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THE TRADEMARK DILUTION REVISION ACT
OF 2006: BALANCED PROTECTION FOR
FAMOUS BRANDS

By Scot A. Duvall

I. DILUTION AS AN ESSENTIAL MEANS OF
PROTECTION FOR TRULY FAMOUS MARKS

The genesis of “dilution” law has often been attributed to
Frank I. Schechter, in light of an oft-quoted passage from his law
review article (published in the 1920s) that the law should protect
against “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.” Since then, state dilution statutes
(sometimes called “anti-dilution” statutes) have been enacted in
roughly half of the 50 United States. These dilution statutes
generally protect the commercial value or “selling power” of a
mark by prohibiting uses that dilute the distinctiveness of the
mark or tarnish the associations evoked by the mark. Section 13
of the Model State Trademark Bill (MSTB), drafted by INTA, sets

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law firm where he practices, and are not necessarily those of INTA.

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of Amicus Curiae filed in the appeal of Louis Vuitton Maletier S.A. v. Haute Diggity Dog,
LLC (4th Cir. No. 06-2267), discussed later in this article.

813, 825 (1927).

2. For purposes of this article, statutes in the field of dilution law will be referred to as
“dilution” rather than “anti-dilution” statutes, which is certainly logical given that the
trademark community refers to “infringement” remedies rather than “anti-infringement”
remedies.

3. Restatement (Third) of Unfair Competition § 25, cmt. a at 265.

4. The text of the MSTB, which was recently updated to take account of the TDRA, is
reproduced on INTA’s website at www.inta.org.
forth a statutory cause of action for commercial use of a mark or trade name that is "likely to cause dilution of [a] famous mark."

A cause of action for dilution was first recognized under U.S. federal law in the Federal Trademark Dilution Act (FTDA), which took effect in 1996.\(^5\) The FTDA added Section 43(c) to the Lanham Act. Under the new provisions, injunctive relief was available to the owner of a "distinctive and famous" trademark, against another person’s commercial use in interstate commerce of a mark or trade name that "causes dilution" of the "distinctive quality" of the famous mark.\(^6\) By that time, dilution was commonly considered to focus on two types of harm. "Blurring" involves a risk of consumer distraction from the famous brand to the newcomer's mark (even though consumers are not likely to be confused). One example of blurring in the FTDA case law was HERBROZAC for a natural alternative to the PROZAC brand.\(^7\) Tarnishment involves a similar third-party use in a context that risks consumer aversion to the famous brand. A classic example of tarnishment under FTDA case law was candyland.com for a sexually explicit website which understandably evoked negative associations with the famous CANDYLAND children’s board game.\(^8\) Because tarnishment can present significant free speech concerns, the courts traditionally have been more cautious in applying that ground.\(^9\)


\(^7\) Eli Lilly & Co. v. Natural Answers, Inc., 233 F.3d 456 (7th Cir. 2000).


\(^9\) Though political speech has been exempted from liability for dilution, see Am. Family Life Ins. Co. v. Hagan, 266 F. Supp. 2d 682 (N.D. Ohio 2002), the courts have also provided breathing space for parody and satire. For example, the defendants’ humorous portrayals of famous marks in the following cases exempted them from liability for dilution: World Wrestling Fed’n Entm’t, Inc. v. Dog Holdings, Inc., 280 F. Supp. 2d 413 (W.D. Penn. 2003) (merchandise poked fun at WWE stars); Tommy Hilfiger Licensing, Inc. v. Nature Labs, LLC, 221 F. Supp. 2d 410 (S.D.N.Y. 2002) (dog perfume line poked fun at famous maker perfumes); Lucasfilm Ltd. v. Media Market Group, Ltd., 182 F. Supp. 2d 897 (N.D. Cal. 2002) (sexually explicit movie mocked “Star Wars” films and themes of good versus evil); Lyons P’ship, L.P. v. Giannoulas, 14 F. Supp. 2d 947 (N.D. Texas 1998) (use of a mock Barney dinosaur character with Big Chicken character in skits at sports venues). Likewise, in Mattel, Inc. v. MCA Records, Inc., 28 F. Supp. 2d 1120, 1154 n.54 (C.D. Cal. 1998), aff’d, 296 F.3d 894, 905 (9th Cir. 2002), where the defendant’s song “Barbie Girl” satirized the famous doll, the court found the use to be a “noncommercial use” within the meaning of the
Dilution law, however, has not been without its controversy over the years, much of which stems from the substantive differences between dilution and traditional concepts of trademark infringement. Whereas infringement focuses on whether consumers are likely to be confused as to the source of the parties’ goods or services, dilution (properly construed) does not require any such confusion or competition between the parties’ goods or services.\textsuperscript{10} The FTDA expressly reflected Congress’ consensus that the presence or absence of confusion has nothing logically to do with dilution claims.\textsuperscript{11} Despite codification of this distinction into federal law, practitioners sometimes encountered “policy” arguments to the effect that if there is no risk of confusion arising from a newcomer’s use of a famous mark, there is no legitimate harm in the marketplace that needs to be redressed. This reasoning embodies an unduly narrow worldview of the harms presented by third-party misappropriation of famous brands. Marketplace confusion is not the only type of harm that a famous brand can suffer. Simply put, the justification for dilution law is ultimately found in trademark ownership rights, not marketplace confusion—it is unfair in many circumstances for a newcomer to hijack the renown of the famous brand. Dilution law recognizes this principle both in blurring and tarnishment.

Common to both blurring and tarnishment is the newcomer’s use of a similar or identical mark, creating consumer associations that damage the famous mark. For blurring, the damage is impairment of the famous mark’s distinctiveness in the trademark landscape, caused by the presence of additional similar marks that force consumers to wade their minds through the clutter going forward. For tarnishment, the damage is harm to the reputation of the famous mark, caused by the “pink elephant” that permanently

\textsuperscript{10} The authors of the Restatement (Third) of Unfair Competition considered the turning point for dilution law to be the decision of the New York Court of Appeals in Allied Maintenance Corp. v. Allied Mechanical Trades, Inc., 369 N.E.2d 1162 (N.Y. 1977). Restatement (Third) of Unfair Competition § 25, cmt. b at 267. In that case, the court suggested that the law should protect against the “cancer-like growth of dissimilar products or services which feeds upon the business reputation of an established distinctive trademark or name.” \textit{Allied}, 369 N.E.2d at 1165. The \textit{Allied} court did not require confusion as a predicate for a dilution claim, thus setting the stage for judicial recognition of dilution as a cause of action not grounded in traditional trademark infringement principles.

\textsuperscript{11} Even the legislative history for the Trademark Dilution Revision Act (TDRA), which is the subject of this article, shows how deeply rooted “confusion” concepts remain in federal trademark law. In the House Committee Report (109-23) supporting the TDRA, the Congressional Budget Office cost estimate states (emphasis added): “H.R. 683 would make changes to trademark law to strengthen a trademark owner’s defense against the use of other similar marks in the market that could harm the reputation of the trademark or confuse consumers.” H.R. Rep. No. 109-23, at 7 (2005).
accompanies the famous mark whenever it is encountered by consumers in the future. These two forms of dilution were expressly made part of an extensive revision to the law of federal dilution in the Trademark Dilution Revision Act (TDRA).\textsuperscript{12} The TDRA, which took effect on October 6, 2006, balances the legitimate concerns of owners of famous brands and newcomers to the marketplace. Motivated in part by a desire to legislatively overrule part of the U.S. Supreme Court’s decision in \textit{Moseley v. V Secret Catalogue} (discussed below),\textsuperscript{13} the statute clarifies the importance of dilution law as an essential part of federal trademark law, and brings much-needed balance and clarity to the Lanham Act’s treatment of this oft-maligned area of the law. This article discusses key changes brought about by the TDRA, and notes a recent case already testing the limits of the new statute.

\section*{II. THE CALL FOR A REVISED DILUTION STATUTE}

After the enactment of the FTDA, some jurists, understandably comfortable in the mode of trademark “likelihood of confusion” cases, found it difficult to comprehend or justify dilution protection in cases where there was no confusion.\textsuperscript{14} Similarly, some courts expressed concern about the potential adverse effects of dilution law on competition in the marketplace because of the aggressive manner in which trademark owners employed the cause of action, sweeping fashion in which courts sometimes applied dilution law. Moreover, courts split in their assessment of the proof standard set forth in the statutory text, a difference that virtually dictated the outcome of some dilution cases.\textsuperscript{15} Eventually, the U.S. Supreme Court’s decision in \textit{Moseley v. V Secret Catalogue}\textsuperscript{16} resolved this key issue.

