the floral as-

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1. This hypothetical is based on facts from a case decided prior to the enactment of the Federal Trademark Dilution Act. At the time of the case, Ohio did not have a state anti-dilution statute under which Anheuser-Busch could seek relief. See Anheuser-Busch, Inc. v. The Florists Ass’n of Greater Cleveland, Inc., 603 F. Supp. 35 (N.D. Ohio, 1984).
2. Id. at 37.
3. Id. at 36. The florist advertised in Cleveland’s daily newspaper, on local television commercials, and on signs in the windows of local retailers. Id. The campaign to sell roses lasted for one week in October of 1982. Id.
4. Id. at 38-39. The court was not persuaded that Anheuser-Busch would be likely to prevail on its federal trademark infringement claim under 15 U.S.C. § 1125(a), common law trademark infringement under 15 U.S.C. § 43(a), or under Ohio unfair competition laws because they were unable to establish likelihood of confusion, mistake, or deception. Id.
sociation to deceive consumers as to the source or sponsorship of the roses. 5

However, despite the lack of infringement, an injury still occurs because Anheuser-Busch's mark ceases to be a unique identifier for its products. By merely using THIS BUD'S FOR YOU as part of the campaign, the florist was likely to create an instinctive mental association with the famous BUDWEISER trademark. 6 Consequently, the mark loses some of its cachet in the eyes of the public and possibly some of its ability to act as a selling agent for BUDWEISER products. Because of the strong secondary meaning embodied in BUDWEISER, the public may wonder if the florist is being sponsored or endorsed by Anheuser-Busch, and it may even decide to purchase the roses based on the perceived affiliation with the brewing corporation. The relief Anheuser-Busch seeks is a federal or state dilution action where likelihood of confusion and consumer deception is irrelevant. If the "Sweetest Week" campaign had occurred after 1995, Anheuser-Busch would likely have been able to state a claim for relief under the federal dilution statute. 7

Although seven years have passed since the Federal Trademark Dilution Act 8 (FTDA) was enacted, the judiciary is still largely uncomfortable with, and even openly hostile to, the dilution doctrine. Part of the suspicion surrounding dilution derives from the fact that it essentially "turn[s] traditional trademark law on its head." 9 For the first time in the history of protecting trademarks, an owner does not need to satisfy the likelihood of confusion standard that courts have become accustomed to applying. 10 Many critics fear that dilution will ultimately turn trademarks into virtual monopolies that will suppress

5. See Anheuser-Busch, 603 F. Supp. at 38. As the court humorously noted, "No consumer called any florist asking to be delivered a six-pack; nor did any consumer call Anheuser-Busch seeking to purchase two dozen roses." Id.
6. Id. at 40. The court rejected the plaintiff's claim for product disparagement because promoting roses in no way disparages Anheuser-Busch's product or slogan. Id. But see Chem. Corp. of America v. Anheuser-Busch, Inc., 306 F.2d 433, 437 (5th Cir. 1962) (allowing Anheuser-Busch to enjoin defendant's use of the slogan "Where There's Life . . . There's Bugs" as disparaging of the slogan "Where There's Life . . . There is Bud").
7. See Anheuser-Busch, 603 F. Supp. at 40. In the actual case, Anheuser-Busch's motion for a preliminary injunction was denied. Id.
10. See 15 U.S.C. § 1127 (2000) (stating that "[t]he term 'dilution' means the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of: (1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake, or deception").
competition because of the "extraordinary remedy"\textsuperscript{11} available to successful plaintiffs.\textsuperscript{12} The rationale underlying dilution, namely protecting an owner's proprietary interest in the value of his trademark, provokes additional criticism because it represents a departure from the traditional justification of preventing consumer confusion and deception.\textsuperscript{13} Critics of the theory believe that protecting trademarks in this fashion will result in "exclusive property rights in gross," creating a potent, anticompetitive tool.\textsuperscript{14}

In order to combat the possibility of virtual trademark monopolies, commentators have stressed the need for strict adherence to the "fame" requirement embodied in the FTDA.\textsuperscript{15} However, rigorous application of the fame requirement has proven difficult for courts due to the lack of a clear and concrete definition in the statutory language.\textsuperscript{16} A court's task is further hindered by the fact that judges have no guidelines to define the relevant market in which fame must exist for a valid dilution claim.\textsuperscript{17} As a result, conflicting judicial theories have developed as a mechanism to identify famous marks eligible for protection under the FTDA.\textsuperscript{18}

\textsuperscript{11} See Courtland L Reichman, \textit{State and Federal Trademark Dilution}, 17 \textit{Franchise L.J.} 111, 133 (1998) (noting that "[i]f even a locally famous mark can preclude all other marks in every other channel of trade, then conceivably every trademark can be used to create a monopoly in a word or symbol—a proposition clearly contrary to the intent and practice of trademark law").

\textsuperscript{12} See generally Trademark Review Commission Report and Recommendations to USTA President and Board of Directors, 77 \textit{Trademark Rep.} 375 (1987) [hereinafter USTA Report].

\textsuperscript{13} \textit{Id.} at 461 (stating that "[w]e believe that a higher standard [than fame among an 'appreciable number' of persons] should be employed to gauge the fame of a trademark eligible for this extraordinary remedy"). See also Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449 (4th Cir. 1999) (requiring proof of actual damage to avoid creating 'property rights in gross' for the famous trademark).

\textsuperscript{14} Kenneth L. Port, The "Unnatural" Expansion of Trademark Rights: Is a Federal Dilution Statute Necessary?, 19 \textit{Seton Hall Legis. J.} 433, 466-67 (1994) (noting that the "Supreme Court has continuously held that the trademark right is not 'in gross' and not a copyright or a patent, but that any rights to trademarks are appurtenant to the related business. The purpose is to exclude others from confusing usages, not to grant a monopoly in the mark in gross.").

\textsuperscript{15} J. Thomas McCarthy, \textit{McCarthy on Trademarks and Unfair Competition}, § 24:108 (4th ed. 1999) ("There can be little doubt that Congress sought to protect only a select and narrow class of truly famous and well-recognized marks. Without such a requirement, an anti-dilution statute becomes a rogue law that turns every trademark, no matter how weak, into an anti-competitive weapon.").

\textsuperscript{16} \textit{Id.} at §§ 24:90, 24:92. The FTDA embodied in the Lanham Act sets forth factors which may be considered in a court's determination of fame but a court is not confined to that list and may use any other factors it deems relevant in its analysis of famous trademarks. See infra note 116 and accompanying text.

\textsuperscript{17} See Times Mirror v. Las Vegas Sports News, 212 F.3d 157, 174 (3d Cir. 2000) (Barry, J., dissenting). The dissent observed that "[i]t is possible to find virtually any mark to be 'famous' within some market, depending on how narrowly that market is defined." \textit{Id.}

\textsuperscript{18} See generally Ablin & Koshy, supra note 9, at 61 (arguing that "[j]udicial construction of the Act is strangling the hope for a single, national standard of dilution. As cases applying the
This Comment contrasts the “Niche Market Theory” and the “General Public Theory” as discussed in dilution cases. Part II provides a general discussion of trademark law under the Lanham Act\(^1\) and dilution theory, including judicial skepticism towards the doctrine.\(^2\) The section concludes with an examination of the statutory scope and content of the FTDA, including the ambiguity of the fame requirement.\(^3\) Part III of this Comment examines the Niche Market Theory and the General Public Theory, analyzing relevant cases to predict what theory should be adopted as the best way to ascertain proper candidates for federal dilution protection.\(^4\) Part IV conducts an analysis of the pertinent themes present in the case law in an effort to articulate arguments in support of and in opposition to the competing theories.\(^5\) In conclusion, this Comment argues against continued use of the Niche Market Theory because it erroneously uses a traditional infringement analysis and, in reality, amounts to the traditional likelihood of confusion standard in disguise.\(^6\) Finally, this Comment advocates adoption of the General Public Theory for determining fame, and it proposes a test to identify famous trademarks that should be eligible for protection under the FTDA.\(^7\)

II. BACKGROUND

The background section will lay the foundation necessary to understand the Niche Market Theory and the General Public Theory. It will begin with a brief history of trademark law under the Lanham Act and dilution theory in general. A discussion of the major bases of judicial skepticism will precede an examination of the statutory scope and content of the FTDA. This will include the method of interpretation being used by some courts to address federal dilution claims. Finally, this section will examine the ambiguity surrounding the fame requirement of the FTDA as a reason for the development of competing theories to determine whether a trademark is famous enough to qualify for FTDA protection.

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2. See infra notes 26-86 and accompanying text.
3. See infra notes 87-121 and accompanying text.
4. See infra notes 122-286 and accompanying text.
5. See infra notes 287-370 and accompanying text.
6. See infra notes 371-380 and accompanying text.
7. See infra notes 381-394 and accompanying text.
The Lanham Act governs the body of federal trademark law. A trademark is "any word, name, symbol, or device which serves as a signal to consumers that a product is coming from a single though possibly anonymous source."

In order to qualify for federal registration, the mark must be either inherently distinctive or have acquired secondary meaning in the eyes of the public. Trademarks often function as selling agents for a business' goods and services and, consequently, are often viewed as lucrative business assets. A trademark helps consumers to identify and distinguish products and facilitates purchases of goods that have been satisfactory to the consumer in the past. Consumers may also rely on trademarks as a promise that a product will retain a consistent level of quality over time. Therefore, the quintessential purpose of the Lanham Act is to prevent consumer confusion as to the source or sponsorship of goods. In addition, secondary policy rationales for protecting trademarks include protection of the owner’s property rights in the mark.

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26. Id. at § 1127. The Lanham Act defines a “trademark” as any word, name, symbol, or device or any combination thereof adopted and used by a manufacturer or merchant to identify and distinguish his goods, including a unique product, from those manufactured or sold by others and to indicate the source of goods, even if that source is unknown. Id.

27. See Reichman, supra note 11, at 111 (citing Sunbeam Prod., Inc. v. West Bend Co., 123 F.3d 246, 252 (5th Cir. 1997)). “To function as a trademark, the word or symbol must be distinctive enough to identify and distinguish the goods with which it is associated, as opposed to simply describing the goods or serving as a generic name for the goods.” Id.

28. Id. “For descriptive marks to be protected, they must have acquired “secondary meaning” — i.e., when after extensive use and advertisement, consumers associate the mark with only one source.” Id.


30. See generally Becker, supra note 18, at 1389. See also Reichman, supra note 11, at 111 (stating that “[a] trademark is that which makes tomorrow’s business something more than an accident”) (citing United States Trademark Association, Trademarks in Advertising & Selling (1996)).


32. See McCARTHY, supra note 15, at § 2:4. “Trademarks create an incentive to keep up a good reputation for a predictable quality of goods. An important purpose underlying trademark law is the protection of an owner’s investment in the quality of the mark and the quality of the goods or services the mark identifies.” Id.

33. See 15 U.S.C. § 1127 (2000). The “intent of this Act is to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce . . . to protect persons engaged in such commerce against unfair competition; to prevent fraud and deception in such commerce.” Id.

34. See McCARTHY, supra note 15, at § 2:1.
economic efficiency, and universal notions of justice and fair competition.

Traditional trademark infringement "protects the goodwill property rights of the trademark owner and the corresponding right of the public to be free from confusion, deception, and mistake." At the heart of an infringement action is the notion of preventing consumer confusion that results in unfair competition. It is certainly unfair to the trademark owner if others may freely use and benefit from the goodwill of a mark he has developed. Therefore, the standard for trademark infringement is based on a "likelihood of confusion" for an appreciable number of ordinarily prudent consumers. Infringement may occur if the consumer is confused as to the source, sponsorship, or endorsement of the goods. Consequently, the plaintiff must present evidence that the defendant's use of the mark is likely to cause confusion in order to state a claim for trademark infringement under the Lanham Act.

35. Id. at § 2:3 (citing microeconomic theory to discuss the dual function performed by trademarks in the market as: (1) encouraging the production of quality products; and (2) reducing customer's costs of shopping and making purchasing decisions). See also id. at §§ 2:4-2:5.

36. Id. at § 2:7. McCarthy explains that "[a] basic aspect of the United States economy is that of the market place policed by laws that set a minimum level of fair competition. The law of trademarks is but a branch of this broader area called Unfair Competition or Unfair Trade Practices." Id. See generally Hanover Star Milling Co. v. Metcalf, 240 U.S. 403 (1916); United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90 (1918); American Steel Foundries v. Robertson, 269 U.S. 372, 380 (1926).


Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof . . . [that] is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person . . . shall be liable in a civil action by any person who believes that he or she is likely to be damaged by such act. Id.


40. See Becker, supra note 18, at 1390. "[Infringement Theory] entitles a trademark holder to prevent competitors from using the original owner's mark on their own product in order to deceive the consumer, divert sales from the original owner, and increase their own profits." (citing Patrick M. Bible, Comment, Defining and Quantifying Dilution Under the Federal Trademark Dilution Act of 1995: Using Survey Evidence to Show Actual Dilution, 70 U. COLO. L. REV. 295 (1999)) (citing 3 MCCARTHY, supra note 15, at § 23:1).


42. See MCCARTHY, supra note 15, at §§ 23:1, 2:8. "Today, the keystone of that portion of unfair competition law which relates to trademarks is the avoidance of a likelihood of confusion in the minds of the buying public." Id.
B. Dilution Theory

The father of dilution theory, Frank Schechter, defined dilution as 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.”\textsuperscript{43} The catalyst behind Schechter's work was his concern that trademark law failed to provide a remedy for the use of a unique mark on non-competing goods.\textsuperscript{44} Schechter posited

(1) that the value of the modern trademark lies in its selling power;
(2) that this selling power depends for its psychological hold upon the public, not merely upon the merit of the goods upon which it is used, but equally upon its own uniqueness and singularity; (3) that such uniqueness or singularity is vitiated or impaired by its use upon either related or non-related goods; and (4) that the degree of its protection depends in turn upon the extent to which, through the efforts of ingenuity of its owner, it is actually unique and different from other marks.\textsuperscript{45}

In 1932, Schechter proposed a federal law that would embody his conception of dilution, thereby preventing injury to the goodwill or reputation of arbitrary or fanciful marks.\textsuperscript{46} Despite Schechter's persuasive efforts, his proposal was rejected,\textsuperscript{47} and his ideas did not gain widespread acceptance in state legislatures for approximately twenty years.\textsuperscript{48}


\textsuperscript{44} See Schechter, supra note 43, at 825. Schechter states that the “more distinctive or unique the mark, the deeper is its impress upon the public consciousness, and the greater its need for protection against vitiation or dissociation from the particular product in connection with which it has been used.” Id.

\textsuperscript{45} Id. at 831.


\textsuperscript{47} Id.

