

## The Trademark Use Requirement in Dilution Cases<sup>1</sup>

Stacey L. Dogan<sup>2</sup> & Mark A. Lemley<sup>3</sup>

The trademark use doctrine plays a critical role in ensuring that trademark law serves its proper purpose of encouraging market exchange and lowering consumer search costs. As we have explained in detail elsewhere,<sup>4</sup> the doctrine ensures that trademarks do not become a weapon used to suppress speech or to interfere with rather than promote the efficient operation of the marketplace.

Those goals are even more important in the context of trademark dilution. Unlike a normal cause of action for trademark infringement, trademark dilution gives broader rights to a few famous mark owners to prevent even non-confusing uses in order to protect the uniqueness of their marks against blurring. But because trademark dilution can exist even when goods do not compete, and even absent any likelihood of confusion, it is even more critical that the universe of actions that can give rise to dilution be cabined by a clear and effective trademark use doctrine.

The Lanham Act has had a trademark use limitation on dilution since the first dilution legislation was<sup>5</sup> enacted in 1996, but recent amendments have changed the

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<sup>1</sup> © 2007 Stacey L. Dogan & Mark A. Lemley.

<sup>2</sup> Visiting Professor, Boston University School of Law; Professor of Law; Northeastern University School of Law.

<sup>3</sup> William H. Neukom Professor, Stanford Law School; of counsel, Kecker & Van Nest LLP.

<sup>4</sup> See Stacey L. Dogan & Mark A. Lemley, *Grounding Trademark Law Through Trademark Use*, 92 Iowa L. Rev. 1669 (2007); Stacey L. Dogan & Mark A. Lemley, *Trademarks and Consumer Search Costs on the Internet*, 41 Hous. L. Rev. 777 (2004).

<sup>5</sup> See *Mattel*, *supra* note \_\_\_, at 907 (finding commercial speech requirement in the exemption for “noncommercial use” of trademark); *Lamparello v. Falwell*, 420 F.3d 309 (4<sup>th</sup> Cir. 2005) (explaining, in dictum, that FTDA applies only to “commercial speech” in

language and scope of that limitation, leading to some confusion about what is and is not protected. In this article, we parse the language and legislative history of the 2006 Trademark Dilution Revision Act and explain why the trademark use requirement in the new statute not only survives but is more robust than before.

## I. Background

### A. Trademark Use Requirement

The trademark use doctrine requires, as an element of an infringement suit, that a defendant use a trademark “as a mark” to indicate the source or sponsorship of its products or services.<sup>6</sup> The requirement thus distinguishes between those who brand their products using the plaintiff’s mark and others who use the plaintiff’s trademark in some non-branding way – for example, by comparing, describing, critiquing, informing, establishing proximity, learning, commenting, reporting, or simply poking fun. By maintaining the law’s focus on misleading branding, the trademark use doctrine keeps trademark law true to its ultimate goal of promoting competitive markets.<sup>7</sup> While preventing uses that create confusion and misinformation, the law preserves uses that

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the First Amendment sense); *cf.* *Bosley Medical Instit., Inc. v. Kremer*, 403 F.3d 672, 676 (9<sup>th</sup> Cir. 2005) (“While the meaning of the term “commercial use in commerce” is not entirely clear, we have interpreted the language to be roughly analogous to the “in connection with” sale of goods and services requirement of the infringement statute.”); *Universal Comm. Sys., Inc. v. Lycos, Inc.*, 478 F.3d 413, 424 (1st Cir. 2007) (rejecting a state dilution claim because “Lycos might profit by encouraging others to talk about UCS under the UCSY name, but neither that speech nor Lycos’s providing a forum for that speech is the type of use that is subject to trademark liability”).

<sup>6</sup> See Dogan & Lemley, *supra* note \_\_; Margreth Barrett, *Internet Trademark Suits and the Demise of “Trademark Use,”* 39 U.C. DAVIS L. REV. 371 (2006) and cases discussed therein.

<sup>7</sup> *Cf.* *Qualitex Co. v. Jacobson Prods. Co., Inc.*, 514 U.S. 159, 164 (1995) (noting that “trademark law ... seeks to promote competition”).

inform rather than deceive, that improve rather than harm the quality of information in markets.

Although it has always informed trademark practice,<sup>8</sup> the formal trademark use doctrine has evolved in a non-linear and somewhat haphazard way in traditional trademark infringement litigation. Through case-by-case rulemaking, courts have recognized a variety of protected, non-branding uses of marks, and Congress has generally codified the exemptions. Descriptive fair use, nominative fair use, the protection for comparative advertising, parody, news reporting, commentary, and criticism have all emerged as categories of non-trademark use exempt from the reach of trademark holders. More recently, courts have begun to invoke the trademark use doctrine to prevent actions against informational intermediaries, who use marks as indexing tools rather than in branding their products.<sup>9</sup> All of these “trademark use” exemptions share two features in common: the defendant has used the mark in some non-source-identifying (and non-sponsorship-identifying) way; and the error costs from a pro-plaintiff verdict are high.<sup>10</sup> The trademark use doctrine thus serves as a buffer, protecting certain classes of behavior from liability without the uncertainties associated with the traditional “likelihood of confusion” test.<sup>11</sup>

## **B. Importance in Dilution Cases**

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<sup>8</sup> See Dogan & Lemley, *supra* note \_\_, at \_\_.

