



“DISTINCTIVE” AND “FAMOUS” – SEPARATE REQUIREMENTS UNDER THE
FEDERAL TRADEMARK DILUTION ACT?

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ABSTRACT

The Federal Trademark Dilution Act was promulgated to provide national protection of famous marks from uses that cause dilution of the distinctive quality of the mark. Courts consider several factors in determining whether a mark is “distinctive and famous.” However, a difference of opinion has arisen as to whether there is a difference between a “distinctive” mark and a “famous” mark. An analysis of the statutory language, pertinent historical sources, and the case law interpreting the statute leads one to conclude that the view articulated by the Second Circuit is more consistent with the language of the statute, the intent of the draftspersons, and the majority of the courts that have indicated a view on the subject. “Distinctive” and “famous” appear to be separate and distinct requirements one must establish in order to qualify for protection under the FTDA.

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Cite as 3 J. MARSHALL REV. INTELL. PROP. L. 174

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the Federal Trademark Dilution Act?

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INTRODUCTION

The Federal Trademark Dilution Act of 1995¹ (the “FTDA”) was the culmination of efforts to broaden trademark protection to encompass more than uses of the mark by a competitor. A theory developed that certain trademarks had such value that their use in areas of commerce unrelated to those in which the protected mark was currently being used or might reasonably be used in the future, could serve to “blur” or “tarnish” the identifying capability of the protected mark. This concept was introduced and first advocated in the United States by Frank I. Schechter in the 1920’s,² although the term “dilution” was not used to describe the perceived harm to the protected mark until sometime later.³

After many states had enacted dilution statutes, the FTDA was promulgated to provide national protection of “famous” marks from uses that cause “dilution of the distinctive quality of the mark.”⁴ The FTDA lists several nonexclusive factors for a court to consider “in determining whether a mark is distinctive and famous.”⁵ A difference of opinion has arisen as to whether there is a difference between a “distinctive” mark and a “famous” mark. The well-respected author of the foremost treaty on trademark law, J. Thomas McCarthy, views the terms as synonymous, paired only for the purpose of emphasis.⁶ McCarthy’s view has been adopted by the Third Circuit Court of Appeals.⁷

The Second Circuit Court of Appeals has a different perspective. It finds that “fame” and “distinctiveness” are two different terms, and each must be proved in order to qualify for protection under the statute.⁸ The Second Circuit distinguishes between inherent distinctiveness, which it sees as the equivalent of “distinctiveness”

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¹ Pub. L. No. 104-98, 109 Stat. 985 (1996) (codified at 15 U.S.C. §§ 1125(c), 1127 (2000)).

² Frank I. Schechter, *The Rational Basis for Trademark Protection*, 40 HARV. L. REV. 813 (1926–27).

³ In discussing the decision of a German court (Judgment of September 11, 1924, Landesgericht Elberfeld, 25 Juristische Wochenschrift 502, XXV Markenschutz und Wettbewerb 264 – the “Odol” case), Schechter apparently translates a portion of the court’s holding thusly: “Complainant has ‘the utmost interest in seeing that its mark is not diluted [verwässert]: it would lose in selling power if everyone used it as the designation of his goods.’” *Id.* at 832.

⁴ 15 U.S.C. § 1125(c)(1) (2000).

⁵ *Id.*

⁶ J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION, §24.91 at 24-163 and 24-164 (4th ed. 2003).

⁷ *Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C.*, 212 F.3d 157, 166–67, (3d Cir. 2000), *cert. denied*, 531 U.S. 1071 (2001).

⁸ *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 216 n. 2 (2d Cir. 1999).

as used in the FTDA, and acquired distinctiveness, which the court finds to be one of the relevant factors to consider in determining whether a mark is “famous” for purposes of the statute.⁹

An analysis of the statutory language, pertinent historical sources, and the case law interpreting the statute leads one to conclude that the view of the Second Circuit is more consistent with the language of the statute, the intent of the draftspersons, and the majority of the courts that have indicated a view on the subject. “Distinctive” and “famous” appear to be separate and distinct requirements one must establish in order to qualify for protection under the FTDA.

I. THE STATUTE AND THE DISPARATE VIEWS

A. *The Language of the Statute*

The FTDA states that the holder of a “famous” mark shall be entitled to injunctive relief against a user whose use began after the holder’s mark had become “famous,” if the use causes dilution of the “distinctive” quality of the holder’s mark.¹⁰ The FTDA sets out eight, non-exclusive factors that a court may consider in determining whether a mark is “distinctive and famous:”

1. “The degree of inherent or acquired distinctiveness of the mark;”
2. “The duration and extent of use of the mark;”
3. The duration and extent of publicizing the mark;
4. “The geographic extent of the trading area in which the mark is used;”
5. “The channels of trade for the goods or services with which the mark is used;”
6. The degree of recognition of the mark in the trading areas and channels of trade of the holders and of the accused user of the mark;
7. “The nature and extent of use of the same or similar marks by third parties;” and
8. Whether the mark has been federally registered.¹¹

Exempt from actionability are federally registered marks when a dilution action is based on state common law or statute, fair use in comparative commercial advertising, noncommercial use of the mark, and all forms of “news reporting” and “news commentary.”¹² The issue of concern here is whether there is a difference between the terms “fame” and “distinctiveness.”

