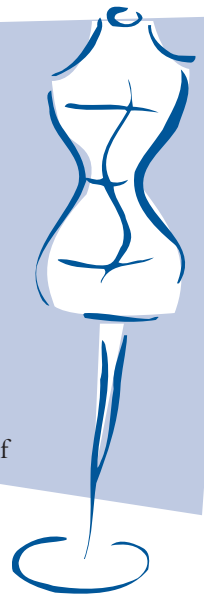


Trademark Dilution and the Plain Language Solution to Victoria's Secret



Robert W. Sacoff



Uli Widmaier



Chad Doellinger

by Robert W. Sacoff, Uli Widmaier, and Chad Doellinger

The authors were invited to prepare this article, presenting arguments from the Respondents' side of *Moseley et al. v. V Secret Catalogue et al.*, No. 01-1015, *U.S.* , 122 S.Ct. 1536 (2002), the first trademark dilution case ever to reach the U.S. Supreme Court.

INTRODUCTION

In February 1998, Victor and Cathy Moseley opened a store in Elizabethtown, Kentucky, which they called "Victor's Secret," specializing in men's and women's lingerie, adult videos, sex toys and "adult novelties."¹ Before long, the Moseleys received a cease and desist letter from V Secret Catalogue, Inc., claiming that the Moseleys' store name violated V Secret's rights in the VICTORIA'S SECRET trademark. In an effort to solve the problem, the Moseleys changed the name of their store to "Victor's Little Secret."² Unsatisfied, V Secret filed suit in the U.S. District Court for the Western District of Kentucky. The court dismissed the claim of trademark infringement, on grounds that there was no likelihood of confusion between the two marks.³ On the other hand, the court granted V Secret summary judgment on its federal trademark dilution claim, holding that the Moseleys' store name diluted the distinctiveness of the famous VICTORIA'S SECRET mark.⁴ The U.S. Court of Appeals for the Sixth Circuit affirmed.⁵ The Moseleys appealed to the U.S. Supreme Court, and on April 15, 2002, the Supreme Court granted *certiorari*.⁶

CONFLICTING OPINIONS OF THE COURTS OF APPEALS

The Court granted *cert.* in order to resolve a

split among the Courts of Appeals over the proper interpretation of the Federal Trademark Dilution Act (FTDA).⁷ That split of opinion has emerged over the burden of proof necessary to sustain a claim under the FTDA. Enacted in 1995, and effective in 1996, the FTDA was first interpreted on this point by a Court of Appeals in *Ringling Bros. v. Utah Division of Travel Development*.⁸ In *Ringling*, the plaintiff owned the famous slogan mark THE GREATEST SHOW ON EARTH and sued to enjoin the use of a travel-promotion slogan, THE GREATEST SNOW ON EARTH. The *Ringling* court expressed a concern that a permissive interpretation of the quantum of proof required under the FTDA would amount to granting owners of famous marks a quasi-monopolistic "property-right-in-gross" in their marks.⁹ To avoid that result, the *Ringling* court articulated a high burden of proof, holding that FTDA plaintiffs must prove "actual economic harm to the famous mark's economic value."¹⁰

Ringling also restricted the type of evidence that a plaintiff may use to prove dilution. The plaintiff must show "an actual loss of revenues," or present "[a] skillfully constructed consumer survey . . . from which actual [economic] harm and cause might rationally be inferred."¹¹ Circumstantial evidence, *Ringling* held, cannot constitute independent proof.¹²

Subsequently, the Fifth Circuit adopted *Ringling's* analysis in *Westchester Media v. PRL USA Holdings, Inc.*¹³ In that case, Polo Ralph Lauren (PRL), the owner of the famous POLO trademarks for wearing apparel, accessories and associated goods, had sued Westchester Media and Navasota Holding



Co., owners of POLO magazine, including trademark registrations for, among other things, “magazine on the subject of equestrian sports and lifestyle.”¹⁴ POLO magazine and PRL had been coexisting peacefully for many years, but in 1997 the magazine changed course and replaced its traditional focus on the sport of polo with a new focus on “Adventure . Elegance . Sport,” combined with an aggressive expansion of its readership base.¹⁵ PRL complained, negotiations went sour, and Westchester filed a declaratory judgment action that its use of POLO for the new magazine does not infringe PRL’s marks. PRL counterclaimed for infringement and dilution, seeking injunctive relief.¹⁶ Westchester prevailed on its infringement claim, but lost on its federal dilution claim. The Court of Appeals affirmed the magistrate judge’s holding on the dilution claim. Relying heavily on *Ringling*, the court found “the FTDA requires proof of actual dilution,” but “PRL had made no showing of actual harm.”¹⁷

