The Trademark Dilution Secret Is Out: The FTDA and the Supreme Court Leave Victoria's Secret and Future Plaintiffs without a Legal or Equitable Remedy

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NOTES & COMMENTS

THE TRADEMARK DILUTION "SECRET" IS OUT: THE FTDA AND THE SUPREME COURT LEAVE VICTORIA'S SECRET AND FUTURE PLAINTIFFS WITHOUT A LEGAL OR EQUITABLE REMEDY

I. INTRODUCTION

The difference between the right word and the almost right word is the difference between lightning and a lightning bug.

Mark Twain, Author

Word Choice—it can have a great impact on the interpretation of a contractual or statutory provision. Even erroneous usage of a semicolon may cause misunderstandings or unfavorable results with a judge. While words may have a singular and clear meaning to one reader, the same words may convey a different meaning or may be ambiguous to another. Just as Mr. Twain carefully worded his vibrant tales, it is also important when drafting agreements, court opinions, or statutes to implement careful word choice. While there are many unfortunate examples of unclear language in the legal world, the particular example that this note discusses, originates from trademark law.

Historically, a trademark’s "orthodox" function has been "to identify the origin or ownership of the goods [sic] to which [the trademark] is affixed." This statement of the law comes from the seminal discussion of trademark dilution, The Rational Basis of Trademark Protection, authored by Frank I. Schechter. In short, federal trademark dilution is a theory of law that protects the distinctiveness of

2. See e.g. NBC 4, News, Thanks to a Semicolon, Gays, Lesbians Keep Marrying, http://www.nbc4.tv/news/2854381/detail.html (accessed Sept. 13, 2004). While some people may feel that the misuse of a semicolon is a petty excuse to deny a requested order, it was a "big deal" to San Francisco Superior Court Judge James Warren. Id. The order denied by the San Francisco Superior Court is a timely example of careless drafting.
4. Id. at 814 (quoting Hanover Star Milling Co. v. Metcalf, 240 U.S. 403, 412 (1916)).
famous marks.5 Distinctiveness is “the capacity of a famous mark to identify and distinguish goods or services.”6 Schechter’s article states that preservation of a trademark’s distinctiveness “should constitute the only rational basis for its protection.”7 In order to protect famous and distinctive marks, Congress passed the Federal Trademark Dilution Act of 1995 (“FTDA”).8 This act provides for injunctive relief against any commercial use that dilutes, i.e., lessens, the distinctive quality of a famous mark.9 However, the FTDA allows money damages only if willful intent is proven.10

Unfortunately, the FTDA’s language created some disagreement among the circuit courts about the act’s requirements.11 According to the FTDA, injunctive relief may be obtained only against a commercial use that “causes dilution.”12 Given the nature of injunctive relief and other trademark laws, some courts interpreted “causes dilution” to mean a “likelihood of dilution,”13 while other courts required a showing of actual harm in order to obtain an injunction.14 Additionally, absent willful intent, money damages are not available, making injunctive relief the sole remedy in these instances.15 Accordingly, some courts in the process of interpreting the language of the FTDA have thwarted the very purpose of the act: to prevent “subsequent uses that blur the distinctiveness of the [famous] mark[s] or tarnish or disparage [such marks], even in the absence of a likelihood of confusion.”16

In addition to problematic language within the FTDA, the United States Supreme Court has further debilitated the usefulness and purpose of the act. In

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7. Schechter, supra n. 3, at 831.
8. 15 U.S.C § 1125(c) (2000). The FTDA provides in pertinent part:

(1) The owner of a famous mark shall be entitled . . . to an injunction against another person’s commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark . . . .

(2) In an action brought under this subsection, the owner of a famous mark shall be entitled only to injunctive relief as set forth in section 1116 of this title unless the person against whom an injunction is sought willfully intended to trade on the owner’s reputation or to cause dilution to the famous mark.

Id. at § 1125(c)(1)-(2) (Supp. 2003).
9. Id.
10. Id. at § 1125(c)(2).
Moseley v. V Secret Catalogue, Inc., the Court ruled that a plaintiff must prove actual dilution, or actual harm, in order to obtain a preventive injunction. The Court’s extremely literal approach in Moseley struck down the widely accepted likelihood of dilution standard. In addition, Moseley did nothing to allow money damages without proof of willful intent.

As discussed below, the inequitable remedial scheme under Moseley and the FTDA leave a plaintiff uncompensated for an “injury to the economic value of a famous mark.” Thus, in order to avoid such inequities and align the FTDA with the principles of damages and injunctions, an amendment to the FTDA is needed. Such an amendment should allow money damages as a remedy to the trademark owner without the owner having to prove willful intent. In addition, the amendment should establish a likelihood of dilution standard for obtaining injunctive relief. Such an amendment would allow a plaintiff to obtain an injunction before injury has actually occurred and be made whole if there is any economic injury.

In order to promote clarity in the argument this note proffers, Section Two provides useful background regarding trademarks in general, trademark dilution, and the leading trademark dilution cases. Next, Section Three provides a general look at the Moseley decision and the current status of the law concerning federal trademark dilution actions. Section Four discusses relevant principles of damages and injunctions, and challenges the Court’s reasoning in Moseley based on those principles. Finally, Section Five suggests an amended version of the FTDA, followed by a brief conclusion in Section Six.

II. BACKGROUND

While trademark law in general is aimed primarily at protecting the consumer, trademark dilution law is aimed primarily at protecting the trademark owner. Congress enacted the FTDA in order to afford trademark owners further protection against unauthorized uses of famous marks. However, before the enactment of the FTDA, dilution was a state action, and dilution laws varied throughout the states. The remedies for the owner of a diluted trademark were “unpredictable and inadequate.” Furthermore, only about half of the states recognized a cause of action, and obtaining nationwide relief was difficult. Thus,
Congress enacted the FTDA as a response to both the need for nationwide relief and to modern national and international trade.26

A. Trademark and Its Purpose

In short, a trademark is a name or slogan used by a person or company to identify and distinguish the source of the goods.27 Specifically, the term trademark is used to describe:

[A]ny word, name, symbol, or device, or any combination thereof—(1) used by a person, or (2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter, to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.28

Buick,29 Kodak,30 and Victoria's Secret31 are examples of trademarks.

Trademarks differ from the "monopolistic grants" given in copyrights and patents.32 A trademark owner has two basic powers. First, a trademark owner may prohibit another's attempts to sell products, using the trademark as a label.33 Second, a trademark owner may prohibit uses that seek to benefit from the good will of the trademark.34

Trademark law recognizes that consumers associate a certain quality of product with a certain trademark.35 As Justice Frankfurter stated, "[t]he protection of trade-marks is the law's recognition of the psychological function of symbols."36 Trademark law has a two-fold purpose.37 First, trademark law protects public confidence that when buying a product labeled with a familiar trademark, one is indeed buying the desired product.38 Second, trademark law prohibits misappropriation of a trademark holder's goodwill by "pirates and cheats."39 Thus, traditional trademark law is aimed primarily at protecting consumers.40

28. Id.
30. Id.
31. Moseley, 537 U.S. at 432.
33. Id.
34. Id.
40. See supra nn. 38-39.
B. Distinctiveness

In order for a mark to qualify for trademark protection, some level of distinctiveness is required. Trademark protection increases as distinctiveness increases. Generally, the spectrum of distinctiveness has four categories. Those categories are as follows: generic marks, descriptive marks, suggestive marks, and arbitrary and fanciful marks.

Generic marks are the lowest form of distinctiveness. These marks merely name the object associated with the mark. An example of a generic mark would be the use of the word “CAR.” This mark merely names the associated object. Generic marks are completely without distinctiveness. Since some level of distinctiveness is required for trademark protection, generic marks are also ineligible for protection. This arrangement allows competitors to refer to their own products by the generic term. Thus, Chevrolet can still use the word “CAR” when referring to its products.

The next step up in distinctiveness is descriptive marks. These marks, as one might intuitively guess, merely describe the product. An example of a descriptive mark is a fish symbol used in conjunction with a fish market. Descriptive marks may become distinctive through consumer recognition. When consumers equate a particular mark with the specific products of the mark’s user, that particular mark has acquired secondary meaning. Descriptive marks are eligible for protection only if “they have acquired ‘secondary meaning.’”

Third in the spectrum of distinctiveness are suggestive marks. Suggestive marks, not surprisingly, suggest qualities of the product to which it is associated. An example of a suggestive mark is “GLOW” by Glow, Inc. for the company’s perfume products. Suggestive marks are more distinctive than descriptive marks.

42. Nabisco, 191 F.3d at 215.
43. Id. at 215-16; Glow, 252 F. Supp. 2d at 976.
44. Nabisco, 191 F.3d at 215-16; Glow, 252 F. Supp. 2d at 976.
45. Nabisco, 191 F.3d at 215; Glow, 252 F. Supp. 2d at 977.
46. Nabisco, 191 F.3d at 215.
47. Id.
48. See id.
49. Id.
50. Id.
51. Nabisco, 191 F.3d at 215.
52. See id.
53. Id.
54. Glow, 252 F. Supp. 2d at 977.
55. See id. at 978.
56. See id. at 977.
57. Nabisco, 191 F.3d at 215.
58. Id.
59. Id.; Glow, 252 F. Supp. 2d at 976.
60. Nabisco, 191 F.3d at 215; Glow, 252 F. Supp. 2d at 977.
and are allowed trademark protection without acquiring secondary meaning. Suggestive marks, however, are given less protection than arbitrary and fanciful marks.