<sup>9</sup> See, e.g., *1-800 Contacts, Inc. v. WhenU.com, Inc.*, 414 F.3d 400, 407–11 (2d Cir. 2005) (holding that the sale of trademark-triggered popup ads did not constitute trademark use); *Rescuecom Corp. v. Google, Inc.*, 456 F. Supp. 2d 393, 398–403 (N.D.N.Y. 2006) (finding that sale of keyword-based advertising does not constitute “trademark use”).

<sup>10</sup> See Dogan & Lemley, *supra* note \_\_, at [115].

<sup>11</sup> See Dogan & Lemley, *supra* note \_\_, at [ ].

In the dilution context, the need for a trademark use buffer is particularly acute. Unlike traditional trademark infringement – in which confusion over source or sponsorship lies at the heart of the claim<sup>12</sup> – dilution turns on murkier concepts of “blurring” and “tarnishment” that do not on their face depend on consumer perceptions as to the source of a defendant’s product.<sup>13</sup> Dilution, moreover, does not involve deceptive or confusing speech, or any “fraud on the consuming public.”<sup>14</sup> As a result, a broad, open-ended dilution statute could target any unauthorized use of a famous trademark, almost without limitation. After all, virtually any reference to a trademark influences the

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<sup>12</sup> 15 U.S.C. §§ 1114, 1125(a). In theory, a separate trademark use doctrine should be unnecessary in the infringement context, because likelihood of confusion cannot exist absent some suggestion from the defendant about the source, sponsorship or affiliation – i.e., some form of trademark use. Mark McKenna has argued that the likelihood of confusion inquiry implicitly reflects a trademark use doctrine, but one that turns on consumer perceptions and therefore cannot be decided as a threshold matter. See Mark P. McKenna, *Trademark Use and the Problem of Source in Trademark Law* (draft, forthcoming 2007). We have more confidence in courts’ ability to carve out some categories of behavior that, as a matter of law, do not constitute trademark use than McKenna does, and less confidence in their ability to interpret likelihood of confusion to achieve the same result in a way that avoids enormous cost and uncertainty.

<sup>13</sup> Cf. *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 905 (9th Cir. 2002) (“Dilution ... does not require consumer confusion, and dilution injunctions therefore lack the built-in First Amendment compass of trademark injunctions.”); Clarisa Long, *Dilution*, 106 COLUM. L. REV. 1029, 1068 (2006) (“By contrast [to dilution law], classic trademark law, with its likelihood of confusion standard, conveys a thinner bundle of use rights to the trademark owner.”). We have argued elsewhere that dilution does depend on consumer source perceptions and search costs, see Stacey L. Dogan & Mark A. Lemley, *The Merchandising Right: Fragile Theory or Fait Accompli?*, 54 **Emory L.J.** 461 (2005). But there is no question that the relationship is more attenuated with dilution than it is with ordinary trademark infringement. Indeed, many scholars have doubted whether there is any such relationship to consumer interests at all. See, e.g., Robert G. Bone, *A Skeptical View of the Trademark Dilution Revision Act*, 11 **U.S.F. Intell. Prop. L. Bull.** 187 (2007); David J. Franklyn, *Debunking Dilution Doctrine: Toward a Coherent Theory of the Anti-Free-Rider Principle in American Trademark Law*, 56 **Hastings L.J.** 117 (2004) (describing the dilution-consumer protection connection as “unnatural and attenuated”, and arguing that it should instead be understood as part of a gestalt rule against free riding).

<sup>14</sup> *Mattel*, 296 F.3d at 905 (distinguishing dilution from traditional trademark infringement claims).

consumer's mental association regarding the brand, in ways that one could characterize as "tarnishing" or "diluting" the trademark holder's carefully crafted commercial identity.<sup>15</sup>

Numerous scholars have explored the costs (and fallacies) associated with such an expansive approach to dilution. Jessica Litman and Rochelle Dreyfuss have critiqued the core notion underlying the dilution theory – the idea of a singular, corporate-crafted brand meaning disengaged from any public role in shaping brand identity.<sup>16</sup> They and others have pointed out the ways in which broad dilution protection can choke off speech, including speech that serves both competition-oriented and First Amendment values.<sup>17</sup> A broadly defined dilution law could potentially apply to parodies, news reports, consumer

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<sup>15</sup> See Laura A. Heymann, *Metabranding and Intermediation: A Response to Prof. Fleischer*, 12 HARVARD NEGOTIATION L. REV. 201, 218-19 (2007) (In dilution claims, "[t]he brand owner ... is claiming a right to the exclusive mental association with the brand in the minds of the public."). Rebecca Tushnet, though generally critical of dilution law, suggests that a dilution law that targets only commercial uses, and ignores the host of other uses that can influence a trademark's meaning, is "incoherent and largely ineffective in protecting the selling power of a mark." Rebecca Tushnet, *Gone in 60 Milliseconds: Trademark Law and Cognitive Science* (manuscript); see *id.* at \_\_\_ ("Noncommercial uses create mental associations, and thus they dilute."); Rebecca Tushnet, *Truth and Advertising: The Lanham Act and Commercial Speech Doctrine* (manuscript) (contending that a dilution doctrine limited to commercial speech may avoid constitutional challenge, but is arguably poorly matched to the purported harms caused by dilution).

