No. 01-1015

In The Supreme Court of the United States

VICTOR MOSELEY AND CATHY MOSELEY
d/b/a VICTOR'S LITTLE SECRET,
Petitioners,
v.

V. SECRET CATALOGUE, INC., VICTORIA'S SECRET STORES, INC. AND VICTORIA'S SECRET DIRECT, LLC,
Respondents.

On Writ Of Certiorari To The United States Court Of Appeals For The Sixth Circuit

AMICUS CURIAE BRIEF OF THE AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION IN SUPPORT OF RESPONDENTS

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QUESTION PRESENTED

Whether, under the Federal Trademark Dilution Act, the phrase "causes dilution of the distinctive quality of the mark," read in conjunction with the definition of dilution, requires objective proof of actual injury to the economic value of the famous mark.

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AMICUS CURIAE BRIEF OF THE AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION IN SUPPORT OF RESPONDENTS

The American Intellectual Property Law Association ("AIPLA") respectfully submits this Brief as Amicus Curiae in support of Respondents.

INTEREST OF THE AMICUS CURIAE[1]

The AIPLA is a national bar association of more than 14,000 members with interests and practices primarily in the areas of trademark, copyright, trade secret, patent and other areas of intellectual property law. Unlike areas of practice in which separate and distinct plaintiff's and defendant's bars exist, most intellectual property law attorneys represent both intellectual property owners and alleged infringers.

The AIPLA has no interest in any party to this litigation or stake in the outcome in this case, other than its interest in seeking a correct interpretation of the trademark laws relating to dilution.

In accordance with Supreme Court Rule 37.3(a), the AIPLA has obtained written consent to the filing of this brief from the counsel of record for both parties. The letters of consent have been filed with the Clerk of the Court.

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[1] In accordance with Supreme Court Rule 37.6, *amicus curiae* states that this brief was not authored, in whole or in part, by counsel to a party, and that no monetary contribution to the preparation or submission of this brief was made by any person or entity other than the *amicus curiae* or its counsel.

SUMMARY OF ARGUMENT

Dilution law is designed to preserve the capacity of a famous trademark clearly to distinguish a single source of goods or services even in the absence of consumer confusion. This case concerns the standard necessary to establish dilution under the Federal Trademark Dilution Act ("FTDA"), 15 U.S.C. §§ 1125(c), 1127 (2002). The FTDA's language does not require proof that a single dilutive use result in immediately quantifiable economic harm. Rather, the statute provides relief to the famous mark owner when the junior user's dilutive mark reduces the distinctive quality of the famous mark. This type of injury is not always susceptible to objective proof, but can be shown from circumstantial evidence.

The primary remedy under the FTDA is injunctive relief; money damages are only available where willfulness is shown. Evidence of actual injury is not the standard for granting an injunction, which serves to stop current or prevent *future* harm. Requiring proof of actual economic harm by a single person (or entity) also ignores the cumulative effect of numerous third-party dilutive uses. The gradual whittling away of the distinctive value of a famous mark is what the FTDA seeks to *prevent*. Settled principles of equity, as embodied in the Trademark Act, do not require a showing of actual harm for the granting of injunctive relief.

The Fourth Circuit in *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah*, 170 F.3d 449 (4th Cir. 1999), *cert. denied*, 528 U.S. 923 (1999), suggested three types of evidence that could support a finding of "actual harm" under the FTDA: (1) lost revenues; (2) consumer surveys; and (3) indirect evidence of relevant contextual factors. The first of these forms of evidence may be non-existent in dilution cases; the second impractical or unreliable. The third is much like the evidence used to support the "likelihood of dilution" standard advocated by other circuit courts.

By enacting the FTDA, Congress intended fully to implement the United States' treaty obligations under the Agreement on Trade Related Aspects of Intellectual Property Rights ("TRIPS"). The standard in TRIPS is literally "likely to be damaged," or in the context of the FTDA, "likely to be diluted." Congress intended the FTDA to reflect this standard, not to require an inconsistent, higher "actual dilution" standard.

Finally, both the plain language of the FTDA and its legislative history confirm that actual economic harm need not be shown. Three years after the FTDA was passed, the Act was amended expressly to allow attacks, based on dilution, against applications and registrations before the Trademark Trial and Appeal Board of the United States Patent and Trademark Office. The uniform standard before federal courts and the Trademark Trial and Appeal Board should be *likelihood* of dilution.

