No. 01-1015

In the Supreme Court of the United States

VICTOR MOSELEY, ET AL.,
Petitioners,

v.

V SECRET CATALOGUE, INC., ET AL.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

BRIEF FOR INTEL CORPORATION AS AMICUS CURIAE SUPPORTING RESPONDENTS

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INTEREST OF AMICUS CURIAE

This brief *amicus curiae* in support of Respondents is submitted by Intel Corporation pursuant to Rule 37 of the Rules of this Court. Intel urges this Court to affirm the Sixth Circuit's judgment of dilution under the Federal Trademark Dilution Act of 1995, Pub. L. 104-98, codified at 15 U.S.C. §§ 1125(c) & 1127 [*hereinafter* the "FTDA" or the "Act"].[1]

Intel Corporation is the owner of the famous trademarks INTEL, INTEL INSIDE & Design, and PENTIUM. The INTEL brand is regularly ranked among the top 10 most valuable brands in the world, along with other famed brands Coca-Cola, Microsoft, IBM and GE.[2] Over the last decade, Intel has invested over $10 billion in programs to promote, and build brand awareness and preference for, INTEL, INTEL INSIDE, and PENTIUM branded products.

Because these trademarks are so well known and have garnered such immense goodwill, Intel faces a great many diluting and infringing uses of its famous marks. Intel has well over a thousand active enforcement matters pending worldwide. Hundreds of these matters involve companies that have adopted wholesale INTEL or PENTIUM as the dominant and distinctive element of their

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1 Letters from the parties consenting to the filing of this brief have been filed with the Clerk. No counsel for a party authored this brief, in whole or in part, and no person or entity other than *amicus curiae*, or its counsel, made a monetary contribution to its preparation or submission.

2 *See, e.g.*, Gerry Khermouch, *The Best Global Brands*, BUS. WK., Aug. 5, 2002, at 92-99; Gerry Khermouch, *The Best Global Brands*, BUS. WK., Aug. 6, 2001, at 50-64; Richard Tomkins, *Marketing the World's Top 75 Brands*, FIN. TIMES, July 18, 2000, at 17; FIN. WORLD, Sept./Oct. 1997, at 62-70; FIN. WORLD, Sept. 1, 1993, at 40-50.

company name, including: Pentium Construction, Inc.; Pentium Financial Services, LLC; Pentium Investment Advisors, LLC; and Pentium Electrical Services.

If in every FTDA case Intel had to prove "actual economic harm," as required by the Fourth Circuit in *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development*, 170 F.3d 449, 459 (4th Cir. 1999), and as advocated by the petitioners, Intel's famous marks likely would be heavily diluted long before Intel could successfully bring a dilution cause of action.

Many companies using Intel's famous INTEL or PENTIUM trademarks are small companies whose use will not be highly visible to a large number of consumers, and thus generally will not create the degree of harm that would result in the measurable economic harm required by the Fourth Circuit, such as lost sales or a measurable decline in brand value. And because each court may look only at the specific matter before it, no single court would or could see the larger volume of dilution taking place. Such uses nevertheless cause actual dilution of Intel's marks by "reducing the public's perception that the mark signifies something unique, singular, or particular." H.R. REP. NO. 104-374, at 3 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, 1030. By requiring that a famous mark owner wait until economic damage can be clearly measured, the Fourth Circuit standard would make proof of dilution nearly impossible, rendering the FTDA meaningless in most cases, thus contravening Congress's intent.

SUMMARY OF ARGUMENT

The plain language of the FTDA is clear that the defendant's use must "cause[] dilution" and that dilution is "the lessening of the capacity of a famous mark to identify and distinguish goods or services." This lessening occurs when the junior user's mark reduces the public's perception that the mark signifies something unique, singular, or particular. Neither the plain language of the FTDA nor the House Report on the FTDA requires, mentions, or even suggests that dilution occurs only after there is actual economic harm to the advertising value of the mark.

From a proper understanding of the term "dilution," it becomes clear that actual dilution occurs when consumers, upon seeing the junior mark, associate the junior use with the senior, famous mark, even if they do not confuse the two companies. The requisite mental association may be inferred from traditional kinds of relevant "market factor" evidence familiar to the courts from their use in providing inferential proof of infringement. Survey evidence might also be a useful, though not required, form of proof of dilution. Proof of actual, measurable economic harm is not required.

ARGUMENT

I. THE FTDA'S PLAIN LANGUAGE AND LEGISLATIVE HISTORY PROHIBIT COMMERCIAL USE OF A MARK THAT "*C* " THE "*LESSENING OF THE CAPACITY* OF A FAMOUS MARK TO IDENTIFY AND DISTINGUISH GOODS OR SERVICES," WITHOUT REQUIRING ACTUAL ECONOMIC HARM TO THE MARK'S OWNER.

By its express terms, the FTDA protects the holder of a famous mark from commercial use of the mark that "*causes dilution* of the distinctive quality of the mark." 15 U.S.C. § 1125(c)(1) (emphasis added). In turn, the Act explicitly defines "dilution" to "mean[] *the lessening of the capacity* of a famous mark to identify and distinguish goods or services …." 15 U.S.C. § 1127 (emphasis added). There is no additional requirement of present, actual, and demonstrable economic harm to the holder in order to establish dilution of the mark.

A. The FTDA's Text and History Establish That "Dilution" Is "Caused" When There Is a "Lessening of the Capacity" of The Mark to Identify and Distinguish Goods.

In statutory construction, the first and principal inquiry is to look to the language of the statute. Where that language is clear, it must ordinarily be regarded as conclusive. *E.g.*, *Reves v. Ernst & Young*, 507 U.S. 170, 177 (1993); *United States v. Turkette*, 452 U.S. 576, 580 (1981). In analyzing statutory language, the Court proceeds with the "understanding that Congress says in a statute what it means and means in a statute what it says …." *Hartford Underwriters Ins. Co. v. Union Planters Bank, N.A.*, 530 U.S. 1, 6 (2000) (citation omitted).