⁹ TCPIP Holding Co. v. Haar Communications, Inc., 244 F.3d 88, 97–98 (2d Cir. 2001).

¹⁰ 15 U.S.C. § 1125(c)(1) (2000).

¹¹ *Id.*

¹² *Id.* § 1125(c)(3)–(4).

B. The View from the Second Circuit

The Second Circuit view of the FTDA was perhaps best enunciated by Judge Leval in the cases of *Nabisco, Inc. v. PF Brands, Inc.*¹³ and *TCPIP Holding Co. v. Haar Communications, Inc.*¹⁴ The Second Circuit would clearly restrict application of the FTDA to trademarks that have a high degree of inherent distinctiveness.

In *Nabisco*, Nabisco appealed from an order enjoining the company from selling “orange, bite-sized, cheddar cheese-flavored, goldfish-shaped” snack crackers.¹⁵ One of the questions faced by the court was whether PF Holdings, the intellectual property holding company for Pepperidge Farm (the source of the original goldfish crackers), had proven trademark dilution.¹⁶

The Second Circuit found that “[d]istinctiveness in a mark is a characteristic quite different from fame.”¹⁷ As used in the statute, “distinctive” and “distinctiveness” refer not to the absolute quality that every trademark is required to possess (*i.e.*, an indication of the source of goods or services), but rather to the spectrum of distinctiveness that distinguishes a weak mark from a strong one.¹⁸

Distinctiveness is a crucial trademark concept, which places marks on a ladder reflecting their inherent strength or weakness. The degree of distinctiveness of a mark governs in part the breadth of the protection it can command. At the low end are generic words—words that name the species or object to which the mark applies. These are totally without distinctiveness and are ineligible for protection as marks because to give them protection would be to deprive competitors of the right to refer to their products by name. Thus no one can claim the exclusive right to use the mark “CAR” for a car. One rung up the ladder are “descriptive” marks—those that *describe* the product or its attributes or claims. These also have little distinctiveness and accordingly are ineligible for protection unless they have acquired “secondary meaning”—that is, unless the consuming public has come to associate the mark with the products or services of its user. The next higher rung belongs to “suggestive” marks; these fall in an in-between category. They do not name or describe the product for which they are used, but they suggest the qualities or claims of that product. They are more distinctive than descriptive marks, and thus are accorded trademark rights without need to demonstrate that consumers have come to associate them with the user of the mark. Nonetheless, because they seek to suggest qualities of the product, they possess a low level of distinctiveness. They are given less protection than is reserved for more distinctive marks—those that are “arbitrary” or “fanciful.” A mark is arbitrary or fanciful if there is no logical relationship whatsoever between the mark and the product on which it is used. However, even within the

¹³ 191 F.3d 208 (2d Cir. 1999).

¹⁴ 244 F.3d 88 (2d Cir. 2001).

¹⁵ *Nabisco*, 191 F.3d at 212.

¹⁶ *Id.* at 214–22.

¹⁷ *Id.* at 215.

¹⁸ *See id.* at 215–16.

category of arbitrary or fanciful marks, there is still a substantial range of distinctiveness. Some marks may qualify as arbitrary because they have no logical relationship to the product, but nonetheless have a low level of distinctiveness because they are common. The most distinctive are marks that are entirely the product of the imagination and evoke no associations with human experience that relate intrinsically to the product. The arbitrary or fanciful quality is what renders the mark distinctive; another seller of the same product or service would have no justification for using the same or a similar mark. The strongest protection of the trademark laws is reserved for these most highly distinctive marks.¹⁹

Requiring distinctiveness in addition to fame means that under the FTDA a mark can be “famous” without being “distinctive.”

The requirement of distinctiveness is furthermore an important limitation. A mark that, notwithstanding its fame, has no distinctiveness is lacking the very attribute that the antidilution statute seeks to protect. The antidilution statute seeks to guarantee exclusivity not only in cases where confusion would occur but throughout the realms of commerce. Many famous marks are of the common or quality-claiming or prominence-claiming type—such as American, National, Federal, Federated, First, United, Acme, Merit or Ace. It seems most unlikely that the statute contemplates allowing the holders of such common, albeit famous, marks to exclude all new entrants. That is why the statute grants that privilege only to holders of distinctive marks.²⁰

In *TCPIP Holding*, the Second Circuit asserted that the separate requirement for “distinctiveness” under the FTDA can only be satisfied by inherently distinctive marks.²¹ Acquired distinctiveness is relevant to a determination of the separate requirement of “fame.”