The Second, Sixth and Seventh Circuits, in contrast, have rejected *Ringling’s* interpretation of the FTDA. These “anti-*Ringling*” courts have so ruled primarily because of their concern that *Ringling’s* stringent evidentiary requirements would make the statute unworkable and thus defeat Congress’s intent to create additional protection for famous marks.¹⁸

The courts in *Nabisco* and *Eli Lilly*, like the courts in *Ringling*, *Westchester*, and *Moseley*, were dealing with plaintiffs who owned indisputably famous marks. In *Nabisco*, the mark at issue was the design of Pepperidge Farm’s Goldfish cracker, sold continuously since 1962.¹⁹ In 1998, Nabisco and Nickelodeon agreed on a joint

promotion for “CatDog,” Nickelodeon’s new cartoon program featuring a two-headed creature that is half cat and half dog.²⁰ Nabisco’s promotional snack consisted of “small orange crackers in three shapes: half the crackers in a package are in the shape of the two-headed CatDog character, one-quarter in the shape of a bone, and one-quarter in the shape of a fish[, which] closely resembles Pepperidge Farm’s Goldfish cracker in color, shape, size and taste.”²¹ Pepperidge Farm protested, Nabisco filed a declaratory judgment action, and Pepperidge Farm counterclaimed for trademark infringement and dilution. The court held against Pepperidge Farm on the infringement claim, but in favor of Pepperidge Farm on the dilution claim, entering a preliminary injunction against Nabisco. The Court of Appeals affirmed.

The mark at issue in *Eli Lilly* was PROZAC, Eli Lilly’s famous mark

for a prescription drug used to treat clinical depression.²² Eli Lilly sued Natural Answers, Inc., alleging that Natural Answers’ marketing of an herbal “mood enhancer” under the name HERBROZAC infringed and diluted the PROZAC mark.²³ Eli Lilly prevailed on both counts. The Court of Appeals affirmed.

Beginning with *Nabisco*, these three courts countered *Ringling’s* “actual dilution” terminology by adopting a “likelihood of dilution” standard that substantially lowered the burden of proof imposed by *Ringling*.²⁴ *Nabisco* also found that *Ringling’s* prohibition of circumstantial evidence to be “arbitrary and unwarranted.”²⁵ *Eli Lilly* and *Moseley* followed *Nabisco’s*, rather than *Ringling’s*, interpretation of the FTDA.²⁶

The Supreme Court will resolve this split among the Courts of Appeals, which the courts and the parties have cast in terms of whether the FTDA requires plaintiffs to prove *actual economic harm* or only a *likelihood of dilution*. The split raises a wealth of interesting questions, as evidenced by the numerous *amicus curiae* briefs filed in support of both Petitioner and Respondent.²⁷ These briefs address a host of issues ranging from the First Amendment and the proper role of intellectual property law in modern society to the sources, history, and policy foundations of dilution law in the United States.

INADEQUACIES OF POLICY-BASED ARGUMENTS

As framed by the parties and the courts previously deciding the issue, the question is whether an FTDA action requires a showing of “actual economic harm” or whether a mere showing of a “likelihood of dilution” suffices. Both characterizations are judicial creations, however, since neither is based directly on the FTDA’s statutory language. In

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contrast, an interpretation of the FTDA's language provides a third alternative, and a hitherto judicially ignored solution.

It is tempting to make an effects-based policy argument that the *Ringling* requirement of actual economic harm would eviscerate the FTDA. Such an argument would point out that proof of actual economic harm would be difficult, perhaps almost impossible to obtain, especially in the early stages of a diluting trademark use. This difficulty of proof, the argument goes, would eliminate any realistic recourse under the FTDA for preventing dilution of famous marks, thus frustrating Congress' intent to provide such protection and recourse. As the Seventh Circuit opined in *Eli Lilly*, "[i]t is hard to believe that Congress would create a right of action but at the same time render proof of the plaintiff's case all but impossible."²⁸ Moreover, the inability to assert and adjudicate dilution claims at an early stage would undermine the FTDA's ability to guide the behavior of sellers and advertisers in the marketplace. It would also frustrate the salutary policy goal of early resolution of trademark disputes. In *Nabisco*, the Second Circuit summed up the detrimental effects of the *Ringling* actual economic harm standard as follows:

To read the [FTDA] [as requiring actual economic harm] would subject the senior [trademark] user to uncompensable injury. The statute could not be invoked until injury had occurred. And, because the statute provides only for an injunction and no damages (absent willfulness), *see* 15 U.S.C. § 1125(c)(2), such injury would never be compensated. [Such a] reading is also disastrously disadvantageous for the junior user. In many instances the junior user would wish to know

whether it will be permitted to use a newly contemplated mark before the mark is launched rather than after. . . . If the statute is interpreted to mean that no adjudication can be made until the junior mark has been launched and has caused actual dilution, businesses in Nabisco's position will be unable to seek declaratory relief before going to market. They will be obligated to spend the huge sums involved in a product launch without the ability to seek prior judicial assurance that their mark will not be enjoined. (Citations omitted).²⁹

However, such an effects-based argument—while accurate—is unlikely to be dispositive. When a statute is unambiguous, appeals to policy considerations (i.e., arguments based on the desirable or undesirable consequences of a particular reading of that statute) normally run afoul of the Supreme Court's well-established principles of statutory interpretation. The Court has consistently rejected policy arguments where the statutory language is unambiguous.³⁰ Recently, for example, the Supreme Court held:

Our role is to interpret the language of the statute enacted by Congress. This statute does not contain conflicting provisions or ambiguous language. . . . We have stated time and again that courts must presume that a legislature says in a statute what it means and means in a statute what it says there. *When the words of a statute are unambiguous, then, this first canon is also the last: judicial inquiry is complete. . . .* We will not alter the text in order to satisfy the policy preferences of the Commissioner. These are battles that should be fought

among the political branches and the industry. Those branches should not seek to amend the statute by appeal to the Judicial Branch.³¹

The Court's jurisprudence on this point could not be clearer. The Justices consider themselves guided primarily by the precise language of the statute before them, and by little else if that proves sufficient.³²

FTDA'S PLAIN LANGUAGE PROVIDES THE CORRECT EVIDENTIARY STANDARD

The dispositive argument against an "actual economic harm" standard and in favor of a more lenient evidentiary standard under the FTDA arises from the plain language of the FTDA itself. The FTDA's language is unambiguous and plainly identifies the proper evidentiary standard, thus resolving the issue currently before the Supreme Court. Section 1125(c)(1) 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 in commerce of a mark or trade name, if such use begins after the mark becomes famous and causes dilution of the distinctive quality of the [plaintiff's] mark." The plaintiff must therefore prove that the defendant currently makes commercial use of its mark, and that such use causes dilution of the plaintiff's famous mark.

This is straightforward enough. But what is the meaning of the term "dilution"? Section 1127, the definition section of the FTDA, provides the answer: "The term 'dilution' means *the lessening of the capacity* of a famous mark to identify and distinguish goods or services"(emphasis added). Does this mean that, in order to be actionable under the FTDA, the defendant's use of its mark must demonstrably have lessened the distinctiveness of the



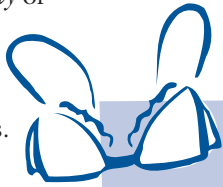
plaintiff's mark at the time of the plaintiff's lawsuit? In other words, does the plaintiff have to prove, as the *Ringling* court believed, that the commercial magnetism of its mark, the mark's selling power, has already been measurably reduced by the defendant's actions? No.

The FTDA's use of the word "capacity" precludes this limiting interpretation. It is the *capacity* of plaintiff's famous mark to identify and distinguish goods or services that has to be lessened by defendant's actions. What, then, does "capacity" mean? It is not a statutorily defined term. There is, furthermore, no Congressional indication that "capacity" has a specialized or technical meaning that might be controlling here. "Capacity" is, rather, a term of general usage, and its meaning can be ascertained by reference to general usage dictionaries. Dictionaries that the Supreme Court Justices and other federal judges have frequently relied upon³³ show that "capacity" means "the *potential* or suitability for holding, storing, or accommodating."³⁴ "Potential," in turn, means "something that *can develop or become actual*."³⁵

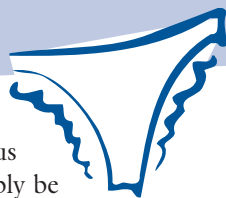
This meaning of the term "capacity" is decisive for resolving the question currently before the Supreme Court. The FTDA's use of "capacity" in the definition of dilution means that the concept of potentiality, and thus of futurity, is an integral and inherent component of "dilution." The plain statutory language therefore shows that the FTDA is designed to prevent harm to the plaintiff's mark that "can develop or become actual,"³⁶ (i.e., harm to the plaintiff's mark, caused by the defendant's current use of its mark, *that has not yet materialized*). In other words, to prove a trademark

dilution claim under the FTDA, the plaintiff must show only that the defendant's actions may *potentially* reduce the distinctiveness (i.e., the commercial magnetism) of the plaintiff's famous mark in the future. An *actual, consummated* reduction of the distinctiveness of plaintiff's mark need not yet have occurred at the time of the plaintiff's lawsuit.