The highest level of distinctiveness is that of arbitrary and fanciful marks. Arbitrary and fanciful marks hold no "logical relationship" of any kind between the product and the mark. Yet, "even within the category of arbitrary or fanciful marks, there is still a substantial range of distinctiveness." Arbitrary marks remain at a lower level of distinctiveness because of the common nature or frequent use of the word. For example, "Black & White" scotch whiskey holds the rank of "arbitrary," because the mark utilizes "words commonly used in the English language." Fanciful marks, however, are of the highest degree of distinctiveness. These marks are figments of the imagination because they are made up. Fanciful marks "evoke no associations [of] human experience... with the product." A prime example of a fanciful mark would be "Clorox" bleach, as the mark consists of "wholly made-up terms."

C. Trademark Infringement

Once it is determined that either a trademark is inherently distinctive, or it has acquired secondary meaning, it is eligible for protection. Trademark protection is important because it allows the general consumer to have confidence that one is in fact buying a certain brand or quality of product. Such consumer confidence would not be possible without trademark protection. Trademark infringement actions have been the traditional way of protecting a trademark. The gravamen of a trademark infringement action is whether consumers will likely confuse the junior mark with the senior mark.

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62. Nabisco, 191 F.3d at 215; Glow, 252 F. Supp. 2d at 977. Marks that are of suggestive quality or higher, are marks that are "inherently distinctive." Glow, 252 F. Supp. 2d at 977. Marks which are inherently distinctive are allowed trademark protection without acquiring secondary meaning. See id.
63. Nabisco, 191 F.3d at 216.
64. Id.; Glow, 252 F. Supp. 2d at 977.
65. Nabisco, 191 F.3d at 216; Glow, 252 F. Supp. 2d at 977.
66. Nabisco, 191 F.3d at 216.
67. Id.
68. Id.
69. Id.
70. Glow, 252 F. Supp. 2d at 977.
71. Nabisco, 191 F.3d at 216.
72. Id.; Glow, 252 F. Supp. 2d at 977.
73. Nabisco, 191 F.3d at 216.
74. Glow, 252 F. Supp. 2d at 977.
75. See Nabisco, 191 F.3d at 215-16; Glow, 252 F. Supp. 2d at 977; McCarthy, supra n. 6, at vol. 2, § 11.2, 11.5 to 11.6.
76. Johnson, supra n. 38, at 470.
78. See Moseley, 537 U.S. at 428-29.
79. Mar. Madness Athletic Assn., L.L.C. v. Natl. Collegiate Athletic Assn., 310 F. Supp. 2d 786, 812 (N.D. Tex. 2003). "Junior use" is a term commonly used to denote the subsequent user, i.e., the user of a mark the same as or similar to the mark of the senior user. Id. Likewise, "junior mark" denotes the mark which is subsequent to the senior mark. Id.
D. Trademark Dilution

While trademark infringement produces immediate harm, trademark dilution produces incremental harm described as "an infection which, if allowed to spread, will inevitably destroy the advertising value of the mark." Accordingly, Congress defined dilution as "the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of—(1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake, or deception." Thus, trademark dilution differs from trademark infringement. Competition and confusion are elements of a trademark infringement claim, but not a trademark dilution claim.

The FTDA provides that "[t]he owner of a famous mark shall be entitled . . . to an injunction against another person's commercial use in commerce of a mark . . . if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark." Accordingly, the prima facie case requirements for trademark dilution are as follows:

(1) the senior mark must be famous; (2) [the senior mark] must be distinctive; (3) the junior use must be a commercial use . . . ; (4) [the commercial use] must begin after the senior mark has become famous; and (5) [the commercial use] must cause dilution of the distinctive quality of the senior mark.

Thus, in order to qualify for protection under the FTDA, a mark must be not only famous, but also distinctive. It has been argued that the FTDA protects only the most famous marks.

Trademark dilution can occur by either blurring or tarnishing. The following examples illustrate the importance of protection from trademark dilution. Dilution by blurring diminishes the famous mark's capacity to identify goods uniquely. Blurring encompasses the "classic or ‘traditional’ form of

"Senior mark" is a term commonly used to denote the original famous mark. Likewise, a "senior user" is the owner of such a mark. There are many factors involved in determining whether an authorized use constitutes trademark infringement. However, those factors are beyond the scope of the paper.

83. Fed. Express, Corp. v. Fed. Espresso, Inc., 201 F.3d 168, 175 (2d Cir. 2000); Nabisco, 191 F.3d at 219 ("Consumer confusion—the nub of an action for infringement—is, of course, unnecessary to show the actionable dilution of a famous mark.").
85. Nabisco, 191 F.3d at 215.
89. McCarthy, supra n. 6, at vol. 4, § 24:68, 24-129.
dilution.

Examples of dilution by blurring would be "Dupont shoes, Buick aspirin . . . [or] Kodak pianos." These are cases where consumers are not likely to believe that Dupont is making or sponsoring the shoes, nor would the consumer likely confuse Buick cars with Buick aspirin. Rather, consumers would be less likely to believe that "the [senior] mark signifies something unique, singular, or particular." Thus, these uses would not likely satisfy the likelihood of confusion test in an infringement action.

Dilution by tarnishing portrays famous marks in unwholesome contexts likely causing consumers to associate unbecoming thoughts with the senior mark. Tarnishing can also occur when substandard products are linked to famous marks. An example of tarnishing might be the use of the mark "KING VELVEEDA" as a sexually graphic website. Such a use would likely conflict with the image that [Kraft Foods] has successfully cultivated . . . as a wholesome, family oriented [sic] product. The harm in this instance "corro[des] . . . the reputation and good will [the senior mark] once enjoyed." Accordingly, this use would not likely satisfy the likelihood of confusion test in an infringement action.

The above examples illustrate the need for protection of famous marks from dilution as a distinct action from infringement. Without an action for dilution, a trademark owner who cannot satisfy the likelihood of confusion test is left vulnerable to "pirates and cheats." With each unauthorized use of Buick, Kodak, or Velveeta, the distinctiveness of the famous mark is lessened. If allowed to continue, the mark would no longer be distinctive.

Unfortunately, the language of the FTDA does not effectively achieve its purpose, which is to prevent dilution by blurring or tarnishing a famous mark. The FTDA provides an injunction only if the authorized use "causes dilution." The FTDA further provides that injunctive relief is to be administered according
to 15 U.S.C. § 1116, which allows an injunction “to prevent a violation [of the FTDA].” Thus, the language within the FTDA, describing when an injunction should issue, is inconsistent.

The FTDA provision for damages, which requires willful intent on the part of the defendant, reveals further problems. Only after an owner of a famous mark shows willful intent may such owner obtain, subject to 15 U.S.C. § 1117(a), profits gained by the defendant, damages incurred, and costs. While willful intent is usually required before a court will award punitive damages, willful intent is not typically an element of actual damages as provided in section 1117(a).

E. The Split among the Circuit Courts—Actual Dilution v. Likelihood of Dilution

In light of conflicting language in the FTDA, the circuit courts disagreed as to the standard of dilution needed in order to succeed on a claim. Some courts indicated a likelihood of dilution standard could be used to obtain injunctive relief. However, other courts, based on statutory interpretation, required actual harm to the economic value of the mark to obtain an injunction. Briefly discussing Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development and Nabisco, Inc. v. PF Brands, Inc., two cases which set the stage for Moseley, is helpful in understanding the current status of the law.

106. Id. at § 1125(c)(2).
107. Id. at § 1116(a) (Supp. 2003) (emphasis added).
108. Id. at §§ 1117(a), 1125(a), (c)(1)-(2) (2000 & Supp. 2003).
109. Id. at §§ 1117(a), 1125(c)(2). In addition, subject to 15 U.S.C. § 1118, such owner may obtain the destruction of the infringing materials. 15 U.S.C. §§ 1118, 1125(c)(2) (2000 & Supp. 2003). Furthermore, in exceptional cases, the victorious party may obtain reasonable attorney’s fees. Id. at §§ 1117(a), 1125(c)(2).
112. Kitterman, supra n. 11, at 5. Compare Federal Express, 201 F.3d at 177 (using the language “will dilute the distinctiveness of . . . [the] famous senior mark,” indicates a likelihood of dilution standard) (quoting Nabisco, 191 F.3d at 222); Nabisco, 191 F.3d at 223 (“To require proof of actual [dilution] . . . seems inappropriate.”); Jews For Jesus v. Brodsky, 993 F. Supp. 282, 306-07 (D.N.J. 1998) (using future oriented words such as “will dilute . . . would be at [defendant’s] mercy and could be associated with [defendant]” indicates a likelihood of dilution standard) (emphasis added) with Ringling, 170 F.3d at 459 (The FTDA “requir[es] proof of actual harm.”) (emphasis added).
113. See e.g. Nabisco, 191 F.3d at 223-25.
114. Ringling, 170 F.3d at 453, 464.
115. 170 F.3d 449.
116. 191 F.3d 208.
1. **Ringling—Actual Dilution Standard**

When a court requires proof of actual dilution, proof of actual consummated harm is required to succeed in an action for trademark dilution. In *Ringling*, the dispute centered around Utah Travel Division's ("Utah") use of the phrase "The Greatest Snow On Earth." Utah used the phrase on license plates and in tourism promotions, which Ringling Bros.-Barnum & Bailey ("Ringling") claimed diluted its mark, "The Greatest Show On Earth." It was undisputed that Ringling's mark was famous. It was also undisputed that Utah made use of the phrase well after Ringling's mark became famous. The only issue as to trademark dilution was whether Utah's use diluted Ringling's mark by blurring. The circuit court agreed with the district court that Utah's use did not dilute Ringling's mark.