In this case, the language chosen by Congress is clear. The FTDA creates a cause of action against unauthorized "commercial use" of a famous mark if such use "causes dilution of the distinctive quality of the famous mark." 15 U.S.C. § 1125(c)(1). Furthermore, the FTDA expressly defines dilution as "the lessening of the capacity of a famous mark to identify and distinguish goods or services." 15 U.S.C. § 1127. By defining "dilution" in terms of the "lessening" of the mark's "capacity" to identify and distinguish goods, Congress made clear that the FTDA is violated when there is any reduction or impairment of the mark's ability to identify and distinguish the goods of the mark's holder. That is what the Act plainly requires, and it is all that the Act requires. There is no basis—not even a hint—of any further requirement that, in addition to diluting the mark's identifying character, the defendant's use must also have already caused a present, actual, and demonstrable economic harm to the mark's holder. It is "dilution" of the mark's identifying "capacity," not current and provable economic harm from the dilution, that is the FTDA's touchstone.

The legislative history confirms the plain meaning of the statutory text. As this Court has recognized, committee reports are considered an "authoritative source for finding the Legislature's intent." *Garcia v. United States*, 469 U.S. 70, 76 (1984). Here, the Report of the House Judiciary Committee, H.R. REP. NO. 104-374 (1995), *reprinted in* 1995 U.S.C.C.A.N. 1029, expressly states that dilution occurs "when the unauthorized use of a famous mark *reduces the public's perception* that the mark signifies something *unique, singular, or particular.*" *Id.* at 3, 1995 U.S.C.C.A.N. at 1030 (emphasis added). Thus, Congress intended to protect qualifying marks from *any* unauthorized commercial use that *causes* consumers to associate the junior mark with the senior mark, thus *diluting* the famous mark's *capacity* to be a source identifier. Like the statute itself, this authoritative legislative history contains no suggestion that the holder must already have suffered present, actual, and demonstrable economic harm before dilution of the mark has occurred.

The House Report further states that dilution is "an infection, which if allowed to spread, will inevitably destroy the advertising value of the mark." *Id.* This reflects Congress's concern over the proverbial "death by a thousand cuts" that a holder could suffer through unauthorized use of its mark. In other words, the first unauthorized use of a mark may reduce its ability to identify and distinguish the holder's goods but not yet have caused actual and provable economic harm. Congress thus intended to protect holders from the "first cut" of the impairment of their mark—"dilution"—and not just the "thousandth cut"—the eventual economic harm worked by the continued impairment of the mark. This first cut—the "infection"—"causes dilution" of the mark, and the mark owner need not await the "inevitabl[e] destr[uction of] the advertising value of the mark" before pursuing the statutory remedy.[3]

The examples in the House Report reinforce this interpretation. Without mentioning any actual economic harm requirement, the Report states that "the use of DUPONT shoes, BUICK aspirin, and KODAK pianos would be actionable under this legislation." *Id.* If Congress meant to require the diminution of the measurable economic worth of the mark, surely it would have explained how these examples of "actionable" dilution fit such a definition, or at least have mentioned such a brand new requirement. But it did neither. Absent any indication that Congress harbored such concerns, the only conclusion to be drawn from these new uses of famous, singular marks is that the examples caused, as the Report states, an "actionable" reduction in uniqueness, singularity, or particularity.

B. The Fourth Circuit Ignores the Statute's Plain Language and Legislative History and Instead, Relying on Inappropriate Sources, Adds a Judicially Created Element that Congress Never Mentioned or Intended.

There is no merit to petitioners' reliance on the incorrect holding of the Fourth Circuit that the term "dilution" should be restricted to require "actual harm to the senior marks' [sic] economic value." *Ringling Bros.*, 170 F.3d at 453; *see also id.* at 461 ("actual economic harm to the famous mark's economic value by lessening its former

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3 This congressional concern is borne out by Intel's own experience. (*See supra* pp. 1-2.)

selling power as an advertising agent for its goods or services").[4]

As explained above, the text and history of the Act provide no basis for the judicial imposition of a requirement of actual economic harm; indeed, they foreclose any such reading. In fact, the Fourth Circuit itself conceded that the addition of the "actual economic harm" requirement "does not leap fully and immediately from the statutory text." *See Ringling Bros.*, 170 F.3d at 453; *cf. id.* at 459 (conceding that its actual economic harm standard is "expressed" in the text of the statute only "amorphously"). Despite this acknowledgement, the Fourth Circuit inexplicably ignored the authoritative House Report.

Instead, the Fourth Circuit created a restrictive interpretation of the term dilution based on its analysis of extra-congressional materials, including the origin and development of the concept of dilution beginning with a 1927 law review article. *See id.* at 453-54 (citing Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813 (1927)). Noting that Schechter defined the concept of dilution both by reference to the lessening of the "uniqueness" of the famous mark, *see id.* at 454, 456, and by the "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," *id.* at 454, the Fourth Circuit catalogued decisions under the various state dilution laws that were enacted intermittently after Schechter's article was published. *See id.* While the court acknowledged repeatedly that these decisions were all but hopelessly inconsistent, it nevertheless concluded that none of these state laws defined

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4 *See also Westchester Media v. PRL USA Holdings, Inc.*, 214 F.3d 658, 670-71 (5th Cir. 2000), *cert. denied*, 122 S. Ct. 646 (2001).

dilution in Schechterian form. *See id.* at 456.[5] The Fourth Circuit then imported its interpretation of the various state dilution laws into the FTDA.