14. \textit{See also} Jonathan Moskin, \textit{Victoria’s Big Secret: Whither Dilution Under the Federal Dilution Act?}, 93 TMR 842, 844 (2003) (“Viewing dilution theory as the leading edge of a property-based theory of trademark law undoubtedly goes a great way to explain . . . why it has been such a challenge to implement effectively: it is awkward to engraft on a long-standing tort-based system of rights a new and peculiarly limited set of property-based rights.”).
15. At the time the petition for certiorari was filed in \textit{Moseley}, two judicial circuits (the Fourth and Fifth) held that objective proof of actual injury to the economic value of a famous mark (resulting from actual, consummated dilution) was a precondition to any and all relief under the FTDA. \textit{See} Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449 (4th Cir.), \textit{cert. denied}, 528 U.S. 923 (1999); Westchester Media v. PRL USA Holdings, Inc., 214 F.3d 658 (5th Cir. 2000). Three judicial circuits (the Second, Seventh, and Sixth) held that future harm to a famous mark (presumably resulting from a mere likelihood of dilution) was sufficient for relief under the FTDA. \textit{See} Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208 (2d Cir. 1999); Eli Lilly & Co. v.
In _Moseley_, the Supreme Court rejected the view (advanced by Victoria’s Secret and affirmed by the Sixth Circuit Court of Appeals) that a likelihood of dilution was sufficient for an injunction. As interpreted by the Court, the FTDA required that the newcomer’s mark must cause “actual dilution” and that a “likelihood of dilution” was insufficient proof. In a bow to a position advanced by Victoria’s Secret and a reversal of the view taken by the Fourth Circuit Court of Appeals, the Court confirmed that proof of actual economic injury was not required. However, the Court also suggested that tarnishment was “arguably” outside the scope of the FTDA (in the process reinforcing its view with statutory analysis that could lead the lower courts to conclude likewise). Most brand owners had viewed _Moseley_ as a catastrophe, leaving their most ubiquitous marks seemingly unprotected by a federal statute that, to their understanding, had been intended to do precisely the opposite.

In addition, the lower courts were already applying dilution in a highly subjective manner that made it difficult for litigants to predict the outcome of such cases. Because judges seemed to have difficulty grasping the phenomenon of “dilution” embodied in the FTDA, they evaluated dilution harms differently. In this regard, the Supreme Court provided an important insight, holding that not just any type of mental association between the marks in the minds of consumers can support a claim of dilution. But the Court, being clearly unfamiliar with the dilution concept, was of little practical assistance going forward in determining what “dilution” would mean under the FTDA. This aspect of the _Moseley_ decision demonstrated that the FTDA warranted more than a quick fix of the proof standard. What was needed most was clarity regarding what constitutes dilution. In the aftermath of the _Moseley_ case, one of the authors of this article remarked in _The Trademark Reporter_ that “[t]he legacy of the _Moseley_ case may well be as a catalyst for the trademark community to reassess the

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Natural Answers, Inc., 233 F.3d 456 (7th Cir. 2000); V Secret Catalogue, Inc. v. Moseley, 259 F.3d 464 (6th Cir. 2001).

17.  _Moseley_, 537 U.S. at 431.
18.  _Id_.
19.  _Id_. at 432.
20.  See also Moskin, _supra_ note 14, at 845 (“[T]he courts, unable to give concrete meaning to the extraordinarily ethereal and abstract concept of dilution, create arbitrary limits, deny relief entirely or render unexpected or inconsistent rulings that give little guide to govern future conduct.”).
21.  See _Moseley_, 537 U.S. at 434 (“Blurring’ is not a necessary consequence of mental association. (Nor, for that matter, is ‘tarnishing’)). The Court noted, as one possible exception, circumstances where “identical marks” were at issue. _Id_. at 433.
field of dilution law, to go back to the legislative drawing board, and to clearly articulate the line between liability and legitimate trademark use."\textsuperscript{22} 

Shortly after the \textit{Moseley} decision, INTA's President appointed a Select Committee on the FTDA to consider the field of dilution law and to propose any desirable changes to the federal statute.\textsuperscript{23} The Select Committee produced recommendations to the INTA Executive Board regarding the future of the FTDA, and a drafting team undertook the challenging task of codifying those recommendations in the form of a comprehensive statutory revision. As a result, the TDRA was drafted and proposed to Congress. Congressional hearings on the bill (H.R. 683) provided ample support for the enactment of the TDRA. Those hearings had confirmed that Circuit Courts of Appeal interpreted the FTDA differently on such matters as what constituted a "famous" mark, whether marks with "acquired distinctiveness" were protected under the statute at all, and whether the FTDA was intended to redress dilution by tarnishment. The House Committee, in its report on H.R. 683, subscribed to INTA's call to action, presented in testimony by its then-President, Anne Gundelfinger:\textsuperscript{24} 

[D]ilution law in the United States is moving in every direction except the one that it needs to—forward. . . . All the while, famous marks and their value both to consumers and their owners remain at risk from blurring and tarnishment, and third parties have little guidance regarding what marks they can safely adopt without risk of dilution liability. The lack of clarity in the law and the splits in the various circuits are resulting in forum shopping and unnecessarily costly lawsuits. For these reasons a revision of dilution law is needed.\textsuperscript{25} 


\textsuperscript{23} Kathryn Barrett Park, then-President of INTA, appointed a diverse group of trademark attorneys to serve on the Select Committee, comprised of the following: Jacqueline Leimer (then-Vice President of INTA) as chair, David Bernstein, Guy Blynn, Andrew Bridges, Dale Cendali, Rodrick Enns, Bruce Ewing, Jerome Gilson, Anne Gundelfinger, Steven Pokotilow, Paul Reidl, Albert Robin, David Stimson, Jerre Swann, and the author. 

\textsuperscript{24} Anne Gundelfinger, Vice President and Associate General Counsel of Intel Corporation in Santa Clara, California, was 2005 INTA President—during some of the most active periods of the TDRA legislative process—and was one of several Association Presidents to testify before the U.S. Congress on the TDRA. Ms. Gundelfinger also served on INTA's Select Committee for the Federal Trademark Dilution Act, and appeared as counsel on INTA's Brief of Amicus Curiae filed in the appeal of Louis Vuitton Maletier S.A. v. Haute Diggity Dog, LLC (4th Cir. No. 06-2267), discussed later in this article. 

During the legislative process, concerns raised by other organizations (such as the ACLU, the American Bar Association, and the AIPLA) resulted in several revisions to H.R. 683 prior to its passage. Overall, these changes improved the new statute. The TDRA provides much needed clarification and guidance for judges and litigants alike.

III. SIGNIFICANT CHANGES BROUGHT ABOUT BY THE TDRA

A. Likelihood of Dilution as the Standard of Proof

The *Moseley* decision upended virtually everything that many in the trademark community had understood (and long advocated) the law to be, not the least of which was that dilution harm begins at the incipiency of use of a famous mark by a newcomer. The Supreme Court’s holding that a completed harm of “actual dilution” must be proved was directly at odds with the incipiency concept. Perhaps the most significant change brought about by the TDRA is that the proof standard is now clearly expressed as requiring only a “likelihood” of dilution, precisely the standard that the Supreme Court had rejected based on the text of the FTDA.

Ultimately, Congress, in enacting the TDRA, specifically endorsed INTA’s position that “[b]y the time measurable, provable damage to the mark has occurred much time has passed, the damage has been done, and the remedy, which is injunctive relief, is far less effective.”26 The new standard states:27

Subject to the principles of equity, the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after the owner’s mark has become famous, commences use of a mark or trade name in commerce that is *likely to cause* dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury. When judges apply the new standard, the analysis should become more predictive in nature, as with traditional trademark confusion cases. Courts tend to be more comfortable in this “predictive” mode


generally and they should be even more comfortable when provided the specific guidance included in the statute.

This core provision underwent some revision after the time it was introduced in Congress. As originally submitted by INTA, the cause of action required use of a mark or trade name in commerce “as a designation of source of the person’s goods or services.”28 In March 2005, the House Subcommittee on Courts, the Internet, and Intellectual Property amended the bill to delete this requirement out of concerns voiced that the issue of use “as a designation of source” could be construed as an essential element of the plaintiff’s burden of proof.29 This phrase nonetheless appears in the defenses to liability applicable to some uses that are “other than as a designation of source for the person’s own goods or services.”30

Concerns also had been raised that the TDRA would be creating a new term of art “designation of source” without an antecedent in the Lanham Act, but those testifying in favor of the TDRA provided ample support for use of the phrase “designation of source.”31 It should be clear in most cases whether a defendant’s use operates as a designation of source for its own goods or services. Further, the phrase “designation of source” also appears in the TDRA’s standard for what constitutes a “famous” mark32 (see discussion of “fame” below),33 so the TDRA has undoubtedly introduced a new term of art into dilution law. Despite the concerns voiced during the legislative process, it is unlikely that this statutory phrase will become a matter for future controversy.