I. WHY TRADEMARK LAW PROTECTS FAMOUS TRADEMARKS FROM DILUTION.

One purpose of trademark law is to prevent confusion, mistake or deception of consumers. 15 U.S.C. §§ 1114(1)(a), 1125(a). A second purpose is to preserve fair competition and the owner's goodwill investment in its mark and business. Trademark infringement and trademark dilution laws provide complimentary means to achieve the second goal.

Protecting trademark owners creates incentives to invest in quality products and services by preventing free riders from unfairly benefiting from another's reputation for quality. *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 164 (1995) (stating that trademark law helps "assure a producer that it (and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product"). Consumers benefit from these investments in quality, separate and apart from being protected against confusion as to source. *See* Gerard N. Magliocca, *One and Inseparable: Dilution and Infringement in Trademark Law*, 85 MINN. L. REV. 949, 958 (2001) (stating that "a lack of trademark protection . . . reduce[s] the incentive for companies to pursue quality and leave[s] consumers worse off"). Dilution law augments trademark protection to cover non-confusing junior uses in order to promote this important objective. 15 U.S.C. § 1127.

The seminal dilution case, for example, involved the sale of bicycles under the brand name "KODAK." *Eastman Photographic Materials Co. v. John Griffiths Cycle Co.*, 15 R.P.C. 105 (Ch. D. 1898). Although consumers were not likely to be confused by the mis-branding, Eastman, and consequently consumers, were no doubt likely to be harmed by the dilutive use. Madrid Protocol Implementation Act and Federal Trademark Dilution Act of 1995: Hearing Before the Subcommittee on Courts and Intellectual Property of the Committee on the Judiciary House of Representatives, 104th Cong. 165 (1995) ("FTDA Hearing") (statement of Thomas E. Smith, Chair, Section of Intellectual Property Law, American Bar Association) (stating that at the end of the nineteenth century, English law accepted dilution actions against non-competitors). Congress recognized just this problem in enacting the Federal Trademark Dilution Act ("FTDA"), 15 U.S.C. §§ 1125(c), 1127, stating, "the use of DUPONT for shoes, BUICK aspirin, and KODAK pianos would be actionable under this legislation." H.R. REP. NO. 104-374, at 3 (1995), *reprinted in* 1996 U.S.C.C.A.N. 1029, 1030.

Dilution protection prevents a famous trademark from losing its ability to distinguish clearly a single source of goods or services, even in the absence of consumer confusion. Dilution begins when the psychological connection made by the consumer between the famous mark and its goods or services is challenged by a dilutive use. If allowed to continue, this connection is weakened, and the irreparable harm then grows and feeds off of the commercial power of the famous mark. Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 825 (1927) (stating that the real injury "is the gradual whittling away or dispersion of the identity and hold upon the public mind of the mark"). Erosion of the power of the mark may occur well before any actual economic harm has taken place. *Nabisco, Inc. v. Pepperidge Farm, Inc.,* 191 F.3d 208, 224 (2d Cir. 1999).

In today's marketplace, famous trademarks can be worth millions, or even billions of dollars, and mega-brand names "like Coca-Cola, IBM and McDonald's are so valuable that even *approximating* their advertising slogans to sell similar or even different products can mean millions of dollars in lost sales to the manufacturers of the real thing." Youssef M. Ibrahim, *As Trademarks Multiply, Infringement Does, Too*, N.Y. TIMES, Nov. 12, 1998, at c2 (emphasis added). Companies like Eastman Kodak, Coca-Cola and IBM that are victims of trademark dilution can suffer as much, if not greater, harm to their marks than those who suffer from acts of infringement. Dilution law protects trademark owners and consumers in a manner similarly afforded by trademark infringement law, but dilution law also prevents a slightly different and more gradual harm.