First, the court began its discussion of the FTDA with an in-depth look at the history behind the concept of dilution. The court noted that dilution as a separate cause of action from infringement is attributed often to Frank I. Schechter. Schechter's model of dilution "recognize[d] that 'the preservation of the uniqueness of a trademark . . . constitute[d] the only rational basis for its protection,' and [such protection was] provide[d] . . . by prohibiting 'dilution' of such a mark's uniqueness." In Schechter's view, only the most unique marks would be eligible for protection. Unique marks in this context means "those [marks] employing 'coined, arbitrary or fanciful words or phrases.'" Under Schechter's model, dilution meant any identical or practically identical junior use of a senior mark, which harmfully affects the uniqueness of the senior mark, without a requirement of confusion or competition.
Second, the court in *Ringling* noted that state courts were reluctant to apply the state dilution statutes early on.\textsuperscript{130} Many times the state courts required a showing of a likelihood of confusion, in spite of statutory language to the contrary.\textsuperscript{131} Initially, courts were concerned that the state dilution statutes would give trademark owners the ability to "monopolize language and inhibit free competition."\textsuperscript{132} Eventually, however, dilution did gain judicial acceptance.\textsuperscript{133} The New York Court of Appeals described dilution as a "cancer-like growth of dissimilar products or services which feeds upon the business reputation of an established distinctive trade-mark."\textsuperscript{134}

The court in *Ringling* continued its analysis of the FTDA by contrasting it with the state dilution statutes.\textsuperscript{135} The most distinguishable factor was the difference between the likelihood of dilution standard in the state statutes and the causes dilution standard in the federal statute.\textsuperscript{136} This difference implied a completed harm requirement.\textsuperscript{137} Furthermore, the court opined that Congress made the federal statute different from the state statutes purposefully, intending

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\textsuperscript{130} *Ringling*, 170 F.3d at 455. The first state anti-dilution statute was enacted by Massachusetts. *Id.* at 454. Throughout the next fifty years, approximately half of the states enacted anti-dilution statutes. *Id.* Additionally, the court stated that all these anti-dilution statutes had four things in common:

1. [the statutes] defined the category of marks protected against dilution solely by reference to their "distinctive quality";
2. [the statutes] proscribed not just actual, consummated dilution, but the "likelihood of dilution";
3. [the statutes] contain[ed] no express reference to harm to the senior mark's economic value, [and] they defined dilution in terms susceptible to the interpretation that it consisted solely of a loss of the mark's distinctiveness; and
4. [the statutes] provided only injunctive relief.

*Id.* The court noted that this was the backdrop against which Congress enacted the FTDA. *Id.*

\textsuperscript{131} *Ringling*, 170 F.3d at 455.

\textsuperscript{132} *Id.* It has been argued that trademark dilution laws inhibit First Amendment rights. *Moseley*, 537 U.S. at 431. However, when the FTDA was passed, Congress created exceptions to ensure First Amendment protection. *Id.* The FTDA contains a "[f]air use" exception, a "[n]oncommercial use" exception, and a "news commentary" exception. 15 U.S.C. § 1125(c)(4)(A)-(C).

\textsuperscript{133} *Ringling*, 170 F.3d at 455. However, the court in *Ringling* argued that courts have had a difficult time grasping the concept of dilution, supporting its argument by the fact that state courts typically define the harm of dilution vaguely as "dilution of the distinctive quality of a mark." *Id.* (quoting N.Y. Gen. Bus. Law § 360-4 (McKinney Supp. 2004)). The court stated "dilution [sic] remains a somewhat nebulous concept." *Id.* (quoting Sally Gee, Inc. v. Myra Hogan, Inc., 699 F.2d 621, 625 (2d Cir. 1983)). As further support, the court argued that if dilution is given a definition other than the one proposed by Schechter, it "lose[s] its coherence ... [and] becomes difficult to identify." *Id.* at 455-56.

\textsuperscript{134} *Ringling*, 170 F.3d at 455 (quoting Allied Maint. Corp. v. Allied Mech. Trades, Inc., 369 N.E.2d 1162, 1165 (N.Y. 1977)).

\textsuperscript{135} *Id.* at 458.

\textsuperscript{136} *Id.*

\textsuperscript{137} *Id.*
that the plaintiff prove economic harm in order to succeed in a dilution action.\textsuperscript{138}

Thus, the \textit{Ringling} court reached the conclusion that the FTDA required actual harm.\textsuperscript{139}

2. \textit{Nabisco}—Likelihood of Dilution Standard

In contrast to \textit{Ringling}, when a court requires a likelihood of dilution, a plaintiff may show such likelihood through circumstantial evidence.\textsuperscript{140} In \textit{Nabisco}, Pepperidge Farm, Inc. ("Pepperidge") made goldfish-shaped crackers with a cheese flavor and an orange color.\textsuperscript{141} Nabisco, Inc. ("Nabisco") also made a similar product,\textsuperscript{142} which Pepperidge demanded that Nabisco cease and desist from producing.\textsuperscript{143} Nabisco then sued Pepperidge for declaratory relief, asking the court to determine that their goldfish-shaped crackers did not violate any of Pepperidge's rights.\textsuperscript{144} Pepperidge then brought a counterclaim against Nabisco under the FTDA.\textsuperscript{145} The court concluded that Pepperidge could likely succeed on a dilution claim against Nabisco, and thus should be entitled to a preliminary injunction.\textsuperscript{146} The \textit{Nabisco} court did not require actual harm.\textsuperscript{147} The court reasoned that "\textit{[i]}t\textit{[o]} require proof of actual loss of revenue seems inappropriate."\textsuperscript{148} After all, a trademark owner might not be able to show a decrease in income at any point, even in an obvious case of dilution.\textsuperscript{149} Furthermore, proving that the loss was

\textsuperscript{138} \textit{Id.}

\textsuperscript{139} \textit{Ringling}, 170 F.3d at 458.

\textsuperscript{140} \textit{Nabisco}, 191 F.3d at 224.

\textsuperscript{141} \textit{Id.} at 212. The crackers were sold in a bag or a box under the name "Goldfish." \textit{Id.} Pepperidge had used the Goldfish mark continuously since 1962. \textit{Id.} Between 1995 and 1998, Pepperidge spent approximately $120 million marketing the Goldfish product in the United States. \textit{Id.} at 213. Sales of the Goldfish product were approximately $200 million per year. \textit{Nabisco}, 191 F.3d at 213. Pepperidge was the second largest seller in terms of sales volume and the number one seller in terms of dollars. \textit{Id.}

\textsuperscript{142} In 1998, Nabisco teamed up with Nickelodeon Television to make a product based on the cartoon "CatDog." \textit{Id.} The product featured orange crackers shaped in the form of a two-headed character, half dog, and half cat. \textit{Id.} The cat half preferred fish as its favorite meal, and the dog half preferred bones. \textit{Id.} Thus, the product contained small orange crackers in the shape of bones and fish in addition to the CatDog. \textit{Nabisco}, 191 F.3d at 213. However, Pepperidge's fish was smaller and less flat than that of Nabisco's. \textit{Id.} A picture of Nabisco's fish was included on the box as a part of the background. \textit{Id.}

\textsuperscript{143} \textit{Id.}

\textsuperscript{144} \textit{Id.}

\textsuperscript{145} \textit{Nabisco}, 191 F.3d at 213. Pepperidge also brought claims under 15 U.S.C. § 1125(a) for infringement as well as a state law dilution claim and unfair competition under New York law. \textit{Id.} The district court for the Southern District of New York granted the preliminary injunction for the state and federal dilution claims but not for the infringement claim or the unfair competition claim. \textit{Id.} Nabisco appealed to the second circuit. \textit{Id.} at 214.

\textsuperscript{146} \textit{Id.} at 228-29. The court in \textit{Nabisco} discussed the different types of marks, namely generic, descriptive, suggestive, and arbitrary and fanciful, which go to the distinctiveness of the mark. \textit{Nabisco}, 191 F.3d at 215-16; see discussion on distinctiveness, \textit{supra} nn. 41-74. The court determined that Pepperidge had a moderately distinctive mark, given the fact that many food producers use animal shapes. \textit{Nabisco}, 191 F.3d at 217.

\textsuperscript{147} \textit{Nabisco}, 191 F.3d at 208.

\textsuperscript{148} \textit{Id.} at 223.

\textsuperscript{149} \textit{Id.} at 223-24.
caused by a defendant's use would be "extraordinarily speculative." Also, circumstantial evidence has historically been allowed to establish infringement. Trademark owners should not have to show actual lost income or draft expensive consumer surveys to demonstrate such loss. Rather, there is "no reason why [circumstantial evidence] should not be used to prove dilution." Thus, the court in Nabisco determined that in the context of the FTDA, a plaintiff should be able to rely on circumstantial evidence in order to prove dilution.