"Actual economic harm" arising from such an actual, consummated



The FTDA requires a plaintiff to show only *predictable* harm to its mark, not *actual, present* harm.



reduction thus cannot possibly be a required element of a federal dilution claim.³⁷

This interpretation of the FTDA is not only true to the plain statutory language, it also avoids the paradox asserted by Petitioners' Reply Brief to the Supreme Court in *Moseley v. V Secret Catalogue*.³⁸ Noting that Respondents, as well as several *Amici*, agree that "the FTDA

requires proof of present dilution,"³⁹ Petitioners argue that those parties thereby commit themselves to the view that the "causes dilution" requirement of Section 1125(c) can be met by an infinitesimally small amount of dilution caused by a defendant's actions:

Respondents label dilution as an "infection" that "if allowed to spread" will "inevitably destroy the advertising value" of their mark (R. Br. 26). Respondents also describe dilution as one of a hundred bee stings (R. Br. 27). *Amici* refer to dilution injury as the "first cut" of 1000 that leads to death (Inter Br. 5) or as a form of "pollution" – a single drop of iodine in a gallon of water (INTA Br. 17). Reliance on metaphor highlights Respondents' and *amici*'s goal to avoid their statutory obligation to prove causation.⁴⁰

Petitioners argue, in effect, that the position of Respondents and the cited *Amici* creates a paradox by claiming simultaneously that (a) the FTDA requires a showing of present dilution and (b) any amount of dilution greater than zero—even an amount that is imperceptibly small and hence unprovable in court⁴¹—can satisfy that requirement. The paradox consists of the contradictory statement that an amount of dilution that is zero for all purposes except pure mathematics can constitute actual present dilution, or, as Petitioners put it, that "an ethereal (non)injury" can meet the statutory injury requirement,⁴² or, in short, that *non-harm can equal harm*.

The paradox asserted by Petitioners is seductive, but does not survive close scrutiny. It results from flawed statutory interpretation, and from misunderstanding two discrete

meanings of the word “dilution.” In actuality, the FTDA’s language refutes Petitioners’ objections. Dilution, as used in the FTDA, is a term of art because the statute itself precisely defines its meaning. Dilution is, in fact, the FTDA’s term for the *statutorily defined injury*. As shown above, according to Section 1127’s plain language, that statutorily defined injury is present whenever defendant’s actions cause the *potential* for harm to the plaintiff’s mark in the future (that harm being a concrete, tangible reduction of the plaintiff’s mark’s commercial magnetism). Petitioners, however, use the term “dilution” in a different sense, namely, to designate the actual harm that may result from the statutorily defined “dilution.”⁴³ Petitioners thereby conflate the statutory *injury* and the *harm* to the plaintiff’s mark that may flow from that injury. The FTDA’s plain language shows that those two concepts are distinctly different from each other and must not be conflated. As explained above, the statutory injury can be present when actual harm is not (yet) present. Thus, a plaintiff can prove that a defendant’s actions have caused the statutory injury even when the harm has not yet materialized. In other words, the FTDA requires a plaintiff to show only *predictable* harm to its mark (i.e., the statutory injury), but not *actual, present* harm (i.e., the predictable consequence of that statutory injury).⁴⁴

The fact that the statutory injury, as defined by Congress in the FTDA, does not include actual harm dissolves the paradox Petitioners assert. A plaintiff is required only to prove the statutory injury, i.e., the *potential* that harm to the plaintiff’s mark may arise in the future. However, a plaintiff is *not* required to prove that harm itself, and is therefore not forced into the absurd position of having to prove an element that, at the time of the suit, may be infinitesimally small and thus

not susceptible to perception, measurement, or proof.

As demonstrated above, the interpretation of the FTDA proposed in this article arises directly from the plain statutory language. It is important to note that this interpretation harmonizes with the way the courts have generally sought to protect intellectual property rights. Like other forms of intellectual property, trademarks are fragile intangible legal rights that must be protected against *predictable* harm if they are to be protected meaningfully. As the Supreme Court explained with regard to copyright law, “[a]ctual present harm need not be shown; such a requirement would leave the copyright holder with no defense against *predictable* damage. Nor is it necessary to show with certainty that future harm will result. What is necessary is a showing by a preponderance of the evidence that *some* meaningful likelihood of future harm exists.”⁴⁵ The *Sony* rationale is fully applicable to the FTDA and supports the proposed plain-language interpretation.