[I]t is incorrect that the concept of acquired distinctiveness has no discernable function in the statute, unless as a substitute for inherent distinctiveness. The list of factors set forth in § 1125(c)(1)(A)-(H) is relevant to two separate questions. The factors are listed as pertinent to the court’s “determin[ation] whether a mark is *distinctive and famous*.” 15 U.S.C. § 1125(c)(1) (emphasis added). The “degree of . . . acquired distinctiveness of the [plaintiff’s] mark” is directly relevant to the determination whether the mark is “famous,” as the Act requires. *Acquired distinctiveness is the essential ingredient in the determination of fame, within the meaning of the statute.* The statute’s requirement of fame is not satisfied by any kind of fame. The mark must have become famous *as the designator of the plaintiff’s goods or services.* A merchant’s taking a famous name—

¹⁹ *Id.* (citations omitted). The spectrum described is that set out by Judge Friendly in *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9–11 (2d Cir. 1976).

²⁰ *Id.* at 216 (footnote omitted).

²¹ 244 F.3d at 97.

Shakespeare or Zeus—as the mark for its product would not thereby satisfy the statute’s requirement of fame. It is true, such a mark would be famous in the sense that universal recognition would attach to the name Shakespeare or Zeus. To satisfy the statute, however, the mark must be famous in its capacity as a mark designating the plaintiff’s goods. In other words, to be famous within the meaning of the statute, the mark must have achieved a high “degree of . . . acquired distinctiveness,” meaning that it must have become very widely recognized by the U.S. consumer public as the designator of the plaintiff’s goods.²²

In summary, the Second Circuit sees fame and distinctiveness as separate requirements of the FTDA, and a mark can be famous but not distinctive, and vice-versa. Protectability requires proof that a mark possesses both qualities. Inherent distinctiveness is relevant to whether a mark is distinctive; acquired distinctiveness is relevant to whether a mark is famous.

C. McCarthy’s View

J. Thomas McCarthy, the noted legal commentator, is critical of the Second Circuit’s analysis of the definiteness factor. McCarthy believes that “the Second Circuit has turned down a dead end street on this issue and must reverse course sooner or later.”²³ McCarthy’s argument is that “famous” and “distinctive” are synonymous terms.²⁴

1. Statutory Interpretation

McCarthy cites the Trademark Review Commission Report language that the FTDA protects only marks “which are both distinctive, as established by Federal registration at a minimum, and famous, as established by separate evidence.”²⁵ He then asserts that the term “distinctive” was inserted by the Trademark and Review Commission to emphasize that the mark must be registered.²⁶

McCarthy states that if “distinctiveness is regarded as a separate requirement, it would, in the author’s view, be redundant,” since distinctiveness is required for any protectible trademark.²⁷ McCarthy also regards the words “distinctive quality” in the

²² *Id.* (footnote omitted, second emphasis added, first and third emphasis in original).

²³ MCCARTHY, *supra* note 6, § 24:91.2 at 24-172.

²⁴ *Id.* § 24:91.1 at 24-164.

²⁵ Report of the Trademark Review Commission, 77 TRADEMARK REP. 375, 459–60 (1987) [hereinafter Report], *cited in* MCCARTHY, *supra* note 6, § 24:91 at 24-163.

²⁶ MCCARTHY, *supra* note 6, § 24:91 at 24-163 and 24-164. This is a curious assertion, given the quoted language, which includes “both distinctive . . . and famous,” “established by Federal registration at a minimum,” and “established by separate evidence.” *Id.* (emphasis added).

²⁷ *Id.* § 24:91.1 at 24-164 and 24-165; see also *id.* § 24:91.1 at 24-166.

phrase “dilution of the distinctive quality of the mark”²⁸ to be hyperbole and repetition for purposes of emphasis.²⁹

In *TCPIP Holding*, the Second Circuit noted that “an interpretation of a statute – one that renders a portion of the statute superfluous – should be avoided.³⁰ McCarthy apparently was thinking of this passage when he added an “author’s comment” expressing a contrary view:

In the author’s view, the Second Circuit erred on both points. As to the first point, the court apparently felt that when two words (“distinctive and famous”) are used in a statute, each must have an independent and different meaning. This is not true. Anglo-American law has a long tradition of doubling words in which each word in the combination has the same meaning. Familiar examples abound, such as “to have and hold,” “each and all,” “aid and abet,” “null and void,” and “cease and desist.”³¹

2. Historical Perspective

The term “distinctive” in trademark law, in McCarthy’s view, refers only to the way that the term has been “used for decades in trademark law: this designation has achieved trademark status, either by being inherently distinctive or by acquiring secondary meaning.”³² Under this view, the term “distinctive” is an absolute, and is the equivalent of saying that the mark is indicative of the source of the goods or services. Thus, under McCarthy’s view, there can be no degrees of distinctiveness.