Moreover, the Nabisco court reasoned that the Ringling court's reading of the FTDA was an extremely literal approach, which defeated the purpose of the statute. If a plaintiff has to show actual consummated dilution, this would require showing lost income and, in some instances, showing that the junior user was an established business. Under this view, the FTDA could not be asserted until after the injury. Furthermore, "because the [FTDA] provides only for an injunction and no damages (absent willfulness) . . . such injury would never be compensated." Accordingly, the court in Nabisco reasoned that "it seems plausibly within Congress's . . . inten[t] . . . to prevent the harm before it occurs." Thus, the court concluded that under the FTDA, a plaintiff should have to prove only a likelihood of dilution.

In addition, the court noted that an actual consummated harm requirement also poses risky implications for potential junior users of a particular mark. Parties planning to make use of a mark would not be able to effectively seek declaratory judgment prior to launching a particular product or business. Instead, junior users would have to spend large amounts of money without knowing whether their mark will be enjoined. Thus, a likelihood of dilution standard is beneficial not only for the senior mark owner, but also for the potential junior user.

150. Id. at 224.
151. Id. at 224.
152. Nabisco, 191 F.3d at 224.
153. Id.
154. Id.
155. Id.
156. Id. at 224. In commenting on the Fourth Circuit's decision in Ringling, the Nabisco court noted that there were two possible meanings to Ringling's holding for actual dilution. Nabisco, 191 F.3d at 223. One view, the more narrow view, would be that a plaintiff could not merely rely on circumstantial evidence to prove dilution. Id. Rather, it would be necessary for the plaintiff to present evidence of actual lost revenue and consumer surveys. Id. The second view, and broader view, would require not only lost revenue, but also "that the junior [user] be already established in the marketplace before" an injunction is sought. Id. at 224. Nevertheless, the Nabisco court rejected both views. Id. at 224-25.
157. Nabisco, 191 F.3d at 224.
158. Id. (emphasis added and citation omitted).
159. Id. (emphasis added).
160. Id. at 224-25.
161. Id. at 224.
162. Nabisco, 191 F.3d at 224.
163. Id.
164. See id.
III. **Moseley v. V Secret Catalogue, Inc.—The Principal Case**

Resolving the conflict in the circuit courts, the Supreme Court in a unanimous decision held that a plaintiff must prove "actual dilution" in order to obtain an injunction. In *Moseley*, Victor and Cathy Moseley owned a retail store called "Victor's Little Secret" in Elizabethtown, Kentucky. The Moseleys initially opened their store under the name of "Victor's Secret" in February of 1998, claiming that they had never heard of Victoria's Secret. The Moseleys changed the name of their store later that month to Victor's Little Secret after receiving a cease and desist letter from the affiliated corporations ("Victoria's Secret") that own the "Victoria's Secret" trademark. Victor's Little Secret sold sex toys, "novelties," and handcuffs in addition to lingerie, pornographic videos, and other "tawdry merchandise."

Victoria's Secret operated over 750 stores around the country and spent over $55 million on advertising its mark in 1998. Additionally, Victoria's Secret's sales exceeded $1.5 billion. Victoria's Secret sold "high quality, [and] attractively designed lingerie." While there were no Victoria's Secret stores in Elizabethtown, Kentucky, Victoria's Secret distributed 400 million copies of its catalogue, which included 39,000 copies in Elizabethtown.

Victoria's Secret found the Moseleys' change from Victor's Secret to Victor's Little Secret unsatisfactory. Thereafter, in the U.S. District Court for the Western District of Kentucky, Victoria's Secret asserted claims against the Moseleys for federal trademark infringement, unfair competition under federal and state laws, and federal trademark dilution. The district court granted

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165. *Moseley*, 537 U.S. at 419-20, 433-34.
166. *Id.* at 422.
167. *V Secret Catalogue, Inc. v. Moseley*, 259 F.3d 464, 466 (6th Cir. 2001). The fact of whether or not the Moseleys had in fact heard of Victoria's Secret is important only to the question of willful intent. *Id.* at 477. It is certainly hard to contemplate any man alive in the United States who has not heard of Victoria's Secret. Moreover, I feel quite confident, though I have never been, that even people in Elizabethtown, Kentucky, have television, internet, radios, and telephone devices informing them of the world around them. With all of today's technology, it is highly unlikely that even people in Smalltown, USA have not heard of Victoria's Secret at least once.

While Mr. Moseley should have the liberty to use his own name in the title of his store, he should not have the liberty to misappropriate the mark "Victoria's Secret." There are endless possibilities from which Mr. Moseley could have chosen, e.g., "Victor's Tawdry Toys," "Victor's Lewd Lace & Lingerie," or "Victor's One Stop Smut Shop." While these may not be the most attractive options, it is undisputable that many options were available to the Moseleys. Moreover, an individual should not be able to misappropriate another's trademark based upon the pretext that the mark includes the individual's name.

168. *Id.* at 466-67.
169. *Id.* at 466.
171. *Id.* at 423.
172. *Id.* at 422.
173. *Id.* at 423.
174. *Id.* at 422.
176. *V Secret*, 259 F.3d at 467.
summary judgment in favor of Victoria’s Secret on the federal trademark dilution claim\(^{178}\) and granted summary judgment in favor of the Moseleys as to the infringement and unfair competition claims.\(^{179}\)

In its opinion, the district court noted that evidence of a likelihood of consumer confusion is the gravamen of trademark infringement claims and unfair competition claims.\(^{180}\) However, since Victoria’s Secret failed to present any such evidence, summary judgment was granted in favor of the Moseleys as to infringement and unfair competition.\(^{181}\)

The district court found that the mark “Victoria’s Secret” was most certainly famous, that the Moseleys were making a commercial use of the mark, and that the Moseleys’ use came well after the mark “Victoria’s Secret” became famous.\(^{182}\) The question at the trial court was whether the use of “Victor’s Little Secret” diluted “Victoria’s Secret.”\(^{183}\)

The district court found “Victor’s Little Secret” sufficiently similar to “Victoria’s Secret” since the words “Victor’s” and “Secret” were substantially bigger than the word “Little,” which seemed like an advertising afterthought.\(^{184}\) Furthermore, the district court found that “Victor’s Little Secret” had a tarnishing effect because of its “unsavory goods.”\(^{185}\) Thus, the district court concluded that the use of the mark “Victor’s Little Secret” diluted the mark “Victoria’s Secret.”\(^{186}\)

On appeal, the Second Circuit affirmed the district court’s decision that the “Victoria’s Secret” mark had been diluted.\(^{187}\) While the circuit court agreed with the district court, it adopted the Nabisco test, which added the requirement that the senior mark must be not only famous, but also distinctive.\(^{188}\) The circuit court found the mark “Victoria’s Secret” to be “arbitrary and fanciful,” a mark of the highest degree of distinctiveness.\(^{189}\) It supported its view by noting that the words “Victoria’s Secret” do not automatically trigger thoughts of lingerie, except in the context of Victoria’s Secret products.\(^{190}\) In addition, the circuit court found the fact that “no consumer is likely to go to [Victor’s Little Secret] expecting to find . . . [the] famed Miracle Bra”\(^{191}\) is tantamount to the distinction between infringement and dilution: no consumer confusion is required.\(^{192}\) Thus, the circuit

\(^{178.}\) Id. at *6.

\(^{179.}\) Id. at *4.

\(^{180.}\) Id.

\(^{181.}\) Id.

\(^{182.}\) V Secret, WL 370525 at *5.

\(^{183.}\) Id.

\(^{184.}\) Id.

\(^{185.}\) Id. at *6 (quoting Anheuser-Busch, Inc. v. Balducci Publications, 28 F.3d 769, 777 (8th Cir. 1994)).

\(^{186.}\) Id.

\(^{187.}\) V Secret, 259 F.3d at 466.

\(^{188.}\) Id. at 468-69.

\(^{189.}\) Id. at 470.

\(^{190.}\) Id.

\(^{191.}\) Id. at 477.

\(^{192.}\) V Secret, 259 F.3d at 477.
court found this to be the "classic instance of dilution by tarnishing . . . and . . . blurring."\(^{193}\)

Subsequently, the Moseleys appealed to the Supreme Court, where the only dispute at issue was whether Victoria's Secret had shown that the use of the mark "Victor's Little Secret" caused "actual injury to the economic value of [the] famous mark"\(^{194}\) "Victoria's Secret," and what type of evidence would be needed in order to constitute such a showing.\(^{195}\) The Supreme Court reversed the circuit court's holding that the mark "Victoria's Secret" had been diluted, and remanded for further proceedings.\(^{196}\) Since there was no evidence as to the economic impact the mark "Victor's Little Secret" had on the mark "Victoria's Secret," the Supreme Court concluded that Victoria's Secret was not entitled to summary judgment on the dilution claim.\(^{197}\)

A. The Majority Opinion

The Court began its discussion of the actual dilution issue by stipulating that the "Victoria's Secret" mark was "unquestionably valuable,"\(^{198}\) a finding the Moseleys did not dispute. While the district court concluded that the mark "Victor's Little Secret" diluted the mark "Victoria's Secret" by tarnishing, the Supreme Court questioned whether tarnishing was embraced by the FTDA.\(^{199}\) The Moseley Court compared the FTDA to state statutes, such as the Massachusetts dilution law.\(^{200}\) Massachusetts' dilution law explicitly referred "to both 'injury to business reputation' and to 'dilution of the distinctive quality of a trade name or trademark,'"\(^{201}\) however, the FTDA made no reference to business reputation.\(^{202}\) Thus, the Court concluded that a lack of any reference to business reputation in the FTDA supported a narrower reading of federal trademark dilution claims.\(^{203}\)

In addition, Massachusetts' dilution law was based on a "likelihood" of injury as opposed to "actual" injury, or dilution as worded in the FTDA.\(^{204}\) The Court noted that many sections in the Lanham Act, other than the FTDA, used

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193. Id.
194. Moseley, 537 U.S. at 422.
195. Id. at 422, 432-34; Oral Arguments at 3-4, 21, Moseley, 537 U.S. 418; Petrs. Br. on the Merits at i, 21-23, 28, Moseley, 537 U.S. 418; Br. for Respt. at 9, Moseley, 537 U.S. 418.
196. Moseley, 537 U.S. at 434.
197. Id.
198. Id. at 432.
199. Id.
200. Id. at 430, 432. The Massachusetts dilution law provided in pertinent part:

> Likelihood of injury to business reputation or of dilution of the distinctive quality of a trade name or trade-mark shall be a ground for injunctive relief in cases of trade-mark infringement or unfair competition notwithstanding the absence of competition between the parties or of confusion as to the source of goods or services.