SPLIT AMONG THE CIRCUITS IS BASED ON FLAWED METHODS OF STATUTORY INTERPRETATION

The statutory construction approach set forth above illuminates where and how the Courts of Appeals have previously gone astray in interpreting the FTDA. What gave rise to the dichotomy of opinion among the Circuits, forcing an election between “actual economic harm” and “likelihood of dilution”? Why have the courts on both sides of the debate relied on language that does not actually appear in the FTDA? The reason appears to be that the Fourth Circuit in *Ringling* powerfully, yet incorrectly, framed the initial terms of the debate. The subsequent courts have attempted to refute *Ringling*’s

statutory interpretation and policy conclusions, but in doing so, they unwittingly permitted *Ringling* to define the terms of the debate, instead of explicitly rejecting those terms altogether and consulting the plain language of the FTDA itself.

Based on a pure policy concern, namely the fear that a permissive interpretation of the quantum of proof required under the FTDA would in effect give owners of famous marks a quasi-monopolistic “property-right-in-gross” in their marks, the *Ringling* court held that the FTDA requires proof of “actual economic harm to the famous mark’s economic value.”⁴⁶

Ringling sought to justify its erroneous holding via three improper interpretational strategies. First, the court read the word “capacity” in the FTDA’s definition of dilution to mean only “former capacity,” but not present or future capacity.⁴⁷ There is nothing in the FTDA, however, that would justify this temporal restriction of “capacity.” Second, the court ignored the concept of potentiality inherent in the word “capacity.”

Ringling’s third and most fundamental mistake was to divide the concept of dilution into two components: a mark’s “selling power” and its “distinctiveness as such.”⁴⁸ *Ringling* claimed that the FTDA is concerned only with the former: “[T]he end harm at which [the FTDA] is aimed is a mark’s selling power, not its distinctiveness as such.”⁴⁹ This is the foundation of the court’s holding that only a showing of “necessarily consummated economic harm” can support a claim under the FTDA.⁵⁰ The division drawn by the court, however, has absolutely no support in the FTDA’s language and flatly contradicts foundational principles of trademark law. There is no such thing as a mark’s “distinctiveness as such,” separate from its selling power. Distinctiveness is not some Platonic



form that exists unsoiled by commercial considerations. Precisely the contrary is true. A mark is distinctive for the sole reason, and only to the extent, that consumers recognize it and associate it with a single source for the goods or services sold under that mark. In other words, “distinctiveness,” “selling power,” “drawing power,” and “commercial magnetism” are all synonymous.⁵¹ It is as if the Fourth Circuit had built a far-reaching argument on a fundamental distinction between the terms “automobile” and “car.” The distinction must collapse. Any diminution of a mark’s distinctiveness is necessarily also a diminution of its selling power.

In addition to its highly contorted reading of the statute, *Ringling* severely restricted the type of evidence that a plaintiff may use to prove dilution. The court held that a plaintiff must show “an actual loss of revenues,” or present “[a] skillfully constructed consumer survey . . . from which actual [economic] harm and cause might rationally be inferred,” and that circumstantial evidence cannot constitute independent proof; it may be used only to “complement other proof.”⁵²

These evidentiary restrictions are obviously improper, as shown by numerous Supreme Court holdings affirming in principle the probative effect of circumstantial evidence in any lawsuit: “[I]n any lawsuit, the plaintiff may prove his case by direct or circumstantial evidence. The trier of fact should consider all the evidence, giving it whatever weight or credence it deserves.”⁵³ The end result of *Ringling*’s holding is that, as the court readily acknowledges,⁵⁴ owners of famous marks would be substantially worse off under the FTDA than they were under the

various state dilution statutes.⁵⁵

While the Second, Sixth, and Seventh Circuits have rejected *Ringling*’s interpretation of the FTDA, they have unfortunately not done so on the basis of a strict interpretation of the statutory language, but primarily because of their concern that *Ringling*’s stringent evidentiary

Why have the courts on both sides of the debate relied on language that does not actually appear in the FTDA?

requirements would make the statute unworkable.⁵⁶ Beginning with *Nabisco*, these courts countered *Ringling*’s “actual dilution” terminology by adopting a “likelihood of dilution” terminology and correspondingly lowering *Ringling*’s evidentiary requirements.⁵⁷

Nabisco rightly rejected *Ringling*’s heightened evidentiary requirements and found the prohibition of circumstantial evidence to be “arbitrary and unwarranted.”⁵⁸ It did not, however, refute the cardinal

mistakes of statutory interpretation that led *Ringling* to its wrong conclusion. On the contrary, *Nabisco* conceded—incorrectly and unnecessarily—that *Ringling* had the literal meaning of the statute on its side.⁵⁹ To prevent the undesirable consequences associated with *Ringling*’s erroneous interpretation *Nabisco* adopted a “likelihood of dilution” standard.⁶⁰ This standard comports substantively with our proposed plain-language reading of the FTDA to the extent it can be met by showing that defendant’s conduct reduces the future ability of the plaintiff’s famous mark to identify and distinguish goods or services. *Nabisco*, however, disregarded the fact that the FTDA already defines dilution as “the lessening of the *capacity* of a famous mark,”⁶¹ which—as we have seen—makes the addition of “likelihood” language superfluous. *Eli Lilly* and *Moseley* subsequently followed *Nabisco*’s, rather than *Ringling*’s, interpretation of the FTDA.⁶²