However, the enactment of the Federal Trademark Dilution Act (FTDA) in 1995 transformed Schechter's vision into federal law. The FTDA defines dilution as "the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of: (1) competition between the owner of the famous mark and other parties; or (2) likelihood of confusion, mistake, or deception." The FTDA recognizes a trademark owner's proprietary interest and sanctions misappropriation of the goodwill connected with a trademark.

As Schechter noted in his initial proposal, the value of a trademark lies in its ability to act as a selling agent for goods and services. However, the mark can only function in such a capacity if a mental association is created between the public and the plaintiff's goods. If the trademark becomes associated in the public's perception with another product, the plaintiff's mark fails to serve as a unique identifier, and consequently, the plaintiff will likely sell fewer goods. The result is inequitable to a plaintiff who has invested substantial time and money in cultivating a unique trademark.

49. Swann, supra note 43, at 772. Swann argues that Schechter's original rationale for justifying dilution is outdated in a contemporary market. Id. Swann says that "[t]oday, producer and product are, at best, starting points; a brand's promise extends beyond, and can exist apart from, its creator and the market entry to which it is affixed. The focus... should be on maintaining the mark's communicative clarity... not on preserving the power of its link to a singly-made [sic] good." Id.
51. See McCarthy, supra note 15, at § 24:71. The rationale for dilution protection is based on the premise that "gradual diminution or whittling away of the value of a trademark... constitutes an invasion of the senior user's property right and goodwill in his mark [that] gives rise to an independent wrong." Id.
52. See Schechter, supra note 43, at 831-32.
53. See Reichman, supra note 11, at 112. "When confronted with the senior mark, although not confused, consumers will not immediately form a mental association between the senior trademark and the product it identifies." Id. The Fourth Circuit's test for dilution is (1) a sufficient similarity between the junior and senior marks to evoke an "instinctive mental association" of the two by a relevant universe of consumers which (2) is the effective cause of (3) an actual lessening of the senior mark's selling power, expressed as "its capacity to identify and distinguish goods and services." Ringling Bros., 170 F.3d at 458.
54. See Ablin & Koshy, supra note 9, at 67. "Protection against dilution was needed to guard not so much against a consumer's inability to determine the source of a product, but rather against the loss of the immediate favorable mental association, in the mind of the consumer, between an owner's trademark and its products by preserving the singularity and strength of that connection." Id. (quoting generally from Schechter, supra note 43, at 830).
55. See generally Illinois High School Ass'n v. GTE Vantage, Inc., 99 F.3d 244, 247 (7th Cir. 1996) (justifying dilution as a protection against a "proliferation of borrowings that... are so numerous as to deprive the mark of its distinctiveness and hence impact"); and Wedgewood Homes, Inc. v. Lund, 294 Or. 493 (1983) (holding dilution to be a remedy for "diminution of plaintiff's name as an advertising tool").
There are two distinct ways in which a trademark may become diluted under the FTDA. The traditional injury caused by dilution occurs through blurring. Blurring occurs when a person uses the plaintiff’s famous mark without authorization on unrelated goods or services from those on which the trademark was originally applied. Consequently, the trademark loses its unique significance in the public’s perception and its ability to distinguish the plaintiff’s goods is weakened. The danger of dilution by blurring occurs over the course of many unauthorized uses, “like being stung by a hundred bees, significant injury is caused by the cumulative effect, not by just one.” If over time the plaintiff’s mark becomes associated with a multitude of goods and services, its function as an advertising agent for the plaintiff’s goods will be obliterated.

Tarnishment is the second form of dilution that Congress intended to address with the FTDA. “The sine qua non of tarnishment is a finding that plaintiff’s mark will suffer negative associations through defendant’s use.” Tarnishment occurs when the defendant’s unauthorized use diminishes or degrades the positive associations invoked by the plaintiff’s trademark. Dilution by tarnishment may occur in a

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56. See H.R. Rep. No. 104-374 at 2. “The purpose of the [FTDA] is 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.” Id. Cybersquatting may also give rise to a federal dilution claim. See also 15 U.S.C. § 1125(d).

57. See Sally Gee, Inc. v. Myra Hogan, Inc., 699 F.2d 621 (2d Cir. 1983). Examples of dilution by blurring include BUICK aspirin, SCHLITZ varnish, KODAK pianos, and BULOVA gowns. See also Becker, supra note 18, at 1397 (citing “PEPSI in-line skates, MICROSOFT lipstick, KLEENEX machine guns, and JOCKEY automobile tires” as examples of dilution by blurring).

58. See McCarthy, supra note 15, at § 24:68 (stating that dilution occurs when customers “see the plaintiff’s mark used by other persons to identify other sources on a plethora of different goods and services”). See also Becker, supra note 18, at 1397 (stating that “[b]lurring typically occurs when a person uses a famous trademark in connection with goods or services unrelated to the goods or services upon which the trademark was originally applied”).

59. See McCarthy, supra note 15, at § 24:94. Dilution by blurring is a “lessening of the capacity or ability of the mark to be strong as a commercial symbol and identifier.” Id.

60. McCarthy, supra note 15, at § 24:94. See also Illinois High School Ass’n, 99 F.3d at 244 (holding that the “theory of dilution by blurring is that if one small user can blur the sharp focus of the famous mark to uniquely signify one source, then another and another small user can and will do so”).


62. See Ringling Bros., 170 F.3d at 449. The Fourth Circuit has adopted the most stringent view of dilution under the FTDA by requiring proof of actual damage to the famous trademark. “The plaintiff must prove that defendant’s usage has caused ‘actual economic harm to the famous mark’s economic value by lessening its former selling power as an advertising agent for its goods or services.” Id. at 456.

63. See H.R. Rep. No. 104-374 at 2 (stating that “[t]he definition of dilution is designed to encompass all forms of dilution recognized by the courts”).


number of different ways. First, the plaintiff’s mark may be tarnished when the defendant parodies the trademark in a negative fashion.66 For example, L.L. Bean alleged tarnishment when Drake Publishers, a company specializing in adult erotic entertainment, parodied its trademark in an article entitled “L.L. Beam’s Back-To-School-Sex Catalogue.”67 The defendant may also tarnish the plaintiff’s trademark by using it on products of a lesser or “shoddy” quality.68 In addition, a trademark may be tarnished because the defendant uses it in connection with obscenity, pornography, or drug-related material.69

The Restatement (Third) of Unfair Competition compares and contrasts the two forms of dilution:

Tarnishment and [blurring] although conceptually distinct, both undermine the selling power of a mark, the latter by disturbing the conditioned association of the mark with the prior user and the former by displacing the positive with negative associations. Thus, tarnishment and [blurring] reduce the value of the mark to the trademark owner.70

While the injury to the famous trademark’s selling power occurs in distinct ways, both tarnishment and blurring are actionable under the FTDA.71 However, the classic dilution scenario occurs when a famous trademark is used on dissimilar, non-competing goods and services in such a way as to weaken the mental association between the plaintiff’s product and his trademark. Therefore, this Comment will focus on dilution by blurring for its examination of the Niche Market Theory and the General Public Theory.72

67. Id. at 26.
68. See GILSON, supra note 37, at § 5.12(1)(c)(i), at 5-263.
69. See Becker, supra note 18, at 1398. An example of tarnishment because of association with pornography was discussed in Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd., 604 F.2d 200 (2d Cir. 1979). In that case, the Dallas Cowboy Cheerleaders sued Pussycat Cinema for tarnishment when the film portrayed the cheerleaders’ uniform in a pornographic context. As noted by the court,

[The] plot, to the extent there is one, involves a cheerleader at a fictional high school, Debbie, who has been selected to become a ‘Texas Cowgirl.’ In order to raise enough money to send Debbie, and eventually the entire squad to Dallas, the cheerleaders perform sexual services for a fee. The movie consists largely of a series of scenes graphically depicting the sexual escapades of the ‘actors.’ In the movie’s final scene, Debbie dons a uniform strikingly similar to that worn by the Dallas Cowboy Cheerleaders and for approximately twelve minutes of film footage engages in various sex acts while clad or partially clad in the uniform.

Id. at 202. See also ROCHELLE COOPER DREYFUSS & ROBERTA ROSENTHAL KWALL, INTELLECTUAL PROPERTY 137 (1996).
72. See infra notes 122-286.
Despite the existence of dilution theory for the past seventy-five years, some courts still remain confused on the distinction between dilution and infringement. Although the two theories are not mutually exclusive, the mental state required for dilution is inconsistent with the mental state required for infringement.\(^7\) If a trademark has been diluted, the public is not confused as to the origin or sponsorship of the defendant’s mark because the context in which it is used is completely unrelated.\(^7\) Instead, the consumer recognizes that the goods are from independent sources; the problem occurs because the plaintiff’s mark is now associated with a new and different source.\(^7\) Dilution presumes a mental association in a reasonable buyer’s mind between the two parties and their marks, but the association is not so strong as to cause the buyer to believe the goods are coming from a single source.\(^7\)

In the words of the Restatement,

In order for dilution to occur, prospective purchasers must make a mental connection between the plaintiff’s mark and the designation used by the defendant. The connection, however is not that which serves as the basis of liability for trademark infringement—the mistaken belief that the plaintiff is in some way associated with defendant’s goods—but rather is the accurate recognition that a mark associated with the plaintiff is now also in use as an identifying symbol by another.\(^7\)

Yet despite these differences, courts have continued to ignore the distinction between infringement and dilution, and courts have failed to appreciate the different protection offered by each theory. Many judicial opinions appear to require likelihood of confusion for federal dilution cases, even though Congress explicitly rejected such a standard\(^7\) and excluded it from the statutory language of the FTDA.\(^7\)

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\(^7\) See McCarthy, supra note 15, at § 24:70. For an example of how infringement and dilution can coexist, see David S. Welkowitz, Reexamining Trademark Dilution, 44 Vand. L. Rev. 531, 542-46 (1991).

\(^7\) See McCarthy, supra note 15, at § 24:70.

\(^7\) Id.

\(^7\) Id. See Fruit of the Loom Inc. v. Girouard, 994 F.2d 1359, 1363 (9th Cir. 1993) (requiring a “subliminal connection in a buyer’s mind between the two parties’ uses of their marks”); Richard J. Posner, When Is Parody Fair Use?, 21 J. Legal Stud. 67, 75 (1992) (noting that “the economy [value] is less when, because the trademark has other associations, a person seeing it must think for a moment before recognizing it as the mark of the product or service”).

\(^7\) Restatement, supra note 70, at § 25 cmt. f.

\(^7\) See H.R. Rep. No. 104-374, at 3. “The purpose of [the FTDA] is 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.” Id.

\(^7\) See 15 U.S.C. § 1127 (2000). “Dilution means the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of . . . likelihood of confusion, mistake, or deception.” Id.
C. Judicial Skepticism of the Dilution Doctrine

Judicial skepticism of dilution began before the passage of the FTDA, and many court opinions display reluctance to move away from traditional infringement theory. “[T]he concept [of dilution] seemingly has remained so misunderstood or unpalatable to the judicial taste that it largely has been ignored by the courts despite the plain dictates of statutes and the voluminous urgings of the academics.” 80 The heart of this skepticism is based on the tension underlying all of intellectual property law, namely the “right versus access” debate. 81 Critics feel that by granting property rights in trademarks, dilution is taking too much out of the public domain and unduly restricting public access to communicative material. 82

Many judges view [dilution] with distaste because they see a plaintiff who uses the dilution theory as asking for too much of a zone of exclusivity for the trademark. It is difficult to dispute that application of dilution theory lays a heavy hand upon one who adopts the trade name or trademark of another. 83

This unfettered skepticism has been allowed to flourish in the presence of statutory ambiguity regarding the scope of dilution. The Re-

81. See generally McCarthy, supra note 15, at §§ 1:26 et. seq. See also Int'l News Serv. v. Associated Press, 248 U.S. 215, 250 (1918) (Brandeis, J., dissenting) (“The general rule of law is, that the noblest of human productions—knowledge, truths ascertained, conceptions, and ideas—become, after voluntary communication to others, free as the air to common use.”); Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 164, (1989) (reiterating the need to maintain a balance between free competition and fair competition and between the policy of the public domain and the policy of intellectual property).
82. See generally McCarthy, supra note 15, at §§ 1:26 et. seq. Perhaps underlying this judicial skepticism is also a desire to maintain the distinction between patents and copyrights from trademarks. The owners of the former types of intellectual property, specifically patent owners, must satisfy heightened registration requirements in order to protect their property. See 35 U.S.C. §§ 102, 103, 112 (2000) (setting forth the requirements for patentability); 17 U.S.C. §§ 101 – 105 (2000) (setting forth the requirements for copyrightability). These authors and inventors are entitled to a limited monopoly in exchange for their contribution and advancement of science and the arts. See U.S. Const., art. I, §8 cl. 8. (granting such protection “[t]o promote the progress of science and the useful arts, by securing for limited time to authors and inventors the exclusive right to their respective writings and discoveries”).

However, a trademark is distinctly different from either a patent or a copyright. The registration requirements are certainly easier to satisfy. See 15 U.S.C. §§ 1051, 1091. Moreover, there is no constitutional policy basis for granting monopoly-like protection because the trademark owner is not giving something back to the general public per se. Furthermore, there is no statutory limitation on the duration of a trademark provided that it remains in use in commerce. See 15 U.S.C. §§ 1058, 1059. Therefore, judges may be skeptical of dilution as a backdoor way of obtaining a monopoly over a famous trademark that could last perpetually, without the corresponding tangible benefits to the general public that patents and copyrights provide.
83. See McCarthy, supra note 15, at § 24:100. See also Polaroid Corp. v. Polaraid, Inc., 319 F.2d 830 (7th Cir. 1963).
statement supports the fact that judges have applied dilution theory conservatively, if at all:

In apparent recognition that broad interpretation of the statutes would undermine the balance between private and public rights that has informed the traditional limits of trademark protection, courts continue to confine the cause of action for dilution to cases in which the protectable interest is clear and the threat of interference is substantial.84

Earlier court opinions concur with this interpretation: “We feel constrained not to give [the statute] overly broad application lest it swallow up all competition in the claim of protection against trade name infringement.”85 Although these comments were a product of state court dilution opinions, the law under the FTDA does not appear much clearer today.86

D. Statutory Scope and Content of the Federal Trademark Dilution Act

The driving force behind the FTDA is 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.”87 The proprietary interest to be protected is the “substantial investment the owner has made . . . and the commercial value and aura of the mark itself.”88 This represents a significant departure from traditional trademark law, which protects the signaling capacity of a mark to communicate to the consumer the source of the goods or services.89 Essentially, the FTDA is guarding against unauthorized uses of a mark, usually on unrelated, non-competing goods, that diminish the uniqueness of a famous trademark in the public’s perception.90

84. See Restatement, supra note 70, at § 25 cmt. b.
85. Coffee Dan’s, Inc. v. Coffee Don’s Charcoal Broiler, 305 F. Supp. 1210, 1217 n.13 (N.D. Cal. 1969). See Carter-Wallace, Inc. v. Procter & Gamble, Co., 434 F.2d 794, 803 (9th Cir. 1970) (“The law regarding the dilution doctrine is not altogether clear and cannot be readily summarized except to say that it is an offshoot of the equitable considerations inherent in the concept of unfair competition.”).
86. See Reichman, supra note 11, at 111. “The dilution doctrine is widely misunderstood by the courts, difficult to anticipate when counseling clients, and nearly impossible to apply as a matter of proof in the context of a lawsuit.” Id.
88. Id.
89. See Schechter, supra note 43, at 818. “The true functions of the trademark are, then, to identify a product as satisfactory and thereby to stimulate further purchases by the consuming public.” Id. See also supra notes 43-79 and accompanying text.
90. See Schechter, supra note 43, at 825.
Congress enacted a federal dilution statute to address problems on multiple levels. On a national scale, the substantial variation in state anti-dilution statutes and remedies did not provide the desired level of protection for trademark owners. Prior to 1995, approximately half of the states had an anti-dilution statute. As a result, trademarks received "unpredictable and inadequate" protection from dilution, and plaintiffs were "encourag[ed] to forum-shop," consequently increasing the amount of litigation in the court system. Therefore, the FTDA was designed as a mechanism to harmonize dilution protection among the states by providing a uniform level of protection for all federal claims.