3. The Views of Other Courts

McCarthy correctly points out that the Third Circuit has taken a different view from that of the Second Circuit, holding that the test for fame and distinctiveness are one and the same.³³ He goes on to assert that “the Ninth Circuit also has disagreed with the Second Circuit and taken the view that a mark which is not inherently distinctive can achieve the status of ‘fame.’”³⁴

McCarthy acknowledges that in *Moseley v. V. Secret Catalogue, Inc.*, the United States Supreme Court cited the Second Circuit holding that distinctiveness and fame are separate requirements under the FTDA.³⁵ However, McCarthy believes that the citation has no great significance.

²⁸ 15 U.S.C. § 1125(c)(1) (2000).

²⁹ *Id.* § 24:91.1 at 24-167.

³⁰ 244 F.3d at 97.

³¹ MCCARTHY, *supra* note 6, § 24:91.2 at 24-170 (citing DAVID MELLINKOFF, *THE LANGUAGE OF THE LAW* 120–22 (1963)).

³² MCCARTHY, *supra* note 6, § 24:91.2 at 24-171.

³³ *Id.* § 24:91.2 at 24-168 (citing *Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C.*, 212 F.3d 157 (3d Cir. 2000), *cert. denied*, 531 U.S. 1071 (2001)).

³⁴ MCCARTHY, *supra* note 6, § 24:91.2 at 24-168.

³⁵ MCCARTHY, *supra* note 6, § 24:91 at 24-164 (citing 537 U.S. 418, 427 n. 5 (2003)).

In the 2003 *Victoria's Secret* case, the U.S. Supreme Court in a footnote noted in passing that the Second Circuit held that “distinctiveness” is an “essential element” in addition to fame. The author does *not* read this as a “holding” by the Supreme Court that the law is that “distinctiveness” has separate significance or that by this passing observation the Court meant to put its seal of approval on the Second Circuit view. The Supreme Court said nothing about what meaning the word “distinctive” might mean in this context. If one argues that by this passing reference in a footnote the Supreme Court held that “distinctiveness” is a separate requirement, my view is that “distinctive” means the same thing as it has when used for decades in trademark law: this designation has achieved trademark status, either by being inherently distinctive or by acquiring secondary meaning.³⁶

II. ANALYZING THE STATUTORY LANGUAGE, THE ORIGIN OF THE DILUTION THEORY, AND THE CASE LAW

A. Statutory Interpretation

1. “Parsing” the Language

The FTDA provides that the “owner of a *famous* mark” is entitled to enjoin the use of another if 1) the use began after the mark became *famous*, and 2) the use causes dilution of the *distinctive* quality of the mark.³⁷ In order to determine whether the mark is *distinctive* and *famous*, a court may consider eight non-exclusive factors, including the degree of inherent or acquired *distinctiveness*.³⁸

Thus, while at one place in the statute the terms “famous” and “distinctive” are used in the conjunctive, in other places they are used separately without reference to each other. In addition to the canon of statutory construction in which a statute is to be construed so as to give meaning to each part and to avoid surplusage, which supports the Second Circuit’s view that the words are not interchangeable, the words are also used independently in the FTDA. The statute sets out four essential standards for protectibility that employ the terms “famous” and/or “distinctive” and “distinctiveness.” First, a mark must be famous to be entitled to protection.³⁹ Second, the use must have occurred after the mark has become famous.⁴⁰ Third, a famous mark is entitled to protection only if the use has caused dilution of the distinctive quality of the mark.⁴¹ Fourth, one of the non-exclusive factors to consider

³⁶ MCCARTHY, *supra* note 6, § 24:91.2 at 24-170 and 24-171 (footnote omitted).

³⁷ 15 U.S.C. § 1125(c)(1) (2000) (emphasis added).

³⁸ *Id.* §§ 1125(c)(1) and (c)(1)(A) (emphasis added).

³⁹ 15 U.S.C. § 1125(c)(1).

⁴⁰ *Id.*

⁴¹ *Id.*

in determining whether a mark is distinctive and famous is the degree of inherent or acquired distinctiveness of the mark.⁴²

If distinctive and famous were interchangeable terms, the drafters could just as well have said that the use must cause a dilution of the “famous” quality of a mark. However, such a construction would be non-sensical. The quality of “fame” is not susceptible to dilution. Use by another of an identical mark would not cause the mark to be any less famous. However, it might affect the degree to which the mark could serve to distinguish the source of the goods or services with which the famous mark has been associated. Under this “common sense” approach, “distinctiveness” must be different from fame.