Nabisco has another flaw. It uses a test adapted from *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026, 1035 (2d Cir. 1989), which incorrectly applies traditional likelihood of confusion factors used in determining trademark infringement to a trademark *dilution* case, thus conflating these separate and distinct causes of action.⁶³ *Moseley*, 259 F.3d at 476-77, relied on the *Nabisco* factors in finding for the plaintiff. *Eli Lilly*, however, pruned *Nabisco*’s dilution test of its confusion factors, leaving only the two *Nabisco* factors that are relevant to dilution, namely, the fame of the senior mark and the similarity of the senior and junior marks.⁶⁴ While this was proper in order to disentangle dilution claims and trademark infringement claims, *Eli Lilly* may have gone too far in reducing the number of elements



probative of dilution. While these fame and similarity factors are likely to be pivotal in any dilution analysis under the FTDA, it is clear that other facts may also be probative. FTDA plaintiffs should be able to prove their case by presenting any competent evidence probative of dilution, such as the degree of fame and distinctiveness of the plaintiff's mark, the similarity of the plaintiff's and defendant's marks, the nature of the defendant's use of its mark, survey evidence, and economic harm to the senior mark.⁶⁵

CONCLUSION

The Courts of Appeals have polarized on policy questions arising from their competing conceptions of the proper evidentiary standard under the FTDA. This has caused the courts to miss the standard dictated by the FTDA's plain and unambiguous language. Under that language, dilution claims can be sustained by proving that the defendant's actions have the *potential* of reducing the present or future ability of the plaintiff's famous mark to identify and distinguish goods or services. Proof of additional harm, such as actual economic harm, is not required, and the imposition of an "actual economic harm" requirement is erroneous under the plain language of the statute. Thus, the resolution of the *Moseley* case by the U.S. Supreme Court should ultimately come down to a straightforward exercise in textual exegesis. ■

Robert W. Sacoff is a partner, and Uli Widmaier and Chad Doellinger are associates, with the Chicago law firm of Pattishall, McAuliffe, Newbury, Hilliard & Geraldson. The authors were involved in preparing the American Bar Association's amicus curiae brief to the U.S. Supreme Court in Moseley et al. v. V Secret et al., No. 01-1015. However, the comments

and views in this article are those of the authors and are not attributable to the American Bar Association or of any their law firm's clients.

NOTES

1. See *V Secret Catalogue, Inc., v. Moseley*, 259 F.3d 464, 466 (6th Cir. 2001).
2. See *id.*
3. See *id.*
4. See *id.*
5. See *id.* at 477.
6. See *Moseley et al. v. V Secret Catalogue et al.*, No. 01-1015, __ U.S. __, 122 S.Ct. 1536 (2002). Briefing was concluded in September 2002. The Supreme Court will hear oral argument on November 12, 2002.
7. The FTDA is codified at 15 U.S.C. § 1125(c) and part of § 1127. The full text of Section 1125(c), as well as of the relevant definitional provision in Section 1127, is as follows:
“(1) The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark, and to obtain such other relief as is provided in this subsection. In determining whether a mark is distinctive and famous, a court may consider factors such as, but not limited to—
(A) the degree of inherent or acquired distinctiveness of the mark;
(B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;
(C) the duration and extent of advertising and publicity of the mark;
(D) the geographical extent of the trading area in which the mark is used;
(E) the channels of trade for the goods or services with which the mark is used;
(F) the degree of recognition of the mark in the trading areas and channels of trade used by the marks' owner and the person against whom the injunction is sought;
(G) the nature and extent of use of the same or similar marks by third parties; and
(H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.
(2) In an action brought under this subsection, the owner of the 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 sections 1117(a) and 1118 of this title, subject to the discretion of the court and the principles of equity.”
8. See 170 F.3d 449 (4th Cir. 1999).
9. See *id.* at 459.
10. 170 F.3d at 461.
11. 170 F.3d at 465.
12. See *id.*
13. See 214 F.3d 658,671 (5th Cir. 2000).
14. *Id.* at 662.
15. See *id.*
16. See *id.*
17. *Id.* at 670-71.
18. See *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 224-25 (2nd Cir. 1999); *Eli Lilly & Company v. Natural Answers, Inc.*, 233 F.3d 456, 468 (7th Cir. 2000); *V Secret Catalogue, Inc., v. Moseley*, 259 F.3d 464, 476 (6th Cir. 2001).
19. See *Nabisco*, 191 F.3d at 212.
20. See *id.*
21. *Id.*
22. See 233 F.3d at 459.
23. See *id.*
24. See *Nabisco*, 191 F.3d at 224-25; *Eli Lilly*, 233 F.3d at 468; *Moseley*, 259 F.3d at 476-77.
25. 191 F.3d at 223.
26. See *Eli Lilly*, 233 F.3d at 468; *Moseley*, 259 F.3d at 474.
27. See *amicus curiae* briefs filed by Best Western International, Inc. and Sheraton International, Inc., 2002 WL 1974401 (supporting Respondents); Intel Corporation, 2002 WL 1987615 (supporting Respondents); Ringling Bros.-Barnum & Bailey Combined Shows, Inc., *et al.*, 2002 WL 1987618 (supporting Respondents); Intellectual Property Law Professors, 2002 WL 1967938 (supporting Respondents); International Trademark