In addition to its function of "bring[ing] uniformity and consistency to the protection of famous trademarks," Congress noted that the FTDA "is also consistent with [United States'] international obligations in the trademark area." As a result, the FTDA parallels dilution protection guaranteed in international trade agreements such as the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) and the Paris Convention. A central concern was that foreign countries would be "reluctant to change their laws to protect famous U.S. marks if the United States [did] not afford special protection for such marks." The FTDA reflects U.S. sentiment that "famous marks should be protected regardless of whether the marks are registered in the country where protection is sought."

91. See generally H.R. Rep. No. 104-374. See also Becker, supra note 18, at 1400.
92. See H.R. Rep. No. 104-374, at 3. "Presently, the nature and extent of the remedies against trademark dilution varies from state to state and, therefore, can provide unpredictable and inadequate results for the trademark owner." Id.
93. Id.
94. Id. at 4.
95. It is significant to note that Congress did not intend for the FTDA to preempt existing state anti-dilution statutes. See H.R. Rep. No. 104-374, at 8. ("Unlike patent and copyright laws, federal trademark law coexists with state trademark law, and it is to be expected that the federal dilution statute should similarly coexist with state dilution statutes."). See also Becker, supra note 18, at 1401.
96. See H.R. Rep. No. 104-374, at 4. The Uruguay Round of the GATT agreement, of which the U.S. is a member, provides dilution protection to famous marks. Id.
WHY IS FAME STILL CONFUSING?

The language of the FTDA provides,

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 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 such other relief as is provided in this subsection. 101

A prima facie dilution case requires the plaintiff to establish the following: "(1) the mark is famous; (2) defendant is commercially using the mark in interstate commerce; (3) defendant's use began after the plaintiff's mark became famous; and (4) defendant's use causes dilution by lessening the capacity of the plaintiff's mark to identify and distinguish its goods or services." 102

When a court finds trademark infringement has occurred, the plaintiff has several avenues of relief. He may be entitled to an injunction against the infringing conduct, 103 lost profits, damages and costs, attorney's fees, and in the case of intentional infringement, treble damages. 104 Similarly, the typical remedy for federal dilution under the Lanham Act is an injunction against the unauthorized use. 105 If the plaintiff can prove the defendant "willfully intended" to trade on the goodwill of the plaintiff's mark, additional remedies may be available under section 1117(a) and section 1118 of the Lanham Act. 106 Under those provisions, the plaintiff may be entitled to a monetary award or to destruction of the diluting articles. 107 All remedies are "subject to the discretion of the court and the principles of equity." 108

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106. In an action brought under this subsection, the owner of a famous mark shall be entitled only to injunctive relief as set forth in section 1116 of this title unless the person against whom the injunction is sought willfully intended to trade on the owner’s reputation or to cause dilution of the famous mark. If such willful intent is proven, the owner of the famous mark shall also be entitled to the remedies set forth in section 1117(a) and section 1118 of this title, subject to the discretion of the court and the principles of equity.

Id.

107. Id.
an important issue when the Niche Market Theory is used to prove dilution. Because it is within the judge’s discretion to fashion an equitable remedy, it is therefore possible for the scope of an injunction to be substantially broader than the market in which the plaintiff proved the fame of its trademark. This problem receives additional discussion throughout the course of this Comment as many critics of the theory have focused on the “extraordinary remedy” that dilution provides.

E. Ambiguity of the Fame Requirement

Judges continue to struggle with striking the right balance between the trademark owner’s rights and what material should remain in the public domain to serve the best interests of society. The FTDA requires a trademark to be famous in order to bring a claim for federal relief. Therefore, the highest hurdle that dilution plaintiffs must face is proving whether a trademark is “famous” enough to be diluted. However, a fundamental problem with the FTDA is that there is no “register of famous marks” per se, and therefore, fame must be determined on an ad hoc basis. “This uncertainty introduces the major source of unpredictability into applying the law and giving legal advice.” In determining whether a mark is famous,

109. See Deere & Co. v. MTD Products, Inc., 41 F.3d 39 (2d Cir. 1994) (holding that it was within the discretion of the district court to limit injunctive relief to the state of New York “notwithstanding the fact that district courts have in other circumstances granted nationwide injunctive relief on dilution claims”).

110. See generally Ablin & Koshy, supra note 9, at 61; Ringling Bros., 170 F.3d at 449; and Schechter, supra note 43, at 813.

111. See McCarthy, supra note 15, at § 24:90 (“While traditional trademark law rests primarily on a policy of protection for customers from mistake and deception, anti-dilution law more closely resembles an absolute property right in a trademark.”).


113. Id. For a thorough listing of cases examining the fame requirement by circuit, see Becker, supra note 18, at 1462-64.


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The FTDA suggests, but does not limit, the court's analysis to eight factors.\textsuperscript{116}

The qualities necessary for a trademark to be famous have varied among different courts. It is well established that in order for a trademark to be eligible for registration, it must be distinctive.\textsuperscript{117} Therefore, it seems that something more is required by the FTDA's use of the term "famous." It is logically consistent that a "trademark cannot be famous unless it is distinctive, but it can be distinctive without being famous. By definition, all trademarks are distinctive—very few are famous."\textsuperscript{118} The \textit{Restatement} has elaborated on this point:

Not all trademarks warrant protection against dilution of the mark's distinctiveness. In applying the anti-dilution statutes, most courts require that the mark possess a degree of distinctiveness beyond that needed for the designation to qualify as a valid trademark. As a general matter, a trademark is sufficiently distinctive to be diluted by a non-confusing use if the mark retains its source significance when encountered outside the context of the goods or services with which it is used by the trademark owner.\textsuperscript{119}

If a trademark retains its source significance only when used in the context of the owner's goods and services, it is merely distinctive and not "famous" for dilution purposes.\textsuperscript{120} A famous trademark must be capable of blurring in the classic context, when the mark is used on unrelated goods yet still causes a mental association between the public's perception and the plaintiff's goods.\textsuperscript{121} Application of the fame requirement is at the core of inconsistent judicial interpretations, and

\begin{itemize}
  \item \textsuperscript{116} \textit{Id.} In determining whether a mark is distinctive and famous, a court may consider factors such as, but not limited to the following:
  \begin{itemize}
    \item a) the degree of inherent or acquired distinctiveness of the mark;
    \item b) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;
    \item c) the duration and extent of advertising and publicity of the mark;
    \item d) the geographical extent of the trading area in which the mark is used;
    \item e) the channels of trade for the goods and services with which the mark is used;
    \item 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;
    \item g) the nature and extent of use of the same or similar marks by third parties;
    \item 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.
  \end{itemize}


\textsuperscript{117} \textit{Id.} In determining whether a mark is distinctive and famous, a court may consider factors such as, but not limited to the following:

117. \textit{Id.} in determining whether a mark is distinctive and famous, a court may consider factors such as, but not limited to the following:

18. M\textit{cCarthy, supra note 15, at § 24:91.}

19. See \textit{Restatement, supra note 70, at § 25 cmnt. e.}

20. \textit{Id.} "A mark that evokes an association with a specific source only when used in connection with the particular goods or services that it identifies is ordinarily not sufficiently distinctive to be protected against dilution." \textit{Id.}

21. See H.R. REP. No. 104-374, at 3. "[Dilution] applies when the unauthorized use of a famous mark reduces the public's perception that the mark signifies something unique, singular.
it is the reason that some courts are grasping at the Niche Market Theory as a tool for applying federal dilution law.

III. Niche Market Theory & General Public Theory

This section will provide a brief overview of the niche marketing strategy from a business perspective. The concept of a niche market will then be discussed within the context of federal dilution jurisprudence as a mechanism for identifying famous trademarks that are eligible for protection under the Federal Trademark Dilution Act (FTDA). Finally, the section will discuss relevant case law from those federal courts that have adopted the Niche Market Theory.

A. Niche Market Theory

The trend in niche marketing is being driven by social and technological changes that make advertising to a larger, homogeneous market less effective. The niche strategy is designed to serve the needs of a narrow market segment that is unattractive to and neglected by larger competitors. A niche may be limited to a specific consumer group, geographic area, product feature, or price-quality level. Typically, a small company or a division of a large corporation identifies an unfulfilled need in the market and targets products towards that specific group of customers. The niche must be of sufficient size to be profitable, but small enough to be unattractive to larger competitors. Because of its specialized nature, there are two inherent risks of the strategy: “1) a larger competitor becomes interested in the niche and decides to pursue its customers; and 2) the niche market

or particular . . . . Even in the absence of confusion, the potency of a mark may be debilitated by another’s use.” Id.

122. See David Shani & Sujana Chalassani, Exploiting Niches Using Relationship Marketing, 8 J. OF BUS. & INDUSTRIAL MKTG, 58 (1993). The authors cite “[an] increased number of women in the workforce, the changing family unit, the ageing of the population, the rise in the ethnic population, and the shrinkage of the middle class” as factors creating a need for niche marketing. Id. at 58.


124. Id.

125. Id.

126. See Shani & Chalassani, supra note 122, at 59. The authors describe the “ideal niche” with the following characteristics:

(1) The niche is of sufficient size and purchasing power to be profitable;
(2) The niche has growth potential;
(3) The niche is of negligible interest to competitors;
(4) The firm should have the required skills and resources to exploit the niche; and
(5) The niche should provide entry barriers for competitors through accumulated customer goodwill.

Id.
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Evaporates because of a shift in attitudes or preferences. Consequently, companies who employ this type of marketing tend to safeguard their interests by engaging in "multiple niching." The niche theory will continue to increase in popularity and importance as the business world pursues the "ideal niche" of establishing relationships and fulfilling the needs of individual consumers.

In the context of dilution jurisprudence, the Niche Market Theory has been used to identify famous trademarks for purposes of the FTDA's fame requirement. Some courts are willing to protect trademarks that are widely recognized in a niche market, even though the mark is not famous to the general public. For example, a manufacturer of pads for dry cleaning presses could claim that his trademark is famous within the niche of dry cleaning stores. He may present evidence that his green-gold pads are widely recognized by dry cleaners, because they have acquired secondary meaning and serve a source identification function. Therefore, the pads should be eligible for protection under the Niche Market Theory, even though they are not recognized by or famous to the general public. In the following dilution cases, courts have applied the Niche Market Theory.

1. Nabisco, Inc. v. PF Brands, Inc.

The United States Court of Appeals for the Second Circuit offered limited support for the Niche Market Theory by recognizing that dilution may occur with trademarks of competing products. In Nabisco, Inc. v. PF Brands, Inc., Pepperidge Farm argued that Nabisco's "Catdog" snack was diluting its trademark in Goldfish crackers. Pepperidge Farm has marketed and sold its fish-shaped, cheddar cheese flavored crackers under the GOLDFISH trademark since 1995. See generally P. Kotler, Marketing Management: Analysis, Planning, Implementation and Control (7th ed. 1990).


128. See Clemente, supra note 123, at 235. "Multiple niching" refers to the strategy of marketing to more than one specialized group of consumers in order to assure a customer base for the business. Id.


130. See infra notes 133-209 and accompanying text.

131. This example is based on Qualitex Co. v. Jacobson Products, Co., Inc., 514 U.S. 159 (1995) (finding that "color alone" can serve as a trademark in an action for trademark infringement and unfair competition).

132. 191 F.3d 208 (2d Cir. 1999).

133. Id.

134. Id.
1962. In 1994, Pepperidge Farm spent more than $120 million marketing its crackers nationwide and recorded net sales of $200 million per year from 1995 through 1998. Nabisco’s snack was developed in the spring of 1998 to promote a popular Nickelodeon cartoon called ‘‘Catdog.’’ Half of the snack mix consisted of ‘‘Catdog’’ characters (a two-headed creature that is half cat and half dog), one quarter was in the shape of bones, and one quarter was in the shape of fish. Nabisco’s snack mix was “intended to compete with other animal-shaped cheese crackers marketed to children.”

Pepperidge Farm argued that Nabisco was diluting the uniqueness of its famous mark and brought suit under the FTDA. The United States District Court for the Southern District of New York granted a preliminary injunction on Pepperidge Farm’s behalf, holding that Nabisco’s snack would dilute the distinctive quality of the GOLD-FISH trademark. In response to Nabisco’s appeal, the Second Circuit affirmed the preliminary injunction based on Pepperidge Farm’s likelihood of success on its dilution claim and prohibited distribution of the “Catdog” snack by Nabisco.