B. Protection for Famous Marks
Having “Acquired Distinctiveness”

The use of the term “distinctive” in the FTDA, as an essential element of the cause of action that a plaintiff’s mark be “distinctive and famous,”34 was a subject of much controversy among those who

29. See 69 PTCJ 472 (March 11, 2005). In the TDRA legislative history, Rep. Berman made the following statement suggesting why the change was made: “[D]ifferent intellectual property owners voiced disagreement at the hearing regarding the designation of source language in the bill. After some negotiation between the parties, the conflict has been resolved, and both AIPLA and INTA support the bill.” See H.R. Rep. No. 109-2, at 25 (2005).
33. See discussion infra at Part I.C.
advocated revision of the statute. It was unclear from the FTDA’s statutory text whether “distinctive” merely meant an enforceable trademark (i.e., one possessing inherent or acquired distinctiveness versus a mark capable of distinctiveness but registrable only on the Supplemental Register), or whether that term was intended to include only marks that are “singular” or “unique” in the marketplace. The TDRA clarifies this matter in the statutory text in the cause of action for blurring. Legislatively overruling a controversial holding of the Second Circuit Court of Appeals under the FTDA, the TDRA makes clear that a mark that is not inherently distinctive, but that has strong secondary meaning, can be famous and appropriate for dilution protection.

The Second Circuit had held that surname marks (such as BUICK and McDONALD’S) and marks descriptive when first used (such as THE CHILDREN’S PLACE) were disqualified from dilution protection under the FTDA. From a policy standpoint, this distinction made no sense because such marks are just as capable of acquiring widespread fame as inherently distinctive marks. The TDRA corrects this anomaly by expressly stating that a famous mark that is “distinctive, whether inherently or through acquired distinctiveness,” can qualify for protection against dilution. This change reopens the door to dilution protection for marks having what is commonly referred to as “secondary meaning” in the marketplace, but such marks still must satisfy the heightened fame standard discussed below. Accordingly, one would expect that strong secondary meaning would be necessary for a descriptive mark to be protected under the TDRA. The inherent or acquired distinctiveness of the mark would logically be considered as a factor in the fame analysis, and also together with other factors in determining whether the mark, if indeed famous, is likely to suffer dilution by blurring.

**C. Recalibration of the “Fame” Requirement**

While the TDRA’s “likely to cause dilution” standard legislatively overrules the most earthshaking aspect of the Moseley decision, this relaxation of the standard of proof is offset by an important narrowing of what qualifies as a “famous” mark.

35. TCPIP Holding Co. v. Haar Comms., Inc., 244 F.3d 88, 95 (2d Cir. 2001).
37. See TCPIP Holding Co. v. Haar Comms., Inc., 244 F.3d 88, 95 (2d Cir. 2001).
39. See discussion infra at Part I.C.
The 1987 Trademark Review Commission had stated that a federal dilution statute should be highly selective. As enacted nearly a decade later, the FTDA’s provisions made possible a judicial detour from the selectivity of the statute. Under the FTDA, a mark had to be both “distinctive” and “famous” with recourse only to an unhelpful hodgepodge of factors. Because the fame and distinctiveness factors had been lumped together, the scope and extent of fame required was subject to interpretation based on those vague (and sometimes irrelevant) factors. As a result, some courts gave heightened protection to marks that arguably did not deserve it, such as the WAWA mark for convenience stores (known perhaps only to those who have lived in a small region of the northeast United States).

In the aftermath of Moseley, the INTA Select Committee decided that a strong workable dilution statute must limit the number of marks that could qualify for protection. The TDRA gives effect to this core principle, and the revised fame requirement brings federal dilution law into line with the standards originally intended. The TDRA makes clear, in a way that the FTDA did not, that the fame qualifying a mark for dilution protection involves broad recognition of the mark by the public at large: a mark is famous if “it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark’s owner.” Hence, brands that are famous only in an industry-specific or product submarket, or only in a local or regional geographic area of the United States (both situations commonly referred to as “niche fame”), no longer qualify for

40. See FTDA, 15 U.S.C. § 1125(c)(1) (repealed by TDRA) which provided the following factors for determining whether a mark is “distinctive and famous”:
   (A) the degree of inherent or acquired distinctiveness of the mark;
   (B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;
   (C) the duration and extent of advertising and publicity of the mark;
   (D) the geographical extent of the trading area in which the mark is used;
   (E) the channels of trade for the goods or services with which the mark is used;
   (F) the degree of recognition of the mark in the trading areas and channels of trade used by the mark’s owner and the person against whom the injunction is sought;
   (G) the nature and extent of use of the same or similar marks by third parties; and
   (H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.


42. TDRA, 15 U.S.C. § 1125(c)(2).
protection under federal dilution law. This intent of the TDRA is specifically noted in the legislative history.43

The breadth of fame ("degree of recognition") required by the TDRA is a significant reform of dilution law, as the mark must now be famous both nationwide (though not necessarily in every town and hamlet) and among consumers generally.44 The TDRA’s revised fame standard will help keep dilution law in check and should resolve the concerns of most critics that the FTDA was too often applied in cases where it was not justified. Instead of the eight “distinctive and famous” factors contained in the FTDA (some of which had little or no bearing on the fame of a given mark), the TDRA now states only four relevant but non-exclusive factors, which should be easier for courts and litigants to manage when applying the new dilution causes of action: 45

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

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

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

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

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

Factors (i), (ii) and (iv) are variations of the now-repealed factors provided by the FTDA for “determining whether a mark is distinctive and famous.” The third factor, “actual recognition of the mark,” is intended to encompass evidence such as surveys, brand awareness studies, and third-party accolades. Factors (i), (ii), and (iii) indicate that the main focus of the fame inquiry is on recognition by consumers. Though the mere fact of federal registration logically has little to do with consumer recognition of the mark, factor (iv) does suggest that the inherent versus acquired distinctiveness of a mark (i.e., as indicated by a federal

43. See H.R. Rep. No. 109-23, at 8 (2005) (“In addition, the legislation expands the threshold of ‘fame’ and thereby denies protection for marks that are famous only in ‘niche’ markets.”).

44. See TDRA, 15 U.S.C. § 1125(c)(2) (“[A] mark is famous if it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark’s owner) (emphasis added). Though other aspects of the TDRA were modified after submission to Congress, this provision is noteworthy in that it was unchanged at the time of passage.

registration) may have some relevance—though not altogether controlling—on the issue whether the mark possesses the requisite fame.46

D. Two Distinct Causes of Action: Blurring and Tarnishment

Establishing the “likely to cause dilution” proof standard would have been of little practical merit without clarification of what constitutes “dilution,” especially in light of the Moseley decision. The TDRA provides much needed clarity in this regard. The FTDA had a single definition for “dilution” which proved to be unwieldy in practice: “the lessening of the capacity of a famous mark to identify and distinguish goods and services.”47 This definition simply failed to elucidate the standard judges and litigants were to apply. The Supreme Court in Moseley remarked that the FTDA, by defining dilution in this manner, encompassed the phenomenon known as “blurring” but questioned whether the precise text of the definition encompassed tarnishment48 (regardless of clear indications to this effect in the legislative history).49

The TDRA now expressly defines two species of dilution: “dilution by blurring” and “dilution by tarnishment,” each comprising a separate cause of action with appropriately different legal standards.50 For each cause of action, the underlying phenomenon causing dilution harm is addressed specifically, in recognition that the nature of dilution harm resulting from blurring is different from that resulting from tarnishment. Perhaps the most significant difference lies in the impact of the consumer association resulting from the newcomer’s use. For blurring, the “distinctiveness” of the mark (discussed below) is

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46. This factor did not appear in the original H.R. 683, but was added, with INTA’s consent, during the legislative process prior to consideration by the Senate Judiciary Committee in February 2006.
47. FTDA, 15 U.S.C. § 1127 (definition of “dilution” later repealed by TDRA).
48. Moseley, 537 U.S. at 432.
49. See H.R. Rep. No. 104–374 (1995) (“The purpose of H.R. 1295 is to protect famous trademarks from subsequent uses that blur the distinctiveness of the mark or tarnish or disparage it”).
50. Dilution by blurring is “association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark.” TDRA, 15 U.S.C. § 1125(c)(2)(B). Dilution by tarnishment is “association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.” 15 U.S.C. § 1125(c)(2)(C).
impaired by the association, whereas for tarnishment, the reputation of the mark is harmed by the association.\footnote{Compare TDRA, 15 U.S.C. § 1125(c)(2)(B) (dilution by blurring) and 15 U.S.C. § 1125(c)(2)(C) (dilution by tarnishment).}

1. Dilution by Blurring

One of the most significant revisions in the TDRA is that the statute now includes an express definition of dilution by blurring and a list of non-exclusive factors for courts to consider. Dilution by blurring is “association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark.”\footnote{TDRA, 15 U.S.C. § 1125(c)(2)(B).} Thus, the ultimate harm sought to be prevented by the blurring cause of action is impairment of the famous mark’s distinctiveness in the marketplace. Though the statutory text makes unclear the sense in which “distinctiveness” is meant in the blurring standard’s operative phrase “impairs the distinctiveness,”\footnote{See TDRA, 15 U.S.C. § 1125(c)(2)(B).} the blurring cause of action expressly sets forth six relevant but non-exclusive factors which shed some light on the standard:\footnote{TDRA, 15 U.S.C. § 1125(c)(2)(B)(i)-(vi) (emphasis added).}

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

(ii) The \textit{degree} of inherent or acquired \textit{distinctiveness} of the famous mark.