<sup>16</sup> See, e.g., Jessica Litman, *Breakfast with Batman: The Public Interest in the Advertising Age*, 108 YALE L.J. 1717, 1733 (1998-99) ("Mickey Mouse,' 'Twinkies,' 'Star Wars,' and 'Spam' are trade symbols, but they are also now metaphors with meanings their proprietors would not have chosen. They got that way in spite of any advertising campaigns because the general public invested them with meaning."); see also Rochelle Dreyfuss, *Expressive Genericity: Trademarks as Language in the Pepsi Generation*, 65 NOTRE DAME L. REV. 397 (1989-90).

<sup>17</sup> See Litman, *supra* note \_\_; Dreyfuss, *supra* note \_\_; Tushnet, *Truth and Advertising*; see also Pratheepan Gulasekaram, *Policing the Border Between Trademarks and Free Speech: Protecting Unauthorized Trademark Use in Expressive Works*, 80 WASH. L. REV. 887 (2005); Kenneth L. Port, *The "Unnatural" Expansion of Trademark Rights: Is a Federal Dilution Statute Necessary?*, 85 **Trademark Rptr.** 525 (1995).

commentaries, blog entries, comparative advertising, and a whole host of other means through which speakers inform and enrich our society.

The trademark use doctrine offers the only reliable safeguard against dilution law's slippery slope. Dilution law, properly conceived, protects famous marks against uses that interfere with their *function* as source-identifiers.<sup>18</sup> It should not reach every use that affects a mark's *meaning*, lest it turn into an uber-right that would defeat the very purpose of trademark laws. A robust trademark use doctrine distinguishes between uses that interfere with the source-identifying function of a trademark, on the one hand, and uses that, if anything, affect the mark's meaning *as* the famous trademark, on the other.

## II. The Use Requirement Before 2006 – “Commercial Use in Commerce”

The Federal Trademark Dilution Act of 1995 (FTDA), Congress's first foray into dilution law, applied only to the “commercial use in commerce of a mark or trade name ... [that] causes dilution of the distinctive quality of the mark.”<sup>19</sup> The statute also specifically exempted “noncommercial use of a mark” from dilution liability. And the legislative history made clear that Congress intended “commercial use” to cover only those uses that would constitute “commercial speech,” as that term is understood in First Amendment jurisprudence.<sup>20</sup> Commercial speech is speech that “does ‘no more than

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<sup>18</sup> See Stacey L. Dogan, *An Exclusive Right to Evoke*, 44 B.C. L. REV. 291, 320 (2003) (arguing that FTDA should apply only to uses that dilute the singularity of famous marks).

<sup>19</sup> Federal Trademark Dilution Act of 1995.

<sup>20</sup> H.R. Rep. No. 104-374, at 4 (1995) (“Nothing in this bill is intended to alter existing case law on the subject of what constitutes ‘commercial speech.’”); *id.* at 8 (same).

propose a commercial transaction,”<sup>21</sup> which, in the trademark context, means a use that has no expressive function except as a brand.<sup>22</sup>

Not all courts have viewed the “commercial use in commerce” language as incorporating a trademark use requirement. Some early courts, apparently moved by the equities of the case before them, found the “commercial use in commerce” requirement satisfied by flimsy connections between the defendant’s behavior and the commercial world. In *Planned Parenthood Federation of America v. Bucci*,<sup>23</sup> for example, the court found a commercial use by a website operator because (1) the website was plugging a third party’s book (but obtaining no financial gain from book sales or otherwise), (2) the defendant was politically active and solicited donations (albeit none from his website) for his anti-abortion activities, and (3) the use had a negative effect on the *plaintiff’s* commercial activities.<sup>24</sup> Margreth Barrett has complained that courts repeatedly misunderstand this language in ways that have “significantly impaired First Amendment interests.”<sup>25</sup>

Over time, however, judges applying the FTDA showed an increasing recognition of the equivalence between “commercial use in commerce” and “commercial speech.”

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<sup>21</sup> *Bolger v. Youngs Drug Prods. Corp.*, 463 U.S. 60, 66 (1983) (quoting *Va. Pharmacy Board v. Va. Citizens Consumer Council, Inc.*, 425 U.S. 748, 762 n. 24 (1976)).