II. REQUIRING PROOF OF ACTUAL, CONSUMMATED HARM WOULD CREATE EVIDENTIARY AND OTHER PRACTICAL PROBLEMS.

Petitioners' interpretation of the FTDA to require proof of actual economic injury before relief may be granted (Petitioners' Brief at 21) would frustrate the intent of the statute by creating unreasonably high evidentiary hurdles not required by the FTDA text or legislative history. The majority of federal circuit courts have rejected proof of actual economic harm, in part because such actual economic harm is virtually impossible to prove. *Nabisco*, 191 F.3d at 223-24 (finding proof of actual dilution inappropriate because the "senior user might never be able to show diminished revenues"); *Times Mirror Magazines, Inc. v. Las Vegas Sports News, LLC*, 212 F.3d 157, 169 (3d Cir. 2000) (concluding that such standard would subject a trademark owner to irreparable harm resulting from the "lack of control over the use of one's own mark"), *cert. denied*, 531 U.S. 1071 (2001); *Victoria's Secret Stores, Inc. v. Moseley*, 259 F.3d 464, 476 (6th Cir. 2001) (stating that "proving actual harm would be extremely difficult, as no such harm would have taken place when the remedy became available, and proof would be limited to the sorts of consumer surveys that the Fourth Circuit itself admits are unwieldy at best"), *cert. granted*, 122 S. Ct. 1536 (2002); *Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456, 468 (7th Cir. 2000) (concluding that "the Fourth Circuit's [standard] holds plaintiffs to an impossible level of proof"); *see also* William G. Barber, *How To Do A Trademark Dilution Survey (Or Perhaps How Not To Do One)*, 89 TRADEMARK REP. 616, 616 (1999) (stating that "[o]ne of the main problems with proving dilution in litigation is that it is so difficult to detect in the market place").

Even those circuits that have endorsed a standard requiring proof of actual economic harm have acknowledged the difficulty of providing such proof. *See, e.g.*, *Ringling Bros*, 170 F.3d at 464 (conceding that "difficulties of proving actual dilution by practically available means is evident," and that its interpretation "defies proof by the ordinary processes of advocacy"); *Westchester Media v. PRL USA Holdings, Inc.*, 214 F.3d 658, 670 (5th Cir. 2000) (following the Fourth Circuit), *cert denied*, 122 S. Ct. 646 (2001). In *Ringling Bros.*, the Fourth Circuit suggested three types of evidence that would satisfy that court's standard of "actual harm" under the FTDA: (1) lost revenues; (2) consumer surveys; and (3) indirect evidence of relevant contextual factors. *Id*. Upon closer examination, neither the first nor second of these types of evidence reliably demonstrates the prohibited dilution. The third option is indistinguishable from evidence offered under the "likelihood of dilution" standard.

A. *Evidence of Lost Revenues is Inconclusive*

Decreases in revenues can never conclusively prove dilution. *Nabisco*, 191 F.3d at 223. The distinctiveness of a mark may be diluted even though sales are increasing due to other favorable market conditions. *Eli Lilly*, 233 F.3d at 456. As a practical matter, "[u]nless a senior mark owner has the foresight to conduct a baseline survey before dilution begins, they [sic] may be unable to show . . . that dilution was not merely a result of changing market conditions." Jennifer Mae Slonaker, *Conflicting Interpretations of the Federal Trademark Dilution Act Create Inadequate Famous Mark Protection*, 26 DAYTON L. REV. 121, 147 (2000). As a result, courts may be left to speculate as to whether the loss of revenues occurred from dilution of a mark, as opposed to other factors such as lack of exposure or consumer disinterest. *Id.* at 148.

B. The Use of Consumer Surveys in Dilution Cases is Impractical at Best

The crux of the problem with using surveys in dilution cases is that "[u]nlike the readily understandable concepts of confusion, mistake and deception, upon which existing trademark remedies are premised, the weakening of goodwill is not susceptible to direct proof." FTDA Hearing (statement of Jonathan E. Moskin, Partner, Pennie & Edmonds). At least one Court of Appeals "doubt[s] that dilution of the distinctiveness of a mark is something that can be measured on an empirical basis by even the most carefully constructed survey." *Eli Lilly*, 233 F.3d at 468. Further, even theoretically well-crafted consumer surveys can be expensive, time consuming, and susceptible to manipulation. *Nabisco*, 191 F.3d at 224 (finding circumstantial evidence sufficient proof of dilution).

Dilution is, by its very nature, difficult to measure quantitatively. Direct evidence of dilution of distinctiveness is illusory because "mental associations evoked by the mark [are] not easily sampled by consumer surveys and not normally manifested by unambiguous consumer behavior." RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25, cmt. f. (2002); Patrick M. Bible, *Defining and Quantifying Dilution Under the Federal Trademark Dilution Act of 1995: Using Survey Evidence to Show Actual Dilution*, 70 U. COLO. L. REV. 295, 313 (1998) (stating that "where plaintiffs seek preliminary injunctive relief to prevent a junior user's products from entering the market, survey evidence of actual dilution will be unavailable").