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

(iv) The \textit{degree of recognition} of the famous mark.

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

(vi) Any \textit{actual association} between the mark or trade name and the famous mark.

In light of these factors, “distinctiveness” should be viewed as distinctiveness in the marketplace, \textit{i.e.}, the famous mark’s association with a single source and/or a single set of brand attributes. These factors should assist courts in evaluating the context in which the marks are used, thereby fostering uniformity of application.

The first factor logically considers the degree of similarity, given that this is an essential element of the “blurring” definition. The more similar the marks, the more likely it is that the junior mark will impair the association of the senior mark with its source
and/or its particular brand attributes, and the more likely the distinctiveness of the famous mark will be impaired. This factor is consistent with the Supreme Court’s suggestion in the Moseley decision that identical marks would be the clearest candidates to impair the distinctiveness of a famous mark. The less similar the marks, the less likely such a consumer association between the marks will occur, making impairment of distinctiveness less likely. Moreover, as defined by the TDRA, the harm must stem from consumer associations caused by the similarity of a newcomer’s mark or trade name to a famous mark. Consumer associations arising for other reasons, such as product similarities, competition between the parties, or some other reason, are irrelevant. This approach confirms the wisdom of the Supreme Court’s holding in Moseley that not just any mental association caused by the newcomer’s mark will suffice for dilution.

Blurring factors (ii), (iii), and (iv) focus on three considerations bearing on the “distinctiveness” of the famous mark that must be impaired for dilution by blurring to occur. Factor (ii) considers the strength of the mark. The more inherently distinctive and memorable the mark, the more it is likely to be blurred by the use of other identical or similar marks. The more descriptive the mark, the less likely it is to be blurred by uses of identical or similar marks. Factor (iii), the extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark considers the degree to which the famous mark is already diluted in fact, depending on the extent of third party use of the same or similar marks. Factor (iv) considers the degree of recognition (i.e., the degree of “fame”) that the mark has achieved. The more famous the mark, the more likely it will be memorable and the more likely that the association will impair the distinctiveness of

55. Moseley, 537 U.S. at 433 (“[A]t least where the marks at issue are not identical, the mere fact that consumers mentally associate the junior user’s mark with a famous mark is not sufficient to establish actionable dilution.... [S]uch mental association will not necessarily reduce the capacity of the famous mark to identify the goods of its owner, the statutory requirement for dilution under the FTDA”) (emphasis added). Though the Court equated “dilution” with “reduc[tion of] the capacity” of the mark to identify the owner’s goods, this is perhaps another way of characterizing the concept of “impairment of distinctiveness.” See Louis Vuitton Maletier S.A. v. Haute Diggity Dog, LLC, 2007 WL 3348013 (4th Cir., No. 06-2267, Nov. 13, 2007), slip. op. at 15, where the Fourth Circuit recently held that in the context of blurring, “distinctiveness refers to the ability of the famous mark uniquely to identify a single source and thus maintain its selling power.”

56. The Fourth Circuit in Louis Vuitton Maletier S.A. v. Haute Diggity Dog, LLC, 2007 WL 3348013 (4th Cir., No. 06-2267, Nov. 13, 2007), slip. op. at 20, recently acknowledged that consumer associations caused by a successful parody would not result in impairment of the distinctiveness of the famous mark at issue, because the parody served to reinforce the distinctiveness of the famous mark, which was considered an “icon” among brands in the fashion industry.

57. Moseley, 537 U.S. at 433-34.
the mark, *i.e.*, its association with a single source and/or a single set of brand attributes.

However, factor (iii) is not intended to constrain dilution protection only to marks that could be said to be “singular” or “unique” in the marketplace. The INTA Select Committee rejected such a proposal because it would require that there be *no* third-party uses of the famous mark, which would be an unreasonably high (and unprecedented) bar to protection against dilution by blurring. Instead, this factor asks the court to determine whether other similar or identical trademarks already exist in the marketplace such that consumers already have learned to associate the mark with multiple sources and/or sets of brand attributes. If the famous mark is in substantially exclusive use, it would indicate that the mark’s distinctiveness is more likely to be impaired by the junior use. Conversely, where other similar marks are already in widespread use, it would indicate that the junior use is unlikely to have the effect of blurring the famous mark.

The fifth factor addresses the issue of intent. Evidence of the defendant’s intent to create an association with a famous mark may indicate the defendant’s expectation that consumers would associate its mark with the famous mark. Depending on the circumstances, such intent could operate as an admission by the defendant that the senior mark has a sufficient degree of fame and marketplace distinctiveness such that the mark can be blurred, and that the defendant sought to appropriate that fame and distinctiveness to itself in order to direct consumers’ attention toward its own business. As noted in congressional hearing testimony, some uses which might be excluded from liability (such as parody) might specifically intend to create an association with the famous mark, but in such a circumstance, the intent would be a *fait accompli*. But in the event the attempted parody or satire fails to qualify for protection, it would be logical for the court to take into account the defendant’s intent in determining whether blurring is likely to occur.58

Finally, the sixth factor, “any actual association between the marks,” encompasses any evidence of actual association, such as survey evidence, evidence of actual consumer association, and the like. This factor is open to further development, in that no generally accepted standards currently exist in the U.S. for surveying association caused by similarity. Nonetheless, that phenomenon—now statutorily recognized as the underpinning of any claim asserting dilution by blurring—should be a more manageable proposition than surveying whether dilution has

actually occurred (as the U.S. Supreme Court’s ruling in Moseley suggested would be necessary).

2. Dilution by Tarnishment

In addition to defining dilution by blurring, the TDRA expressly recognizes a cause of action for, and defines the nature of, dilution by tarnishment. It clarifies that (as with blurring) the consumer associations giving rise to tarnishment result from the similarity between the famous mark and the junior mark. However, the ultimate harm the tarnishment cause of action seeks to redress is different from that of blurring—harm to the reputation of the famous mark, rather than its distinctiveness:

“[D]ilution by tarnishment” is association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.59

By way of example, The Coca-Cola Company could well suffer damage to the reputation of its brand by the sale of powdered candy, designed to look like cocaine, in bottles that copy the famous undulating shape of its soft drink bottles.60 INTA took the position, in connection with the passage of the TDRA, that such uses should be prohibited by the dilution statute.61

In contrast to the TDRA’s cause of action for dilution by blurring, the tarnishment cause of action does not make reference to any factors, in light of the expanded and more detailed defenses to liability (discussed below). In that this cause of action tracks the operative language of most state tarnishment statutes, existing case law interpreting such statutes should serve as a guide for applying this provision of the TDRA. It is also conceivable that decisions under the FTDA finding tarnishment could be considered persuasive authority in cases arising under the TDRA, provided that the marks at issue are sufficiently similar to give rise to negative consumer associations regarding the famous mark (and a resulting likely harm to reputation of the famous mark). Last, the “dilution by blurring” factors that relate to the question of association (namely, factor (i) regarding similarity of the marks, factor (v) regarding intent, and factor (vi) regarding evidence of actual association) could logically be considered relevant on the

issue of association “arising from . . . similarity” in claims of dilution by tarnishment.

E. Expanded Exclusions from Liability

The TDRA sets forth conduct that, by definition, does not constitute dilution by blurring or tarnishment and therefore are exclusions to liability:62

(3) EXCLUSIONS—The following shall not be actionable as dilution by blurring or dilution by tarnishment under this subsection:

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

(i) advertising or promotion that permits consumers to compare goods or services; or

(ii) identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.

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

(C) Any noncommercial use of a mark.

1. The New “Fair Use” Defense
(Excepting Designations of Source)

For the first time in federal dilution law, the TDRA expressly adopts a complete defense from liability for any “fair use” of a famous mark (or “facilitation” of such fair use of a famous mark, such as by an Internet service provider),63 so long as the use is other than as a “designation of source” for the person’s own goods or services. This new defense is embodied in subparagraph (A)

62. TDRA, 15 U.S.C. § 1125(c)(3). Though the TDRA does not style the “exclusions to liability” as defenses, INTA took the position in testimony on the TDRA that the provisions of Section 43(c)(3) are in the nature of defenses. See Hearings on the Trademark Dilution Revision Act of 2005 Before the Subcomm. on Courts, the Internet, and Intellectual Property of the House Comm. on the Judiciary, 109th Cong., 1st Sess. (February 17, 2005), at 15 (statement of Anne Gundelfinger on behalf of the International Trademark Association). Likewise, the legislative history does contain some references to the provisions as “defenses.” For purposes of this article, the “exclusions to liability” will be referred to as “defenses” for ease of reference. Recently, the Fourth Circuit characterized the provisions of Section 43(c)(3) as defenses. Louis Vuitton Maletier S.A. v. Haute Diggity Dog, LLC, 2007 WL 3348013 (4th Cir., No. 06-2267, Nov. 13, 2007), slip. op. at 16.