- Association, 2002 WL 1967947 (supporting Respondents); American Bar Association, 2002 WL 1929517 (supporting Respondents); American Intellectual Property Law Association, 2002 WL 1929519 (supporting Respondents); United States, 2002 WL 1378840 (supporting Petitioners in part); Malla Pollack, 2002 WL 1404641 (supporting petitioners); Public Knowledge, _ WL _ (supporting Petitioners).
28. 233 F.3d at 468.
29. 191 F.3d at 224.
30. As discussed below, the FTDA is an unambiguous statute.
31. *Barnhart v. Sigmon Coal Co., Inc.*, 122 S.Ct. 941, 956 (2002) (citations and quotation marks omitted) (emphasis added).
32. The Supreme Court's methodology of statutory interpretation has been the subject of considerable scholarly attention. Professor Eskridge has labeled it "New Textualism," a term that has since been widely used. See William S. Eskridge, *The New Textualism*, 37 UCLA L. Rev. 621 (April, 1990).
33. Specifically, we looked at *Webster's Ninth New Collegiate Dictionary* (1990) and *Merriam Webster's Collegiate Dictionary* (1997). A WESTLAW search conducted on September 24, 2002, showed that the various editions of *Webster's New Collegiate Dictionary* have been cited in 32 Supreme Court decisions, as well as in 1560 (!) other federal decisions. The Supreme Court has cited *Webster's Ninth New Collegiate Dictionary* a total of 27 times.
34. *Webster's Ninth New Collegiate Dictionary*, at 203 (1990) (emphasis added). *Accord Merriam Webster's Collegiate Dictionary*, at 168 (1997). Other well-known dictionaries support this reading. See, e.g., *The New Shorter Oxford English Dictionary* (1993) ("a susceptibility; a possibility"); *American Heritage Dictionary of the English Language* (2000) ("[i]nnate potential for growth, development or accomplishment").
35. *Webster's Ninth New Collegiate Dictionary*, at 921 (1990) (emphasis added). *Accord Merriam Webster's Collegiate Dictionary*, at 912 (1997).
36. *Webster's Ninth New Collegiate Dictionary*, at 921 (1990) (definition of "potential").
37. The FTDA's remedies support this plain-language interpretation. The primary remedy for FTDA violations is injunctive relief. See 15 U.S.C. § 1125(c)(1). Monetary damages are available only upon a showing of willful intent. See 15 U.S.C. § 1125(c)(2). "[D]amages are considered compensative of past harm and injunctions are preventative of future harm . . ." *Protective Closures Co., Inc., v. Clover Industries, Inc.*, 394 F.2d 809, 813 (2d Cir. 1968) (emphasis added).
- See also *Alpo Petfoods, Inc., v. Ralston Purina Co.*, 913 F.2d 958, 966 (D.C. Cir. 1990) (permanent injunction proper if defendant is likely to cause future harm). See also *Landgraf v. USI Film Products*, 511 U.S. 244, 282 (1994) ("[C]ompensatory damages are quintessentially backward looking."). The legislative history of the FTDA also confirms this interpretation. "Dilution is an infection, which if allowed to spread, will inevitably destroy the advertising value of the mark." H.R. Rep. No. 104-374, at 2-3 (1995). Professor McCarthy, a leading commentator on U.S. trademark law, has expressed a view consistent with the ABA's interpretation. See 4 *McCarthy on Trademarks*, § 24:90 at 24-148 to 24:149 and n.19 (4th Ed. 2000).
38. See Petitioners' Reply Brief on the Merits, 2002 WL 31156489 (September 23, 2002).
39. See Petitioners' Reply Brief at *1 (quoting Respondents' Brief at 32), *7-8.
40. Petitioners' Reply Brief at *8. *Amicus* INTA's brief actually reads: "It is also true, in plain English, that a drop of iodine "causes dilution" to a gallon of pure water—without "actual harm" to its potability." INTA Br. at *17.
41. See Petitioners' Reply Brief at *16.
42. Petitioners' Reply Brief at *13.
43. Petitioners' Reply Brief, *passim*.