<sup>22</sup> *See Mattel, Inc. v. MCA Records, Inc.*, 295 F.3d 894, 907 (9<sup>th</sup> Cir. 2002) (holding that, even though recording label “used Barbie’s name to sell copies of [its] song,” use was noncommercial because “the song also lampoons the Barbie image and comments humorously on the cultural values Aqua claims she represents”). The legislative history provides additional indirect support for the position that the FTDA was concerned only with branding-type uses of famous marks. In testimony and Congressional reports, legislators repeatedly offered “DUPONT shoes, BUICK aspirin, and KODAK pianos” as examples of the harms the statute was intended to address. H.R. Rep. 104-374, at 3.

<sup>23</sup> 1997 WL 133313 (S.D.N.Y. 1997).

<sup>24</sup> *Id.* at \*5-6.

<sup>25</sup> Margreth Barrett, *Domain Names, Trademarks and the First Amendment: Searching for Meaningful Boundaries*, 39 *Conn. L. Rev.* 973, 973 (2007).

Recent courts have shown a reluctance to enjoin behavior that does not use the trademark as a brand in some way.<sup>26</sup> Given the legislative history, and the otherwise-inexplicable choice of the inartful phrase “commercial use in commerce,” we think this was the right understanding of that language.

### III. The Use Requirement Under the TDRA

#### A. What the TDRA Does

The Trademark Dilution Revision Act of 2006 was enacted in response to the Supreme Court decision in *Moseley v. V Secret Catalogue*,<sup>27</sup> which had held that the original 1996 statute applied only in cases where the plaintiff could prove “actual dilution,” rather than mere likelihood of dilution.<sup>28</sup> That decision had also questioned whether tarnishment could ever constitute dilution.<sup>29</sup> Together, those holdings made it extraordinarily difficult for plaintiffs to prove a dilution claim.<sup>30</sup> They also created an odd disconnect between the liability structure of the dilution law and its remedies. The ordinary remedy in dilution cases is an injunction against future diluting efforts. But it

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<sup>26</sup> See *Mattel*, *supra* note \_\_\_, at 907 (finding commercial speech requirement in the exemption for “noncommercial use” of trademark); *Lamparello v. Falwell*, 420 F.3d 309 (4<sup>th</sup> Cir. 2005) (explaining, in dictum, that FTDA applies only to “commercial speech” in the First Amendment sense); *cf.* *Bosley Medical Instit., Inc. v. Kremer*, 403 F.3d 672, 676 (9<sup>th</sup> Cir. 2005) (“While the meaning of the term “commercial use in commerce” is not entirely clear, we have interpreted the language to be roughly analogous to the “in connection with” sale of goods and services requirement of the infringement statute.”); *Universal Comm. Sys., Inc. v. Lycos, Inc.*, 478 F.3d 413, 424 (1st Cir. 2007) (rejecting a state dilution claim because “Lycos might profit by encouraging others to talk about UCS under the UCSY name, but neither that speech nor Lycos’s providing a forum for that speech is the type of use that is subject to trademark liability”).

<sup>27</sup> 537 U.S. 418 (2003).

<sup>28</sup> *Id.* at \_\_.

<sup>29</sup> *Id.* at \_\_.

<sup>30</sup> Indeed, Clarissa Long’s study found that only 9% of dilution claims were succeeding by 2003, and that number presumably declined further after *V Secret*. Clarisa Long, *Dilution*, 106 Colum. L. Rev. 1029 (2006).



makes little sense to require plaintiffs to wait until their mark is actually diluted, and then offer them only an injunction against future dilution – rather like closing the barn door after the horse is gone.

Congress acted to undo the effect of *Moseley*, both by restoring the likelihood of dilution standard that was the majority rule before *Moseley*<sup>31</sup> and by making it clear that the cause of action extended to tarnishment as well.<sup>32</sup> It also reversed the holding of the Second Circuit that had prevented descriptive marks such as McDonald’s from ever qualifying for dilution protection,<sup>33</sup> changing the statute to make it clear that famous marks could be ones that had acquired distinctiveness.<sup>34</sup>

Not all the changes in the law expanded protections for trademark owners, however. Responding to a number of courts that had expanded dilution protection beyond nationally famous marks to include a number of obscure ones,<sup>35</sup> Congress

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<sup>31</sup> 15 U.S.C. § 1125(c)(1) (2006).

<sup>32</sup> *Id.* § 1125(c)(2)(C).

<sup>33</sup> TCPIP Holding Co v. Haar Comm’ns, 244 F.3d 88 (2d Cir. 2001).

<sup>34</sup> 15 U.S.C. § 1125(c)(1) (2006).