63. It is worth noting that the exclusions to liability specifically relate to dilution, and leave untouched any standards for trademark infringement or liability under Section 43(a) of the Lanham Act.
above. The operative phrase “designation of source” is not specifically defined in the TDRA, but given its context as part of the Lanham Act, the phrase logically should be construed to include uses of brand names, slogans, and, in many cases, trade names.\textsuperscript{64} And, though the TDRA expressly includes within the scope of “fair use” comparative advertising, as well as parody, criticism or commentary regarding the famous mark owner or the goods or services of the famous mark owner, the TDRA leaves “fair use” somewhat open for interpretation (by use of the leading phrase “Any fair use . . .” and the use of “including”). This was a deliberate decision made out of deference to the courts that will be called upon to adjudicate such issues. The INTA Select Committee believed that the courts are better positioned to address what is or is not a “fair use” of a famous mark in the context of a particular case.

The inclusion of subparagraph (A) is a significant improvement over the prior FTDA provision, both in terms of scope and clarity, and its language is more inclusive of potential uses that implicate traditional free speech concerns. This subsection removes the previous (and illogically restrictive) requirement that comparative advertising or promotion, to be outside the scope qualify for the defense, must be both “commercial” in nature and involve “competing goods or services.” The new subsection also codifies into dilution law two well-recognized bases for protection against liability—the nominative fair use defense and the descriptive fair use defense.\textsuperscript{65}

However, the “fair use” defense of subparagraph (A) is circumscribed by a requirement that the mark not be used as a designation of source for the defendant’s goods or services.\textsuperscript{66} A

\textsuperscript{64} Under the Lanham Act, “trade name” refers to a name used by a person to identify his or her business or vocation. 15 U.S.C. § 1127. So long as such a name operates as a source indicator for the services provided by the owner's business, it would be a “designation of source for the person's own . . . services” and hence within the scope of 15 U.S.C. § 1125(c)(3).

\textsuperscript{65} Descriptive fair use (also referred to as “classic” fair use) is the use of a normal English word in its usual meaning to describe the user's product or service. See, e.g., Wonder Labs, Inc. v. Procter & Gamble Co., 728 F. Supp. 1058, 1062–64 (S.D.N.Y. 1990) (phrase “Dentists' Choice” in toothpaste advertising held a fair use notwithstanding the plaintiff's trademark DENTIST'S CHOICE for toothbrushes). By contrast, a nominative fair use involves use of the plaintiff's mark to refer to the plaintiff or the plaintiff's goods. This category generally applies (a) where the mark is reasonably needed to identify the mark owner's goods or services, (b) where the use is not more than is needed to identify the mark owner's goods or services, and (c) where there is no implication of endorsement. See, e.g., New Kids on the Block v. News Am. Publ’g, Inc., 971 F.2d 302 (9th Cir. 1992).

\textsuperscript{66} As originally introduced, H.R. 683 contained a different version of this exclusion, embodied in two separate subsections: “(A) Fair use of a famous mark by another person in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark. (B) Fair use of a famous mark by another person, other than as a designation of source for the person's goods or services, including for purposes of
careful reading of the provision shows that if the newcomer’s use is as a “designation of source,” the “fair use” defense of subsection (A) does not apply by its terms, even if the use itself would be considered parody, criticism, or comment.\textsuperscript{67} The evident policy of subparagraph (A) is that newcomers should not be entitled to gain their brand significance at the expense of the famous mark, but later claim a defense of parody, no matter how critical of the mark’s owner or how clever the use may be. Hence, the “designation of source” limitation, by its terms, would appear to remove from the scope of a complete “fair use” defense decisions such as the case which held that use of the mark \textit{Don’t Leave Home Without It} (as a slogan for condoms) constituted non-actionable parody.\textsuperscript{68}

Even so, as the Fourth Circuit recently recognized in \textit{Louis Vuitton Maletier S.A. v. Haute Diggity Dog, LLC}, the absence of a complete defense to dilution grounded in parody does not preclude the court from considering a successful parody in determining the ultimate issues of impairment of distinctiveness (in the context of blurring).\textsuperscript{69} The Fourth Circuit’s decision in \textit{Haute Diggity Dog} indicates that courts are likely to continue to be sensitive to issues of parody, and may well view a successful or unsuccessful parody as a factor to be considered (though not one of the statutory factors enumerated in the TDRA). In that the TDRA specifies the blurring factors as being nonexclusive, and permits the court to consider all

identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.” With INTA’s consent, this language was modified during the legislative process to replace the “comparative commercial advertising . . .” provision with a reference to “advertising or promotion that permits consumers to compare goods or services,” and to specifically make reference to nominative and descriptive fair use. These changes were adopted, with INTA’s consent, prior to consideration by the Senate Judiciary Committee in February 2006. In particular, the changes to include nominative and descriptive fair use were adopted in lieu of a substitute bill offered by Sen. Orrin Hatch containing such provisions, and were not without controversy. In November 2005, the American Bar Association’s Section of Intellectual Property Law had sent a letter to Sen. Hatch and Sen. Patrick Leahy, challenging Sen. Hatch’s proposed exclusion for nominative and descriptive fair uses as “ill conceived and unnecessary.” 71 PTCJ 487 (March 10, 2006).

\textsuperscript{67} The Fourth Circuit in \textit{Louis Vuitton Maletier S.A. v. Haute Diggity Dog, LLC}, 2007 WL 3348013, (4th Cir., No. 06-2267, Nov. 13, 2007), slip. op. at 18, held likewise, though the unavailability of a complete defense ultimately did not result in liability for dilution by blurring.


\textsuperscript{69} \textit{Louis Vuitton Maletier S.A. v. Haute Diggity Dog, LLC}, 2007 WL 3348013 (4th Cir., No. 06-2267, Nov. 13, 2007), slip. op. at 19. Notably, the Fourth Circuit did not specifically consider the effect of the successful parody in its analysis of tarnishment, see slip. op. at 22, though the court did state more broadly that “[t]he TDRA . . . does not require a court to ignore the existence of a parody that is used as a trademark). Instead, the court focused on the operative language for TDRA tarnishment claims, “harms the reputation,” and determined that the factual record was devoid of record support on that issue. \textit{Id}. 
“relevant” factors, it cannot reasonably be said that the Fourth Circuit’s decision was ungrounded in the statutory text.

Subparagraph (A) also establishes a complete defense to liability for circumstances not previously addressed under federal dilution law—facilitation of a fair use by third parties such as publishers or Internet service providers. But again, the protection provided to “facilitators” applies, by its terms, only if the use is indeed a “fair use.” Given that the uses for which “facilitators” could conceivably be held liable are initiated by third parties, the liability of facilitators appears to turn on the conduct of the user of the famous mark. Accordingly, this provision may not provide such broad immunity to facilitators as may appear at first glance. The practical implication is that those who may be in the position of facilitators cannot merely rely on such status for immunity, and may find it prudent to undertake efforts to identify and/or take action against those uses within their control which might otherwise be subject to liability under the TDRA. This is akin to the “notice and takedown” provisions of the Digital Millennium Copyright Act,70 except that the onus is on the facilitator under the TDRA to monitor uses of marks over which they ultimately have control.

2. Preservation of Previous Defenses Under FTDA

In addition to the significantly revised statutory text of subparagraph (A), the TDRA preserves two significant pre-existing exclusions from liability included in the FTDA: all forms of news reporting and news commentary, and noncommercial use of a mark.71 Though some activities excluded from liability in subparagraphs (B) and (C) might logically be encompassed by the “fair use” language of subparagraph (A), this potential overlap in the statutory provisions resulted primarily from significant changes that the defenses underwent throughout the legislative process. Subparagraph (A), which replaces prior subparagraph (A) of the FTDA, was revised in part during the House’s consideration of the bill, and again in part during the Senate’s consideration of the bill. Despite the new language of subparagraph (A),

70. See Copyright Act, 17 U.S.C. § 512(g).
71. Notably, the text of subparagraph (C), which is unchanged from the FTDA’s provision, appeared in slightly different form in H.R. 683 as originally proposed by INTA and introduced in Congress—“Noncommercial use of a designation of source.” See H.R. Rep. No. 109-23, at 19 (2005) (H.R. 683, Sec. 2, setting forth proposed Sec. 43(c)(3)(B)). This provision was removed and the text of subparagraph (C) was added back in, with INTA’s consent, during the legislative process prior to consideration by the Senate Judiciary Committee in February 2006. As discussed infra, this change should permit the application of FTDA cases construing the analogous provision in cases arising under the TDRA.
subparagraphs (B) and (C) of the FTDA were ultimately retained unmodified in the TDRA, for fear that further changes would further slow the legislation’s progress toward becoming law. The changes embodied in new subparagraph (A), combined with the retention of the “news”-related and “noncommercial use” defenses, should go a long way toward resolving concerns that dilution law was largely unsympathetic to free expression, particularly at the margins of the First Amendment.