It is all but impossible to compare by survey methodology the selling power of a famous mark *before* a defendant's dilutive use begins with the diminished selling power of the famous mark *after* the dilutive use began. Even if this were possible, famous mark owners would then be compelled continually and formally to survey consumer perception of their marks in anticipation of dilution litigation, thus imposing on trademark owners an impractical burden that would substantially drive up the cost of owning and maintaining a famous mark.

C. *Indirect Evidence of Contextual Factors Proves a Likelihood of Dilution, Not Actual Harm*

Consistent with trademark infringement actions and many other areas of law, a likelihood of dilution standard permits courts to draw inferences of dilution based on circumstantial evidence instead of requiring direct evidence of actual dilution generally unavailable to litigants. *See, e.g.*, *Nabisco*, 191 F.3d at 224, n.5. Indirect evidence of relevant contextual factors is no different than the types of inferential proofs used in a likelihood of dilution analysis. Even the Fourth Circuit concedes that "relevant contextual factors . . . are of obvious relevance as indirect evidence [of dilution]." *Ringling Bros.*, 170 F.3d at 465. Because contextual factors "have long been used to establish infringement" and are appropriate for establishing dilution, *Nabisco*, 191 F.3d at 224, inferential methods of proof are necessary in dilution cases brought under the FTDA.

III. ESTABLISHED PRINCIPLES OF EQUITY AND TRADEMARK LAW NECESSARILY ALLOW DILUTION TO BE PROVEN THROUGH AN INFERENCE OF HARM WITHOUT WAITING FOR ACTUAL INJURY TO OCCUR.

Principles of equity do not require actual harm for the granting of injunctive relief. *Swift & Co. v. United States*, 276 U.S. 311, 326 (1928) ("an injunction may issue to prevent future wrong, although no right has yet been violated"); *B.F. Goodrich Co. v. Wohlgemuth*, 192 N.E.2d 99, 105 (Ohio Ct. App. 1963) (courts have long recognized that there is "no doubt that an injunction may issue in a court of equity to prevent a future wrong although no right has yet been violated").

This rule applies equally to trademark and unfair competition matters, in which "the controlling legal standard for the remedy of an injunction is *not* whether the plaintiff can prove that actual damage has occurred to its goodwill and reputation." 5 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 30:2 (4th ed. 2002). Congress acknowledged these traditional principles of equity in the Lanham Act, which expressly provides that courts "shall have power to grant injunctions, according to the principles of equity . . . to prevent a violation [under Section 43(a)]." 15 U.S.C. § 1116(a).

The only proof necessary for "injunctive relief in the federal courts has always been irreparable harm and inadequacy of legal remedies," *Beacon Theatres, Inc. v. Westover*, 359 U.S. 500, 506-507 (1959), *not* actual harm. Congress did not modify the standards of proof required to obtain an injunction when it enacted the FTDA. The statute is clear: owners of famous trademarks may seek *only* injunctive relief unless the defendant willfully diluted the mark, in which case damages are available, *subject to principles of equity.* 15 U.S.C. § 1125(c)(1)-(2) (emphasis added). Congress clearly chose not to alter the standard for injunctive relief, and fully embraced longstanding principles of equity for granting an injunction under the FTDA. The judiciary should give full "effect to that intent." *Sinclair Ref. Co. v. Atkinson*, 370 U.S. 195, 215 (1962).

The remedy for dilution under the FTDA is an injunction to prevent dilution *before* it turns into actual harm. 15 U.S.C. § 1125(c)(2). By the time actual economic harm could be proven, if it could be, injunctive relief would be insufficient as a remedy. An injunction would not adequately compensate an owner or restore the value of its famous mark. If proof of actual economic harm is required before giving the FTDA effect, the Act would serve merely to recognize, *ex post facto*, that a trademark owner had been injured. The injunctive remedy is intended to curtail and prevent loss to the owner of a famous mark without a showing of economic harm. Balancing the absence of need to prove actual injury, the statute denies the owner the right to seek damages unless proof of willful dilution is shown.