The Fourth Circuit failed to recognize that these academic and state-law sources are ultimately irrelevant because Congress, in the text of the statute and House Report, expressly adopted its own federal definition of dilution. Indeed, the House Report contains several statements that contradict the Fourth Circuit's conclusion that the FTDA requires proof of actual economic harm: (1) that dilution occurs "when the unauthorized use of a famous mark reduces the public's perception that the mark signifies something *unique*, singular, or particular," H.R. REP. NO. 104-374, at 3, *reprinted in* 1995 U.S.C.C.A.N. 1029, 1030 (emphasis added); (2) the "DUPONT shoes, BUICK aspirin, and KODAK pianos" examples of uses that "would be actionable under this legislation," *id.*; and (3) the Schecterian characterization of dilution as "an infection which, *if allowed to spread*, will inevitably destroy the advertising value of the mark." *Id.* (emphasis added). All of these statements reflect the intent to make a dilution action available when the diluting use begins; none suggests that dilution plaintiffs must wait until they have endured measurable economic harm to sue.[6]

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5 Contrary to the Fourth Circuit's characterization, many courts had previously cited Schechter with approval. *See, e.g.*, *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026, 1028 (2d Cir. 1989); *Jordache Enters., Inc. v. Hogg Wyld, Ltd.*, 828 F.2d 1482, 1489 (10th Cir. 1987); *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 30 (1st Cir. 1987).

6 The Fourth Circuit was also wrong as a statutory construction matter. Although this Court has held that "where Congress uses terms that have accumulated *settled meaning* under … the common law, a court must infer, unless the statute otherwise dictates, that Congress means to incorporate the *established meaning* of these terms," *e.g.*, *Neder v. United States*, 527 U.S.

C. The Second Circuit's Concerns About the Fourth Circuit's Interpretation Did Not Require Adoption of a "Likelihood of Dilution" Standard.

The Second Circuit subsequently rejected the Fourth Circuit's construction of the term "dilution" and held that the FTDA does not require a showing of "actual, consummated dilution," *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 224 (2d Cir. 1999).[7] In responding to the Fourth Circuit's restrictive standard, the Second Circuit took the approach that the FTDA allows dilution plaintiffs to sue "before the dilution has actually occurred." *Id.* at 225.[8] The

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1, 21 (1999) (emphasis added; citations omitted), the Fourth Circuit *conceded* that this is not such a situation.

7 *See also Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456, 468 (7th Cir. 2000).

8 The Seventh Circuit (and the parties in this case) have apparently taken this to mean that the Second Circuit requires only that a plaintiff prove a "likelihood of dilution" to satisfy the "dilution" requirement, even though the Second Circuit did not use that language. *See, e.g.*, *Eli Lilly*, 233 F.3d at 468 ("We therefore side with the Second Circuit and hold that proof of a mere 'likelihood of dilution' is sufficient to satisfy the 'causes dilution' element of Lilly's case.") The implicit definition of "likelihood of dilution" as "future dilution" is a misnomer. Until the current FTDA debate, the use of the word "likelihood" in state dilution statutes and in Lanham Act infringement cases has *never* been viewed as a temporal concept, *i.e.*, a term that distinguishes actual, consummated harm from future harm that has not yet occurred. Most commonly, courts have used the term "likelihood" in discussions about the *quantum* of proof required to show infringement ("likelihood of confusion"), frequently using the phrase to reject the notion that anecdotal evidence of actual consumer confusion is required proof. *See, e.g.*, RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 23, cmt. d (1995) ("A trademark owner need not prove actual confusion in order to prove a likelihood of confusion ...."); *see also A & H Sportswear Co. v. Victoria's Secret Stores, Inc.*, 166 F.3d 197, 203-06 (3d Cir. 1999) (en banc) (differentiating "likelihood of confusion" as being a "*lower* standard" than "possibility of confusion") (emphasis

Second Circuit justified its view chiefly by noting that the Fourth Circuit's construction precluded dilution plaintiffs from obtaining injunctive relief before any dilution had occurred, instead requiring plaintiffs to wait until they were harmed before they could seek relief. *See Nabisco*, 191 F.3d at 224-25; *see also Eli Lilly*, 233 F.3d at 467-68.[9]

Although the Second Circuit was correctly concerned that this restriction was the logical consequence of the Fourth Circuit's reasoning and would be contrary to congressional intent to stop dilution before it caused harm, the Second Circuit failed to appreciate that preventative injunctions are available under the FTDA because Congress expressly provided for them. 15 U.S.C. § 1125(c)(2), provides that "injunctive relief as set forth in section 34" of the Lanham Act, 15 U.S.C. § 1116,[10] is available in dilution actions, and section 34(a) in turn, provides that courts "shall have the power to grant injunctions, according to the principles of equity … to *prevent* a violation of subsection … (c) … of section 43 [15 U.S.C. § 1125(c)]" (emphasis added).[11]

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added). There is no indication that Congress avoided use of the phrase "likelihood of" because it was concerned that it would be given a temporal connotation that courts had *never* before accorded the phrase.

9 The Second Circuit also noted that the Fourth Circuit definition made proof of dilution extraordinarily difficult. *See Nabisco*, 191 F.3d at 223-24; *Eli Lilly*, 233 F.3d at 468. Whatever the merits of this observation as a *policy* concern, it simply does not support departing from the clear definition of dilution given by Congress.

10 This language was added by the Trademark Amendments Act of 1999, P.L. 106-43, "to clarify Congress' intent" in providing for injunctive relief in the FTDA. *See* H.R. REP. NO. 106-250, 1999 WL 528534, at *6.

11 Indeed, other statutory schemes, similar to the FTDA and Lanham Act provisions, define the wrong using the present tense, yet in their remedial provisions make clear that traditional *preventative* equitable remedies may issue. *See, e.g.*, 35 U.S.C. § 271 (patent infringement:

This analysis answers any argument that Congress, in section 43(c)(1), meant in any way to preclude courts from issuing preventative injunctions before the alleged diluting activities began. Indeed, it signals just the opposite: that Congress intended to explicitly authorize injunctions to prevent such acts from ever starting.

Even if Congress had not expressly provided for injunctions to prevent dilution, preventative relief would still be available. This Court has held that Congress should not be presumed to have restricted the full scope of the equitable authority of the federal courts unless it is a "necessary and inescapable inference" from the statute's language. *See, e.g.*, *Weinberger v. Romero-Barcelo,* 456 U.S. 305, 313 (1982) (quoting *Porter v. Warner Holding Co.*, 328 U.S. 395, 398 (1946)); *accord Hecht Co. v. Bowles*, 321 U.S. 321, 329 (1944). The courts' equitable authority has long been held to extend to the issuance of "the preventive remedies of equity, by injunction, … *to anticipate and prevent the threatened wrong*, where the injury would be irreparable, and there is no plain and adequate remedy at law …." *Hagood v. Southern*, 117 U.S. 52, 71 (1886) (citation omitted; emphasis added); *accord Vicksburg Waterworks Co. v. Mayor & Aldermen of Vicksburg*, 185 U.S. 65, 82 (1902).