Moreover, § 1225(c)(1)(A) of the statute uses the word “distinctiveness” in the non-absolute trademark sense when it refers to “degree of inherent or acquired distinctiveness.” While this is not dispositive of the meaning of “distinctive” as used in other parts of the statute, it certainly shows that the drafters were aware of that relative sense and were using the term in a sense other than the absolute sense of having the capacity to designate the source of goods or services.

2. “Doubling”

In *The Language of the Law*, the text cited by McCarthy for the practice of using two synonymous terms for emphasis, David Mellinkoff reviews the historical English law practice of coupling an English word with that of its Norman French equivalent.⁴³ This occurred at a time of declining French usage and of bilingualism at the bar.⁴⁴ However, Mellinkoff notes that in 1650, the English Parliament passed an act requiring that all English laws be converted to the English tongue only.⁴⁵ Mellinkoff criticizes the remnants of the doubling tradition and decries its isolated survival.⁴⁶ There is no evidence that this historical practice has been followed in modern Federal statutes.

3. *The Trademark Revision Commission Report*

From 1985 to 1987, the Trademark Revision Commission of the United States Trademark Association⁴⁷ undertook a massive project to recommend major changes to the trademark sections of the Lanham Act.⁴⁸ Included among these recommendations was the adoption of a federal law providing for protection against the dilution of trademarks.⁴⁹ The Commission proposed precise language for adoption by Congress,⁵⁰ most, but not all, of which found its way into the FTDA as

⁴² *Id.* § 1125(c)(1)(A).

⁴³ DAVID MELLINKOFF, *THE LANGUAGE OF THE LAW* 121 (1963).

⁴⁴ *Id.*

⁴⁵ *Id.* at 126–27.

⁴⁶ *Id.* at 349–62 (entitled “Worthless Doubling”).

⁴⁷ Currently known as the International Trademark Association.

⁴⁸ Report, *supra* note 25, at 383–88.

⁴⁹ *Id.* at 454–56.

⁵⁰ *Id.* at 458–59.

adopted by Congress and signed into law. Among that language is the “distinctive and famous” requirement that has given rise to the differing interpretations of McCarthy and of Justice Leval of the Second Circuit.

A review of the Trademark Revision Commission Report does not support McCarthy’s contention that “distinctiveness” and “fame” are used interchangeably and that “distinctiveness” was inserted as “hyperbole.”⁵¹ The Commission Report more than once refers to the pair of words in constructions that signify that each of the terms has independent meaning: “both distinctive . . . and famous;”⁵² “enhanced distinctiveness and fame;”⁵³ “[b]oth factors have a bearing on the scope of protection from dilution;”⁵⁴ and, “both distinctiveness and fame.”⁵⁵ In fact, the Commission notes that *other sources* sometimes treat the two terms as synonymous.⁵⁶ The fact that nowhere does the Commission indicate that it shares this view is therefore significant.

Indeed, a Senior Advisor to the Commission, recognized in the Commission Report as a champion of the effective enforcement of the dilution laws,⁵⁷ has sought to reassure critics that protection is not available for all marks, but only for those that are “distinctive:”

Many courts and some commentators have indicated concern that an unlimited implementation of the dilution statutes will afford excessively broad protection. They have viewed with grave alarm the consequences of protecting the myriad commonplace, although valid, “Simplex” type marks from dilution by prohibiting their use on all except one merchant’s line of products. Such consequences are not reasonably expectable, however, even under a most liberal interpretation of the doctrine because all the dilution statutes protect only against “dilution of the *distinctive quality*” of a mark or name. Thus, a quality of distinctiveness is a condition precedent to dilution protection, and it is only that quality that is to be protected. A proper reading and comprehension of these simple statutes therefore discloses that they contain their own safeguards against wholesale application. They are limited internally not only to distinctive marks, but even further to that “quality” of such marks.⁵⁸

4. Conclusion

The Second Circuit’s analysis of the statutory language of the FTDA is careful and rigorous. It respects both the precision of language and the thoughtfulness of the drafters. It comports with canons of statutory construction and with the plain

⁵¹ McCarthy, *supra* note 6, § 24:91.1 at 24-164 and 24-165, 24-167; 24:91 at 24-163.

⁵² Report, *supra* note 25, at 459 (emphasis added).

⁵³ *Id.* at 460.

⁵⁴ *Id.* (emphasis added).

⁵⁵ *Id.* (emphasis added).

⁵⁶ *Id.* at 460 n. 145 (“Some courts equate fame with distinctiveness.”).

⁵⁷ *Id.* at 456.