IV. INTERPRETATION OF THE FTDA SHOULD BE CONSISTENT WITH INTERNATIONAL TREATY OBLIGATIONS.

The FTDA was enacted to bring United States trademark law into compliance with international treaties that do not require an "actual harm" standard for trademark dilution. The FTDA fulfills promises of the United States in international treaties, including the Agreement on Trade Related Aspects of Intellectual Property Rights ("TRIPS"), by creating a new action for dilution of famous marks. H.R. REP. NO. 104-374, at 4, *reprinted in* 1995 U.S.C.C.A.N. 1029, 1031. In enacting the FTDA, Congress sought to protect famous marks in order to "be consistent with the terms of . . . TRIPS . . . " *Id.* In addition to complying with treaty obligations, Congress understood that U.S. trademark dilution protection of famous marks "would serve as a model for our trading partners overseas." 141 CONG. REC. S19312-01 (daily ed. Dec. 29, 1995) (statement of Sen. Leahy). Thus, Congress intended the FTDA to have an international role. H.R. REP. NO. 104-374, at 3, *reprinted in* 1996

U.S.C.C.A.N. 1029, 1030 (finding that the FTDA helps establish consistent international protection of famous marks).

A. *The Paris Convention and "Well-Known" Marks*

The Paris Convention for Protection of Industrial Property ("Paris Convention") was the first effort at internationally harmonized protection of intellectual property. Paris Convention for Protection of Industrial Property, Mar. 20, 1883, 21 U.S.T. 1583, 828 U.N.T.S. 305 (revised July 14, 1967). The Paris Convention prohibits each of the one hundred and forty member countries (including the U.S.) from providing less favorable treatment to a foreign trademark owner than the country provides its own citizens. Paris Convention, Art. 2(1). In addition, the Paris Convention establishes certain minimum standards for substantive intellectual property protection that each member country must incorporate into its national laws. Paris Convention, Arts. 4-11.

Since 1925, Article 6*bis* of the Paris Convention has prevented member countries from registering or allowing the use of already well-known trademarks. Under that provision, member countries must prohibit use or registration of any trademark "liable to create confusion, of a mark considered . . . to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods." Paris Convention, Art. 6*bis*.

B. ***TRIPS' Enhancement of the Paris Convention***

Although the international community increasingly valued protecting intellectual property, member countries failed to harmonize and enforce substantive provisions of the Paris Convention. The result was a "crisis in the Paris-Berne regime." Paul Edward Geller, *Intellectual Property in the Global Marketplace: Impact of TRIPS Dispute Settlements?*, 29 INT'L LAW 99, 100 (1995). In 1994, the Uruguay Round of the General Agreement on Tariffs and Trade ("GATT") TRIPS, and particularly Article 16(3) of TRIPS:

> Article 6bis of the Paris Convention (1967) shall apply, *mutatis mutandis*, to goods or services which are *not similar* to those in respect of which a trademark is registered, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademarks and provided that the interests of the owner of the registered trademarks are *likely to be damaged by such use*. (Emphasis added).

Article 16(3) extends the protection of well-known marks from goods to services and, more importantly, from competing goods to non-competing goods where use indicates a connection to a registered, well-known trademark. In addition, Article 16(3) extends the obligation to prohibit the use of a well-known mark beyond the "liable to create confusion" standard of Article 6*bis* of the Paris Convention. Article 16(3) obligates member countries to prohibit the use of a well-known mark in situations where the owner of the well-known mark is *likely to be damaged*.

In other words, TRIPS establishes a likelihood of dilution standard for famous marks.

C. ***The FTDA Provided Needed U.S. Leadership in Making TRIPS' Famous Mark Protection Effective***

From 1994 until enactment of the FTDA, the United States lacked adequate legal protection of well-known marks under TRIPS. 4 MCCARTHY § 29:36 ("because GATT is effected in the United States as an executive agreement . . . it needs legislation to come into force under U.S. intellectual property laws"). Under TRIPS, the United States was obligated to provide protection to foreign mark owners that it did not offer to its own citizens. Congress sought to remedy this situation by enacting the FTDA.

Other countries followed the lead of the United States. In his floor statement regarding the FTDA, Senator Hatch summarized the role of the United States:

> Mr. President, the GATT agreement includes a provision designed to provide dilution protection to famous marks. Thus, enactment of this bill will be consistent with the terms of the [GATT] agreement, as well as the Paris Convention, of which the United States is also a member. . . . Foreign countries are reluctant to change their laws to protect famous U.S. marks if the United States does not afford special protection for such marks.