The Second Circuit assessed fame “in [its] ordinary English language sense” and determined that GOLDFISH qualified as a famous trademark. In its defense, Nabisco argued that the FTDA does not apply to competing products. The Second Circuit rejected this claim and stated that “dilution can occur where the junior mark’s use competes directly with the senior’s as well as where the junior use is in a non-competing market.” In general, the more similar the products are to one another, the greater the likelihood of both confusion and dilution. The court justified its interpretation as a means of preventing situations where products were too remote to support an infringement action but too close together to permit a finding of dilution. Consequently, the Second Circuit affirmed the lower court’s

135. Id. at 212.  
136. Id. at 212-13.  
137. Nabisco, 191 F.3d at 213.  
138. Id. at 213.  
139. Id.  
140. Id.  
142. Nabisco, 191 F.3d at 228-229.  
143. Id. at 215.  
144. Id. at 214.  
145. Id. at 222.  
146. Id.  
147. Nabisco, 191 F.3d at 223.
preliminary injunction enjoining the distribution of Nabisco's crackers.148

In addition to its basis for the Niche Market Theory, the Nabisco decision illustrates the blurring of infringement and dilution actions by judicial misinterpretation.149 After acknowledging that consumer confusion was not a requirement for finding dilution, the Second Circuit stated that "consumer confusion would undoubtedly dilute the distinctive selling power of a trademark."150 Furthermore, "a junior use that confuses consumers as to which mark is which surely dilutes the distinctiveness of the senior mark."151

2. Syndicate Sales v. Hampshire Paper152

The United States Court of Appeals for the Seventh Circuit continued to build upon the reasoning in Nabisco and offered explicit support for the Niche Market Theory in Syndicate Sales, Inc. v. Hampshire Paper Corp.153 Syndicate sought FTDA protection for the trade dress embodied in the configuration of its funeral flower baskets.154 Syndicate Sales had been producing plastic baskets used to hold floral arrangements since 1960.155 Its #92 and #95 baskets were the most popular models, selling approximately fifty million and ten million units respectively.156 In 1994, Hampshire Paper began producing funeral baskets by using Syndicate Sales' #92 and #95 baskets as models.157 Both parties' products included teardrop-shaped handles, round buckets or flute-shaped baskets, and bases with triangle supports, although each had slightly different latticework.158 The companies competed by selling their respective products to wholesalers who, in turn, sold the baskets, which were contained in their original packages, to retailers.159

The United States District Court for the Southern District of Indiana held that Syndicate's trade dress failed to satisfy the threshold fame requirement.160 The district court rejected the Niche Market

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148. Id. at 229.
149. See infra notes 358-370 and accompanying text.
150. Nabisco, 191 F.3d at 219.
151. Id.
152. 192 F.3d 633 (7th Cir. 1999).
153. Id.
154. Id. at 635.
155. Id.
156. Id.
157. Syndicate Sales, 192 F.3d at 635.
158. Id.
159. Id.
160. Id.
Theory because "fame in such a niche market [wholesalers and retail florists] cannot be sufficient to establish fame for the purposes of the FTDA." 161

On appeal, the United States Court of Appeals for the Seventh Circuit reexamined the issue of fame in a niche market and tried to reconcile the conflicting lines of authority regarding the threshold fame requirement. In doing so, the court distinguished between two different contexts in which dilution may occur:

Cases holding that niche-market fame is insufficient generally address the context in which the plaintiff and defendant are using the mark in separate markets. On the other hand, cases stating that niche-market renown is a factor indicating fame address a context in which the plaintiff and defendant are using the mark in the same or related markets. 162

In further support for the validity of the Niche Market Theory, the Seventh Circuit used fame factor (f) from the FTDA, 163 which is defined as "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." 164 The court implied that this factor justified limiting fame to a specialized market. 165 While the Seventh Circuit accepted fame within a niche market if the parties' trademarks were used in the same market, it rejected defining that specialized market by a geographical area. 166 The court held that the legislative history makes clear that Congress intended that in order to be "famous," a mark must be used in a substantial segment of the United States. 167 However, fame may be "limited to those engaged on a regular basis in commercial activity involving this product" within that substantial segment. 168

The Seventh Circuit held that because the parties' flower baskets were competing in the wholesale and retail florist market, the Niche Market Theory was appropriate. 169 The case was remanded to the district court to assess whether Syndicate's trade dress was famous within

161. Id. at 640.
162. Syndicate Sales, 192 F.3d at 640.
163. For the FTDA "fame factors," see supra note 116.
164. Syndicate Sales, 192 F.3d at 639.
165. Id. at 641. "Moreover, one of the factors in §1125(c) [factor f] for determining the existence of fame indicates that fame may be constricted to a particular market." Id.
166. Id. at 641 n.7. The court "[did] not mean to imply that the market may be limited geographically to a single local area." Id.
168. Syndicate Sales, 192 F.3d at 641.
169. Id.
the niche market. Subsequently, the lower court found insufficient evidence to establish fame even within the niche market of floral basket manufacturers and denied Syndicate’s claim for dilution relief.

3. Times Mirror Magazines, Inc. v. Las Vegas Sporting News, LLC

An opinion from the United States Court of Appeals for the Third Circuit recently addressed the fame requirement using the Niche Market Theory and relied upon the Nabisco and Syndicate Sales decisions in support of its fame determination under the FTDA. In Times Mirror Magazines, Inc. v. Las Vegas Sporting News, LLC, the trademarks at issue were THE SPORTING NEWS versus the THE LAS VEGAS SPORTING NEWS. Times Mirror registered its mark, THE SPORTING NEWS, in 1886 on the Principal Register for its sporting periodical. In 1997, the defendant changed the name of its magazine from “Las Vegas Sports News” to LAS VEGAS SPORTING NEWS (LVSN) with full knowledge of the plaintiff’s registered mark. An independent investigation revealed that newsstands were confusing the two magazines despite subtle differences in their targeted audiences. For example, the defendant’s magazine provided information on gambling, while the plaintiff’s periodical was solely designed to report sports news and statistics.

The United States District Court for the Eastern District of Pennsylvania granted Times Mirror’s request for a preliminary injunction based on trademark dilution under the FTDA, and LVSN was enjoined from using SPORTING NEWS in connection with its magazine. On appeal, LVSN argued that THE SPORTING NEWS was ineligible for FTDA protection because it was not famous to the general public. The defendant argued, “Substantial case law indicates

171. Id. at 19.
172. 212 F.3d 157 (3d Cir. 2000).
173. See generally Nabisco, 191 F.3d at 208; and Syndicate Sales, 192 F.3d at 633.
174. See Times Mirror, 212 F.3d at 157.
175. Id. at 160.
176. Id. at 161.
177. Id at 162. In addition to the private investigator, John Kastberg, vice-president of Times Mirror’s The Sporting News, conducted his own investigation in New York during December of 1998. Id. At Grand Central Station, Penn Station, and Barnes & Noble, Kastberg asked for the “Las Vegas Sporting News” and received the Times Mirror’s “Sporting News.” Id.
178. Id. at 160.
179. Times Mirror, 212 F.3d at 162.
180. Id. at 163-64.
that marks famous in a specialized market, rather than well known to
the general public, should not be considered ‘famous’ under the fed-
eral dilution statute.”

The Third Circuit rejected LVSN’s argument and relied on previous
case law and the Restatement to adopt the Niche Market Theory. Furthermore, the court found that the marks fit within the context
deemed appropriate by the Seventh Circuit for the Niche Market The-
ory because the trademarks competed in the same niche of sporting
deriodicals. Moreover, the Restatement bolsters this argument:

A mark that is highly distinctive only to a select class or group of
purchasers may be protected from diluting uses directed at that par-
ticular class or group. For example, a mark may be highly distinc-
tive among purchasers of a specific type of product. In such
circumstances, protection against a dilution of the mark’s distinc-
tiveness is ordinarily appropriate only against uses specifically di-
rected at that particular class of purchasers.

However, the court failed to consider an earlier section of the Restate-
ment’s comment that questioned the niche theory, stating that “a
mark that evokes an association with a specific source only when used
in connection with the particular goods or services it identifies is ordi-
narily not sufficiently distinctive to be protected against dilution.”

Ultimately, the Third Circuit accepted fame within the niche market
as sufficient to state a claim for federal trademark dilution under the
FTDA. The court stated, “We are persuaded that a mark not fa-
mous to the general public is nevertheless entitled to protection from
dilution where both the plaintiff and defendant are operating in the
same or related markets, so long as the plaintiff’s mark possesses a
high degree of fame in its niche market.” The court reasoned that
Times Mirror and LVSN competed within the sporting periodicals
market. Within that limited market, THE SPORTING NEWS is a
famous trademark, even though it may be an unrecognizable trade-

181. Id. at 164 (citing Washington Speakers Bureau, Inc. v. Leading Authorities, Inc., 33 F.
Supp. 2d 488, 503 (E.D. Va. 1999) (discussing but not specifically adopting or rejecting the Niche
Market Theory because the plaintiff was unable to prove fame even within a niche market)).
182. Times Mirror, 212 F.3d at 164-165.
183. Id.
184. See Restatement, supra note 70, at § 25 cmt. e.
185. Id.
186. Times Mirror, 212 F.3d at 165.
187. Id. at 164.
188. Id. at 165.
mark to the general public. Therefore, Times Mirror was entitled to relief under the FTDA.

In contrast, Judge Barry’s dissenting opinion articulated a compelling argument for rejecting the Niche Market Theory. The dissent questioned whether the proprietary interest underlying dilution should even be protected by the law. The dissent noted that “[d]ilution is not concerned with protecting against public deception; it benefits only a coterie of American business elite, not the general public.” However, despite the apprehension dilution critics may still harbor towards the theory, the FTDA is federal law and the dissent acknowledged that judges must find a mechanism to rein in its potential anticompetitive power. One feasible way to accomplish this objective is to strictly interpret the fame requirement under the FTDA.

The dissent began by emphasizing the critical role of the fame requirement in maintaining “an appropriate balance between free competition and property rights.” It is necessary for courts to scrutinize fame using the statutory factors and any other relevant evidence to determine if a trademark is entitled to FTDA protection. It is not enough for the court to give a cursory analysis to evidence of fame and then state in conclusory terms that the trademark is famous.

189. Id.
190. Id. at 169.
191. Times Mirror, 212 F.3d at 170 (Barry, J., dissenting).
192. Id.
194. Times Mirror, 212 F.3d at 171.
195. Id.
196. Id. at 172.
197. As an example of the conclusory fame analysis, the dissent cited Gazette Newspapers, Inc. v. New Paper, Inc., 934 F. Supp. 688 (Dist. Ct. Md., 1996). Times Mirror, 212 F.3d at 172. In Gazette Newspapers, the parties owned local newspapers that circulated in adjacent counties within the state of Maryland. The plaintiff’s newspaper was titled GAZETTE NEWSPAPERS and the defendant’s newspaper was originally called “The New Paper.” Gazette Newspapers, 934 F. Supp. at 691. The facts suggested that the publisher of the defendant’s paper on multiple occasions expressed an interest in merging the two newspapers as the counties were in many respects a single community. After the plaintiff refused the merger offer, the defendant ran a contest with its readers to come up with a new name for its paper, eventually selecting “THE FREDERICK GAZETTE.” Id. at 692. In response to the defendant’s new name, the plaintiff filed a suit alleging trademark infringement and federal dilution among other claims. Id.
Furthermore, according to the *Times Mirror* dissent, in its most basic formulation, “Fame means FAME.” 198 Only truly famous marks should receive protection from dilution under the FTDA. 199 The dissent stated that “[t]o save the dilution doctrine from abuse by plaintiffs whose marks are not famous and distinctive, a large neon sign should be placed adjacent wherever the doctrine resides, reading: ‘The Dilution Rule: Only Strong Marks Need Apply.’” 200 The legislative history of the FTDA provides ample support for this restrictive interpretation. 201 Moreover, “[t]he FTDA should be restricted to a narrow category of marks, ensuring that it does not swallow infringement law by allowing mark owners to end-run a likelihood of confusion analysis which they fear—or indeed, know—they cannot win.” 202 The dissent was legitimately concerned that a plaintiff could bring a dilution action in order to circumvent the necessity of proving a likelihood of confusion in those cases where the marks appear on competing goods. 203 In order to prevent this result, famous marks should be ones

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After engaging in a thorough analysis of the elements necessary to prove infringement under the Lanham Act, the United States District Court for the District of Maryland went on to conclude that the plaintiff had also established federal dilution. *Id.* at 696-97. After acknowledging that likelihood of confusion was not an element of federal dilution, the court relied solely on its previous infringement analysis to justify its finding of dilution. *Id.* The court noted, “[t]he factors to be considered under [the FTDA] are in large part the same factors I have already considered in evaluating plaintiff's claim for trademark infringement.” *Gazette Newspapers*, 934 F. Supp. at 697. The opinion lacked any discussion of the elements of an FTDA claim, and most notably any consideration of the threshold fame requirement, despite the fact that the court entered a preliminary injunction on dilution grounds. This case illustrates courts' tendencies to rubber stamp dilution claims without engaging in any meaningful analysis of the claim. For a similar case lacking a fame analysis, see Hasbro, Inc., v. Internet Entertainment Group, Ltd., No. 96130, 1996 WL 84853 (W.D. Wash. 1996).

198. *Times Mirror*, 212 F.3d at 170 (Barry, J., dissenting).

199. *Id.* at 171. “The legislative history of the Act is crystal clear that Congress intended courts to be highly selective in determining which marks are famous and accorded those truly famous marks an unprecedented degree of protection.” *Id.*


201. See H.R. REP. NO. 104-374 at 3; USTA Report, supra note 12, at 455 (“We therefore urge the adoption of a highly selective federal dilution statute.”); Report of the Senate Judiciary Committee on the precursor to the FTDA (“The [FTDA] creates a highly selective federal cause of action to protect federally registered marks that are truly famous from dilution of the distinctive quality of the mark.”).


203. *Id.* at 174. Judge Barry noted, “the legislative history does not mention much less embrace a so-called ‘niche market’ theory of fame . . . the [N]iche [M]arket [T]heory risks lowering the bar for trademark protection unless it is applied prudently to cases which clearly call for such analysis.” *Id.* at 173.
that have "long [been] associated in the public's eye with a particular product and which immediately strike one as being truly famous."\textsuperscript{204} In the dissent's opinion, the fundamental problem with the Niche Market Theory is that any trademark can become famous by manipulating the definition of the relevant market where fame appears.\textsuperscript{205} Neither the FTDA nor its legislative history support defining a market for fame that is less than a "substantial segment" of the United States.\textsuperscript{206} After all, "[i]t is hard to conceive of any consumer goods or services that are not in a narrow market of some type, be it luxury cars, cameras, or sporting publications."\textsuperscript{207} Therefore, when the parties are using similar marks on similar goods in a narrowly defined specialized market, it is a "garden variety infringement case."\textsuperscript{208} Furthermore, because the Niche Market Theory is being restricted to those cases where the trademarks are competing in the same market, by definition all those claims can effectively be pursued as infringement claims rather than dilution claims. A statement of congressional intent is illustrative on this point:

The FTDA was not designed for situations in which a truly famous mark on dissimilar products deserves, but cannot receive, protection under infringement law—those situations in which, for example, no one would ever confuse the truly famous mark with the goods or services to which it has been wrongly attached.\textsuperscript{209}

\subsection*{B. General Public Theory}

As illustrated above, critics of the Niche Market Theory advocate that FTDA protection should be reserved for trademarks that are well known to the general public.\textsuperscript{210} "[Trademarks] famous only in a spe-

\textsuperscript{204} Id. Judge Barry seemed to advocate reserving FTDA protection for trademarks that are "household names." For example, the "New York Yankees" would be a famous trademark because even non-sports fans would be aware of it.

\textsuperscript{205} Id. at 174. "If marks can become 'famous' within some market, depending on how narrowly that market is defined, then the FTDA will surely devour infringement law." Id.

\textsuperscript{206} Syndicate Sales, 192 F.3d at 641 n.7.