<sup>35</sup> See, e.g., Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 *Yale L.J.* 1647, \_\_\_ (1999) (“courts applying the state and federal dilution statutes have been quite willing to conclude that a local favorite, or a rather obscure company, is “famous” within the meaning of the Act. Thus, marks such as *Intermatic*, *Gazette*, *Dennison*, *Nailtiques*, *TeleTech*, *Wedgewood* (for new homes, not china), *Papal Visit 1999* and *Wawa* have been declared famous.”); *Archdiocese of St. Louis v. Internet Entertainment Group, Inc.*, No. 4:99CV27SNL, 1999 U.S. Dist. Lexis 1508 (E.D. Mo. Feb. 12, 1999) (holding “*Papal Visit 1999*” famous for the Pope’s recent visit to St. Louis); *Avery Dennison Corp. v. Sumpton*, 999 F. Supp. 1337, 1340-41 (C.D. Cal. 1998) (holding “*Dennison*” famous as part of *Avery-Dennison* corporate name); *Nailtiques Cosmetic Corp. v. Salon Sciences Corp.*, 41 U.S.P.Q.2d 1995, 1998-99 (S.D. Fla. 1997) (holding “*Nailtiques*” famous for fingernail care products, and diluted by “*Pro-Techniques*”); *TeleTech Customer Care Management (California) v. Tele-Tech Co.*, 977 F. Supp. 1407, 1413 (C.D. Cal. 1997) (finding “*TeleTech*” “probably famous” for customer care information services, and that “*teletch.com*” was infringing but “*tele-tech.com*” was not); *Gazette Newspapers v. The New Paper, Inc.*, 934 F. Supp. 688, 693, 696 (D. Md. 1996) (holding “*Gazette*” famous for local Maryland paper); *Intermatic, Inc.*

changed the law to make it clear that a famous mark must be “widely recognized by the general consuming public of the United States.”<sup>36</sup> In so doing, it eliminated the concept of “niche fame” in particular regions or among specialized groups, and made it clear to courts that dilution was a law to be applied sparingly. Further, Congress substantially expanded the list of exclusions from the reach of the dilution statute, expressly including parody, criticism, commentary, nominative and descriptive fair use in addition to previous exceptions from the reach of the act.<sup>37</sup> Finally, it may have substantially expanded the preemption of state and perhaps even federal laws by expanding a defense for the owners of registered marks, though it is not clear Congress intended this result.<sup>38</sup>

#### **B. The Requirement that the Defendant Use a “Mark or Trade Name”**

The final change – and the one with which we are concerned – is the replacement of the requirement that the defendant make a “commercial use in commerce” with the

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v. Toeppen, 947 F. Supp. 1227, 1236 (N.D. Ill. 1996) (holding “Intermatic” famous for electrical products); *Wawa, Inc. v. Haaf*, 40 U.S.P.Q.2d 1629, 1630 (E.D. Pa. 1996) (holding “Wawa” famous for convenience stores in Pennsylvania and surrounding states); *Wedgwood Homes, Inc. v. Lund*, 659 P.2d 377, 380 (Or. 1983) (holding “Wedgwood” famous for house builders in eastern Washington County, Oregon). And other courts had been willing to apply dilution without even finding fame. One commentator reports that of the 16 cases she examined, “half did not make an explicit finding that the mark in question was famous, or made such a finding only by confusing fame with distinctiveness.” Lori Krafte-Jacobs, Comment, Judicial Interpretation of the Federal Trademark Dilution Act of 1995, 66 U. Cin. L. Rev. 659, 690 (1998) (citation omitted).

<sup>36</sup> 15 U.S.C. § 1125(c)(2)(A).

<sup>37</sup> *Id.* § 1125(c)(3).

<sup>38</sup> *Id.* § 1125(c)(6) now provides that a defendant’s federal registration is a complete bar not only to a state dilution claim but also to any claim “of actual or likely damages or harm to the distinctiveness or reputation of a mark,” apparently whether brought on the basis of state or federal law. It’s not clear what this language means, but its most logical reading would appear to bar all dilution claims.

requirement that the defendant’s use be of a “mark or trade name.”<sup>39</sup> To understand the effect of this language, it is necessary to look at it in the context in which it appears in the statute:

(c) Dilution by Blurring; Dilution by Tarnishment –

(1) Injunctive Relief.—Subject to the principles of equity, the owner of a *famous mark* that is distinctive . . . shall be entitled to an injunction against another person who . . . commences **use of a mark or trade name** in commerce that is likely to cause dilution by blurring or dilution by tarnishment of *the famous mark* . . .

(2) Definitions.-- . . .

(B) For purposes of paragraph (1), “dilution by blurring” is association arising from the similarity between **a mark or trade name** and *a famous mark* that impairs the distinctiveness of *the famous mark*. In determining whether **a mark or trade name** is likely to cause dilution by blurring, the court may consider all relevant factors, including the following:

(i) The degree of similarity between **the mark or trade name** and *the famous mark*. . . .

(v) Whether the user of **the mark or trade name** intended to create an association with *the famous mark*.

(vi) Any actual association between **the mark or trade name** and *the famous mark*. . . .

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<sup>39</sup> *Id.* § 1125(c)(1), (c)(2)(B), (c)(2)(C), (c)(5)(A).