203. Id.
204. Id. at 430, 432.
the term "likelihood of harm," instead of actual completed harm.\textsuperscript{205} The Court compared two phrases: first, a reference to a "lessening of the capacity a famous mark" within the definition of dilution and a later reference to a "likelihood of confusion, mistake, or deception,"\textsuperscript{206} within a qualification to dilution. The Court supported its actual harm requirement by reasoning that the word "likelihood" in the definition of dilution was purposefully omitted.\textsuperscript{207}

Although the Court interpreted the statute to require actual dilution, tangible losses in sales or profits need not be proven.\textsuperscript{208} Nevertheless, direct evidence, such as consumer surveys demonstrating loss\textsuperscript{209} of economic value,\textsuperscript{210} is required if actual dilution cannot be proven through circumstantial evidence.\textsuperscript{211} An example of sufficient circumstantial evidence might be a case when both "junior and senior marks are identical."\textsuperscript{212} However, the marks were not identical,\textsuperscript{213} and the Court required actual economic injury to be shown, but did not require the economic "consequences" to be shown.\textsuperscript{214}

Furthermore, the Court found additional support for its decision in the fact that the expert witness for Victoria's Secret did not show that the mark "Victor's Little Secret" had any impact on the strength of the mark "Victoria's Secret."\textsuperscript{215} The Court concluded that there was "a complete [lack] of evidence of any" actual dilution.\textsuperscript{216} The court ended its discussion of the issue by noting that while

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\textsuperscript{205} \textit{Id.} at 432. Other sections of the Lanham Act require there to be a likelihood of confusion. As earlier noted, likelihood of confusion is not an element required under the FTDA. It might, however, be reasonable to infer that confusion of the marks could act as evidence of dilution where an infringement claim could not be successfully brought. Accordingly, there seems to be much confusion in the Justices' remarks that follow:

Well... suppose... that the people who go to Victor's [Secret] who have ever heard of it honestly do not believe the less in any respect whatsoever of Victoria's Little Secret, and the people who use Victoria's Little—I mean... the people who... go to Victoria's Little Secret have never heard of Victor's [Secret]....

Question: You're confusing the marks.

Question: Now... I understand you're confusing the marks. No, you're not confusing the marks. No. I'm—he's saying I'm confusing the marks.

(Laughter.)

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\textit{Moseley}, 537 U.S. at 418.
\textit{Id.} at 432-33.
\textit{Id.} at 433. This reasoning is rather troublesome when considered in the light of the Supreme Court's phrasing of the issue at hand, i.e., "whether... actual injury to the economic value of a famous mark... is a requisite for relief under the FTDA." \textit{Id.} at 422 (emphasis added).
\textit{Id.} at 434.
\textit{Moseley}, 537 U.S. at 422.
\textit{Id.} at 434.
\textit{Id.}; \textit{see Savin Corp. v. Savin Group}, 2003 WL 22451731 *7 (S.D.N.Y. Oct. 24, 2003) (illustrating the quagmire that \textit{Moseley} has created). Despite specific language to the contrary in \textit{Moseley}, the judge in \textit{Savin} refused to find dilution even though the junior and senior marks were identical. \textit{Id.}
\textit{Id.} at 433.
\textit{Id.} at 434.
\textit{Id.} at 434.
\textit{Id.} at 422-23.
consumer surveys or other proof of actual dilution might be difficult to obtain, this was not a reason to grant relief without proof of the statutory element.\textsuperscript{217}

\textbf{B. The Concurring Opinion}

While the majority opinion stated that actual dilution must be shown in order to succeed on a dilution claim, Justice Kennedy's concurring opinion was inconsistent with this view. According to Justice Kennedy, when construing the FTDA, close examination of the term "capacity" in the definition of trademark dilution should be afforded.\textsuperscript{218} The term capacity indicates that certain "case[s] can turn on the probable consequences [the junior] use will have [on] the famous mark."\textsuperscript{219} The term capacity contemplates future, as well as present, connotations.\textsuperscript{220} Accordingly, dilution occurs if a famous mark's power to identify and distinguish products will be diminished.\textsuperscript{221}

Justice Kennedy's statements are consistent with the likelihood of dilution standard, rather than the actual dilution standard the majority opinion proffers. The thrust of Justice Kennedy's argument is that "[t]he essential role of injunctive relief is to 'prevent future wrong, although no right has yet been violated.'"\textsuperscript{222} Accordingly, in Justice Kennedy's view, injunctive relief should be allowed before any damage to the distinctiveness of the mark has occurred.\textsuperscript{223}
IV. A Plaintiff Under Moseley and the FTDA Is Left Without a Legal or Equitable Remedy

In the aftermath of the Moseley quagmire, the plaintiff in a federal dilution claim must show actual consummated harm in order to obtain injunctive relief. If the plaintiff succeeds in showing actual dilution, but fails in showing willful intent, he may obtain only an injunction and will not be compensated for economic loss. A logical result would be to allow the damages provided for under section 1117(a) without having to show willful intent and to issue injunctions according to a likelihood of dilution standard.

A. Trademark Owners Should Be Allowed Damages For A Violation Of The FTDA, Even In The Absence of Willful Intent

The purpose of damages is compensation. Generally, this purpose is achieved after the plaintiff has proven a right to damages in a particular cause of action. A clear case for damages might be where a plaintiff establishes that a defendant set fire to his house and caused the value of the house to decrease. The compensation might be measured by the “cost of repair” or “the diminished value of the house.”

Awarding damages in this instance is consistent with the theory that “[t]he

225. Dobbs, Handbook, supra n. 110, at 1. While damages may have other purposes as well, e.g., punishment via punitive damages, “compensation is professedly its main purpose.” Id. This note will not address any specific type of damages in depth, but will merely seek to demonstrate the overall purpose of damages. It has been well established that “[t]he fundamental principle of damages is to restore the injured party, as nearly as possible, to the position he would have been in had it not been for the wrong of the other party.” U.S. v. Hatahley, 257 F.2d 920, 923 (10th Cir. 1958); Hill v. Varner, 290 P.2d 448, 449 (Utah 1955); Park v. Moorman Mfg. Co., 241 P.2d 914, 920 (Utah 1952). Other commentators have researched the principles of damages and found similar results. Douglas Laycock, Modern American Remedies: Cases and Materials 12-19, 128-44 (2d ed., Little, Brown & Co. 1994).

In addition, other commentators have stated that the policy behind damages in the context of tort or contract is to compensate the injured plaintiff. 22 Am. Jur. 2d Damages § 25 (2003). Damages replace what the plaintiff lost in terms of dollars. Laycock, supra at 16. Thus, “[t]he purpose of an award is to make the aggrieved party whole to the extent that it is possible to measure [the] injury in terms of money.” 22 Am. Jur. 2d Damages § 27 (2003) (footnotes omitted). The purpose of damages has also been phrased as “to restore the injured party, as nearly as possible, to the position he would have been in had it not been for the wrong of the other party.” Hatahley, 257 F.2d at 923; Laycock, supra at 12, 15. Moreover, whenever an innocent party's right has been violated, the law presumes that there has been damage, and thus, the injured party has a right to nominal damages. Simpkins v. Ryder Freight Sys. Inc., 855 S.W.2d 416, 423 (Mo. App. 1993); 22 Am. Jur. 2d Damages § 5. However, pecuniary damages must be proven. Simpkins, 855 S.W.2d at 416, 423; 22 Am. Jur. 2d Damages § 5.

226. Schonfeld v. Hilliard, 218 F.3d 164, 177 (2d Cir. 2000) (A plaintiff must prove with “reasonable certainty” his damages.); Taliferro v. Augle, 757 F.2d 157, 162 (7th Cir. 1985) (The plaintiff must prove damages.); Simpkins, 855 S.W.2d at 423 (“[D]amages ... are not presumed but must be proven.”); Weaver v. Jordan, 362 S.W.2d 66, 75 (Mo. App. 1962) (“[T]he amount and items of pecuniary damage ... must be proved.”); Dobbs, Handbook, supra n. 110, at 1.

227. This is an extreme example where not only general damages are available, but other special damages are likely available, along with possible criminal liability on the defendant's part. However, these considerations are beyond the scope of this paper.

229. Id.
230. Id.
remedy is merely the means of carrying into effect a substantive principle or policy. Accordingly, the following policy idea should be considered when selecting a remedy to carry out a substantive principle.