\textsuperscript{207} Times Mirror, 212 F.3d at 173. See Courtland L. Reichman, State and Federal Trademark Dilution, 17 Franchise L.J. 111, 133 (Spring 1998) ("It is possible to find virtually any mark to be "famous" within some market, depending on how narrowly that market is defined.").

\textsuperscript{208} Times Mirror, 212 F.3d at 173. "[T]he unauthorized use of a mark in the same or a similar market is precisely what good old-fashioned infringement principles have traditionally been there to remedy once actual confusion or likelihood of confusion has been shown, and there is simply no need for dilution principles . . . . [I]f the parties here operate within the sports periodicals market, then this case . . . is a garden variety infringement case." Id.

\textsuperscript{209} Id. at 173-74.

\textsuperscript{210} For cases in support of the General Public Theory, see Eli Lilly & Co. v. Natural Answers, Inc., 86 F. Supp. 2d 834, 847-851 (S.D. Ind. 2000) (holding that PROZAC is a famous trademark for dilution purposes because it is widely publicized and recognized by consumers world-wide); King of the Mountain Sports, Inc. v. Chrysler Corp., 968 F. Supp. 568 (D.C. Co.
cialized market, rather than well-known to the general public, should not be considered ‘famous’ under the federal dilution statute. \(^{211}\) Therefore, the General Public Theory requires a plaintiff to establish fame on a national or even a global scale for a substantial segment of the public.\(^{212}\) Consumers will be familiar with a famous trademark because of the extensive advertising and renown the owner has acquired for its product.\(^{213}\) It is not a prerequisite that a consumer purchase the famous product in order for dilution to occur; the famous mark must only be familiar to the consumer so that when an unauthorized use of the mark occurs, he will instinctively associate the junior mark with the famous mark.\(^{214}\)

Congressional intent seems to favor the General Public Theory.\(^{215}\) An examination of the cases that have applied the Niche Market Theory reveals that fame is only deemed sufficient within a specialized market if the trademarks appear on competing goods or services.\(^{216}\) However, the FTDA expressly states that dilution may occur regardless of the presence or absence of competition between the parties, or likelihood of confusion, mistake, or deception.\(^{217}\) In contrast, the purpose of enacting the FTDA was to “protect famous trademarks from

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1997) (rejecting the plaintiff’s FTDA claim because its trademark had no fame outside of the narrow market of hunting apparel).


212. *Id. See Times Mirror, 212 F.3d* at 173 (Barry, J., dissenting). Judge Barry described famous trademarks as “names which have long been associated in the public’s eye with a particular company or a particular product and which immediately strike one as being truly famous.” *Id.*

213. *See H.R. Rep. No. 104-374, at 4.* “The concept of dilution recognizes the substantial investment the owner has made in the mark and the commercial value and the aura of the mark itself, protecting both from those who would appropriate the mark for their own gain.” *Id.*

214. *See McCarthy, supra* note 15, at § 24.70:

For dilution to occur, the relevant public must make some connection between the mark and both parties. . . . [The] assumption is that the relevant public sees the junior user’s use, and intuitively knows, because of the context of the junior user’s use, that there is no connection between the owners of the respective marks. . . . [The result is] the senior user’s mark . . . is weakened because the relevant public now also associates that designation with a new and different source.

*Id.*

215. *See supra* notes 13 and 15. *See also* H.R. Rep. No. 104-374, at 3. “A federal dilution statute is necessary because famous marks are ordinarily used on a nationwide basis.” *Id.* The legislative history uses DUPONT, BUICK and KODAK as examples of famous trademarks that are used on a nationwide basis and familiar to the general public. *Id. See also Restatement, supra* note 70. A trademark is sufficiently famous to be diluted under the FTDA “if the mark retains its source significance when encountered outside the context of the goods or services with which the mark is used by the trademark owner.” *Restatement, supra* note 70, at cmt e.

216. *See Syndicate Sales, 192 F.3d* at 633. Essentially the Seventh Circuit adopted the Niche Market Theory only for cases in which the parties’ products were competing in the same or similar markets: “Cases holding that niche-market fame is insufficient generally address the context in which the plaintiff and defendant are using the mark in separate markets.” *Id.* at 640.

subsequent uses that blur the distinctiveness of the mark or tarnish or disparage it."218 As noted by one court,

Given this Congressional purpose, it seems an odd act of statutory interpretation that permits the owner of a famous mark to prevent dilution by competitors in the owner’s niche market, particularly since in such an instance, relief would already be available in the owner’s market under an infringement theory.219

I. Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.220

Prior to the enactment of the FTDA, the United States Court of Appeals for the Second Circuit decided a seminal dilution case under the New York state anti-dilution statute that addressed the issues underlying the conflict between the Niche Market Theory and the General Public Theory.221 In *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*, the plaintiff argued that Toyota’s decision to use LEXUS on a new line of luxury cars would cause dilution of the uniqueness of its LEXIS trademark for a computerized legal research system.222 Mead presented strong evidence to support the renown of LEXIS in the relevant market of attorneys and accountants.223 However, with regard to the general adult population, LEXIS was recognized by only one percent of those surveyed, with half of that percent being attorneys or accountants.224 Nevertheless, the United States District Court for the Southern District of New York enjoined Toyota from using LEXUS as the brand for its new luxury car under New York’s anti-dilution statute.225

On appeal, the Second Circuit reversed, citing a lack of the requisite fame for relief under the FTDA.226 The court rejected the concept of fame within a niche market: “[T]he fact that a mark has selling power in a limited geographical or commercial area does not endow it with secondary meaning for the public generally.”227 By examining the leg-

220. 875 F.2d 1026 (2d Cir. 1989).
221. Id.
222. Id.
223. Id. at 1028. “[T]he district court accepted studies that 76 percent of all attorneys associated LEXIS with specific attributes of the service provided by Mead.” Id.
224. Id.
226. *Mead Data*, 875 F.2d at 1031. “It is quite apparent that the general public associates nothing with LEXIS . . . [therefore] we hold that Toyota did not violate [New York’s anti-dilution statute].” Id.
227. Id. at 1030.
islative history behind the New York statute, the Second Circuit con-
cluded that dilution was intended to prevent "the whittling away of an
established trademark's selling power and value through its unautho-
rized use by others upon dissimilar products." Consequently, the
court held that "if a mark circulates only in a limited market, it is
unlikely to be associated generally with the mark for a dissimilar prod-
uct circulating elsewhere." Thus, the court determined that LEXIS
had no distinctive quality that LEXUS would dilute because the gen-
eral public did not recognize or associate the LEXIS mark with any-
thing else. Even though the parties were operating in two separate
markets, there was no danger of dilution because the general public
was not familiar with the LEXIS mark. Therefore, LEXIS was not
entitled to state dilution protection because it was neither distinctive
nor famous to the general public.

The concurring opinion of Judge Sweet is significant in the evolu-
tion of dilution jurisprudence. The core objection of the concur-
rence to the majority's approach was that it limited dilution protection
to nationally famous marks because a strong mark capable of dilution
is a threshold requirement that must be satisfied to state a claim for
dilution. If the fame requirement is analyzed under the General
Public Theory, then the FTDA will "afford protection only to the
most notorious of all marks." The concurrence argued that if a
trademark has a strong selling power among its "consuming public,"
its lack of selling power for the "non-consuming public" should not
result in a denial of dilution relief. In response to the belief that
FTDA protection should extend beyond the most famous marks, the
concurring judge articulated a test for courts to use to ascertain when
dilution by blurring has occurred.

228. Id. at 1028 (emphasis in original).
229. Id. at 1031.
230. Mead Data, 875 F.2d at 1031. The distinctiveness "LEXIS possesses is limited to the
narrow market of attorneys and accountants. Moreover, the process which LEXIS represents is
widely disparate from the product represented by LEXUS. For the general public, LEXIS has
no distinctive quality that LEXUS will dilute." Id.
231. Id. at 1028.
232. Id. at 1031.
233. Id. at 1033 (Sweet, J., concurring).
234. Mead Data, 875 F.2d at 1033.
236. Mead Data, 875 F.2d at 1033 (Sweet, J., concurring).
237. Id. at 1035. The "Sweet Factors" for dilution by blurring are as follows: (1) similarity of
the mark; (2) similarity of the products covered by the marks; (3) sophistication of consumers;
(4) predatory intent; (5) renown of the senior mark; and (6) renown of the junior mark. Id.
2. I.P. Lund Trading v. Kohler Co.\(^\text{238}\)

The United States Court of Appeals for the First Circuit was the first to cast its vote on the side of the General Public Theory subsequent to enactment of the FTDA in *I.P. Lund v. Kohler Co.*\(^\text{239}\) The trade dress at issue concerned plaintiff’s VOLA water faucet versus defendant’s FALLING WATER FAUCET.\(^\text{240}\) I.P. Lund manufactured bathroom and kitchen fixtures and accessories, including faucets.\(^\text{241}\) Kohler was the largest supplier of plumbing fixtures in the country at that time.\(^\text{242}\) I.P. Lund sought to protect its VOLA faucet that was designed by a noted architect and had been displayed nationally in magazines after receiving numerous awards.\(^\text{243}\) The evidence suggested that Kohler modeled its faucet after the plaintiff’s faucet with some identifiable differences.\(^\text{244}\)

The United States District Court for the District of Massachusetts denied the plaintiff’s infringement claim but granted a preliminary injunction based on the likelihood of success on the FTDA claim.\(^\text{245}\) Defendant Kohler Company appealed the decision prohibiting them from selling their FALLING WATER FAUCET.\(^\text{246}\) On appeal, the United States Court of Appeals for the First Circuit affirmed the lower court’s decision with respect to the infringement claim but reversed the dilution claim, finding that the trade dress at issue did not possess the requisite degree of fame necessary under the FTDA.\(^\text{247}\)

The court relied on legislative history for the following proposition:

> Archetypal problems [of dilution] involve non-competing products as to which there could, by definition, be no confusion and a world-famous brand name which was either tarnished or blurred by its application to a different product which was obviously trading on the good will of that name.\(^\text{248}\)

\(^{238}\) 163 F.3d 27 (1st Cir. 1998).

\(^{239}\) Id.

\(^{240}\) Id. at 32.

\(^{241}\) *I.P. Lund*, 163 F.3d at 34.

\(^{242}\) Id.

\(^{243}\) Id.

\(^{244}\) Id. at 34. The dissimilarities found by the district court included the “faucets’ handles, a rounded lever . . . compared to a flat lever . . . and a rounded bonnet compared . . . to no bonnet.” Id. The court also held that the “housemarks, “VOLA” and “KOHLER,” are clearly dissimilar and are prominently displayed on the faucets.” Id.


\(^{246}\) See *I.P. Lund*, 163 F.3d at 32.

\(^{247}\) Id. at 51.

\(^{248}\) Id. at 45 (relying on 141 CONG. REC. S19306, S19310 (daily ed. Dec. 29, 1995) (statement of Sen. Orrin Hatch)).
The reference to a "world-famous" brand name implies that a trademark must be famous to the general public before it should be entitled to FTDA protection. Furthermore, the Trademark Review Commission stated that "the showing of fame required employment of a 'higher standard' than fame among an 'appreciable number of persons' in order to be 'eligible for this extraordinary remedy.'" Relying on this reasoning, the First Circuit rejected the district court's finding that fame within a niche market was sufficient to state a claim under the FTDA. "[N]ational renown is an important factor in determining whether a mark qualifies as famous under the FTDA." Although "in the world of interior design and high-end bathroom fixtures, the VOLA is renowned, and [it] has been featured and advertised in national magazines and displayed in museums," the plaintiff failed to meet the "rigorous standard for fame" under the FTDA.

Essentially, the First Circuit was only willing to offer FTDA protection to trademarks that qualify as "supermarks," such as COCA-COLA. The implication in *I.P. Lund* is that a trademark will only be able to meet this high burden of proof by attaining national or international renown, and therefore being famous to the general public. By limiting relief to that elite category of marks, the First Circuit was assuring that the extraordinary remedy provided by the FTDA was limited so as to maintain the distinction between infringement and dilution theories. In other words, "[d]ilution laws are intended to address specific harms; they are not intended to serve as a mere fallback protection for trademark owners unable to prove trademark infringement."
3. Avery Dennison Corp. v. Sumpton

The United States Court of Appeals for the Ninth Circuit applied a similarly restrictive version of the fame requirement in *Avery Dennison Corp. v. Sumpton.* Avery owned registered trademarks for AVERY and DENNISON for office supplies and industrial fasteners. The AVERY mark was in continuous use since the 1930s and the DENNISON mark was in use since the late 1800s. Sumpton, the president of Mailbank, was an Internet e-mail provider who charged users a fee to obtain a “vanity e-mail” address and then registered the domain names for its customers. The plaintiff initiated its federal dilution claim when defendant registered the domain names AVERY.NET and DENNISON.NET. Avery markets its products on the Internet and has registered the domain names AVERY.COM and AVERYDENNISON.COM.

The United States District Court for the Central District of California held that Sumpton’s maintenance of the registrations for the domain names at issue diluted Avery’s corresponding trademarks. The lower court relied on the fact that both AVERY and DENNISON had acquired distinctiveness for the relevant market of purchasers of office supplies. Consequently, Sumpton was ordered to transfer the domain name registrations to Avery Dennison in exchange for $300 each.

The Ninth Circuit rejected proof of the trademarks’ distinctiveness within the office supply market as sufficient to establish fame, stating that “[i]f all marks are distinctive, and a showing of distinctiveness meets the element of fame, what marks would be outside the protection of the FTDA?” The court strictly interpreted the fame requirement and held that even though four of the eight statutory factors were met, the plaintiff failed to show the requisite degree of

257. 189 F.3d 868 (9th Cir. 1999).
258. Id.
259. Id. at 873. “AVERY” has been registered since since 1963 and “DENNISON” has been registered since 1908. Id.
260. Id.
261. Avery Dennison, 189 F.3d at 872.
262. Id. Users must pay an initial fee of $19.95 and then $4.95 for each year of continued use of the service. Id.
263. Id. The court noted that most domain names are common surnames, hobbies, careers, pets, sports interests, favorite music, or business related names. Id. at 872.
264. Avery Dennison, 189 F.3d at 872.
266. Avery Dennison, 189 F.3d at 871.
267. Id.
268. Id. at 876.
fame for FTDA protection. Avery failed to meet its burden of proof because although "fame in a 'specialized market segment' might be adequate if the 'diluting uses are directed narrowly at the same market segment . . .[,]" Avery provided no evidence of customer overlap or that defendant's customers possessed any degree of recognition of plaintiff's marks." In addition, the Ninth Circuit felt widespread third party use of the names AVERY and DENNISON mitigated against finding that plaintiff's marks were famous under the FTDA.