Though a statement made in the legislative history suggests that the textual meaning of the “designation of source” exception to fair use may have been lost on Congress, it is possible that the “noncommercial use of a mark” provision, which does not turn on the categorization of the use as a “designation of source,” could accommodate free speech concerns in an appropriate case. Indeed, the TDRA’s retention of FTDA’s subparagraph (C) of the exclusions to liability may provide a counterbalance to the “designation of source” limitation on the fair use provisions contained in subparagraph (A), by preserving existing case law for the separate “noncommercial use” exclusion. Case law on the issue of “noncommercial use” has been interpreted to include some parody of famous marks even when used in connection with the sale of a product. Accordingly, the pre-TDRA case law interpreting this provision should be viewed as “good law” under the TDRA, in that this category of the defenses to liability has been substantively unchanged by the TDRA. Overall, the net change in the defenses to liability can be read as an expansion of the FTDA’s safe harbor to expressly include fair uses of famous marks other than as a designation of source for the user’s goods or services.

F. Specific Burden of Proof for Unregistered Trade Dress

Famous marks taking the form of trade dress (including, according to the TDRA’s legislative history, product

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72. In the TDRA legislative history, Rep. Berman made the following statement: Most importantly, an amendment was adopted in Subcommittee to address the First Amendment and free speech issues that were raised at the hearing. The ACLU voiced concerns about the possibility that critics could be stifled by the threat of an injunction for mere likelihood of tarnishment. Furthermore, they were concerned with the balance between the rights of trademark holders and the First Amendment. ACLU joined with INTA and AIPLA in crafting a separate exemption from a dilution cause of action for parody, comment and criticism.” H.R. Rep. No. 109-23, at 25 (2005) (emphasis added).

configuration)\textsuperscript{74} are now expressly covered by the TDRA. However, in cases where the claimed trade dress is not registered, the plaintiff bears the burden of proving that the trade dress is not only famous, but also non-functional. In addition, to the extent that the claimed trade dress contains registered elements, the unregistered elements must be shown, as a whole, to be famous. The TDRA language states:

In a civil action for trade dress dilution under this Act for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that—

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

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

One apparent purpose of this provision is to prevent a claim of dilution of composite trade dress from extending beyond those elements that are actually famous. The provision also appears to be aimed at preventing unregistered trade dress, which otherwise would not be evaluated on the issue of functionality, from escaping the scrutiny applicable to registered trade dress. Likewise, the provision clarifies how the TDRA’s fame requirement applies to trade dress (in other words, the claimed unregistered elements are to be considered collectively). This provision would appear to prevent dilution protection for claimed trade dress comprising, for example, a shoe design that combines a famous brand name with other elements, solely on account of the fame of the brand itself.

Though one may question the need to provide for such a potentially unique circumstance in the TDRA, this provision is akin to an existing statutory provision that applies to unregistered trade dress in trademark infringement cases.\textsuperscript{75} One side-effect of this provision may be to encourage trade dress owners to register those elements of trade dress that are considered valuable to escape the disadvantages this provision imposes regarding the burden of proof. Another beneficial side-effect may be to reduce the possibility that specious dilution claims would be asserted for purportedly famous trade dress, in cases where no effort to register the trade dress was even undertaken or where efforts to obtain registration had failed.

\textsuperscript{74} See H.R. Rep. No. 109-23, at 8 (2005) (“Finally, [the TDRA] would protect trade dress or product configuration”).

G. Revised Scope of Remedies and Related Proof Requirements

The FTDA did not contain a statutory provision on the potentially retroactive effect of the statute, which left the courts to determine the cases to which the FTDA applied. However, given the existence of the FTDA and the significant changes in the law that the TDRA was intended to bring about, legitimate questions arose regarding the potentially retroactive effect of the TDRA’s provisions, questions that may still linger from case to case despite those provisions. In this regard, the TDRA contains the following provision:

(5) ADDITIONAL REMEDIES—In an action brought under this subsection, the owner of the famous mark shall be entitled to injunctive relief as set forth in section 34. The owner of the famous mark shall also be entitled to the remedies set forth in sections 35(a) and 36, subject to the discretion of the court and the principles of equity if—

(A) the mark or trade name that is likely to cause dilution by blurring or dilution by tarnishment was first used in commerce by the person against whom the injunction is sought after the date of enactment of the Trademark Dilution Revision Act of 2006; and

(B) in a claim arising under this subsection—

(i) by reason of dilution by blurring, the person against whom the injunction is sought willfully intended to trade on the recognition of the famous mark; or

(ii) by reason of dilution by tarnishment, the person against whom the injunction is sought willfully intended to harm the reputation of the famous mark.

The above provision can be read to imply that diluting uses that commenced on or prior to the date of enactment of the TDRA (October 6, 2006) could be enjoined under the TDRA’s injunction provisions, by making clear that damages for willful infringement under the TDRA are “also” available only for diluting uses that began after that date. INTA took the position in hearings on the TDRA would be applicable retroactively, “contingent upon fairness and equity,” to the fullest extent permissible under available Supreme Court precedent, Landgraff v. USI Film Products76 (which governs the constitutional considerations inherent in the retroactive application of statutes).77 Under the reasoning of such


77. See Hearings on the Trademark Dilution Revision Act of 2005 Before the Subcomm. on Courts, the Internet, and Intellectual Property of the House Comm. on the Judiciary,
precedent, imposing damage remedies for conduct that occurred prior to the enactment of the law would be unconstitutional, because the defendant could not know in advance that the conduct would result in liability in damages. By contrast, injunctive relief may be deemed appropriate because it honors the policy of the newly-enacted law on a forward-looking basis only. The legislative history, however, contains no express acknowledgement of Congressional intent on this issue.

Conceivably, specific arguments appealing to the court’s discretion and equitable principles under the TDRA could be made in certain circumstances, given that the Supreme Court’s decision in *Moseley* was prevailing law for a significant period of years until the TDRA was enacted. As a result of *Moseley*, the standard applying to claims of dilution changed dramatically. To the extent that a party commenced use of a mark on or after the date of the *Moseley* decision but prior to the enactment of the TDRA, the party’s reliance on the state of the law (then requiring stringent proof of actual dilution) could be a determining factor on the issue of injunctive relief, given that the TDRA changed the standard of proof to a less rigorous standard, “likely to cause dilution.” A court could consider a party’s reliance on the state of the law in effect at the time use of the mark at issue was commenced and the rights developed via that party’s use, particularly where the user may have spent considerable resources in support of the mark and may have generated substantial goodwill in the chosen mark.

Another argument may be available to a party who commenced use of the offending mark prior to the enactment of the TDRA, based on the text of the TDRA’s cause of action itself. In short, one could make the argument that the TDRA does not clearly apply to any uses which commenced prior to its effective date, because the text does not specifically purport to make the statute apply retroactively. The statute, by its terms, applies to a party who “commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark.”78 It is conceivable that a court could rely on this text to determine that the TDRA cannot apply at all to cases where the offending use predated the statute’s enactment, and that the FTDA, as interpreted by *Moseley*, would be the prevailing law in such cases.

Likewise, a victim of willful dilution that began prior to October 6, 2006 could make the argument that it is entitled to seek damages under the FTDA standard then in effect, if the plaintiff satisfies the elements of the FTDA (including, as required by

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109th Cong., 1st Sess. (February 17, 2005), at 17 (statement of Anne Gundelfinger on behalf of the International Trademark Association).
Moseley, a showing of actual dilution). Given the difficulty of proof under the Moseley standard, it is hard to imagine this approach in all but the most egregious cases (such as, for example, where the offending mark is identical to the famous mark and evidence of willfulness is clear). Nonetheless, this approach could be available to an aggrieved plaintiff.

H. “Savings Clause” for Patents

The TDRA contains a savings clause, codified as Section 43(c)(7), stating that nothing in the TDRA shall be construed to “impair, modify, or supersede the applicability of the patent laws of the United States.” The FTDA contained no such provision. This provision did not appear in original H.R. 683, but was added during the legislative process prior to consideration by the Senate Judiciary Committee in February 2006.

IV. OTHER ADJUSTMENTS TO EXISTING STATUTORY PROVISIONS

A. Partial Preemption of State Law for Certain Registered Marks

The FTDA contained a provision that preempted state-law dilution claims in cases where the offending mark was the subject of a federal registration on the Principal Register (or a federal registration predating the Lanham Act):79

The ownership by a person of a valid registration under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register shall be a complete bar to an action against that person, with respect to that mark, that is brought by another person under the common law or a statute of a State and that seeks to prevent dilution of the distinctiveness of a mark, label, or form of advertisement.