“Congruence of right and remedy”—the remedy should not encompass more than the right proven, and neither should it encompass less than that to which the plaintiff is entitled. For example, punitive damages are proper only when there is willful or wanton conduct. On the other hand, nominal damages are not likely adequate remedies for libel. If a court leaves part of the harm unremedied, the plaintiff has not been made whole. However, to over-compensate the plaintiff would result in a windfall.

With this principle in mind, it seems that the right and remedy under Moseley, in the context of a federal trademark dilution action, are not congruent. Moseley requires a plaintiff to show actual dilution. Dilution necessarily involves some economic injury. Logically, the plaintiff who succeeds in showing economic harm should receive damages for that economic harm, even in the absence of willful intent. Generally, willful intent constitutes grounds for punitive

231. Id. at 3. Modern American Remedies notes as a “pervasive point” that “[r]emedies implement substantive policies.” Laycock, supra n. 225, at 142.

232. Dobbs, Handbook, supra n. 110, at 3-4. Of course more than one policy consideration exists in the law of damages, however, some of those considerations are beyond the scope of this paper.

233. Id. at 3 (emphasis omitted). As discussed below, this policy will also apply in the context of injunctive relief. This policy appears to the author to be a policy applicable to remedies in general.

234. Id. Accordingly, the person determining which remedy is appropriate in a particular case needs some knowledge of the right involved and its basic purpose. Id. at 3-4. Consider also the following legal maxim: “ubi jus, ibi remedium—where there is a right, there is remedy.” Black’s Law Dictionary 1695 (Bryan A. Garner ed., 7th ed., West 1999).

235. Id. at 4. Punitive damages operate “to condemn seriously bad conduct.” Dobbs, supra n. 110, at 218. The questioned conduct “must involve some bad state of mind.” Id.

236. Dobbs, Handbook, supra n. 110, at 4. It is not argued that for every act of libel, nominal damages would not be an adequate remedy. The purpose of this statement is merely to demonstrate a general point, not to make an in-depth analysis of the law concerning libelous acts.

237. Id.

238. See id. at 4-5. Traditionally, plaintiffs have argued that their right and remedy, or “[their] rightful position” . . . is founded on corrective justice.” Laycock, supra n. 225, at 16-17. If a court restores a wronged plaintiff, the suffering can be eliminated. Id. However, “[t]o do less would leave part of the harm unremedied; to do more would confer a windfall gain.” Id. Yet, this idea of congruent remedies is sometimes qualified by a second policy consideration, “Administrative Convenience.” Dobbs, Handbook, supra n. 110, at 4-5. There are, of course, other policies that might limit the congruence of right and remedy policy. One commentator notes that “no matter how well settled [any remedial principle may be], [such principles] may have to be adapted or limited when applied in the context of a particular substantive violation.” Laycock, supra n. 225, at 142. Administrative convenience is a factor since many times courts hesitate to enforce remedies that are too time consuming or are too complicated to administrate. Dobbs, Handbook, supra n. 110, at 4-5. For example, courts hardly enforce building and repair contracts by mandatory injunctions because of the time and complications involved. Id. at 5. Courts prefer practical and measurable remedies. Id. In the context of a building contract breach, a proper remedy might be the difference in contract price in the new contract as compared to the old contract. See id.

239. Moseley, 537 U.S. at 433.

240. Oral Arguments at 28, Moseley, 537 U.S. 418. While the Court never explicitly says this in its opinion, this requirement is implicit when read along with the courts statement of the issue, “whether objective proof of actual injury to the economic value of a famous mark . . . is . . . [required] for relief under the FTDA.” Moseley, 537 U.S. at 422. Moreover, the Justices stipulate in the oral arguments that dilution involves economic harm: “[D]ilution . . . of course, entails economic injury.” Oral Arguments at 28, Moseley, 537 U.S. 418.
damages.\textsuperscript{241} Thus, to allow damages only when a plaintiff proves bad or willful intent would be inadequate compensation.

Moreover, a major reason Congress had for enacting the FTDA was that state remedies were inadequate for trademark owners in the context of dilution.\textsuperscript{242} Furthermore, half of the states, at the time of the enactment of the FTDA, did not recognize a cause of action for dilution.\textsuperscript{243} The legislative history provides that "dilution is an infection, which if allowed to spread, will inevitably destroy the advertising value of the mark."\textsuperscript{244} This infection is substantially different from the other type of immediate injuries that occur to trademarks under 15 U.S.C. § 1125.\textsuperscript{245} Based on these findings, Congress concluded that this substantially different cause of action needed a different remedy.\textsuperscript{246} However, \textit{Moseley} is in accord with neither the legislative history of the FTDA nor the accepted law of damages.

While the Court maintains that consequences of the economic harm, i.e., lost profits or sales, need not be proven,\textsuperscript{247} \textit{it remains to be seen how one could show economic harm without showing some kind of economic consequences.}\textsuperscript{248} Nevertheless, in the midst of a purported effort to lower the burden on the plaintiff, the Court subsequently says that a lack of "direct evidence . . . such as consumer surveys,"\textsuperscript{249} cannot be overlooked merely because such evidence is difficult to obtain.\textsuperscript{250} Evidence of damages, such as consumer surveys and other kinds of reports, often go to the proof of value or certainty of the harm done.\textsuperscript{251} It comes as no surprise that certainty, some "factual basis" on which courts can assess the harm,\textsuperscript{252} is a principle associated with damages.\textsuperscript{253} Recovery of damages as compensation is reasonable if the plaintiff can prove, and moreover is required to prove, such damages.

In other cases, the Court has awarded damages to economically injured

\begin{footnotesize}
\textsuperscript{243} Id.
\textsuperscript{244} Id. (quoting \textit{Mortellito v. Nina of Cal., Inc.}, 335 F. Supp. 1288, 1296 (S.D.N.Y. 1972)).
\textsuperscript{245} Id. In trademark infringement, one type of injury occurs when a pirate or cheat sells products using another's mark, such as the Nike "Swoosh" as a label. See 15 U.S.C. § 1125(a). This produces immediate injury. See H.R. Rep. 104-374 at 3 (reprinted in 1995 U.S.C.C.A.N. at 1030).
\textsuperscript{246} See H.R. Rep. 104-374 at 3 (reprinted in 1995 U.S.C.C.A.N. at 1030). It is noteworthy that the remedy Congress had in mind was a "nationwide basis" for protection of trademarks by prohibiting trademark dilution. \textit{Id.} at 1030-31. In other words, the remedy Congress intended was a preventive injunction. However, \textit{Moseley} requires a plaintiff to prove the substantive right to damages, i.e., "actual injury to the economic value of a famous mark." \textit{Moseley}, 537 U.S. at 422.
\textsuperscript{247} \textit{Moseley}, 537 U.S. at 433.
\textsuperscript{248} Showing economic harm without any kind of economic consequences would most certainly be a miraculous achievement.
\textsuperscript{249} \textit{Moseley}, 537 U.S. at 434.
\textsuperscript{250} Id.
\textsuperscript{252} Id. at 151. In the context of market damages, the measure of damages is often centered on a loss shown on the balance sheet of the plaintiff. Dobbs, \textit{Laws of Remedies}, supra n. 110, at 216. See \textit{Taliferro}, 757 F.2d at 162 (Merely pulling figures "out of [one's] hat" will not satisfy the quantum of proof necessary for an award of damages.). Laycock, supra n. 225, at 18.
\end{footnotesize}
plaintiffs when such damages were proven with reasonable certainty. In *Bigelow v. RKO Radio Pictures, Inc.*, the petitioners ("Bigelow") owned a theatre in Chicago called "Jackson Park." The respondents ("RKO Pictures") were multiple motion picture distributors who also owned theatres in the Chicago area. Bigelow complained that RKO Pictures employed discriminatory film distribution practices, which severely damaged Jackson Park's income.

The films were distributed first to theatres in the "Chicago Loop," which consisted of all theatres owned by RKO Pictures and other respondents. These theatres played the motion pictures for the "first run," a period of one week, or as long as desired. Immediately following the first run was a period of "clearance," when the motion pictures could not play in Chicago theatres outside the "Loop" for a three-week period. The distribution scheme prevented Jackson Park from playing any films until the general release weeks, ten weeks following the first run.

Bigelow proved that Jackson Park's loss was greater than $120,000 over a five-year period. Bigelow offered two types of evidence. First, Bigelow compared Jackson Park's earnings over the five-year period with the earnings of Maryland Theatre, one of the respondents' theatres. This comparison revealed that Maryland Theatre's income exceeded Jackson Park's income by $115,982.34. Second, a comparison of Jackson Park's income between the five-year period and the four previous years revealed a drop in income of $125,659.8 The Court found that the respondents' distribution practices caused the damages and that the evidence proving the damages was sufficient.