For precisely these reasons, the government's *amicus* brief is incorrect in arguing that Congress's definition of

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"whoever without authority makes, uses, offers to sell, or sells any patented invention … infringes the patent") & 35 U.S.C. § 283 ("courts … may grant injunctions in accordance with the principles of equity to prevent the violation of any right secured by the patent"); 17 U.S.C. § 501(a) (copyright infringement: "[a]nyone who violates any of the exclusive rights of the copyright owner … is an infringer of the copyright") & 17 U.S.C. § 502 (courts may "grant temporary and final injunctions on such terms as it may deem reasonable to prevent or restrain infringement of a copyright").

dilution precludes the issuance of injunctions until after dilution has begun. (*See* U.S. Am. Br. at 13-18.) Further, this argument would lead to an absurd result. According to the government's reasoning, "Congress intended to channel claims of prospective dilution to PTO, and to limit judicial relief to cases where some dilution has already occurred." (*Id.* at 15-16.) But the PTO (through the TTAB) is *powerless* to prevent prospective dilution. Its sole statutory authority extends only to deciding what marks may or may not be registered. *See* 15 U.S.C. § 1067. "Nothing the [TTAB] does can prevent parties from using a mark." *Wallpaper Mfrs., Ltd. v. Crown Wallcovering Corp.*, 680 F.2d 755, 766-67 (C.C.P.A. 1982). Even if the PTO were to decide that a proposed new mark should not be *registered* because its future use "would cause" dilution, the mark's owner could nevertheless still lawfully *use* it unless a court enjoined such use. Congress should not be held to have intended prospective dilution to be decided only by a body powerless to stop it. *See, e.g., In re Trans Alaska Pipeline Rate Cases*, 436 U.S. 631, 643 (1978) (courts should not read statute in a way that leads to absurd results).[12]

II. DILUTION OCCURS WHEN THE JUNIOR USE REDUCES THE PUBLIC'S PERCEPTION THAT THE MARK SIGNIFIES SOMETHING UNIQUE, SINGULAR, OR PARTICULAR.

A. The Statutory Text and Legislative History Provide Clear Guidance on the Meaning of the Term "Dilution."

12 A much more plausible reason for Congress's use of the phrase "would cause" for TTAB cases is that the TTAB is statutorily empowered to decide the *registrability* of marks that have not yet been used—so-called "intent to use" or "ITU" applications. *See* 15 U.S.C. § 1051(b).

The relevant element of an FTDA claim is "causes dilution," which is defined as "the lessening of the capacity of … [the] mark to identify and distinguish goods." (15 U.S.C. § 1127). This statutory definition is reinforced by the House Report's explicit statement that dilution occurs "when the unauthorized use of a famous mark reduces the public's perception that the mark signifies something unique, singular, or particular." H.R. REP. No. 104-374, at 3, *reprinted in* 1995 U.S.C.C.A.N. at 1030. The FTDA thus makes clear that dilution occurs when a junior use causes consumers to associate the junior user's mark with the famous mark.

Other aspects of the House Report confirm this reading of "dilution." Describing dilution as "an *infection* which *if allowed to spread*, will inevitably destroy the advertising value of the mark," *id.* (emphasis added), indicates that the statute aims to stop the dilution "infection" before it spreads. In addition, the examples of actionable dilution ("DUPONT shoes, BUICK aspirin, and KODAK pianos") are all instances where indisputably famous marks are used in a different source-indicating fashion by a third party, thus plainly diminishing the perception of uniqueness, singularity, or particularity these marks previously enjoyed. These examples make clear that even a small, nascent use can dilute. Were a "Kodak Pianos" business to open, consumers in the business's trading area who were exposed to the new usage would perceive the mark KODAK differently than those not exposed to the new usage. Even as to the piano business's first customer, the KODAK mark would no longer uniquely, singularly, and particularly signify the famous camera manufacturer, but would also signify the new piano business. From the very first exposure to the public, the new usage would inevitably reduce the perception that the KODAK mark signified something unique, singular, or particular. This would be the first cut in the death by a thousand cuts, the single bacillus that starts the destructive "infection." By giving these examples and describing dilution as an infection, Congress clearly signaled its intent to stop unauthorized uses of a famous mark right when they start.

B. The Eighth Circuit and the Trademark Trial and Appeal Board ("TTAB") of the United States Patent and Trademark Office ("PTO") Have Correctly Discerned Congress's Understanding of "Dilution."

The Eighth Circuit and TTAB have correctly discerned Congress's intent in defining "dilution," and have set forth a practical standard for determining whether an unauthorized use of a famous mark is causing a reduction in the public's perception that the mark signifies something unique, singular, or particular. In *Luigino's, Inc. v. Stouffer Corp.*, 170 F.3d 827 (8th Cir. 1999), the Eighth Circuit held that, under the FTDA, "[d]ilution occurs when consumers associate a famous mark that has traditionally identified the mark holder's goods with a new and different source." *Id.* at 832 (citation omitted). The TTAB later adopted the Eighth Circuit's interpretation of the term "dilution" in its decision in *Toro Co. v. ToroHead Inc.*, 61 U.S.P.Q.2d (BNA) 1164, 1182-84 (T.T.A.B. Dec. 12, 2001). Elaborating, the TTAB stated that dilution by blurring "occurs when a substantial percentage of consumers, upon seeing the junior party's use of a mark on its goods, are immediately reminded of the famous mark and associate the junior party's use with the owner of the famous mark, even if they do not believe that the goods come from the famous mark's owner." *Id.* at 1183.[13]

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[13] The TTAB's construction in *Toro* was of the term "dilution" by itself, a term whose definition is the same for both the TTAB and the courts. *See*

This standard fully comports with the language of the FTDA and the accompanying House Report. For when a substantial percentage of consumers make that association, it follows that, for those consumers, the famous mark no longer signifies something unique, singular, or particular, thus lessening the capacity of the mark to identify and distinguish goods and services.