⁵⁸ Beverley W. Pattishall, *The Dilution Rationale For Trademark–Trade Identity Protection, Its Progress and Prospects*, 71 NW. U. L. REV. 618, 627 (1976–77).

meaning of the statute. It is consistent with the Trademark Revision Commission Report. It gives effect to each part of the statutory language. It seems much the preferred of the two approaches.

B. Historical Perspective

It is generally acknowledged by McCarthy and others, advocates and critics of dilution theory alike, that Frank Schechter was the “father” of the dilution theory in the United States.⁵⁹ His seminal law review article⁶⁰ is frequently cited by courts and commentators on dilution theory. It is safe to assume that those with the keenest interest in the drafting and passage of the FTDA would have been familiar with that article and with the theory espoused by Schechter therein.

Schechter argued that the true function of the modern trademark is not to designate a particular known source, but “to identify a product as satisfactory and thereby to stimulate further purchases by the consuming public.”⁶¹

[T]oday the trademark is not merely the symbol of good will but often the most effective agent for the creation of good will, imprinting upon the public mind an anonymous and impersonal guaranty of satisfaction, creating a desire for further satisfactions. The mark actually *sells* the goods. And, self-evidently the more distinctive the mark, the more effective its selling power.⁶²

This reference to degrees of distinctiveness was neither inadvertent, nor careless. Rather, it is at the core of Schechter’s theory of dilution.

Schechter notes that, at the time of the article, use of similar marks on non-competing goods was more common than traditionally infringing uses.⁶³

The real injury in all such cases can only be gauged in the light of what has been said concerning the function of a trademark. It is the gradual

⁵⁹ McCarthy, *supra* note 6, § 24.67 at 24-128 (“The concept [of dilution] was first introduced into the United States in the 1920’s and 1930’s through the writings and congressional testimony of Frank Schechter.”); *Moseley v. V. Secret Catalogue, Inc.*, 537 U.S. 418, 429 (2003) (“The seminal discussion of dilution is found in Frank Schechter’s 1927 Law Review Article”); RESTATEMENT (THIRD) OF UNFAIR COMPETITION, § 25, comment b (1995); David S. Welkowitz, *Reexamining Trademark Dilution*, 44 VAND. L. REV. 531, 533 (April 1991) (“Frank Schechter’s 1927 article, *The Rational Basis of Trademark Protection*, was the birth of dilution as a recognized theory.”); Beverly W. Pattishall, *Dawning Acceptance of the Dilution Rationale for Trademark-Trade Identity Protection*, 74 TRADEMARK REP. 289 (1984); Kenneth L. Port, *The ‘Unnatural’ Expansion of Trademark Rights: Is a Federal Dilution Statute Necessary?* 18 SETON HALL LEGIS. J. 434, 437-38 (1994) (“Frank Schechter is generally given credit for raising the idea of dilution within the United States.”); Robert N. Klieger, *Trademark Dilution: The Whittling Away of the Rational Basis for Trademark Protection*, 58 U. PITT. L. REV. 789, 796 (Summer 1997) (“The ‘birth of dilution as a recognized theory’ is generally traced to Frank Schechter”).

⁶⁰ Schechter, *supra* note 2.

⁶¹ *Id.* at 818.

⁶² *Id.* at 819 (first emphasis in original and second emphasis added).

⁶³ *Id.* at 825.

whittling away or dispersion of the identity and hold upon the public mind of the mark or name by its use upon non-competing goods. The *more distinctive* or *unique* the mark, the deeper is its impress upon the public consciousness, and the greater its need for protection against vitiation or dissociation from the particular product in connection with which it has been used.⁶⁴

Schechter argues that descriptive terms that suggest merit or praise are not worthy of the same protection as marks which are arbitrary or inherently distinctive.⁶⁵ Schechter quotes approvingly the language of Second Circuit Judge Hough in a case dealing with the GOLD MEDAL mark:

The phrase "Gold Medal" is distinctly not in the same class of original, arbitrary, or fanciful words as "Kodak" and "Aunt Jemima." It is a laudatory phrase, suggestive of merit, recognized by some organization of authority awarding a prize. It is only allied to some particular business or person by insistent, persistent advertising . . . there is nothing original about the name per se; it is exactly like the phrase "Blue Ribbon," and has been as extensively and variously applied. One who devises a new, strange, "catching" word to describe his wares may and often has by timely suit prevented others from taking his word or set of words to gild the repute of even wholly different goods . . . ; but one who takes a phrase like "Blue Ribbon" or "Gold Medal" must be content with that special field which he labels with so undistinctive a name.⁶⁶