In awarding damages, the *Bigelow* Court reasoned that where a plaintiff has been wronged, any court's "constant tendency" is to award damages. In addition, the fact that Bigelow could not show Jackson Park's projected income, absent the discriminatory practices, did not weaken the evidence proffered. The Court stated that "[t]he most elementary conceptions of justice and public policy

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255. 327 U.S. 251.
256. *Id.* at 253.
257. *Id.*
258. *Id.* at 254.
259. *Id.* at 256.
260. *Bigelow*, 327 U.S. at 256.
261. *Id.*
262. *Id.*
263. *Id.*
264. *Id.* at 258.
265. *Bigelow*, 327 U.S. at 257.
266. *Id.* at 257-58.
267. *Id.* at 258.
268. *Id.*
269. *Id.* at 266.
270. *Bigelow*, 327 U.S. at 265.
271. *Id.* at 263-66.
require that the wrongdoer shall bear the risk of the uncertainty which his own wrong has created. 272 Thus, the lack of evidence regarding Jackson Park's projected income absent the discriminatory practices did not preclude a damages award. 273

The injured party in Bigelow proved damages, and the court awarded damages 274 in accordance with the "congruent right and remedy" concept. 275 In sharp contrast to Bigelow, a plaintiff in the context of Moseley and the FTDA must prove more than what he is entitled to under the FTDA. 276 In other words, in order to obtain an injunction, a plaintiff must prove a right to damages. 277 In order to obtain damages, a plaintiff must prove willful intent, which arguably justifies punitive damages. 278 According to the accepted law of damages, a plaintiff who proves actual dilution should receive the damages provided in 15 U.S.C. § 1117(a). Moreover, the Moseley decision requires the plaintiff to bear the uncertainty of the defendant's unauthorized use. This is inconsistent with the Court's admonition in Bigelow that the defendant "shall bear the risk of . . . uncertainty." 279

The concept of awarding damages as compensation for economic injuries is a well-accepted practice among the courts. 280 In the context of cable television contracts, courts have awarded damages for economic injuries. 281 In Schonfeld v. Hilliard, 282 the Hilliards formed a company called International News Network, Inc. ("INN"). 283 The Hilliards negotiated with Schonfeld, creator and past president of Cable News Network, to join their company as a shareholder. 284 INN subsequently negotiated a supply agreement with the British Broadcasting Company ("BBC") for a twenty-year exclusive distribution deal in the United States for news and information programs. 285

Subsequent to the BBC agreement, INN contracted its rights to Cox Cable Communications ("Cox") for $1.7 million and a five percent equity interest in the programs. 286 Cox also retained a buy-out option exercisable after ten years based

272. Id. at 265 (citation omitted).
273. Id. at 265-66.
274. Id. at 266.
276. It is again noteworthy to point out that in essence, Moseley requires the plaintiff to prove the right to damages in order to receive a preventive injunction, and the right to punitive damages in order to receive any damages. Moseley, 537 U.S. at 422. This remedy scheme is certainly not congruent with the plaintiff's right.
277. See 15 U.S.C. § 1125(c)(1); Moseley, 537 U.S. at 433-34; see supra nn. 225-253, 270-73 and accompanying text; see infra nn. 309-50 and accompanying text.
278. See 15 U.S.C. § 1125(c)(2); see supra nn. 225-253 and accompanying text.
279. Bigelow, 327 U.S. at 265 (citation omitted).
281. See Schonfeld, 218 F.3d 164.
282. 218 F.3d 164.
283. Id. at 168.
284. Id.
285. Id. at 169.
286. Id.
on twenty percent of the tenth year’s gross income. Subsequent to making the deal with Cox, the Hilliards decided to keep the rights under the BBC supply agreement.

After the Hilliards failed to produce the agreed amount of funding, the BBC agreement fell through. Schonfeld then brought a claim against the Hilliards seeking lost profits and assets under the BBC supply agreement. The court held that Schonfeld did not have sufficient evidence to establish lost profits, but could establish lost assets. The court premised its discussion of damages by setting forth some general principles of damages. The court noted that “damages may not be merely speculative, possible or imaginary... they must be ‘capable of measurement based upon known reliable factors without undue speculation.’” Thus, the court reasoned that lost profits from new businesses should receive higher scrutiny since they lack a track record with which to measure their profitability.

The court noted that while all parties involved felt that the business would be successful, this belief did not amount to establishing proof of damages. The court stated that, an “entrepreneur’s ‘cheerful prognostications’ are not enough” to prove damages. Additionally, the court reasoned that all of Schonfeld’s evidence with regard to lost profits was purely “hypothetical.” The “seemingly endless list of assumptions” was not enough to determine lost profits. Schonfeld offered no solid proof, which could be the basis of lost profits.

However, despite Schonfeld’s failure to prove lost profits, he was successful in proving lost assets. The court reasoned that a supply contract, although intangible, has a value that can be ascertained. The court also noted that the BBC supply agreement was INN’s most valuable asset, aside from bank accounts. The court allowed evidence of the price in the Cox agreement as reasonable proof of the market value of the BBC agreement. The Cox agreement in the context of lost assets provided solid proof of the market value.
as opposed to a mere projection of lost profits.\textsuperscript{305} The court based this conclusion on the fact that Cox was an experienced and a well-informed industry leader.\textsuperscript{306}

As in Bigelow and Schonfeld, Victoria's Secret in Moseley was required to show "actual injury to the economic value"\textsuperscript{307} of its business, and therefore prove the negative impact on its trademark. Unfortunately, the Court's discussion of actual dilution sheds little, if any, light as to exactly what proof is necessary. Nevertheless, even if Victoria's Secret had made such a showing, the only remedy available would have been an injunction.\textsuperscript{308} This is inconsistent with the principles of damages discussed above. In addition, this result is inconsistent with the purpose of injunctive relief. Therefore, a look at injunctive relief is in order.

\textbf{B. Injunctions Should Be Issued Based On A Likelihood Of Dilution Standard}

In contrast to damages, the purpose of an injunction is usually preventive in nature.\textsuperscript{309} However, an injunction may also mandate certain acts by the defendant in order to remedy any wrong committed against the rights of an innocent party.\textsuperscript{310} A preventive injunction, however, seeks to stop future injurious acts before they occur\textsuperscript{311} and thus, is improper unless there is a real threat of harm.\textsuperscript{312} Accordingly, preventive injunctions merely preserve the status quo\textsuperscript{313} as opposed to correcting a past wrong.\textsuperscript{314}

\textsuperscript{305}. Id. at 173-74.
\textsuperscript{306}. Id. at 180.
\textsuperscript{307}. Moseley, 537 U.S. at 422.
\textsuperscript{308}. 15 U.S.C. § 1125(c)(1)-(2).
\textsuperscript{310}. 42 Am. Jur. 2d Injunctions § 1 (2000). Injunctions requiring certain acts are termed mandatory injunctions. \textit{Id}.
\textsuperscript{311}. \textit{See generally} Eden, supra n. 309, at 2; 42 Am. Jur. 2d Injunctions § 1.
\textsuperscript{312}. 42 Am. Jur. 2d Injunctions §§ 1, 32.
\textsuperscript{313}. \textit{Id}. at § 4; see Laycock, supra n. 225, at 231 (Injunctions seek to preserve the plaintiff in the rightful position.). Intuitively, once a plaintiff has been put out of his rightful position by the defendant's wrong, an injunction which preserves the status quo cannot fully compensate that plaintiff. \textit{See supran} nn. 233-38 and accompanying text; infra n. 314.
\textsuperscript{314}. \textit{Putnam}, 589 N.W.2d at 843 ("Since the purpose of an injunction is not to afford a remedy for what is past but to prevent future mischief, . . . rights already lost and wrongs already perpetrated cannot be corrected by injunction.") (citation omitted); 42 Am. Jur. 2d Injunctions § 2.
Additionally, an injunction is proper if the party seeking relief has a valid "interest or title" in a protected right. Moreover, when statutes specifically authorize injunctions, "[c]ourts should not seek to apply their equitable discretion to grant an injunction when such discretion is explicitly precluded by use of the word ‘shall’ or similarly prescriptive statutory language." In this situation, the courts should consider only whether there is a statutory violation and whether potential injuries are probable. Accordingly, such requests for statutory injunctions issue pursuant to the statutory requirements, as opposed to normal considerations of equity.

The purpose of the injunction provided for under the FTDA is consistent with the above principles. According to the FTDA, an injunction shall be awarded under 15 U.S.C. § 1116. Section 1116 provides for injunctions to prevent a violation of the FTDA. A fair reading of the legislative history most certainly reveals that Congress did have in mind a preventive measure in protecting famous trademarks from dilution.

Nevertheless, under Moseley a plaintiff must show actual harm, instead of the usual threat of future harm. While a preventive injunction might be useful to prohibit the ongoing dilution, such an injunction by its very nature cannot compensate the plaintiff for past wrongs. Once the famous mark is diluted, it is too late for an injunction to make the plaintiff whole; the harm has been done. When an unauthorized subsequent use dilutes the famous mark by "reducing the public's perception that the mark signifies something unique, singular, or particular," the harm has been done. For example, while "Rolls-Royce" now stands for something unique, once it is misappropriated 100 or 1,000 times, the mark is no longer distinctive. This is a total loss of distinctiveness; it is the

315. 42 Am. Jur. 2d Injunctions § 17. Today, an injunction is a proper remedy for infringement on property rights, such as "trespass, waste, and nuisance" cases, or infringement of economic rights, such as "patents, trademarks[,] and copyrights." Dobbs, supra n. 110, at 168 (emphasis added). However, injunctions are not limited to these cases. See Eden, supra n. 309, at 10 to 11-4.
316. 42 Am. Jur. 2d Injunctions § 23. Id.
317. Id.
318. Abdo v. IRS, 234 F. Supp. 2d 553, 564 (M.D.N.C. 2002) ("An injunction may issue without resort to the traditional equitable prerequisites if a statute expressly authorizes the injunction."); 42 Am. Jur. 2d Injunctions § 23. Some considerations in issuing an injunction include: achieving a cost benefit balance between monetary and non-monetary costs, and considering alternative remedies. See Douglas Laycock, Modern American Remedies: Cases and Materials 405-06 (3d ed., Aspen 2002). In weighing alternative remedies, if a court finds that the benefits would be substantially reduced by the costs, a legal remedy may be more appropriate. Id. However, as stated above, when an injunction is provided for by statute with prescriptive language, the statutory provisions should control. Abdo, 234 F. Supp. 2d at 564; 42 Am. Jur. 2d Injunctions § 23.
319. See 15 U.S.C. §§ 1116, 1125(c); supra n. 309 and accompanying text.
322. See Putnam, 589 N.W.2d at 843.
324. Oral Arguments at 35, Moseley, 537 U.S. 418. Note that Congress defined dilution as "the lessening of the capacity of a famous mark to identify and distinguish goods or services." 15 U.S.C. § 1127 (emphasis added). Congress did not define dilution as the total diminution of the capacity to
infection Congress sought to prevent with the FTDA. However, in spite of Congress' intent, Moseley and the FTDA leave a plaintiff with inadequate protection.