44. Petitioners make no response to the ABA's *Amicus* Brief, which makes the same argument, see 2002 WL 1929517 at *3-6, although they do make arguments in response to other *amicus* briefs.
45. *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417, 451 (1984) (emphasis in original).
46. *Ringling*, 170 F.3d at 461. *Ringling* argued at length that its policy concerns in this regard are crucially informed by both the "radical property-rights-in-gross model proposed in [Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 Harv. L. Rev. 813 (1927)]," *id.* at 459, and the "mental-association-alone" approach of many state dilution statutes, *id.* at 458, of both of which *Ringling* heartily disapproves. See generally *id.* at 453-460. It is central to *Ringling's* argument that the state dilution statutes typically "proscribed not just actual, consummated dilution, but the "likelihood of dilution . . ." *Id.* at 454. *Ringling's* reading of the FTDA is deliberately designed to distance the FTDA from these state dilution statutes. See *id.* at 458-59.
47. See *id.* at 460-61.
48. *Id.* at 459.
49. *Id.* at 458.
50. *Id.* at 461. See also *id.* at 458.
51. See, e.g., 2 *McCarthy on Trademarks*, § 15:5 at 15-9 and § 15:10 at 15-20.1 to 15-20.2 (explaining that distinctiveness is equated with a mark's "drawing power" and "commercial magnetism").
52. 170 F.3d at 465.
53. *U.S. Postal Services Board of Governors v. Aikens*, 460 U.S. 711, 714 n.3 (1983) (citation omitted). See also, e.g., *FPC v. Florida Power & Light Co.*, 404 U.S. 453, 469 (1972) (stating that "even in a criminal prosecution where the highest standards of proof are required, guilt may be shown by circumstantial evidence").
54. See 170 F.3d at 458-59.
55. Proof of actual economic harm is typically not required under state dilution statutes. See *Ringling*, 170 F.3d at 458-59.
56. See *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 224-25 (2nd Cir. 1999); *Eli Lilly & Company v. Natural Answers, Inc.*, 233 F.3d 456, 468 (7th Cir. 2000); *V Secret Catalogue, Inc., v. Moseley*, 259 F.3d 464, 476 (6th Cir. 2001).
57. See *Nabisco*, 191 F.3d at 224-25; *Eli Lilly*, 233 F.3d at 468; *Moseley*, 259 F.3d at 476-77.
58. 191 F.3d at 223.
59. See *id.* at 224.
60. *Id.* at 217-26.
61. 15 U.S.C. § 1127 (emphasis added).
62. See *Eli Lilly*, 233 F.3d at 468; *Moseley*, 259 F.3d at 474.
63. See, e.g., 4 *McCarthy on Trademarks* § 24:94.2 and 24:94.3 (4th ed. 2000); *Eli Lilly*, 233 F.3d at 468-69. See also H.R. Rep. No. 104-374, at 2-3 (1995) ("Dilution is an injury that differs materially from that arising out of the orthodox confusion"); 4 *McCarthy on Trademarks*, § 24:90 at 24-145 (stating that "[w]hile traditional trademark law rests primarily on a policy of protection of customers from mistake and deception . . . [a]nti-dilution law has a strong resemblance, not to the law of consumer protection, but to the law of trespass").
64. See 233 F.3d at 469.
65. A court should be able to consider all relevant facts of any given dilution case. Edward S. Rogers, who in 1946 became the primary draftsman of the Lanham Act as chair of an ABA committee, wrote of unfair competition in 1914: "It was necessary [for the infringer] in some way to circumvent the law, and the infringer, being as ingenious as he was unscrupulous, set his wits to the accomplishment of this task." Edward S. Rogers, *Good Will, Trade Marks and Unfair Trading*, at 126 (Chicago 1914). *Accord, People ex rel. Mosk v. National Research Co.*, 201 Cal. App. 2d 765, 772 (3d Dist. 1962) ("[I]t would be impossible to draft in advance detailed plans and specifications of all acts and conduct to be prohibited, . . . since unfair or fraudulent business practices may run the gamut of human ingenuity and chicanery").