(C) For purposes of paragraph (1), “dilution by tarnishment” is association arising from the similarity between **a mark or trade name** and *a famous mark* that harms the reputation of *the famous mark*. . . .

(5) Additional Remedies.-- . . . The owner of *the famous mark* shall also be entitled to the remedies set forth [elsewhere] if—

(A) the **mark or trade name** that is likely to cause dilution by blurring or dilution by tarnishment was first used in commerce by the person against whom the injunction is sought after the date of enactment of the Trademark Dilution Revision Act of 2006. . . .<sup>40</sup>

The grammatical structure of this statute could not be clearer. The defendant’s use – the thing that may cause dilution by blurring or dilution by tarnishment – is not just any use or reference to the plaintiff’s famous mark, but a specific, limited class of uses – use of a term by the defendant as “a mark or trade name.” It is only such a use that can cause the injury described in section (2), and can give rise to the remedies in sections (1) and (5).

It is equally clear from this language that the reference to the *defendant’s* “mark or trade name” is not just a placeholder for use of the *plaintiff’s* mark. There are two marks being discussed in the statute – “the famous mark” owned by the plaintiff and “the mark or trade name” used in commerce by the defendant. This is evident from the repeated references to the two in the same sentence, which would make no sense if the

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<sup>40</sup> *Id.* (italics and boldface added).

two marks were the same, and from the repeated references to similarities, differences and associations *between* the famous mark and the defendant's "mark or trade name."<sup>41</sup>

"Trademark" and "trade name," in turn, have definitions in the statute. A "trade name" is "any name used by a person to identify his or her business or vocation."<sup>42</sup> A trademark is "any word, name, symbol, or device . . . used by a person . . . to identify and distinguish his or her goods . . . from those manufactured by others and to indicate the source of the goods."<sup>43</sup>

It follows that the only "uses" by a defendant of the plaintiff's famous mark that are actionable under the revised statute are those made by a defendant of their own trademarks or trade names. Other uses alleged to dilute cannot satisfy the terms of the statute.

The legislative history of the TDRA is generally unhelpful, but to the extent anything can be gleaned from it, it supports the common-sense reading of the statute set forth above. The original version of the statute supported by the International Trademark Association (INTA) required that the defendant make use of a "designation of source."<sup>44</sup> The Committee Chair accordingly referred to dilution as "arising from the similarity

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<sup>41</sup> For this reason, Dinwoodie & Janis's objection that the language requires use "of" a mark or trade name rather than use "as" a mark or trade name is of no consequence. Graeme B. Dinwoodie & Mark D. Janis, *Dilution's (Still) Uncertain Future*, 105 **Mich. L. Rev. First Impressions** 98, 101 (2006), <http://www.michiganlawreview.org/firstimpressions/vol105/dinwoodie.pdf>. The "mark or trade name" referred to cannot be the plaintiff's famous mark, and must be the defendant's mark.

<sup>42</sup> 15 U.S.C. § 1127.

<sup>43</sup> *Id.*

<sup>44</sup> Hearing before the Subcommittee on Courts, the Internet and Intellectual Property of the Committee on the Judiciary, House of Representatives on H.R. 683, 109<sup>th</sup> Cong., 1<sup>st</sup> Sess. 7 (Feb. 17, 2005) (statement of Anne Gundelfinger, INTA President) [hereinafter House Hearing].

between a source designation and a famous mark.”<sup>45</sup> Bill Barber objected on behalf of the American Intellectual Property Law Association (AIPLA) that the term “designation of source” did not have a settled meaning in trademark law, claiming (wrongly) that it was a “completely new requirement in dilution jurisprudence” rather than a replacement for the “commercial use in commerce” language,<sup>46</sup> and proposed a different approach altogether, one that would have created liability for dilution regardless of the nature of the use by the defendant.<sup>47</sup>

Rather than accept Barber’s suggestion, the committee simply replaced the term “designation of source” with “mark or trade name,” following INTA’s explanation that “[d]esignation of source’ is an accepted term of art in trademark law that is easily understandable . . . [It] simply requires that, in order for a dilution case to proceed, the plaintiff must show that the defendant is using the challenged mark *as a mark or name for his own company, goods, or services*.”<sup>48</sup> Thus, it seems evident that the committee resolved this dispute in favor of maintaining a trademark use requirement in the dilution

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<sup>45</sup> *Id.* at 2.

<sup>46</sup> *Id.* at 22 (statement of William Barber). For an explanation of why Barber was mistaken to suggest that dilution had never had a trademark use requirement, see *id.* at 18-19, 21 (statement of Mark Lemley). Barber has also suggested that trademark infringement generally also lacks a use requirement. William G. Barber, *The Trademark Dilution Revision Act of 2005: Breathing Life Back Into the Federal Dilution Statute*, 16 **Fordham Intell. Prop., Med. & Ent. L.J.** 1113, 1132 (2006) (“Just as a non-trademark use can create a likelihood of confusion (and thus constitute trademark infringement), it can likewise create a likelihood of dilution.”). We have explained in detail why he is wrong on this point as well: the law does in fact impose such a requirement. See Dogan & Lemley, *supra* note \_\_, at 1669. And even those scholars – like Dinwoodie and Janis – who disagree with our characterization of trademark use as a separate general requirement would disagree with Barber that non-trademark uses can be infringement. See Dinwoodie & Janis, *Confusion Over Use*, cite.