Courts often struggle with whether or not injunctive relief is an appropriate or sufficient remedy for harm. However, in the context of statutory injunctions, it is Congress that makes that determination and the courts that follow. The United States Supreme Court did follow Congress' determination in Tennessee Valley Authority v. Hill, a case concerning preservation of Percina tanasi, or perch. In Tennessee Valley, the Court using the Endangered Species Act of 1973 ("ESA"), statutorily enjoined Tennessee Valley Authority ("TVA"), a United States government-owned corporation, from operating a nearly complete federal dam. According to that act, "all federal agencies [were mandated] 'to insure that actions authorized, funded, or carried out by them do not jeopardize the continued existence' of an endangered species or 'result in the destruction or modification of habitat of such species.'"

TVA was ready to operate the dam, and Congress had allocated and expended over $100 million for the dam's construction. The dam would have created a thirty-mile-long water reservoir along the Little Tennessee River near where it connects to the Big Tennessee River. This reservoir would have completely destroyed the habitat of the perch. The Court found that the ESA statute required the use of the dam to be enjoined.

The Court reasoned that Congress placed preserving wildlife as a high priority as evidenced in the ESA. Furthermore, in the U.S. "tripartite" governmental system, the courts are to enforce the laws Congress sets forth. In

identify or distinguish, which is what the Rolls-Royce example demonstrates. This example demonstrates why it is very important to stop the first dilutive use. Consider the "Tiffany's" jewelry store example for instance. Oral Arguments at 32, Moseley, 537 U.S. 418. "If you can have a Tiffany's Restaurant, then you can also have a Tiffany Shoe Store, a Tiffany Pet Store . . . . Where will it all end?" Id. Intellectual property attorneys are now faced with the fact that:

[T]here are users popping up all over the country all of the time, so that if the first user, say Victor's Little Secret, exists in Elizabethtown, Kentucky, and if you can't show that that alone produces the kind of harm you're looking . . . .for—how can you stop the second, the third, the 500th use? . . . By the time you could show economic damage to the [mark], first of all as a matter of law you might have lost the status as a famous mark because there are all those users out there. Secondly, . . . it is not clear why you would prohibit the 500th user of the mark, the 500th different kind of store when you allowed the first 499 to go on.

Id. at 38.

327. Id. at 158-59. Percina tanasi is a specific type of perch, approximately three inches long and tan-colored, called the snail darter. Id.
328. Id. at 172.
329. Id. at 173.
331. Id. at 172.
332. Id. at 157.
333. Id. at 161.
334. Id. at 172-73.
335. Tenn. Valley Auth., 437 U.S. at 194.
336. Id.
addition, the Court noted that "[w]hile '[i]t is emphatically the province and duty of the judicial department to say what the law is,' . . . it is equally—and emphatically—the exclusive province of the Congress . . . to formulate legislative policies."\textsuperscript{337} The statute contained plain language clearly prohibiting any act jeopardizing an endangered species.\textsuperscript{338}

Congress placed a higher priority on the endangered species than on the public funds that would be wasted by the non-use of the dam.\textsuperscript{339} The Court noted that its views regarding the astuteness of a purposeful course by Congress should not be considered in the interpretation of a statute.\textsuperscript{340} When the meaning and constitutionality of a statute is ascertained, the judicial procedure halts.\textsuperscript{341} Thus, while the District Court found that enjoining the use of the dam would be an unreasonable result,\textsuperscript{342} the Supreme Court found that the ESA compelled an injunction.\textsuperscript{343}

Accordingly, the Court in \textit{Tennessee Valley} issued a statutory injunction when equitable considerations might not have allowed an injunction.\textsuperscript{344} Similar to the ESA, the FTDA provides for a statutory injunction.\textsuperscript{345} While the FTDA provides that an injunction should issue in accordance with equity,\textsuperscript{346} it also contains "prescriptive language"\textsuperscript{347} indicating a mandatory issuance of an injunction.\textsuperscript{348} Thus, it is a reasonable conclusion that the standard for obtaining an injunction should be a likelihood of dilution. A likelihood of dilution standard would be in accord with principles of injunctive relief\textsuperscript{349} and with the FTDA's mandatory prescriptive language.\textsuperscript{350}

\textbf{V. PROPOSED AMENDMENT TO THE FTDA}

On April 22, 2004, Congress heard testimony from Jacqueline A. Leimer, President of the International Trademark Association ("INTA"), regarding

\begin{footnotesize}
337. \textit{Id.} (citations omitted).
338. \textit{Id.}
339. \textit{Id.} at 177-79, 185, 194.
341. \textit{Id.}
342. \textit{Id.} at 166.
343. \textit{Id.} at 172-73.
344. \textit{See supra} n. 318.
346. \textit{Id.}
348. \textit{Id.}; \textit{supra} n. 318.
349. \textit{Supra} n. 309 and accompanying text. Consider the following quote from \textit{Weaver} regarding the purpose of equity:

\begin{quotation}
Equity is reluctant to permit a wrong to be suffered without remedy. It seeks to do justice and is not bound by strict common law rules or the absence of precedents. It looks to the substance rather than the form and will not sanction an unconscionable result merely because it may have been brought about by means which simulate legality. And once rightfully possessed of a case it will not relinquish it short of doing complete justice.
\end{quotation}

362 S.W.2d at 75 (emphasis added).
\end{footnotesize}
possible amendments to the FTDA. Recently, INTA published an article, which summarizes its recommendations to Congress. INTA's article expressly agrees with this note regarding the standard for injunctive relief. According to INTA:

[T]he Supreme Court's decision does not account for the practical need to prevent dilution at its incipiency; the owner of a famous mark should be able to obtain an injunction against the first offending use and should not be required to wait until multiple third party uses compound the harm such that the . . . mark is permanently impaired.

INTA believes that a likelihood of dilution is the best standard for injunctive relief.

In addition, the standard for awarding damages should also be changed. As the United States Supreme Court has stated, "[t]he constant tendency of the courts is to find some way in which damages can be awarded where a wrong has been done. Difficulty of ascertainment is no longer confused with right of recovery' for a proven invasion of the plaintiff's rights." As long as a sufficient basis for damages has been proven, damages should be awarded without requiring willful intent.

The following suggestions would help align the FTDA with both the accepted law of damages and injunctions. The phrase "causes dilution" should be substituted with the phrase "and there is a likelihood of dilution." Such a change would align the FTDA with the accepted law of injunctions since an injunction could issue to prevent harm. In addition, the provision requiring there to be willful intent in order to obtain damages should be removed. Instead, the FTDA should allow the plaintiff to be compensated for economic injury if the necessary proof is set forth. Such an amendment would provide adequate compensation and protection to the trademark owner.

VI. CONCLUSION

The principles of damages and injunctions discussed above make it apparent that the Supreme Court in Moseley and the language of the FTDA have debilitated the usefulness and purpose of the act. As noted before, Congress intended a national remedy, allowing the owner of a famous trademark more
protection from "pirates and cheats"\textsuperscript{360} and their attempts to dilute famous marks.\textsuperscript{361} Unfortunately, Congress was not as careful with its word choice as Mark Twain might have been, and that was the difference between "lightning and a lighting bug."\textsuperscript{362} Nevertheless, the FTDA's inconsistencies and the inequities in \textit{Moseley} can be resolved with an amendment. Such an amendment should allow damages without proving willful intent and allow an injunction to be issued in accordance with a likelihood of dilution standard. This would provide the plaintiff with a congruent right and remedy.

\textit{R. Landon Dirickson*}

\textsuperscript{360} 1946 U.S.C.C.A.N. at 1274.
\textsuperscript{362} The Quotations Page, \textit{supra} n. 1.

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Proposed Amendment to 15 U.S.C. § 1125(c):

(c) Remedies for dilution of famous marks

(1) The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution there is a likelihood of dilution of to the distinctive quality of the mark, and to obtain damages and such other relief as is provided in this subsection. In determining whether a mark is distinctive and famous, a court may consider factors such as, but not limited to –

(A) the degree of inherent or acquired distinctiveness of the mark;
(B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;
(C) the duration and extent of advertising and publicity of the mark, whether by owner or by third parties;\(^364\)
(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.

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

\(^{363}\) Italicized phrases represent language that should be added to the FTDA in place of the language which has been crossed out.

\(^{364}\) The italicized portion of (c)(1)(C) was part of a proposal by INTA to assist in determining the fame of a mark. See Hardley, supra n. 351, at 2 (regarding the INTA drafted language).
(3) 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.

(4) The following shall not be actionable under this section:

   (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) Noncommercial use of a mark.

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