C. There Is No Requirement that a Dilution Claimant Prove that Consumers View the Junior and Senior Marks as the Same Mark.

The government's *amicus* brief expresses concern that requiring only association of the senior mark with the junior mark based solely on similarities between the marks would result in a dilution standard that sweeps too broadly. The government takes the position that, even if consumers mentally associate the two marks, dilution has *not* occurred if consumers nevertheless "view the marks as two distinct marks that stand for two entirely different sets of goods and services." (*See* U.S. Am. Br. at 18.)[14] Instead, the government advocates that consumers must perceive the two marks as the same mark for dilution to occur. (*See id.* at 18-20.)

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15 U.S.C. § 1127. The TTAB did not discuss the timing implications, if any, of the use of the different phrases "would be damaged by," 15 U.S.C. § 1063 (applying to registration opposition proceedings before the TTAB), "will be damaged" by dilution, 15 U.S.C. § 1064 (applying to registration cancellation proceedings before the TTAB), or "causes" dilution, *see* 15 U.S.C. § 1125(c)(1) (applying to court proceedings).

[14] In this respect, the United States' brief, filed jointly by the Department of Justice and the PTO, appears to take a position more restrictive than that adopted by the PTO in *Toro*, 61 U.S.P.Q.2d at 1183 ("Dilution occurs when consumers associate a famous mark that has traditionally identified the mark holder's goods with a new and different source.") (quoting *Luigino's, Inc.*, 170 F.3d at 832).

There are several problems with this argument. First, it appears to rely on a lack of *confusion* to disprove *dilution*. Such a principle would be inconsistent with the FTDA's express mandate that dilution may occur regardless of "the presence or absence of … likelihood of confusion." 15 U.S.C. § 1127. Whether a consumer knows the two marks are distinct is irrelevant if the junior mark's presence in the marketplace reduces the public's perception that the mark signifies something unique, singular, or particular.

Moreover, the very examples the government highlights demonstrate that its concern is unfounded. For instance, the government explains that the PEPSI-COLA mark reminds consumers of the COCA-COLA mark, yet should not be considered dilution. But any consumer association between those two marks plainly arises as a result of the identity of the generic COLA portions of the marks and the fact that the two companies are fierce competitors. Mental association arising from unprotectable elements such as generic elements or competition is clearly not the sort of association that the FTDA was intended to protect against. In other words, the FTDA's *causation* requirement addresses this problem.

Using the *Ringling Brothers* facts, the government also argues that the mark GREATEST SNOW ON EARTH may indeed remind consumers of the GREATEST SHOW ON EARTH, yet not constitute dilution because consumers associate the marks with different businesses and goods or services. Extending this example further demonstrates that, regardless of consumers' abilities to keep the products and sources straight, such an example "causes dilution." Assume that every business in the United States began to use the phrase "Greatest _____ on Earth," inserting their own good or service in the blank: "Greatest Wrenches on Earth," "Greatest PCs on Earth," "Greatest Diapers on

Earth," "Greatest Dentist on Earth," "Greatest Yogurt on Earth," "Greatest Hotel on Earth," *etc.* Regardless of consumers' understanding that these were all separate businesses, there would be no question in such circumstances that the "distinctive quality" of the famous GREATEST SHOW ON EARTH mark—its "capacity ... to identify and distinguish," and its "uniqueness, singularity, and particularity"—would thereby have been not only lessened, but altogether destroyed.

This is no different than the House Report's KODAK piano example. Consumers could surely keep straight that KODAK cameras and KODAK pianos are different businesses (*i.e.*, avoid confusion), but the ability to distinguish the two uses and the two businesses is irrelevant to a dilution analysis. Dilution focuses on the lessening of the capacity of the senior mark to distinguish—its uniqueness, singularity, or particularity—and the existence of KODAK pianos plainly has that effect.

Finally, the government's concern that parodies and spoofs of marks would be swept up by the FTDA unless this Court requires something more than simple association based solely on similarity is also unfounded. As explained in more detail in the next section (*see infra* pp. 18-21), such expressive speech finds safe haven in the Act's "noncommercial use" defense. *See* 15 U.S.C. § 1125(c)(4)(B); *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 905-06 (9th Cir. 2002).

D. Proper Construction of the Phrase "Causes Dilution" Will Neither Be Anti-Competitive Nor Conflict with Freedom of Speech.

Petitioners and their supporting *amici* repeatedly warn that any construction of the phrase "causes dilution" that does not require proof of actual, consummated economic harm will have anti-competitive effects and impinge upon protected commercial speech. The full text of the FTDA and recent Lanham Act case law expose these arguments as no more than alarmist rhetoric.

1. Concern for Competition Does Not Require Addition of an "Actual Economic Harm" Requirement.

Petitioners stress that anything less than an actual economic harm requirement would deter competition by resulting in what petitioners pejoratively call "a property right in gross" or a "patent in a word." Petitioners' dire warnings, made in broadbrush strokes, lack any legal or rational basis, because the right created by the statute is circumscribed both by limitations in the FTDA itself and by limitations applicable in trademark cases generally.

At the threshold, it is settled that trademarks are inherently a form of "property right," so granting a "property right" in a trademark is not improper or novel.[15] It is equally well settled that this right is necessarily and inherently dependent upon the owners' continued use of the mark. *See, e.g.*, *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 413-14 (1916).