Schechter argues that "arbitrary, coined or fanciful names should be given a broader degree of protection than symbols, words or phrases, in common use . . ."⁶⁷ Marks such as BLUE RIBBON, STAR, ANCHOR, BULL DOG, and UNIVERSAL, which have "very little distinctiveness in the public mind," should receive little protection relative to that which should be accorded to fanciful or arbitrary marks.⁶⁸ In contrast, strongly distinctive marks should be protected from dilution:

"Rolls-Royce," "Aunt Jemima's," "Kodak," "Mazda," "Corona," "Nujol," and "Blue Goose," are coined, arbitrary or fanciful words or phrases that have been added to rather than withdrawn from the human vocabulary by their owners, and have, from the very beginning, been associated in the public mind with a particular product, not with a variety of products, and have created in the public consciousness an impression or symbol of the excellence of the particular product in question. Should the rule, still broadly enunciated by the Supreme Court, that a trademark may be used on different classes of goods, be literally adhered to, there is not a single one

⁶⁴ *Id.* (emphasis added).

⁶⁵ *Id.* at 825–30.

⁶⁶ *Id.* at 827 (footnote omitted) (quoting *France Milling Co. v. Washburn-Crosby Co.*, 7 F.2d 304, 306 (2d Cir. 1925)).

⁶⁷ *Id.* at 828.

⁶⁸ *Id.* at 828–29.

of these fanciful marks which will not, if used on different classes of goods, or to advertise different services, gradually but surely lose its effectiveness and unique distinctiveness in the same way as has “Star,” “Blue Ribbon,” or “Gold Medal.” If “Kodak” may be used for bath tubs and cakes, “Mazda” for cameras and shoes, or “Ritz-Carlton” for coffee, these marks must inevitably be lost in the commonplace words of the language, despite the originality and ingenuity in their contrivance, and the vast expenditures in advertising them which the courts concede should be protected to the same extent as plant and machinery.⁶⁹

Schechter ultimately identifies his principles of protection for the modern trademark:

From the necessities of modern trademark protection mentioned above, on the one hand, and from the decisions emphasizing the greater degree of protection to be given to coined, rather than to commonplace marks, the following principles necessarily emerge: (1) that the value of the modern trademark lies in its selling power; (2) that this selling power depends for its psychological hold upon the public, not merely upon the merit of the goods upon which it is used, but equally upon its own uniqueness and singularity; (3) that such uniqueness or singularity is vitiated or impaired by its use upon either related or non-related goods; and (4) that the degree of its protection depends in turn upon the extent to which, through the efforts or ingenuity of its owner, it is actually unique and different from other marks.⁷⁰

Schechter advocates protection not for “famous” trademarks, but for marks that are highly distinctive and strong. His entire discussion of protection from dilution is based on degrees of distinctiveness. The analysis of the Second Circuit is very close to that of Frank Schechter.

C. Case Law

1. Circuit Courts of Appeal

As noted in Section I *supra*, the Second Circuit found that “distinctive” and “famous” were separate requirements under the FTDA,⁷¹ while the Third circuit held that “fame” and “distinctiveness” are one and the same.⁷² The Seventh Circuit has not directly decided this question, although it has stated that “[t]he strongest

⁶⁹ *Id.* at 829–30 (footnotes omitted).

⁷⁰ *Id.* at 830–31.

⁷¹ *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 215 (2d Cir. 1999).

⁷² *Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C.*, 212 F.3d 157, 166–67 (3d Cir. 2000).

protection is reserved for fanciful marks that are purely the product of imagination and have no logical association with the product.”⁷³ Other circuit courts have yet to confront the issue of the meaning of “famous” and “distinctive.”

McCarthy argued that the Ninth Circuit disagreed with the Second Circuit when the Ninth Circuit opined that “a mark that is non-inherently distinctive can nonetheless become famous.”⁷⁴ As previously discussed, the Second Circuit has expressly stated that “acquired distinctiveness” is relevant to the requirement of fame, while “inherent distinctiveness” is relevant to the requirement of “distinctiveness.”⁷⁵ The Ninth Circuit decision cited by McCarthy, *Thane International, Inc. v. Trek Bicycle Corp.*,⁷⁶ is entirely consistent with this view. *Thane* cites the Second Circuit’s *Nabisco*⁷⁷ decision four times⁷⁸ and its *TCPIP Holding*⁷⁹ decision five times,⁸⁰ all approvingly. No Third Circuit decisions are cited.

2. The Supreme Court

While it is true, as McCarthy points out, that the Supreme Court did not hold that “distinctive” and “famous” were separate requirements, its opinion in the *Victoria’s Secret*⁸¹ case clearly suggests how they will decide that issue should it be put to them directly.