The Ninth Circuit justified its strict scrutiny of the fame requirement by reiterating the role of the fame requirement in reinstituting the balance in the Lanham Act to avoid over-protecting trademarks. This case illustrates a classic dilution scenario because the parties' marks were placed on non-competing goods in unrelated markets, namely the office supply market and the e-mail market. The Ninth Circuit found the plaintiff's marks were not famous despite their acquired secondary meaning and distinctiveness in the niche market of office supplies. Avery failed to show that its trademark possessed any degree of recognition among e-mail users or that Sumpton directed its e-mail services at Avery's customer base. In order to avoid granting "rights in gross" in a trademark, the Ninth Circuit held that the plaintiff must prove something more than inherent or acquired distinctiveness.


The United States Court of Appeals for the Eleventh Circuit expressed its approval of the General Public Theory for fame by affirming the United States District Court for the Southern District of Florida's decision in Michael Caruso & Co., Inc. v. Estefan Enter-

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269. For the statutory fame factors, see supra note 116.
270. Avery Dennison, 189 F.3d at 877-78.
271. Id. at 878.
272. Id. at 875.
273. Id. at 878. "[Sumpton's] sought-after customer base is Internet users who desire vanity e-mail addresses, and Avery Dennison's customer base includes purchasers of office products and industrial fasteners." Id.
274. Avery Dennison, 189 F.3d at 876-77:
Applying the famousness factors from the [FTDA] to the facts of the case at bench, we conclude that Avery Dennison likely establishes acquired distinctiveness in the "Avery" and "Dennison" trademarks but goes no further. Because the [FTDA] requires a showing greater than distinctiveness to meet the threshold requirement of fame, as a matter of law Avery Dennison has failed to fulfill this burden.
275. Id. at 878.
276. Id. at 875.
prises, Inc. In the Caruso case, the trademarks at issue were BONGO for junior girls' clothing and BONGO'S CUBAN CAFÉ, a restaurant and souvenir shop at Walt Disney World. The United States District Court for the Southern District of Florida denied the plaintiff's motion for a preliminary injunction based on a failure to demonstrate a likelihood of success on the merits of its claims. Subsequently, the Eleventh Circuit affirmed the lower court's decision and denied any relief based on a federal dilution action.

The district court rejected the plaintiff's dilution claim because even though BONGO may have been inherently distinctive in the market of juniors' clothing, it did not rise to the level of fame engendered by trademarks such as BUICK or DUPONT. The parties' marks were operating in completely separate markets; therefore, unless the plaintiff's mark was proven to be generally famous, there was no danger of dilution by blurring. The lower court implicitly adopted the requirement that fame must be present within the general public to receive federal dilution protection: "Even if a mark is distinctive in its particular market, it does not render it inherently distinctive so as to engender immediate recognition in the general public of a particular product." Although BONGO may be a distinctive trademark for the junior clothing market, it is not so famous that a similar mark used in the tourist market would cause dilution of its distinctiveness.

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278. See Caruso, 994 F. Supp. at 1463.
279. Id. at 1457.
280. Id. at 1465.
281. Caruso, 166 F.3d at 353. The Eleventh Circuit has not squarely confronted the issue of whether fame within a niche market is sufficient for protection under the FTDA. Its affirmation of this case may suggest the court's tendency to be leaning in the direction of adopting the General Public Theory for fame under the FTDA in the near future.
282. Caruso, 994 F. Supp. at 1463. See also Golden Bear Intern, Inc. v. Bear U.S.A., Inc., 969 F. Supp. 742, 749 (N.D. Ga. 1996) (denying dilution relief based on lack of fame because although the "Golden Bear" mark is distinctive in a particular market, it "certainly does not rise to the level of marks such as Exxon, Kodak, and Coca-Cola which have been found to be generally famous").
283. Id. at 1463-4. See Carnival Corp. v. SeaEscape Casino Cruises, Inc., 74 F. Supp. 2d 1261, 1267 (S.D. Fl. 1999) (requiring fame among the general public for dilution protection where parties are operating in the unrelated contexts of the "vacation market" and the "day-cruise market").
284. Caruso, 994 F. Supp. at 1463 (holding that "[t]he Court finds that plaintiff's mark is not so inherently distinctive and famous as to rise to the level of "Buick" or "DuPont").
285. Id. (quoting King of the Mountain Sports, 968 F. Supp. at 578).
286. Id. at 1464. "Because plaintiff's mark is not famous and dilution is not likely to occur, plaintiff is not substantially likely to succeed on the merits of its federal trade dilution claim." Id.
IV. Analysis

The Niche Market Theory and General Public Theory have each garnered their respective advocates and critics. While it is not yet apparent which one will emerge as the dominant approach, it is clear that the decision rests on the interpretation of the fame requirement of the Federal Trademark Dilution Act (FTDA), because “[w]ithout such a requirement, an anti-dilution statute becomes a rogue law that turns every trademark, no matter how weak, into an anti-competitive weapon.”

A. Arguments in Favor of the Niche Market Theory

Proponents of the Niche Market Theory claim that it is based on the FTDA’s fame factor (f), which states that fame may be found within the “trading areas and channels of trade used by the mark’s owner and the person against whom the injunction is sought.” Therefore, if two parties are competing in the same or related markets, renown within that specialized market will be enough to satisfy factor (f) and may be indicative of fame, thus satisfying the FTDA’s statutory criteria. The theory only works, however, when the parties are competing in the same or closely related markets; otherwise, fame on a substantially broader basis is necessary for dilution to occur. There are a few plausible arguments in favor of accepting fame as defined by the Niche Market Theory.

1. The Niche Market Theory Provides a Framework for Applying the FTDA

The language of the FTDA is admittedly vague and offers only a skeleton of how Congress viewed the cause of action. Moreover,
judges have struggled with dilution because there is little direction, beyond the list of fame factors and the general definitions in the Lanham Act, for applying the FTDA. The Niche Market Theory proposes a method for determining fame that is relatively easy to apply, despite the fact that it relies solely on a judge’s discretion. To determine whether a trademark is famous, the judge must look at the market in which each party is competing. If the parties are competing in the same market, then the court may rely on evidence, such as consumer surveys, that demonstrates whether the mark is famous within the boundaries of that specialized market. If the parties are competing in unrelated markets, the plaintiff must provide evidence of fame on a more substantial basis, showing national or even global renown of his mark. Therefore, the crux of a dilution inquiry under the Niche Market Theory is defining the market in which fame must appear.

2. The Niche Market Theory Protects the Owner’s Investment in His Trademark

The Niche Market Theory also provides protection for the owner’s proprietary interest and offers incentives for developing the fame of a mark. Many people remain uncomfortable with the idea of protecting the value of a trademark rather than its signaling capacity to avoid consumer confusion. However, the FTDA is federal law, and it requires courts, to a limited extent, to protect the owner’s property...
rights in the selling value of his trademark. Ideally, courts should strive to offer enough incentive in the form of protection for famous marks to reward the owner's investment and ensure fair competition, while not providing so much protection that free competition or free expression is stifled. Because it safeguards the owner's property rights, the Niche Market Theory is consistent with dilution theory.

3. The Niche Market Theory Provides a Secondary Benefit to Consumers

It may also be argued that the consumer receives an indirect benefit from the development of a famous trademark. In order to become famous, the mark owner must expend substantial time and money in educating the public about his product and ensuring that its quality is consistent to encourage consumers to engage in repeat purchases. The consumer benefits because the product represented by the famous trademark is likely to be of a consistently high quality in order to stimulate future purchases by the same consumer. Consequently, even though dilution is primarily aimed at protecting the owner's proprietary interest in his investment, a mark's fame provides a secondary benefit to the consumer in the form of high quality goods and services.

4. The FTDA Does Not Limit Protection to Non-Competing Goods or Services

Although the FTDA does not require a likelihood of confusion, it also does not preclude dilution protection when the goods are competing in the same market. In Nabisco v. PF Brands, the Second Circuit acknowledged that dilution may occur when the parties are

299. See generally Ringling Bros., 170 F.3d at 449.
300. See generally Alex Kozinski, Trademarks Unplugged, 68 N.Y.U. L. REV. 960 (1993). See also WIPO, PROTECTION AGAINST UNFAIR COMPETITION: ANALYSIS OF THE PRESENT WORLD SITUATION (1994); RESTATEMENT, supra note 70, at § 25 cmt. b. "Some courts, and numerous commentators, [have] expressed fear that the uncertain limits of the anti-dilution cause of action would unduly expand the ability of trademark owners to monopolize language and inhibit free competition." Id.
301. See generally, Swann, supra note 43, at 758:
One of the benefits of a strong mark—and an aspect of its value—is the owner's well earned capacity to achieve a high degree of consumer recognition (and response) with less costly forms of advertising than had been necessary to establish the mark's strength [or to get 'dramatically more impact' from the same 'communications budget'].
Id. (quoting Dreyfus Fund, 525 F. Supp. at 1115).
302. See supra note 32 and accompanying text.
303. See 15 U.S.C. § 1125(c). The statutory language does not limit FTDA protection to trademarks in competition within the same market.
competing in the same market or in different markets. In order for infringement to occur, consumers must be confused as to the source or sponsorship of goods or services. If consumer confusion is present, the plaintiff may bring an action for infringement of the goodwill of his trademark.

As previously discussed, the mental state required for dilution is typically inconsistent with that of consumer confusion. In a dilution case, a consumer is not confused as to the source or sponsorship of the trademark. Indeed, the public instinctively associates the junior use with the senior’s mark, and consequently, the uniqueness of the senior’s mark as a selling agent for its products is diminished. Therefore, it is possible, especially if the specialized market is narrowly defined, that although some consumers within the niche are confused, others are not confused but associate the defendant’s mark with the plaintiff’s mark. In Nabisco, the Second Circuit recognized that “the closer the products are to one another, the greater the likelihood of both confusion and dilution.” Therefore, the Niche Market Theory may be appropriate when parties are competing in the same market, and most courts that have adopted the theory have confined its use to this context.

However, criticism leveled at the Niche Market Theory centers around judicial reluctance to fully address the fame requirement and reliance on the likelihood of confusion standard to provide relief under the FTDA. Many courts are merely paying lip service to the explicit requirements of the FTDA statute and continue to address the issue of consumer confusion despite the intentional congressional omission of a confusion requirement in the statutory language. For

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304. See Nabisco, 191 F.3d at 222. “[D]ilution can occur where the junior mark’s use competes directly with the senior’s as well as where the junior use is in a non-competing market.” Id.
305. See supra notes 26-42 and accompanying text.
307. See McCarthy, supra note 15, at § 24:70 (stating that the “connection is not the kind of mental link between the parties that triggers the classic likelihood of confusion text”).
308. Id.
309. Id. McCarthy suggests that it is possible for dilution and infringement to occur simultaneously in the consuming public even though each requires a separate mental state. Id.
310. Nabisco, 191 F.3d at 222.
311. See Syndicate Sales, 192 F.3d at 640-641 (“On remand, the district court should consider whether, in the market as we have defined it in the case, Syndicate Sales’ trade dress is sufficiently famous.”); Times Mirror, 212 F.3d at 173 (“The niche market theory risks lowering the bar for trademark protection unless it is applied prudently to cases which clearly call for such analysis.”).
312. See Times Mirror, 212 F.3d at 172 (Barry, J., dissenting). “Unless courts strictly adhere to the admittedly vague dictates of the [FTDA], federal dilution protection will surely give rise to a broad regime of trademark rights in gross.” Id.
example, in *Nabisco*, the Second Circuit explained that consumer con-
fusion is not a requirement for finding dilution but went on to state
that "consumer confusion would undoubtedly dilute the distinctive
selling power of the mark." The court's finding that dilution may
occur on competing and non-competing goods bolsters the argument
that the Niche Market Theory is a way for courts to continue to apply
the consumer confusion analysis, albeit in disguise.

5. The Niche Market Theory Broadens the Scope of Protection for
   Trademarks

Finally, the Niche Market Theory is beneficial to trademark owners
because it broadens the scope of protection under the FTDA. The
legislative history points out that "courts should be discerning and se-
lective in dubbing a mark 'famous' so as to qualify for protection
against dilution." However, if the legislative intent is applied liter-
ally, dilution protection will only be bestowed upon an elite class of
"supermarks." The concurring opinion in *Mead Data* criticized
such a literal interpretation of the fame requirement because then
FTDA protection would be confined "only to the most notorious of all
marks." In a pre-FTDA examination of trademarks capable of di-
lution, the concurring judge argued for a wider range of protection; if
a trademark has a strong selling power among its "consuming public,"
its lack of selling power for the "non-consuming public" should not
result in a denial of dilution relief. Presumably, the "consuming
public" language suggests that marks that are well known within their
niche market are famous enough for purposes of federal dilution
protection.

It is irrefutable that Congress did not intend for every trademark to
be eligible for protection under the FTDA. However, it is also
questionable whether Congress would reserve dilution protection for
an extremely elite class of supermarks. It is hard to believe that any-
thing would undermine the selling power of trademark giants such as

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313. *See Nabisco*, 191 F.3d at 219. The court went on to say that "[a] junior use that confuses
consumers as to which mark is which surely dilutes the distinctiveness of the senior mark." *Id.*
314. *McCarthv, supra* note 15, at § 24:109, 24-212 (examining the legislative history to deter-
mine how strong a mark must be to deserve dilution protection).
315. *See supra* notes 238-256 (discussing *I.P. Lund*, in which the First Circuit confined its
definition of fame to those trademarks or "supermarks" famous enough to be recognized by the
general public).
316. *Mead Data*, 875 F.2d at 1033 (Sweet, J., concurring).
317. *Id.*
318. *See McCarthv, supra* note 15 at § 24:109 (discussing the legislative history of the
FTDA). *See also* H.R. REP. NO. 104-374 at 3-4.
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Coca-Cola and Budweiser. To return to the case discussed in the introduction to this Comment, it is unlikely that a small, non-profit, floral organization's use of This Bud's For You would seriously undermine the selling power of Anheuser-Busch's trademark. The extensive time and money spent on advertising to attain the fame of supermarks seems to cut against any diminution in the selling power of the marks. Consequently, owners of such supermarks may not need the extra protection dilution offers.

It is plausible that Congress intended the FTDA to apply to more than the trademark giants and that offering protection to marks that are famous within a niche market is consistent with the idea of protecting the proprietary interest of the trademark owner. Indeed, it is the small and medium-sized business owners that will likely be harmed by the diminution in the selling power of their marks from an unauthorized use. Therefore, it seems within the spirit of the FTDA to award protection against the dilution of a mark, even if it is only famous within a specialized niche.

B. Arguments in Favor of the General Public Theory

There are also compelling arguments for rejecting the Niche Market Theory and adopting the General Public Theory as the standard for identifying famous marks for federal dilution protection. The arguments for general public fame center around congressional intent and avoiding the creation of exclusive property rights in gross for the trademark owner. This Comment advocates rejection of the Niche Market Theory because it amounts to a likelihood of confusion analysis in disguise and, in turn, creates perpetual monopolies for owners of famous trademarks.