Moreover, the FTDA is further circumscribed by its own terms. First, it applies only to a small subset of marks—those that, because of the very substantial, yet rarely

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15 *See, e.g., In re Trade-Mark Cases*, 100 U.S. (10 Otto) 82, 92 (1879) (the right to adopt and use a distinguishing trademark, to the exclusion of all others, "is a property right"); *see also San Francisco Arts & Athletics, Inc. v. USOC*, 483 U.S. 522, 534-35 (1987) (USOC's statutory right to keep others from using the word "Olympic" in connection with any theatrical or athletic event without having to show consumer confusion described as a "limited property right").

successful, efforts of their owners, can be considered to be "famous" among consumers. Second, it also specifically exempts "fair use" of famous marks in comparative advertising, usage in media reporting, and all other "noncommercial" uses of the mark. *See* 15 U.S.C. § 1125(c)(4)(A)-(C). Further, there is no indication that Congress meant to preclude other court-sanctioned trademark defenses to a dilution action, such as the traditional good faith descriptive use defense for words used in their normal English sense, and the nominative fair use defense where the mark is used in reference to the product or service that it names, but for acceptable purposes such as commentary and comparative advertising (both also known as "fair use" defenses). The fair use defenses apply to both registered and common law marks. *See* 15 U.S.C. § 1115(a) & (b)(4) (registered marks); *New Kids on the Block v. News Amer. Publ'g, Inc.*, 971 F.2d 302, 306-08 (9th Cir. 1992) (common law mark); *see generally Playboy Enters., Inc. v. Welles*, 279 F.3d 796, 806 (9th Cir. 2002) (applying nominative fair use defense to FTDA); *WCVB TV v. Boston Athletic Ass'n*, 926 F.2d 42, 46 (1st Cir. 1991) (discussing fair use defense generally). Similarly, there is no indication that Congress meant to preclude traditional equitable defenses such as laches or acquiescence. The applicability of these defenses and limitations allays any generalized fears that competition would be squelched unless this Court adds an "actual economic harm" requirement to the FTDA.[16]

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[16] The competition concerns examined in *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23 (2001), and *Wal-Mart Stores, Inc. v. Samara Brothers*, 529 U.S. 205 (2000), do not apply to this case. *TrafFix* and *Wal-Mart* both dealt with allegedly exclusive trade dress rights in *product designs*, which both had the potential to exclude others from producing competing goods and also directly abutted the patent laws. Neither concern applies here. Dilution protection would not keep others from offering goods and services that compete with those of the mark's owner, just from using its competitor's famous trademark.

2. The FTDA Avoids any Conflict with the First Amendment Without the Need to Add an "Actual Economic Harm" Requirement into the Act.

Petitioners and various *amici* warn that, unless an actual, consummated economic harm requirement is read into the FTDA, the Act would run afoul of the Free Speech clause of the First Amendment. This fear, too, is unfounded.

First, there is no general First Amendment prohibition against protecting trademarks outside the context of consumer confusion. In *San Francisco Arts & Athletics, Inc. v. USOC*, 483 U.S. 522 (1987), this Court so held despite the fact that the legislation at issue also stripped defendants of traditional trademark defenses. The Court observed that Congress could lawfully seek to protect marks that had developed a source-identifying distinctiveness and corresponding commercial value, where that value was the product of the talents, energy, and expense of the mark owner. *See id.* at 531-35. The Court further noted that the law did not restrict expressive or political speech, but only the manner in which the message could be conveyed (*i.e.*, without use of the mark). *See id.* at 536-37.

The FTDA, if anything, affords *more* constitutional protection than the statute in the *USOC* case because it explicitly exempts fair use of a famous mark in comparative advertising and promotion, *see* 15 U.S.C. § 1125(c)(4)(A), use of the mark in media reporting and commentary, *id.* § 1125(c)(4)(C), and "noncommercial use of a mark." *Id.* § 1125(c)(4)(B). The House Report makes clear that these exemptions were included "to preclude the courts from enjoining speech that courts have recognized to be constitutionally protected." H.R. REP. NO. 104-374, at 8, 1995 U.S.C.C.A.N. at 1035. The last category—"noncommercial use of a mark"—was recently held to apply to all forms of noncommercial speech, *i.e.*, expressive or artistic speech, including satires and parodies, that the courts have traditionally protected in trademark cases. *See Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 905-07 (9th Cir. 2002) (court held that a song entitled "Barbie Girl" that made fun of and criticized the image and cultural values the composers attributed to Mattel's famous BARBIE doll was exempt from the scope of the FTDA). Thus, despite the clear potential for economic and reputational harm posed by the JOE CHEMO parody of the JOE CAMEL mark for cigarettes—an example highlighted by one of the *amici*[17]—the JOE CHEMO parody is exempted from the coverage of the FTDA's prohibitions, regardless of whether this Court construes the term "dilution" to require proof of actual economic harm.

III. IN PROVING DILUTION, RELEVANT EVIDENCE INCLUDES PROBATIVE MARKET FACTORS AND APPROPRIATE SURVEY DATA.

Dilution under the FTDA may be proved by showing that a substantial number of consumers do or would associate the junior use with the famous senior mark. This may in turn be proved by reference to some of the same "market factors" with which courts are already familiar from decades of use in infringement cases. Well constructed survey evidence may also be relevant—though not required—proof in an action under the FTDA.

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17 *See* Am. Br. of Public Knowledge, *et al.*, at 14-15 & App. 1 & 2.

A. Dilution May be Proved by Familiar Kinds of Relevant Market Factors, Focusing on the Degree of: (1) Fame of the Senior Mark; (2) Distinctiveness of the Senior Mark; (3) Uniqueness, Singularity, or Particularity of the Senior Mark; and (4) Similarity Between the Two Marks.

Neither the FTDA nor the House Report gives any indication whatsoever that Congress intended, in dilution cases, to limit or significantly change the kinds of proof that courts typically assess in trademark cases. As explained above, the FTDA and the House Report clearly indicate that dilution is based on the "perception" of the public about the uniqueness, singularity, or particularity of the famous mark. This focus on the "perception," or state of mind, of the consuming public is a familiar one in trademark law. Infringement actions focus on "the impression conveyed to prospective purchasers by the actor's use of the designation." *See* RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 21 cmt. a; *see also id.* § 20 cmt. g (describing infringement in terms of consumers' "present or future *state of mind*") (emphasis added). Consequently, the RESTATEMENT summarizes the prevailing view that several "market factors" are important in determining the hypothetical consumer's state of mind. *See id.* § 20 (listing various relevant "market factors," including the similarity of the designations, the similarity of the marketing methods and channels of distribution, the characteristics of the customers for the respective products, the distinctiveness of the senior mark, and whether consumers would expect the senior user to expand into the junior user's market). Every federal court of appeals—starting with Judge Friendly's seminal opinion in *Polaroid Corp. v. Polorad Electronics Corp.*, 287 F.2d 492 (2d Cir. 1961)—routinely uses similar sets of market factors to determine the effect of an accused infringing mark on the consuming public's state of mind.