141 CONG. REC. S19310 (daily ed. Dec. 29, 1995).

Thus, Congress enacted the FTDA not only to bring the United States into full compliance with TRIPS, but also to provide needed international leadership to ensure that famous marks receive heightened protection. Under the relevant provisions of TRIPS, famous mark owners are now protected against the *likelihood* of damage. The FTDA should be interpreted consistently with Congressional intent and United States treaty obligations.

V. THE PLAIN MEANING OF THE FTDA REQUIRES NO MORE PROOF OF DILUTION THAN SHOWING A LIKELIHOOD OF HARM.

The language of the FTDA manifests Congress's clear intent to prevent future and ongoing harm, rather than to impose monetary sanctions by wishful recoupment only after a particular dilutive use results in quantified, consummated economic injury. The plain statutory text requires only proof that the junior mark *contributes* to a reduction of a famous mark's *capacity*, or mental power, to identify and distinguish the mark owner's goods and services. Any perceptible reduction in that capacity constitutes the enjoinable conduct. Nowhere does the statutory language require a showing of actual economic injury.

Congress established a likelihood of dilution standard regarding a junior mark that "causes dilution of the distinctive quality of the famous mark." 15 U.S.C. § 1125(c)(1). The FTDA plainly states that "dilution" is "*the lessening of the capacity* of a famous mark to identify and distinguish goods or services." 15 U.S.C. § 1127 (emphasis added). The phrase "causes dilution" and the defined meaning of dilution as a "lessening of capacity" must be read together and in context to achieve Congress's true intent. *Gustafson v. Alloyd Co.*, 513 U.S. 561, 574-75 (1995) (the "relevant phrase in the definitional part of a statute must be read in its entirety," and "must be understood against the background of what Congress was attempting to accomplish").

Petitioners' reading of the FTDA would permit an indefinite number of seemingly insignificant dilutive uses of a famous mark to eviscerate the distinctive quality of a mark. Congress could not have intended such result. *See Rowland v. California Men's Colony*, 506 U.S. 194, 200 (1993) ("the common mandate of statutory construction [is] to avoid absurd results"). Congress did not intend to require famous trademark owners to sit by and watch the value of their marks dwindle to nothing before being able to enjoin forseeably devaluing acts.

VI. THE LEGISLATIVE HISTORY OF THE FTDA SHOWS CONGRESS'S INTENT TO PROTECT FAMOUS MARKS ABSENT PROOF OF ACTUAL, QUANTIFIED HARM.

The legislative history of the FTDA also shows that the Act affords a famous mark dilution protection without a showing of actual injury. Imposing an actual injury standard would contravene the clear purpose of the FTDA. *See United States v. Am. Trucking Ass'ns, Inc.*, 310 U.S. 534, 543 (1940) (avoiding a statutory interpretation that would produce a futile result, when looking to the purpose of the act).

In July 1995, in a hearing before the House Subcommittee on Courts and Intellectual Property, Committee on the Judiciary, then Assistant Commissioner for Trademarks of the U.S. Patent and Trademark Office, Philip G. Hampton, II, representing the Executive Branch, testified that "the purpose of a dilution statute is to *prevent a* *weakening of a famous mark*." In a prepared statement submitted for this same hearing, Assistant Commissioner Hampton said:

> Under . . . [the FTDA] it will not be necessary to establish that consumers will be likely to confuse the source of the goods or services, but, rather, that the capability of the mark to identify the [famous mark owner's] goods or services *will be diminished* by the other party's unauthorized use of the mark.

FTDA Hearing, page 38 (emphasis added).