The TDRA was revised to reflect the changes in the federal dilution causes of action, and the underlying harms. As a result, the provision appeared in the House Committee Proof of the TDRA, and ultimately in the House Committee Report, Report 109-23, as follows (changes from FTDA noted in italic):

OWNERSHIP OF VALID REGISTRATION A COMPLETE BAR TO ACTION.—The ownership by a person of a valid registration under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register under this Act shall be a complete bar to an action against that person, with

respect to that mark, that is brought by another person under the common law or a statute of a State and that seeks to prevent dilution by blurring or dilution by tarnishment, or that asserts any claim of actual or likely damage or harm to the distinctiveness or reputation of a mark, label, or form of advertisement.

Unfortunately, in the legislative drafting process, the subsection headings were changed to read as follows, and the TDRA as enacted now reads as follows:80

OWNERSHIP OF VALID REGISTRATION A COMPLETE BAR TO ACTION.—The ownership by a person of a valid registration under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register under this Act shall be a complete bar to an action against that person, with respect to that mark, that—

(A)(i) is brought by another person under the common law or a statute of a State; and

(ii) seeks to prevent dilution by blurring or dilution by tarnishment; or

(B) asserts any claim of actual or likely damage or harm to the distinctiveness or reputation of a mark, label, or form of advertisement.

The subparagraphs separate the reference to “brought . . . under the common law or a statute of a State” from those claims anticipated under state law identified in (B). If read literally, subsection (B) would preempt all claims—regardless whether brought under state law or federal law (including federal dilution claims)—that assert any claim of likely harm to a mark’s distinctiveness or reputation (i.e., blurring or tarnishment). Further, this provision could be read even to preempt claims for cancellation (whether asserted in federal court or in the TTAB), but that reading would be directly at odds with the conforming amendments the TDRA made to the Lanham Act’s provisions specifically governing opposition and cancellation proceedings (discussed below). The legislative history reflects no such intention to preempt any federal claims.

It would be folly for Congress to provide that the TDRA preempts its own federal dilution causes of action, much less other means for asserting dilution claims under the Lanham Act. When considered carefully in light of the legislative history of the TDRA and the analogous provision of the FTDA, it is apparent that the use of the subparagraphs was a well-intentioned but fatally-flawed drafting error, and that the provision should read as follows:

The ownership by a person of a valid registration under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register under this Act shall be a complete bar to an action against that person, with respect to that mark, that—

(A) is brought by another person under the common law or a statute of a State; and

(B) (i) seeks to prevent dilution by blurring or dilution by tarnishment; or

(ii) asserts any claim of actual or likely damage or harm to the distinctiveness or reputation of a mark, label, or form of advertisement.

It is fair to expect that this matter will eventually be rectified by way of a future technical amendment. Meanwhile, trademark practitioners and courts should be alert to what is clearly a drafting error in TDRA Section 43(c)(6), in the event they may be confronted with creative arguments grounded in this oversight.

B. Conforming Amendments for Opposition and Cancellation Proceedings

As noted above, the TDRA included amendments to the Lanham Act addressing opposition and cancellation proceedings. The changes specifically reference the two dilution causes of action and makes clear the applicable standard is “likely to cause dilution.” Lanham Act Section 2(f) was amended to state as follows, in pertinent part:81

A mark which would be likely to cause dilution by blurring or dilution by tarnishment under section 43(c), may be refused registration only pursuant to a proceeding brought under section 13. A registration for a mark which would be likely to cause dilution by blurring or dilution by tarnishment under section 43(c), may be canceled pursuant to a proceeding brought under either section 14 or section 24.

The previous language had referenced the potentially vague phrasing “which when used would cause dilution,” though the Trademark Board had since confirmed that Board proceedings are governed by the “likelihood of dilution” standard. Nonetheless, this change brings the statutory language of Section 2(f) parallel to the language of the TDRA.

Likewise, Section 13(a) of the Lanham Act was amended to read, in pertinent part, as follows:82

82. See Lanham Act, 15 U.S.C. § 1063(a) (as amended by TDRA).
Any person who believes that he would be damaged by the registration of a mark upon the principal register, including the registration of any mark which would be likely to cause dilution by blurring or dilution by tarnishment under section 43(c), may, upon payment of the prescribed fee, file an opposition.

The previous language had stated “including as a result of dilution” in place of the above-italicized text. Section 14 was similarly amended to read as follows, by adding the following italicized text:

A petition to cancel a registration of a mark, stating the grounds relied upon, may, upon payment of the prescribed fee, be filed as follows by any person who believes that he is or will be damaged, including as a result of a likelihood of dilution by blurring or dilution by tarnishment under section 43(c).

In the Committee Proof, the above provision originally contained text analogous to that appearing in Section 24 governing marks on the Supplemental Register (discussed below), but it appeared incorrectly in the House Committee Report, so the text was further revised before passage to simplify the language.

The TDRA’s revisions to Sections 13(a) and 14 do not affect the standards applied by the Board in dilution cases for marks on the Principal Register, so that case law should continue to be good precedent. Under Sections 13(a) and 14 of the FTDA, the Board’s decisions apparently required that the famous mark must be famous before the earlier of (1) the constructive use priority date of the registration or (2) the registrant’s first use date of the mark as proved. In Toro Co. v. ToroHead Inc. and The Nasdaq Stock

84. As originally contained in the Committee Proof, Section 14 had been amended to read as follows:

A petition to cancel a registration of a mark, stating the grounds relied upon, may, upon payment of the prescribed fee, be filed as follows by any person who believes that he is or will be damaged (i) by the registration of a mark on the principal register for which the constructive use date is after the date on which the petitioner’s mark became famous and which, when used as a designation of source for the registrant’s goods or services, would be likely to cause dilution by blurring or dilution by tarnishment under section 43(c), or (ii) on grounds other than dilution by blurring or dilution by tarnishment, by the registration of a mark on the principal register established by this Act, or under the Act of March 3, 1881, or the Act of February 20, 1905.

86. The revisions to the statutory text of Section 14 did not create any inconsistency between Sections 14 and 24. The provisions of Section 24 address specific concerns relating to marks on the Supplemental Register only.
Market, Inc. v. Antarctica, S.R.L., the Board analyzed how dilution claims are to be heard taking into account principles of constructive use priority. In Toro, the application was based on intent to use; in Nasdaq, the involved application was based on Section 44 of the Lanham Act, where applicant had not used its mark in the United States or in commerce between Italy and the United States.

In these two cases, the Board held that a plaintiff that establishes its ownership of a distinctive and famous mark may prevail upon a showing of likelihood of dilution, so long as the mark was famous prior to the filing date of the application when based on intent to use, or prior to the priority filing date of the application when based on Section 44. In its analysis, the Board in Nasdaq cited to the language in Section 14 (cancellations), suggesting that the standards for oppositions and cancellations would be the same.

Though the Board in Nasdaq noted its holding in the prior Toro decision that an opposer pursuing a dilution claim must establish that its mark became famous prior to the “filing date” of the applicant’s application, it is apparent that the Board was relying on the analogous circumstance where the application was not founded on use. However, the Board in Toro also specifically addressed applications founded upon actual use. The main holding was limited to intent-to-use applications: “We hold that in the case of an intent-to-use application, an owner of an allegedly famous mark must establish that its mark had become famous prior to the filing date of the trademark application or registration against which it intends to file an opposition or cancellation proceeding.” By contrast, a key footnote in Toro (footnote 9), stated the Board’s views in use-based applications: “In a use-based application under Section 1(a) of the Trademark Act . . . the party alleging fame must show that the mark had become famous prior to the applicant’s use of the mark.”

Reading Toro and Nasdaq together, the Board’s reasoning appears to be that in the case of a use-based application founded on Section 1(a), the use necessarily will have been made before the filing date of the application, hence the “use” date of the newcomer’s mark would control in evaluating whether the plaintiff’s mark was famous as of the date permitting relief. It is therefore fair to conclude that the Board would acknowledge that the constructive use priority date of a Section 44 or ITU application is the “key” date for purposes of determining the date by which the famous mark must have been famous.

89. See Toro, 61 U.S.P.Q.2d at 1174.
Logically, then, for Section 44-only applications (which are founded with a claim of intent to use), the key date by which the famous mark must be shown to have been famous should be the filing priority date, not any actual “use” date. Likewise, for ITU applications, the key date should be the constructive use date, which is the filing date. In cases where a first use date is made of record by an allegation of use, and the first use date is prior to the filing date of an ITU application, the registrant logically should be entitled to prove up the earlier first use date if necessary to defeat the right to cancel the registration. However, this approach would not apply to marks on the Supplemental Register, due to specific amendments to Section 24 made by the TDRA.