See generally RICHARD L. KIRKPATRICK, LIKELIHOOD OF CONFUSION IN TRADEMARK LAW § 2.4 (PLI 1997) [hereinafter "KIRKPATRICK"] (listing the various market factors that the circuits have traditionally examined).[18]

By explaining dilution in terms of a reduction in "the public's *perception* that the mark signifies something unique, singular, and particular," Congress made clear that FTDA dilution also is measured by the effect of a mark on the relevant consumer's state of mind. Even under its "stringent" approach, the Fourth Circuit acknowledged that "contextual factors … are of obvious relevance" to complement the direct proof of actual economic harm that the court required. *See Ringling Bros.*, 170 F.3d at 465.

The nature of the "dilution" under the FTDA by itself suggests what circumstantial factors are relevant. The FTDA focuses on the fame, distinctiveness, and uniqueness or particularity of the claimant's mark, and how those qualities are affected by the junior user's use of another mark, irrespective of whether the parties' products compete. Put another way, proof focusing on factors that affect whether consumers will associate the junior use with the famous senior mark will be most relevant. Accordingly, the most significant market factors in assessing dilution are: the degree of fame of the senior mark; the degree of distinctiveness of the senior mark; the degree of uniqueness or particularity of the senior mark; and the degree of similarity of the marks. These are the factors that bear most significantly on how consumers perceive the uniqueness,

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18 Consumer perceptions are also the focus of other familiar aspects of trademark law, such as assessing a mark's distinctiveness. *See* RESTATEMENT § 13 (defining the distinctiveness of a trademark in terms of how consumers "perceive" the mark); *accord Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 851 n.11 (1982) (secondary meaning requires assessment of the significance of the alleged mark "in the minds of the public").

singularity, or particularity of the senior mark before and after the junior user enters the marketplace.

The Degree of Fame of the Senior Mark. Fame chiefly concerns the extent to which a mark has been successfully used and promoted, and is therefore well-known or "famous." Fame is therefore different from the concept of inherent distinctiveness. *See Toro*, 61 U.S.P.Q.2d at 1183 (implicitly considering fame and distinctiveness to be different components of the "renown" of a mark). The more famous the mark, *i.e.*, the more successfully the owner has used and promoted it, the greater the inference that the public perceives it as unique, singular, or particular, *see Toro*, 61 U.S.P.Q.2d at 1183-84, and the correspondingly greater the inference that consumers will mentally associate the junior use with the senior mark.[19]

The Degree of Distinctiveness of the Mark. Distinctiveness measures a mark's inherent capability to distinguish the user's goods from those of others. Protectable marks are traditionally classified in categories of generally increasing distinctiveness: descriptive, suggestive, arbitrary, or fanciful. The latter three categories are generally considered "inherently distinctive." *See Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992); *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 210-11 (2000). The more distinctive a senior mark, including the degree of inherent distinctiveness, the greater the inference that a similar or identical mark will create a mental association in consumers' minds between the two.

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19 A mark must be famous to qualify for protection under the FTDA. *See* 15 U.S.C. § 1125(c)(1)(A)-(H). But there are also various levels of fame, as Intel has pointed out previously. (*See supra* p.1.) The "*degree* of famousness" factor both acknowledges this reality and focuses more precisely on how the degree of fame specifically affects whether the required consumer association will occur.

Third Party Use—The Actual Degree of Uniqueness, Singularity, or Particularity of the Senior User's Mark. The degree to which third parties make trademark use of the allegedly qualifying mark bears significantly on whether the senior mark is diluted by a defendant's usage. If, for example, the evidence showed that significant third-party usage of the senior mark at the time the junior user began, or was about to begin, its use, then the senior mark's singularity, uniqueness, or particularity would already be compromised, making it harder to infer that one more third party use would have any significant dilutive effect. *Cf. TCPIP Holding Co. v. Haar Communications, Inc.*, 244 F.3d 88, 96 (2d Cir. 2001) (suggesting that FTDA protection does not extend where there are "[I]nnumerable good faith users of the same weak marks, who have developed goodwill in these marks, [and who] would be denied further use of their marks").[20]

The Degree of Similarity Between the Marks. For dilution to occur, there should be a high degree of similarity between the marks. The higher the degree of similarity, the greater the inference that consumers will associate the junior user's mark with the senior user's. If the consumer associates the junior user's mark with the senior user's, that reduces the perception that the senior mark is unique, singular, or particular. *See, e.g.*, *Toro*, 61 U.S.P.Q.2d at 1183 (claimant must show "that the marks are identical or 'very or substantially similar'") (citation omitted).

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[20] The *TCPIP* court made this point while addressing the threshold issue, not of dilution, but of what marks qualify for dilution protection, an issue not raised in this case. Intel expresses no position herein on that issue or any other issue under the FTDA other than the question presented in this proceeding: the proper construction of, and proof under, the phrase "causes dilution."

Other Factors May Have Limited Significance in Some Cases. In the infringement context, there is general agreement that none of the circuits' various checklists of relevant market factors is exclusive, because consumer perceptions can be affected by a virtually limitless number of things. *See generally* KIRKPATRICK, *supra*, § 2.4, at 2-18-19. Similarly, in any dilution case, courts may consider other market factors that bear on whether the junior mark will cause an actionable association with the senior mark, *e.g.*, whether the junior user intended to cause consumers to associate his use with the senior user's mark, or whether the junior user's advertising fosters an association with the senior mark. Care should be taken, however, not to reflexively import likelihood of confusion factors into the dilution analysis. Factors such as similarity of the products or marketing channels will rarely be relevant to dilution analysis, because they generally will not bear on the lessening of the famous mark's capacity to distinguish.