Others participating in the hearing provided similar insight into the purpose of the FTDA and the standards of proof necessary to prove the gradual harm of dilution, both by tarnishment and by blurring. *See, e.g., id.* at 94 (stating that "[p]iggy-backing on the reputation of a famous trademark will, consequently, *gradually erode the goodwill* attached to the trademark, but it will also give the junior user an unfair, long lasting and valuable competitive advantage") (statement of James K. Baughman, Assistant General Counsel of the Campbell Soup Company) (emphasis added); *id.* at 109 (viewing "trademark dilution as a form of trespass on property, which should be subject to injunction, without reliance on its impact on the minds of the consuming public") (statement of Nils Victor Montan, Vice President and Senior Intellectual Property Counsel of Warner Brothers); *id.* at 129 (stating that "it no longer is appropriate to view truly distinctive marks as mere indications of source, subject to damage only when consumers are misled") (statement of Thomas E. Smith, Chair of the Section of Intellectual Property Law of the American Bar Association); *id.* at 161 (finding it "difficult or impossible to prove competitive injury" as a result of trademark dilution) (statement of Jonathan E. Moskin, Partner, Pennie & Edmonds); *id.* at 208 (favoring passage of the FTDA because "[t]he injury for which [FTDA] protection is sought 'is the *gradual whittling away or dispersion* of the identity and hold upon the public mind of the mark or name by its use [even] on noncompeting goods'") (statement of Michael K. Kirk, Executive Director of AIPLA) (emphasis added) (quoting Schechter, 40 HARV. L. REV. at 825).

Three years after passing the FTDA, Congress enacted the Trademark Amendments Act of 1999 ("TAA"), 15 U.S.C. §§ 1052(f), 1063-64, 1092 (1999), to expressly allow for dilution claims before the Trademark Trial and Appeal Board ("TTAB") of the United States Patent and Trademark Office. *The TAA provides that the owner of a famous mark may assert dilution as a ground to oppose or cancel registration of a junior, dilutive mark "before dilution type damage has been suffered in the marketplace by the owner of a famous mark."* H.R. REP. NO. 106-250, at 5 - 6 (1999).

The TTAB has correctly interpreted the FTDA to require a likelihood of dilution standard. *Toro Co. v. ToroHead, Inc.*, 61 U.S.P.Q.2d 1164, 1174 (TTAB 2001) (stating that an actual dilution standard would "defeat the articulated purpose of the TAA"). Congress modified the FTDA to ensure that "[r]esolution of the dilution issue before the Board, as opposed to the Federal District Court, would result in . . . more timely and inexpensive resolution of the dilution issue, and will result in greater certainty in the application of this body of law." H.R. REP. NO. 106-250, at 5 (emphasis added). So that there is "certainty" in dilution cases, the standard for proving dilution before the TTAB should be *the same as* legal proceedings in federal court—a uniform "likelihood of dilution" standard.[2]

It is the position of the United States as Amicus, however, that there should be two different standards: (1) likelihood of dilution before the TTAB; and (2) actual dilution before the courts. (U.S. Brief at 15-16.) Such a divergent application of dilution law invites doctrinal chaos. The purpose of the FTDA, as amended by the TAA, is to extend broad protection to famous marks against even incipient diminution of the distinctiveness of a famous mark through uncontrolled uses by third parties — even in the absence of actual or likely confusion, or of objective proof of measurable damage. This should be the uniform standard before the courts and the TTAB.

Congress did not intend the FTDA to omit remedies against likelihood of dilution. A requirement of showing actual harm caused by a single dilutive use would frustrate the purpose of the FTDA by imposing an unreasonable standard of proof. Magliocca, *supra* at 1019 ("an actual dilution standard would impose an overwhelming barrier to dilution plaintiffs"). That some courts confess lack of understanding of the concept of "dilution," *Ringling Bros.*, 170 F.3d at 455, does not warrant imposing an unreasonable

[2] The TTAB also has recognized that "an application based on an intent to use [a] mark in commerce satisfies the commerce requirement of the FTDA for proceedings before the Board." *Toro Co.*, 61 U.S.P.Q.2d at 1174. As already recognized by the TTAB, Congress clearly intended for a likelihood of dilution standard to apply in dilution attacks by famous mark owners against use-based trademark applications, 15 U.S.C. § 1051(a), as well as against intent-to-use applications. 15 U.S.C. § 1051(b). Applying an "actual dilution" standard with respect to intent-to-use-based applications litigated before the TTAB would be impossible since "intent-to-use" applications involve marks that are not yet in use, and thus incapable of producing quantified economic injury to the owner of a famous mark.

burden of proof upon owners of famous marks. The Sixth Circuit was correct in concluding that a likelihood of dilution standard "both tracks the language of the statute and follows more closely Congress's intent in enacting the FTDA." *Victoria's Secret*, 259 F.3d at 475.

CONCLUSION

For the foregoing reasons, the AIPLA urges the Court to maintain FTDA protection of famous trademarks, by affirming that proof of quantified harm to the economic value of a famous mark is not necessary for relief against acts of dilution under the FTDA.

Respectfully submitted,

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