1. The Niche Market Theory is Inconsistent with Congressional Intent

One reason for rejecting the Niche Market Theory is that it is clearly at odds with the congressional intent underlying the purpose of the FTDA. In Professor Schechter's initial articulation of dilution, he described brands that were "nationally famous among consumers generally." Based largely upon Schechter's ideas, Congress created the federal dilution statute to be a "highly selective federal cause of action," reserved for a "limited category of trademarks . . . which are

319. See supra notes 1-18 and accompanying text.
... truly famous and ... deserving of national protection from dilu-
tion."322 Congress noted that "[a] federal dilution statute is necessary
because famous marks ordinarily are used on a nationwide basis."323
Furthermore, the examples of famous trademarks set forth in the
Congressional record include DUPONT, BUICK, and KODAK,324 all
of which are marks used on a national, if not global, basis and are,
therefore, famous to the general public. As the First Circuit noted in
I.P. Lund, the FTDA was intended to address dilution of "world fa-
mous brand name[s] which [were] either tarnished or blurred by
[their] application to a different product."325 If a trademark is a world
famous brand name, it must be "truly famous" for a "substantial por-
tion" of consumers in the United States.326

It is contradictory to say that a trademark recognized within a single
niche market is "truly famous" to a "substantial portion" of the
United States. By its definition, the Niche Market Theory concedes
that a mark is not famous to the general public and is only recognized
by a limited group of consumers.327 For example, the Second Circuit
refused to find Mead Data's LEXIS trademark famous enough to be
diluted because "only one percent of the general population associates
LEXIS with the attributes of Mead's service, [and therefore] it cannot
be said that LEXIS identifies that service to the general public."328
Thus, establishing recognition of a trademark within a niche market
falls well below the high burden of proof placed on a plaintiff seeking
protection under the FTDA.329

322. USTA Report, supra note 12, at 455.
323. See H.R. REP. No. 104-374, at 3.
324. Id.
325. I.P. Lund, 163 F.3d at 45 (quoting 141 CONG. REC. S19310 (Dec. 29, 1995) (statement of
Sen. Orrin Hatch) (emphasis added)).
327. See Times Mirror, 212 F.3d at 157. In its acceptance of the Niche Market Theory, the
Third Circuit stated, "We are not persuaded that a mark not famous to the general public is
nevertheless entitled to protection from dilution where both the plaintiff and defendant are op-
erating in the same or related markets, so long as the plaintiff's mark possesses a high degree of
fame in its niche market." Id. at 164.
328. See Mead Data, 875 F.2d at 1031. The Second Circuit found that Mead Data was not
entitled to relief because its trademark was not diluted under the requirements of New York's
anti-dilution statute. Id. at 1032.
329. See RESTATEMENT, supra note 70, at § 25 cmt. c:
Not all trademarks warrant protection against a dilution of the mark's distinctiveness.
In applying the anti-dilution statutes, most courts require that the mark possess a de-
gree of distinctiveness beyond that needed for the designation to qualify as a valid
trademark. As a general matter, a trademark is sufficiently distinctive to be diluted by
a nonconfusing use if the mark retains its source significance when encountered outside
the context of goods or services with which the mark is used by the trademark owner.
Id.
In addition to a congressional intent to create a highly selective cause of action, neither the language of the FTDA nor the legislative history contemplate fame in a market smaller than the general public.\textsuperscript{330} Dilution was intended to be used in a highly discriminatory fashion to preserve the distinction between traditional infringement law and dilution law.\textsuperscript{331} The language of the FTDA does not provide a factor indicating the requisite fame if there is "fame within in a niche or specialized market."\textsuperscript{332} Therefore, the only conclusion that can be drawn from these significant omissions is that Congress intended for the courts to restrict federal dilution relief to the heavyweights of trademark practice, which are those supermarks that are essentially household names to the general public.\textsuperscript{333} Anything less than fame within the general public does not clear the high hurdle contemplated in the legislative history; therefore, the Niche Market Theory is incompatible with the purposes underlying the FTDA.

2. The Niche Market Theory Poses a Problem in Defining a Market for Fame

A related problem with the premise of the Niche Market Theory is that judges must define the boundaries of the specialized market before they can determine whether the plaintiff's mark is famous within it. Due to the fact that the FTDA does not incorporate a niche market analysis into its language, judges applying the theory are left without guidance as to how the specialized market should be defined.\textsuperscript{334} Therefore, the central tenet of the FTDA analysis is entirely within the judge's discretion; a determination of how narrowly or broadly the market is defined must proceed on an ad hoc basis with-
out any support in the statutory language. The dissent in *Times Mirror* criticized the notion of allowing judges free rein to define the specialized market as an insurmountable hurdle to applying the Niche Market Theory. The dissent argued that the "fundamental problem with the majority's application of the [N]iche [M]arket [T]heory . . . is that hard to conceive of any consumer goods or services that are not in a narrow market of some type, be it luxury cars, cameras or sporting publications." Essentially, any trademark can be famous depending on how narrowly the market is defined. This clearly poses a problem for limiting the class of elite marks eligible for protection under the FTDA and is consequently inconsistent with congressional intent. Because the Niche Market Theory requires courts to define the boundaries of the specialized market and requires judicial manipulation of the fame requirement, it should be rejected as a means for analyzing claims under the FTDA.

3. The Niche Market Theory Threatens Free Competition

Trademark law is designed to maintain the delicate balance between free competition and fair competition. Prior to the enactment of dilution statutes, an owner could only protect the signaling capacity of his trademark, thereby preserving its goodwill and preventing consumer confusion, deception, and mistake. In contrast, dilution recognizes the inherent value in a trademark as a selling agent for the owner's products and, therefore, protects the proprietary investment in a mark. While the idea of trademarks as lucrative business assets may accurately reflect their function in a modern economy, "this type

335. *Id.* The Restatement suggests a limit to the judge's discretion by stating that if a trademark has obtained fame within a niche, "protection against dilution of the mark's distinctiveness is ordinarily appropriate only against uses specifically directed at that particular class of purchasers." *Id.*


337. *Id.* at 174 ("It is possible to find virtually any mark to be 'famous' within some market, depending on how narrowly that market is defined.").


339. See *supra* notes 26-42 and accompanying text.

340. See Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co., 316 U.S. 203, 205 (1942) (noting that "[a] trademark is a merchandising short-cut which induces a purchaser to select what he wants, or what he has been led to believe he wants"). See generally *Ringling Bros.*, 170 F.3d at 449 (recognizing the owner's proprietary interest in his trademark); see also S. Rep. No. 1333, at 3 (1946), reprinted in 1946 U.S.C.C.A.N. 1274 (describing the dual purposes of trademark law as consumer protection and safeguarding the owner's investment in a mark from misappropriation by others).
of approach runs contrary to the historical purposes of trademark law that recognizes [sic] the need in every case to weigh the rights of the plaintiff against those of the defendant.\(^3\) However, the FTDA is not designed to weigh the relative interests between free and fair competition. Its sole purpose is to reward and preserve the uniqueness and, therefore, the selling capacity of famous trademarks.\(^3\) This is dangerous for the traditional scheme of intellectual property protection because, as the Ninth Circuit noted in *Avery Dennison*, dilution threatens to "upset the balance in favor of over-protecting trademarks at the expense of non-infringing uses."\(^3\) If fame is only proven to exist within a niche market, the danger of the mark having anticompetitive effects is significantly increased.\(^3\) Consequently, courts must realize that "[dilution] is a potent legal tool, which must be carefully used as a scalpel, not a sledgehammer."\(^3\) If courts heed the warnings of Congress and apply dilution in a highly selective manner, then the Niche Market Theory should be abandoned as an unnecessary and unreasonable danger to free and fair competition.

4. The Niche Market Theory Creates Exclusive Rights in Gross for Trademarks

Many critics of the Niche Market Theory have cited the "extraordinary remedy" the FTDA provides as one of their main concerns.\(^3\) As initially conceived by Schechter, "there is no property in a trademark apart from the business or trade in connection with which it is employed."\(^3\) The danger in recognizing and protecting the proprietary interest in an owner's mark is the creation of exclusive rights in gross.\(^3\) Upon federal registration of a trademark, the owner receives the right to use the mark to sell his products without interference from

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\(^3\) See Handler, *supra* note 287, at 282.

\(^3\) See *Ringling Bros.*, 170 F.3d at 449. The Fourth Circuit's restrictive interpretation of the FTDA requirements includes "an actual lessening of the mark's selling power, expressed as 'its capacity to identify and distinguish goods or services.'" Id. at 458.

\(^3\) *Avery Dennison*, 189 F.3d at 875.

\(^3\) See generally Ablin & Koshy, *supra* note 9, at 69. "Judicial reaction was hostile. Dilution represented a very powerful weapon with which to protect trademark rights. Courts feared that dilution rights might effectively give trademark owners monopolies in their marks, a concept that was inconsistent with the country's strong preference for a competitive, market-based economy." Id.

\(^3\) See *McCarthy*, *supra* note 15, at § 24:114.

\(^3\) The Fourth Circuit addressed this concern in *Ringling Bros.*, and held that a plaintiff must prove actual dilution of its famous mark in order to avoid "improperly creating property rights in gross for famous marks." See *Ringling Bros.*, 170 F.3d at 449.


\(^3\) See *Avery Dennison*, 189 F.3d at 875 ("Dilution causes of action, much more so than unfair competition laws, tread very close to granting 'rights in gross' in a trademark.").
confusingly similar marks. Dilution under the FTDA expands those rights to allow the owner of a famous trademark to enjoin use of his mark, even if the use occurs on non-competing goods in an unrelated market where no confusion is likely to occur.

Consequently, the creation of a federal dilution cause of action allows successful plaintiffs to receive nationwide protection from dilution of their famous marks. Because all remedies under the FTDA are subject to the discretion of the judge according to the principles of equity, there is a danger that the scope of the relief may exceed the scope of the trademark's fame if the Niche Market Theory is used. This is because an injunction may apply to the general public, even though fame only exists in a narrowly defined niche market. The dissent in *Times Mirror* suggested that the real danger of the Niche Market Theory was the extensive relief authorized by the FTDA. Essentially, the owner of a famous trademark may enjoin any other use of his mark. Taken to its logical extreme, it is within a court's discretion to issue a blanket injunction for all unauthorized use in any context, even if the plaintiff is only able to prove fame within a narrowly defined niche market. While principles of equity seem to disfavor this result, it is technically possible under the current statutory language. "It may just be a matter of time before dilution eclipses confusion as the gravamen of most federal trademark actions and trademark rights in gross displace consumer confusion as the defining feature of United States Trademark law." Therefore, the Niche Market Theory should be rejected because it has the potential to create exclusive rights in gross for trademarks.

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349. See supra notes 26-42 and accompanying text.
350. See supra note 247 and accompanying text.
352. See 15 U.S.C §§ 1117(a) and 1118.
353. But see Restatement, supra note 70, at § 25 cmt. E.
354. *Times Mirror*, 212 F.3d at 170 (Barry, J., dissenting).
355. See *Times Mirror*, 212 F.3d at 174. "The extensive relief the FTDA authorizes, which gives the owner of the famous mark a virtual monopoly by precluding all others from using the mark 'regardless of the presence or absence of . . . competition between the owner of the famous mark and other parties, or likelihood of confusion,' is itself something federal trademark law had not before seen, and surely was not meant to be accorded to any marginally 'famous' mark." *Id.*
356. See generally Deere & Co., 41 F.3d at 39. Although this case was decided on the basis of New York's anti-dilution statute, it provides a useful analogy. There the Second Circuit held that it was within the district court's discretion to grant a nationwide injunction for a state trademark dilution claim. *Id.* at 41. Although the district court limited injunctive relief to the state of New York, the Second Circuit recognized the lower court's power to grant broad injunctive relief. *Id.*
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5. The Niche Market Theory is a Likelihood of Confusion Analysis in Disguise

The classic dilution case under the FTDA exists when a famous trademark is placed on dissimilar, non-competing goods or services, thereby diminishing the uniqueness and selling power of the senior user's trademark.\(^{358}\) The dissenting opinion in *Times Mirror* succinctly stated the scenario envisioned by Congress:

Congress was quite clear, however, that the FTDA was not designed for situations in which ordinary infringement law provided a remedy but, rather, for those situations in which a truly famous mark on dissimilar products deserves, but cannot receive, protection under infringement law—those situations in which, for example, no one would ever confuse that truly famous mark with the goods or services to which it has been wrongly attached.\(^{359}\)

In contrast, the Niche Market Theory has only been accepted in those cases where the parties' marks are competing within the same or a related market.\(^{360}\) In *Syndicate Sales*, the Seventh Circuit narrowly defined the context in which the Niche Market Theory is appropriate: "Cases stating that niche-market renown is a factor indicating fame address a context... in which the plaintiff and defendant are using the mark in the same or related markets."\(^{361}\) Therefore, the Niche Market Theory is not being used as a means to analyze classic dilution problems in which the parties' marks are operating in separate markets on dissimilar goods. Consequently, courts are reverting to an infringement analysis instead of interpreting and applying the FTDA.

Although trademark owners have embraced the FTDA as a powerful source of protection, courts are still hesitant to apply the dilution theory, despite the fact that it is federal law.\(^{362}\) The Niche Market Theory is a way for judges to conservatively apply the FTDA because dilution relief will only be granted in those cases that also support a finding of consumer confusion. As the Second Circuit stated in *Nabisco*, “[C]onsumer confusion would undoubtedly dilute the dis-

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358. See generally Schechter, *supra* note 43.
359. See *Times Mirror*, 212 F.3d at 174 (Barry, J., dissenting).
360. For examples of cases where the Niche Market Theory was rejected because the parties were operating in separate markets, see *Mead Data*, 875 F.2d at 1026; *I.P. Lund*, 163 F.3d at 27; *Avery Dennison*, 189 F.3d at 868; and *Caruso*, 994 F. Supp. at 1454.
361. *Syndicate Sales*, 192 F.3d at 640. The Seventh Circuit went on further to state that it offered no opinion whether or not the theory was appropriate in cases where the plaintiff and defendant were in separate markets. *Id.* at 640 n.5.
362. See *McCarthy, supra* note 15, at § 24:100 (noting that judges view dilution theory with distaste because they see plaintiffs as trademark owners asking for too much of a zone of exclusivity for the trademark).
tinctive selling power of a trademark." What the court fails to recognize is that consumer confusion is irrelevant to the dilution inquiry. An analysis of any federal dilution claim should focus on the fame requirement and the statutory factors of the FTDA, not whether there is consumer confusion because the parties are operating in the same market. The Niche Market Theory blurs the issue because it places the parties' goods in the same market and allows judges to use the traditional confusion analysis to justify any relief they may award the plaintiff.