Finally, the government argues that it is not enough to show that consumers associate the junior mark with the senior mark. (*See* U.S. Am. Br. at 7, 18.) According to the government, consumers must view the two marks as the "same mark." The government's reading thus would require confusion between non-identical marks to prove dilution. As noted in the preceding paragraph, however, lack of confusion is irrelevant in a dilution analysis. Rather, the existence of the required consumer association between the marks proves that the senior mark is no longer seen as unique, singular, or particular.

In taking the position that association alone is not enough, the government expresses the concern that dilution analysis should not focus only on the similarity of the marks. (*See id.*) But dilution analysis, correctly understood, should not and will not focus solely on similarity. So long as courts properly focus upon all four of the factors that affect consumer association and the capacity of the senior mark to distinguish—(1) degree of fame; (2) degree of distinctiveness; (3) degree of uniqueness or particularity; and (4) degree of similarity between the marks—the government's concern is unfounded.

B. A Valid Survey Evidencing a Reduction in Consumers' Perceptions that the Senior Mark Represents Something Unique, Singular, or Particular Is Relevant, Though Not Required, Evidence in an FTDA Case.

Neither the district court's nor the Sixth Circuit's opinion in this case indicates that either party offered a dilution survey into evidence. Thus, there is no need to decide in this case, in the abstract, whether surveys are required proof in dilution cases under the FTDA. Rather, once this Court articulates a clear definition of dilution, the courts will doubtless be able to use that definition, in the individual cases and on the particular facts before them, to determine the criteria by which to assess the relevance of specific survey constructs.

Under the Fourth Circuit's *Ringling Brothers* opinion, however, surveys are all but mandatory. The government similarly articulates a dilution standard in a way that appears to require survey evidence to meet the standard. Accordingly, Intel will address this issue.

While a survey would certainly be one way to prove a reduction in the public's perception that the senior mark signifies something unique, singular, or particular, it is by no means the only way, and should not be required proof. Because, as explained above, the Fourth Circuit's concededly "stringent" interpretation of the FTDA is flawed, its emphasis on the importance, and proper types, of survey evidence is similarly in error. There simply is no reason to think that Congress intended to require surveys in all cases without even mentioning them in either the FTDA itself or the House Committee Report.

Similarly, the three hypothetical surveys advocated by the government (*see* U.S. Am. Br. at 22-23) are also flawed. Beyond the difficulties inherent in evaluating hypothetical surveys in the abstract, there are other problems with the government's examples. First, they are based on an incorrect reading of the FTDA. In particular, all three examples implicitly assume that at least part of the survey universe must consist of consumers *actually* familiar with the products or services of the junior user (the alleged dilutor). This assumption would require not only waiting until the diluting use has started (contrary with Congress's provision for preventative injunctions to stop dilution before it starts), but also waiting until the junior user has been in the marketplace long enough so that his customer group is large and identifiable enough to be surveyed in a statistically valid fashion. As explained earlier, this notion is inconsistent with Congress's intent to stop dilution before it causes measurable economic harm.

In addition, the government's second and third survey examples (*see id.* at 22 ¶2, 23 ¶1) would result in inherently inconclusive data. These examples ask respondents to verbalize or rate "attributes" or "qualities" they associate with the senior mark, focusing on the difference between the responses of those familiar only with the senior mark and those familiar with both marks. To infer dilution from the differences between the groups' responses, however, there would have to be some accepted benchmark as to which qualities are, in fact, attributed to the respective marks. Without it—and the government does not explain how a court would set such benchmarks—there would be no basis from which to infer anything from differences in the responses of the test groups. These inherent analytical gaps counsel against sanctioning the government's hypothetical examples.

IV. THE JUDGMENT OF THE SIXTH CIRCUIT SHOULD BE AFFIRMED.

The Sixth Circuit reviewed the undisputed facts in the record before the district court and concluded "that the district court did not err in granting summary judgment to [Respondents] on the trademark dilution claim." *V Secret Catalogue, Inc. v. Moseley,* 259 F.3d 464, 466 (6th Cir. 2001). In so doing, the Sixth Circuit expressly noted that the record showed that the following facts were undisputed: (1) the VICTORIA'S SECRET mark was undisputedly famous, *id. at* 467, 470; (2) the mark was distinctive, *id.* at 476; and (3) the parties' marks were highly similar. *Id.* It was also undisputed that the parties sold to overlapping classes of customers—lingerie buyers. *Id.* at 466, 477. These factors, as explained above, are all relevant (the first three highly so) to the issue of dilution under the FTDA, and they are not challenged here. It does not matter that the Sixth Circuit adopted the flawed legal analysis of the Second Circuit. These undisputed facts amply support a finding of summary judgment of dilution under the correct legal standard set forth above. Accordingly, this Court should affirm the Sixth Circuit's judgment in this case.[21]

The government incorrectly contends that a remand is necessary because it is unclear whether the Sixth Circuit

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[21] *See, e.g., Schenck v. Pro-Choice Network*, 519 U.S. 357, 384 n.12 (1997) ("in reviewing the decision of a lower court, it must be affirmed if the result is correct although the lower court relied upon a wrong ground or gave a wrong reason") (citation omitted); *Chevron U.S.A., Inc. v. Natural Resources Def. Council, Inc.*, 467 U.S. 837, 842 (1984) ("this Court reviews judgments, not opinions") (citations omitted).

required existing or only likelihood of future dilution. (*See* U.S. Am. Br. at 26.) But the legal test used by the Sixth Circuit does not matter, because the undisputed facts fully support affirmance under the proper analysis. Moreover, there can be no dispute that the Sixth Circuit found actual dilutive use, since it is also undisputed that petitioners had been operating a business using the challenged mark since early 1998. *See* 259 F.3d at 466-67.

CONCLUSION

For the foregoing reasons, the judgment of the Sixth Circuit should be affirmed.

Respectfully submitted.

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