<sup>47</sup> Specifically, Barber suggested defining dilution by blurring as “impairment of the association between the famous mark and a single source.” House Hearing at 29.

<sup>48</sup> *Id.* at 15 (statement of Anne Gundelfinger). Cf. 4 **McCarthy**, *supra* note \_\_, §24:96 (suggesting that Congress relied principally on Gundelfinger’s testimony).

statute, merely replacing the proposed “designation of source” language with language that INTA had suggested meant the same thing and which was already defined in the statute.

This reading is also consistent with House Chairman Lamar Smith’s statement that the bill did not break new ground, and “represents a clarification of what Congress meant when it passed the dilution statute almost a decade ago.”<sup>49</sup> Given the existence of the “commercial use in commerce” requirement in the old statute, setting forth trademark use as a prerequisite to liability, it seems quite clear that the House did not intend to drop any trademark use requirement and therefore to expand dilution law dramatically to permit suits against dictionaries, parodists, and a host of others who aren’t using the plaintiff’s product to sell anything.<sup>50</sup>

Finally, we think this understanding is consistent with the language of subsection (3), which provides a host of “exclusions” from the reach of the dilution statute. Those exclusions include two more provisions that might be thought to establish a trademark use requirement: section (c)(3)(A), which protects “any fair use . . . of a famous mark by another person other than as a designation of source for the person’s own goods or

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<sup>49</sup> Hearing before the Subcommittee on Courts, the Internet and Intellectual Property of the Committee on the Judiciary, House of Representatives on H.R. 683, 109<sup>th</sup> Cong., 1<sup>st</sup> Sess. 2 (Feb. 17, 2005) (statement of Rep. Smith) [hereinafter House Hearing].

<sup>50</sup> Compare *Id.* at 26 (Barber’s suggestion that dilution law be expanded to permit lawsuits against those who use a term in its generic sense against the wishes of the trademark owner, and that the trademark use requirement needed to be dropped from the statute to achieve that result). While Barber’s testimony and article read as though trademark owners had an established right to sue those who use a term in its generic sense, no court has established such a right, and the Seventh Circuit, the Restatement, and the leading treatise all argue against it. See *Ty Inc. v. Perryman*, 306 F.3d 509 (7th Cir. 2002); **Restatement (Third) of Unfair Competition** § 25 comment i (1995); 4 J. Thomas McCarthy, **McCarthy on Trademarks and Unfair Competition** §24.75 (4<sup>th</sup> ed. 2007 update).

services,” and section (c)(3)(C), which protects “[a]ny noncommercial use of a mark.”<sup>51</sup>

We acknowledge that the presence of these three different takes on the same basic issue is confusing, and might even lead some to suggest that the references to “mark or trade name” in the other subsections shouldn’t be read to mean what they say. But we think that is the wrong approach. Like the 1996 act before it, which spoke of “commercial use in commerce” and separately exempted “noncommercial use of a mark,”<sup>52</sup> Congress in the 2006 revisions appeared to take a “belt and suspenders” approach, throwing in a variety of language in an effort to define a universe of conduct the new law did not reach. For example, it included separate exclusions for “commenting upon the famous mark owner” and for “news commentary,”<sup>53</sup> but there is no reason to believe that one of these provisions limits or renders inoperative the other. Rather, Congress was trying to make sure that this conduct – and uses other than those of a mark or trade name -- weren’t covered by the statute. That overlap may mean that one or more of these provisions end up being superfluous,<sup>54</sup> but that is better than the alternative. It would be perverse to conclude that an excess of Congressional enthusiasm for the trademark use requirement should be interpreted to have the opposite effect of undermining it.<sup>55</sup>

### C. Changes Under the New Regime

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<sup>51</sup> 15 U.S.C. § 1125(c)(3).

<sup>52</sup> *See* *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894 (9<sup>th</sup> Cir. 2002) (noting this overlap in the 1996 legislation, and reading the “noncommercial use” provision to immunize any protected First Amendment expression, even if done for profit).

<sup>53</sup> *Id.*

<sup>54</sup> *Dinwoodie & Janis, First Impressions, supra* note \_\_\_, at 102.

<sup>55</sup> It is also worth noting that section (3) is styled as “exclusions” from the scope of the act, not as defenses to an otherwise viable cause of action, further undermining the idea that the presence of a “designation of source” or “noncommercial use” limitation in that section implies that the general bill reaches further than that.



What is the effect of the new language on trademark use?