The Supreme Court’s reference to the separate requirements of “distinctiveness” and “fame” was more than “in passing.” The Court’s footnote, cited by McCarthy, was to the following passage:

“In a case decided shortly after the entry of the District Court’s judgment in this case, the Sixth Circuit had adopted the standards for determining dilution under the FTDA that were enunciated by the Second Circuit in *Nabisco, Inc. v. P.F. Brands, Inc.*, 191 F.3d 208 (1999). See *Kellogg Co. v. Exxon Corp.*, 209 F.3d 562 (C.A. 6th 2000). In order to apply those standards it was necessary to discuss . . . whether respondents’ mark is ‘distinctive.’ . . .”⁸²

The Supreme Court’s footnote to this passage stated:

“It is quite clear that the statute intends distinctiveness, in addition to fame, as an essential element. The operative language defining the tort requires that ‘the [junior] person’s . . . use . . . caus[e] dilution of the distinctive quality of the [senior] mark.’ 15 U.S.C. § 1125(c)(1). There can

⁷³ *Eli Lilly & Co. v. Natural Answers, Inc.*, 233 F.3d 456, 466 (7th Cir. 2000).

⁷⁴ MCCARTHY, *supra* note 6, § 24:91.2 at 24-168.

⁷⁵ See *supra* Section I.B.

⁷⁶ 305 F.3d 894 (9th Cir. 2002).

⁷⁷ *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 215 (2d Cir. 1999).

⁷⁸ 305 F.3d at 905 (twice), at 906, and at 906, n. 7.

⁷⁹ *TCPIP Holding Co., v. Haar Communications, Inc.* 244 F.3d 88 (2d Cir. 2001).

⁸⁰ 305 F.3d at 906, at 910 (three times), and at 912.

⁸¹ *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003).

⁸² *Id.* at 425–26 (2003) (footnote omitted).

be no dilution of a mark’s distinctive quality unless the mark is distinctive.”
Nabisco, Inc. v. PF Brands, Inc., 191 F3d 208, 216 (C.A.2 1999).⁸³

This portion of the opinion was joined unanimously by the court.⁸⁴

Moreover, the Supreme Court cited *Schechter*, stating that “the principal focus of the *Schechter* article[] involved an established arbitrary mark that had been ‘added to rather than withdrawn from the human vocabulary’”⁸⁵ The Supreme Court then appended an extended tenth footnote quoting *Schechter*’s distinction between inherently weak and inherently strong marks:

Schechter discussed this distinction at length: “The rule that arbitrary, coined or fanciful marks or names should be given a much broader degree of protection than symbols, words or phrases in common use would appear to be entirely sound. Such trademarks or tradenames as “Blue Ribbon,” used, with or without registration, for all kinds of commodities or services, more than sixty times; “Simplex” more than sixty times; “Star,” as far back as 1898, nearly four hundred times; “Anchor,” already registered over one hundred fifty times in 1898; “Bull Dog,” over one hundred times by 1923; “Gold Medal,” sixty-five times; “3-in-1” and “2-in-1,” seventy-nine times; “Nox-all,” fifty times; “Universal,” over thirty times; “Lily White” over twenty times;—all these marks and names have, at this late date, very little distinctiveness in the public mind, and in most cases suggest merit, prominence or other qualities of goods or services in general, rather than the fact that the product or service, in connection with which the mark or name is used, emanates from a particular source. On the other hand, “Rolls-Royce,” “Aunt Jemima’s,” “Kodak,” “Mazda,” “Corona,” “Nujol,” and “Blue Goose,” are coined, arbitrary or fanciful words or phrases that have been added to rather than withdrawn from the human vocabulary by their owners, and have, from the very beginning, been associated in the public mind with a particular product, not with a variety of products, and have created in the public consciousness an impression or symbol of the excellence of the particular product in question.”⁸⁶

The Supreme Court seems to be of the unanimous view that the requirement of “distinctiveness” is a separate requirement under the FTDA and that it deals with the relative distinctiveness of a mark, from weak to strong, rather than the absolute quality of distinctiveness which determines whether a mark can achieve trademark status. While clearly not a holding, it seems that the Supreme Court sanctions the Second Circuit view that the FTDA requires proof of both “fame” and “distinctiveness.”

⁸³ *Id.* at 426, n. 5.

⁸⁴ *Id.* at 419–20.

⁸⁵ *Id.* at 429 (footnote omitted).

⁸⁶ *Id.* at 429 n. 10 (footnote omitted).

III. CONCLUSION

McCarthy's position that "distinctiveness" and "fame" are synonymous terms does not square with the plain language of the statute and with the way that the terms are used in the Trademark Law Revision Commission Report. The Second Circuit's view treats the statutory language respectfully and fully reflects the concepts expressed in Frank Schechter's pioneering work. And while the Supreme Court has yet to completely weigh in on this disagreement, its thumb is already on Justice Leval's side of the scales. The FTDA appears to require proof of both fame and distinctiveness.