C. More Detailed Standard for Marks on the Supplemental Register

Under the TDRA, Section 24 of the Lanham Act was amended to take account of the unique priority issues presented by the “effective filing date” in marks registered on the Supplemental Register. The FTDA provision did not address those issues, but the omission was not a matter of consequence, in that Board has yet to address a dilution case arising under Section 24. Though one might rarely encounter a circumstance where a famous mark owner seeks to cancel a Supplemental Registration, such a situation is theoretically possible. This is one example of how revisions to the FTDA were carefully considered with an eye toward potential situations not addressed by the FTDA.

Section 24, as amended, now reads as follows, in pertinent part:

Whenever any person believes that such person is or will be damaged by the registration of a mark on the supplemental register—

(1) for which the effective filing date is after the date on which such person’s mark became famous and which would be likely to cause dilution by blurring or dilution by tarnishment under section 43(c); or

(2) on grounds other than dilution by blurring or dilution by tarnishment,

such person may at any time, upon payment of the prescribed fee and the filing of a petition stating the ground therefor, apply to the Director to cancel such registration.

Section 24 is clarified to adjust for priority considerations unique to Supplemental Registrations, and to simplify cancellation

proceedings in dilution cases. For a mark applied for registration on the Supplemental Register, priority is established by the “effective filing date,” which, essentially, is the date on which proof of use of the mark was filed in the Trademark Office. In cases where the application is initially sought on the Principal Register under Section 1(b) and later amended to the Supplemental Register, the Section 1(b) basis must be perfected in order for the mark to be registered on the Supplemental Register. In that instance, the “effective filing date” for purposes of constructive use priority changes to the filing date of the amendment to allege use. The use of this term of art, unique to applications for the Supplemental Register, is helpful clarification for Section 24, in that the Board has not yet addressed any cancellation claims involving dilution.

This new standard under Section 24 differs from that applicable to dilution claims covered by Toro and Nasdaq, and logically so. Applications for marks on the Supplemental Register are disadvantaged to the extent originally based on intent to use, because priority is grounded in the filing date evidencing use (i.e., an amendment to allege use) rather than the application filing date. Thus, consideration of the “effective filing date,” as the key date with regard to which the fame of the plaintiff’s mark must be established, is consistent with the Trademark Office’s rules on priority for marks on the Supplemental Register. The revision to Section 24 merely extends this concept to marks on the Supplemental Register which later become the subject of dilution claims for cancellation.

Because marks on the Supplemental Register are not distinctive for any goods or services, it is logical to have an orderly system to easily determine those marks which can be removed from the register from those which cannot. There is no process for opposing marks on the Supplemental Register. Focusing on the effective filing date encourages applicants to demonstrate use as early as possible, and provides famous mark owners with notice of the dates before which their marks must be shown to be famous, so they can determine whether a successful cancellation proceeding is possible. This approach also preempts any attempt by an applicant to defeat a potential cancellation claim by claiming an earlier use date that could give rise to significant proceedings adjudicating the date on which the registrant’s mark was first used. Because the effective filing date of a mark applied for registration on the supplemental register under both Section 44 and Section 1(b) is the Section 44 priority filing date, a Section 44 registrant would receive the benefit of the priority filing date in adjudicating cancellation claims.
V. THE FUTURE OF PARODY UNDER THE TDRA: EARLY INDICATIONS AND ANALYSIS

In the first reported case under the TDRA, a federal court refused to enjoin the maker of CHEWY VUITON brand dog toys as a parody of the LOUIS VUITTON brand.91 That case was appealed to the Fourth Circuit Court of Appeals (notably, the first Circuit to interpret the language of the prior FTDA in substantially the same manner as the U.S. Supreme Court ultimately held in Moseley). In connection with the appeal, INTA petitioned and was granted permission to file an amicus brief with the Fourth Circuit Court of Appeals.92 As this article was going to press, the Fourth Circuit rendered an opinion in the case that clarified how courts should analyze claims under the TDRA. Perhaps of greatest importance, the court made an important distinction between the significance parody plays in the analysis of blurring claims under the TDRA, and the significance of parody on the application of defenses under the TDRA. The Court’s reasoning may well influence future courts in cases involving parody.

In short, the Fourth Circuit held, and correctly so, that the TDRA defenses do not provide a complete defense to liability for dilution in cases where the defendant’s use of a mark, even as a parody, is as a trademark.93 This issue was a significant focus of INTA’s amicus efforts in that case.94 However, the court held that a parody can be considered as part of the circumstances to be considered in analyzing a claim for blurring.95 The court observed that “by making the famous mark an object of the parody, a successful parody might actually enhance the famous mark’s distinctiveness by making it an icon.”96 This holding gives due consideration to the statutory text while holding out the possibility that a given parody may still result in dilution liability: “[I]f the parody is so similar to the famous mark that it likely could be construed as actual use of the famous mark itself,” the distinctiveness of the famous mark could be impaired.97

92. David H. Bernstein, as INTA Counsel, argued the case on behalf of the organization in the Fourth Circuit Court of Appeals. Mr. Bernstein, a partner of Debevoise & Plimpton LLP in New York, was one of INTA’s key negotiators and advocates in the political process leading to the passage of the TDRA. He previously served on INTA’s Select Committee for the Federal Trademark Dilution Act and on the Drafting Committee for Revisions to FTDA.
94. See INTA’s Amicus Brief, reprinted in 97 TMR 811 (2007).
95. Haute Diggity Dog, slip. op. at 19.
96. Id.
97. Id. at 20.
Thus, the Fourth Circuit gave due consideration to the similarity of the junior mark, which is an essential factor in the application of the TDRA’s blurring standard. Another significant holding in the case, and another victory for INTA in its amicus efforts in the case, was the court’s admonishment of the trial court which failed to consider the six blurring factors under the TDRA. Though at first blush the *Haute Diggity Dog* decision may appear unfriendly to famous mark owners, the court’s reasoning is consistent with the TDRA’s statutory text, and provides helpful guidance for the future in analysis of cases involving parody. Whether other courts will follow the Fourth Circuit’s lead remains to be seen, but the decision is worthy of careful consideration going forward.

VI. CARE AND FEEDING OF THE TDRA: HISTORY NEED NOT REPEAT ITSELF

It took seven years for most of the unintended flaws in the FTDA to come to light and several years to develop legislative solutions addressing those flaws. Undoubtedly, as with any new or reformed statute, new issues will arise for resolution under the TDRA over the next several years (such as the role of parody in analysis of blurring and tarnishment claims). Litigants and judges will try their hand at applying the new standards to several interesting cases. We will probably read about a headline-making case from time to time (such as the “Chewy Vuiton” case), debate whether the court reached the “correct” result, and continue in advocacy efforts (such as INTA’s filing of amicus briefs) aimed toward increased understanding of the TDRA.

As we enter the new era of dilution law under the TDRA, practitioners and clients would do well to remember the history of the FTDA. If that history teaches anything, it is to consider dilution issues more deliberately. Though the FTDA became the remedy of choice against early cybersquatters (an oft-cited purpose of the statute contained in its sparse legislative history), the statute by its terms anticipated other contexts as well. Accordingly, many brand owners considered their most prized marks to be “famous” and expressed that worldview by asserting federal dilution claims aggressively. The FTDA was eventually undermined by its overuse as an “add-on” claim in many such cases where the plaintiff’s mark was of questionable fame, or where the mark was more than adequately protected by confusion-

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98. *Id.* at 17-18.
based remedies. In response, some judges found solace in creative arguments that justified the denial of dilution claims—with the result that some objectively valid dilution claims were stymied altogether. This result was no more intended by the FTDA than the overly-zealous use of its provisions.

Bearing this history in mind, it is important to consider dilution as a special remedy available in limited circumstances. Not every trademark case necessarily warrants a dilution claim. In passing the TDRA, one member of Congress expressed the hope “that the dilution remedy will be used in the rare circumstance and not as the alternative pleading.”

Likewise, it is important to bear in mind that there exist two different causes of action for dilution, so each case should be analyzed in light of the harms sought to be remedied by “blurring” and “tarnishment.”

In those cases where the dilution remedy is justified, practitioners should bear in mind that courts are just as “new” to the TDRA now as they were to the FTDA in 1996. Courts will be looking to the bar for thoughtful advocacy. Especially in cases where confusion-based remedies may be of doubtful availability, it will be essential to educate and inform the courts of the purposes of dilution law and the TDRA’s new standards.

If the early courts to interpret the provisions do so in a careful manner consistent with the statutory text and legislative history, the TDRA is less likely to spawn new controversies over the nature and scope of federal dilution. The Courts of Appeal will be positioned to engage in helpful course-correction where necessary to preserve the intent of the TDRA, but only if trademark practitioners and brand owners bear in mind the importance of thoughtful and well-reasoned advocacy and collective restraint in asserting dilution claims.