Therefore, in its current application, the Niche Market Theory amounts to a likelihood of confusion analysis in disguise. The dissent in Times Mirror used the opinion in Gazette Newspapers as an extreme example of a court that relied solely on its infringement analysis to award dilution relief. After determining that the plaintiff presented enough evidence to establish that consumer confusion was likely, the court stated that the FTDA analysis consists "in large part [of] the same factors [we] have already considered in evaluating plaintiff's claim for trademark infringement." Then the court summarily concluded that the plaintiff was also entitled to dilution relief based on the infringement analysis without any consideration of the elements mandated by the FTDA. This is another example of how courts are using the infringement analysis as a substitute for dilution when the Niche Market Theory would apply.

Another indication that the Niche Market Theory may be nothing more than a confusion analysis in disguise is the test articulated by the concurring opinion in Mead Data. The factors set forth to analyze dilution by blurring are suspiciously similar to the Polaroid factors that form the basis of traditional trademark infringement analysis. Indeed, many courts have rejected the Mead Data factors as inappro-

363. Nabisco, 191 F.3d at 219. Although the court initially acknowledged the fact that likelihood of confusion in not necessary for dilution, it went on to say that "dilution [could] be found in circumstances that would also support an action for infringement." Id.

364. For a discussion of Gazette Newspapers, see supra note 197. For a recent case questioning the Gazette Newspapers decision, see GreenPoint Fin. Corp. v. Sperry & Hutchinson Co., 116 F.Supp. 2d 405 (S.D.N.Y. 2000).


366. Id. at 697. Most significant is the fact that the court did not consider whether the plaintiff's mark satisfied the "famous" requirement.

367. See supra note 237 and accompanying text.

368. Polaroid, 287 F.2d at 495. The Polaroid factors for infringement are as follows: (1) strength of the mark; (2) degree of similarity of the marks; (3) proximity of the products; (4) bridging the gap; (5) actual confusion; (6) junior user's good faith in adopting the mark; (7) quality of the respective goods; and (8) sophistication of the relevant buyers. Id.
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Their criticism stems from the fact that the test seems to be searching for consumer confusion rather than the gradual whittling away of a famous trademark. This supports the claim that judges who are applying the Niche Market Theory continue to use traditional likelihood of confusion analysis, albeit in a backdoor fashion. Judges seem to feel more comfortable finding dilution when there is also a case for infringement. Therefore, by confining the Niche Market Theory to cases where the marks are in competition with each other, the court has an alternative, but erroneous, justification for its decision.

V. IMPACT—FAMOUS TO THE GENERAL PUBLIC

If courts continue to assess federal dilution claims using the Niche Market Theory, the evil that dilution critics have long predicted will become reality: dilution theory will overrun trademark law. An inherent difficulty with the Niche Market Theory stems from the fact that judges are required to define the specialized market in which the plaintiff’s mark is widely recognized. The idea of defining a fame market is omitted from the legislative history and statutory language of the Federal Trademark Dilution Act (FTDA), neither of which mention narrowing the market to anything less than the total universe of consumers. Therefore, the real danger of the Niche Market Theory lies in the potential for judicial manipulation of the dilution doctrine; “it is possible to find virtually any mark to be ‘famous’ within some market, depending on how narrowly that market is defined.”

Moreover, the malleability of the specialized market significantly lowers the burden of proof needed to establish a prima facie case under the FTDA claim. Instead of showing that his mark is “truly famous,” a plaintiff only needs to show that a single group of purchasers can identify his product. This does not even approach the legislative mandate that the FTDA “creates a highly selective federal cause of action to protect . . . marks that are truly famous from dilution.”

369. See Ringling Bros., 170 F.3d at 463-64 (noting that “the Mead factor analysis simply is not appropriate for addressing a claim under the federal Act”); I.P. Lund, 163 F.3d at 49-50; Nabisco, 191 F.3d at 226-27.

370. See also McCarthy, supra note 15, at § 24:94.2 (“These factors are the offspring of classical likelihood of confusion analysis and are not particularly relevant or helpful in resolving the issues of dilution by blurring.”).

371. See Times Mirror, 212 F.3d at 172. Judge Barry noted, “Unless courts strictly adhere to the admittedly vague dictates of the federal dilution statute, federal dilution protection will surely give rise to a broad regime of trademark rights in gross.” Id.

372. Id. at 174.

It is, therefore, contrary to the purpose underlying the FTDA to equate recognition within a niche market to truly famous trademarks.

Furthermore, the Niche Market Theory not only fails to limit protection to the category of marks envisioned by Congress, it is a completely unnecessary facet of federal dilution jurisprudence. Because the theory is only being used in cases where the parties' goods are competing in the same markets, traditional infringement law is available to remedy any harm inflicted on the plaintiff's trademark. This criticism was supported by the dissent in *Times Mirror*: "The unauthorized use of a mark in the same or a similar market is precisely what good old-fashioned infringement principles have traditionally been there to remedy once actual confusion or likelihood of confusion has been shown, and there is simply no need for dilution principles." 374

Consequently, if a plaintiff fears the selling power of his mark is being compromised by a use on competing goods within the same market, his relief lies in enjoining the defendant's use under infringement theory. 375 Dilution, on the other hand, results in an injury that is materially different than the harm caused by traditional infringement. Although consumer confusion is absent, "unauthorized use of a famous mark reduces the public's perception that the mark signifies something unique, singular, or particular." 376 The essence of preventing dilution is to preserve the pizzazz that famous marks have in the public eye. If, however, the plaintiff's injury is caused by a similar good, competing in the same market, the relevant cause of action is for infringement, not dilution.

If federal dilution actions are limited to those supermarks that warrant FTDA protection, the fame requirement must be the quintessential factor of judicial analysis. The courts must rigorously examine and scrutinize the plaintiff's evidence of fame. Moreover, a trademark should be considered famous only if it has a notorious and widespread reputation among consumers. A famous trademark is essentially a household name, something that all consumers are familiar with even if they do not purchase the goods bearing the famous trademark. The relevant market in which fame must exist is the general public, essentially the national or global spectrum of all consumers who are present in society at any given period of time.

374. Id. at 174.
375. Id. "[I]f the parties here operate within the sporting periodicals market, then this case . . . is a garden variety infringement case." Id.
Consequently, only the trademark giants should be able to satisfy the fame requirement of the FTDA. Because famous trademarks transcend their source identification function to become virtual cultural icons, the federal courts should not find it difficult to identify such marks for protection. Trademarks that have achieved fame inundate our senses on a daily basis: COCA-COLA, MCDONALDS, NIKE, and BUDWEISER are examples of trademarks that are famous to all consumers. They go beyond communicating to the consumer the source of the goods; instead, these marks project an image that appeals to consumers who consequently choose to purchase the product based on the status it symbolizes. However, this level of widespread fame can only be achieved when the mark is famous to society as a whole, on a national, or even global, basis.

At least one commentator has suggested that the FTDA should be amended to require that marks be famous to the general public in order to state a claim for relief. This commentator justified the amendment, stating that “[i]t is more relevant to a trademark’s fame that the general public recognizes the mark as referring to a particular brand of goods or services moving in a specialized market than it is for persons within that market to recognize the mark.” Other commentators have posited bright-line tests that would require an FTDA plaintiff to establish fame for a percentage of the population through nationwide consumer surveys.

This Comment advocates the judicial adoption of a general public test to identify the class of supermarks that should be eligible for FTDA protection. Although a uniform definition of fame may not be feasible, short of an amendment to the FTDA, we should trust that courts will know famous trademarks when they see them.

377. See Becker, supra note 18, at 1460 (proposing, in addition to other statutory amendments, that the current factor (f) in the FTDA be altered to read “the degree to which the general public recognizes the mark as famous”).
378. Id. Becker also rejects fame within a niche market as sufficient to satisfy fame in the general public. Id.
380. See Jacobellis v. Ohio, 378 U.S. 184, 197 (1964). Trusting courts to recognize fame even though they may not be able to agree on its definition is analogous to how the Supreme Court treats obscenity. The famous quote in Justice Stewart’s concurrence succinctly states this idea: I shall not today attempt to define the kinds of material I understand to be embraced within that shorthand description [of obscenity]; and perhaps I could never succeed in intelligibly doing so. But I know it when I see it, and the motion picture involved in this case is not that.
Id. at 197 (Stewart, J., concurring).
A. The General Public Test

In its analysis of fame, courts should assess and balance a number of factors to determine the amount of fame achieved by the trademark. The following are possible factors to measure the mark's fame among the general public that could be used in conjunction with the existing statutory factors.

1. Advertising

The rationale underlying the FTDA is to protect the proprietary interest that the owner has invested in his famous trademark. Therefore, courts should assess both the quantitative and qualitative advertising efforts that were employed to promote the plaintiff's mark as indicators of whether the mark is truly famous. A quantitative measure would "evaluate the effect of advertising [by] presum[ing] a high effectiveness from high sales figures." In *Avery Dennison*, the Ninth Circuit presumed the effectiveness of marketing from the amount of annual sales. The court determined that the advertising factor (c) was satisfied because the plaintiff spent substantial sums on advertising "with some presumable degree of success due to [plaintiff's] significant annual volume of sales." Therefore, courts could compare the plaintiff's advertising expenditures with its annual sales volume as an indication of fame. For example, if NIKE presented evidence that it spent $1.2 billion dollars in marketing last year and recorded net sales of $10 billion dollars, the court could safely presume the effectiveness of NIKE's advertising and the fame of its trademark.

The advertising factor should also be analyzed in terms of how and where the goods were promoted. The optimum advertising venue will expose a large audience to the trademark in a salient fashion. This qualitative component of the analysis would presume effective marketing results in an increased level of fame for the owner's trademark. For example, if Anheuser-Busch runs BUDWEISER commercials during the Super Bowl, millions of people will see and probably remember the company's quirky frogs doing crazy things for beer. It is safe to presume that advertising during the Super Bowl...
contributes to the fame of BUDWEISER among the general public based on the sheer mass of public exposure. After examining both the quantitative and qualitative advertising components, the court must determine whether the evidence indicates the mark is famous to the general realm of consumers.

2. **Strength of the Mark**

An obvious, but important, consideration of the court's fame analysis concerns the strength of the plaintiff's mark. Trademark law offers a sliding scale of protection depending on the strength of the mark.\(^3\) It is generally presumed that an arbitrary or fanciful mark will be more effective as a source identifier and, consequently, it is awarded more protection against infringing uses.\(^4\) Conversely, descriptive marks must obtain secondary meaning before they are protected under the Lanham Act.\(^5\) Courts may presume that an arbitrary or fanciful mark is more likely to achieve fame than a descriptive mark because of its sheer strength in the public's mind. Although there will certainly be exceptions of famous descriptive trademarks, this factor may supplement other evidence of fame within the general public.

3. **Consumer Surveys**

Judges are accustomed to dealing with survey evidence, which is often used to establish likelihood of confusion in trademark cases.\(^6\) Therefore, a plaintiff in a dilution case could also offer evidence from a properly conducted consumer survey to establish that his trademark is famous to the general public. Some commentators have suggested that fame should be presumed when forty to fifty percent of the public associates the plaintiff with his trademark.\(^7\) This Comment advocates that at a bare minimum, fifty percent of the general public should recognize the plaintiff's trademark to establish fame. Any evidence showing recognition in excess of seventy-five percent of the sample surveyed should be treated as compelling evidence of fame. Moreover, the most persuasive evidence of fame would consist of survey evidence indicating that the rate of recognition for non-purchasers


387. Id. See also Schechter, supra note 43, at 825 ("The more distinctive or unique the mark, the deeper its impress upon the public consciousness, and the greater its need for protection.").

388. See 15 U.S.C. § 1052(e) and (f) (requiring that a mark which is "merely descriptive" must "become distinctive" in connection with the applicant's goods or services).


390. See supra note 379 and accompanying text.
of plaintiff's products exceeds seventy-five percent of the general public.

However, as in any case, survey evidence has certain limitations and inherent vulnerabilities. In order to minimize these limitations, certain measures can be taken by the cautious plaintiff. An independent expert, who is able to objectively conduct the survey, as well as present the evidence to a factfinder in subsequent litigation, should be carefully chosen. Moreover, the survey must use a sample that is representative of the general population. Therefore, the sample design, type of sample, and techniques used to select the sample population must be meticulously evaluated. Survey evidence that appears to be based on an unrepresentative sample should be given less weight in litigation. Therefore, in order to assess recognition by the general public, it would be important to include consumers who are purchasers and non-purchasers of the plaintiff's product. Finally, a survey's usefulness is contingent on the fairness of the either the questionnaire used or questions posed during interviews. Questionnaires must contain non-leading, unbiased questions regarding the plaintiff's trademark and products. Furthermore, the manner of interviewing must comply with objective standards to preserve the integrity of the statistical results. However, if these measures are taken into consideration, consumer evidence can be an important tool for identifying famous trademarks.

4. Diversity of Products

The court can also examine the number and diversity of products on which the trademark appears as evidence of fame within the general realm of consumers. Fame should be presumed when the trademark is used on multiple goods that appeal to different purchaser groups. There is presumably a greater likelihood of fame among the general public if use of the trademark is not confined to a single product. For example, NIKE should be given a presumption of fame because the trademark appears on a multitude of products, including but not limited to the following: shoes, socks, athletic clothing, outerware, caps, sunglasses, swimware, sandals, and athletic bags. The sheer number of products on which the mark appears entitles the plaintiff to a presumption that the mark is famous to the general public because more

391. See Jaffe & Sugarman, supra note 389, at 641-60.
392. See id. at 592-605 (discussing an "appropriate universe" of people to survey); id. at 605-616 (noting that everyone should have an equal opportunity to be sampled).
393. Id. at 616-641.
people have a chance to be exposed to the mark when it is being used on a variety of popular products.

In its analysis of the degree of fame, courts should examine the previously discussed factors in addition to any other evidence that is relevant to the particular trademark in question. By focusing on these factors, a court will be able to accurately identify trademarks that have achieved fame in the general public and are deserving of the extraordinary protection provided by the FTDA.

**VI. Conclusion**

Courts should adhere to congressional intent and use the General Public Theory to identify famous trademarks eligible for Federal Trademark Dilution Act (FTDA) protection. The proposed factors will allow courts to gauge whether a mark has reached "supermark" status and, consequently, is entitled to federal dilution protection. Courts should not continue to use the Niche Market Theory because it allows judges to rely on a likelihood of confusion analysis to conservatively apply the FTDA without engaging in the necessary fame analysis. A strict application of the fame requirement under a General Public Theory will preserve the distinction between infringement and dilution, thereby reserving the extraordinary relief under the FTDA for those supermarks that are truly famous. Moreover, "Fame means FAME": by limiting FTDA protection to an elite class of supermarks, courts will preserve the delicate balance between traditional infringement and dilution theories.

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394. *Times Mirror*, 212 F.3d at 170.