It should be clear that the TDRA incorporates a trademark use requirement.<sup>56</sup>

Only defendants who use a term as a mark or trade name will face potential liability for dilution. Hopefully this language – defined in the statute – will be easier for courts to understand than the unfortunate “commercial use in commerce” language in the 1996 Act.<sup>57</sup> Regardless, it should be clear that the basic intent of the new language is the same as the old – to cabin the reach of dilution law to cases in which the defendant is branding goods or services with the diluting mark, and prevent it from being used as a weapon against parodists, newspapers, dictionaries, artists, and the wide variety of people who use trademarks as part of their mode of expression.<sup>58</sup>

What remains to be seen is whether the language chosen to express this trademark use requirement – the requirement that a defendant make “use of a mark or trade name” – will end up being narrower than its predecessor or than the “designation of source” alternative in the original bill.<sup>59</sup> After all, “commercial use in commerce” might

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<sup>56</sup> 4 **McCarthy**, *supra* note \_\_\_, § 24:99, 24:101 (an element of dilution under the TDRA is that “the defendant is making use of the challenged designation as a mark or trade name . . . This means that non-mark uses, as in the content of expressive works, are not reached by the Act.”). *Accord* Graeme B. Dinwoodie & Mark D. Janis, *Confusion Over Use: Contextualism in Trademark Law*, 92 **Iowa L. Rev.** 1597, 1631 n.148 (2007) (“the statutory amendments that were enacted will most likely be read to include such a [trademark use] requirement.”). *But cf.* Graeme B. Dinwoodie & Mark D. Janis, *Dilution’s (Still) Uncertain Future*, 105 **Mich. L. Rev. First Impressions** 98, 101 (2006), <http://www.michiganlawreview.org/firstimpressions/vol105/dinwoodie.pdf> (“If Congress was trying to enact a trademark use requirement, it did so inartfully.”).

<sup>57</sup> Dinwoodie and Janis suggest that courts were coming to a consensus over the meaning of this language before the 2006 revisions, see *id.* at 101.

<sup>58</sup> Rochelle Cooper Dreyfuss, *Expressive Genericity: Trademarks As Language in the Pepsi Generation*, 65 **Notre Dame L. Rev.** 397 (1990).

<sup>59</sup> See Graeme B. Dinwoodie & Mark D. Janis, *Dilution’s (Still) Uncertain Future*, 105 **Mich. L. Rev. First Impressions** 98, 98 (2006),

encompass things other than marks and trade names – use in advertising or promotion, for instance, provided it “does no more than propose a commercial transaction.”<sup>60</sup>

Similarly, “designation of source” might have extended beyond pure uses of a mark to encompass certain advertising uses that suggested affiliation or sponsorship.<sup>61</sup> But “mark or trade name” requires the kind of use that was traditional in trademark law before its recent expansion<sup>62</sup> – actual branding of the defendants company, goods, or services.

If anything, therefore, the TDRA has made it harder to prove dilution claims in this important respect, not only reaffirming but actually tightening up on the universe of things that can be considered dilution. Bill Barber has it exactly backwards, then, to call this change “a huge win to trademark owners.”<sup>63</sup> Far from abolishing the existing trademark use requirement, as Barber appears to have hoped, the inclusion of more restrictive language in the 2006 revisions strengthens that requirement. Perhaps this tougher limit makes sense for society, even if trademark owners won’t necessarily be happy, given that dilution is a more powerful right than trademark infringement, especially after its strengthening in other respects in the TDRA. In their joint written

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<http://www.michiganlawreview.org/firstimpressions/vol105/dinwoodie.pdf> (TDRA “arguably makes the use requirement stricter”).

<sup>60</sup> See H.R. Rep. 104-374, 104<sup>th</sup> Cong., 1<sup>st</sup> Sess. (1995) (adopting the First Amendment definition of commercial speech – “speech which does no more than propose a commercial transaction” – as the limit of the reach of the original dilution statute).

<sup>61</sup> We suggest elsewhere that trademark use in the ordinary infringement context can encompass not only use as a brand but certain other uses that convey the message of source. Dogan & Lemley, *Houston*, *supra* note \_\_\_. Cf. Mark P. McKenna, cite forthcoming paper (arguing that trademark use cannot be determined without reference to consumer confusion).

<sup>62</sup> For discussions of the narrower reach of trademark law in the past, see, e.g., Lemley, *Common Sense*, *supra* note \_\_; Jessica Litman, *Breakfast With Batman: The Public Interest in the Advertising Age*, 108 **Yale L.J.** 1717 (1999); Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 **Notre Dame L. Rev.** 1839 (2007).

<sup>63</sup> Barber, *supra* note \_\_, at 1132.

submission to Congress, INTA and AIPLA said that the goal of the revised bill incorporating the “mark or trade name” requirement was to “narrow and better focus dilution protection, providing famous mark owners a provable cause of action, while at the same time protecting free speech.”<sup>64</sup> The TDRA can plausibly be said to achieve those worthy aims only if it is understood as it is written, to require trademark use by the defendant.

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<sup>64</sup> House Hearing at 53.