

NOTE

CAUGHT IN A CORPORATE PANTY RAID: *MOSELEY V. V SECRET CATALOGUE, INC.**

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I. INTRODUCTION

"A fight has broken out in the underwear business, and now it's going all the way to the Supreme Court."¹ A media gem, the dispute between Victoria's Secret and Victor Moseley, owner of Victor's Little Secret, captured headlines around the country.² Even fashion magazines jumped on the bandwagon, featuring *legal* articles alongside the latest trends.³

The issue is trademark dilution, the harm a famous trademark suffers when its distinctiveness is eroded in the eyes of the public.⁴ Before the Sixth Circuit, Victoria's Secret argued that its famous mark, "Victoria's Secret," had been diluted by

1. Interview of Victor Moseley by Matt Lauer, *The Today Show* (NBC News television broadcast, Apr. 17, 2002).

2. See, e.g., Associated Press, *Supreme Court to Hear Case of Lingerie vs. Sex Toys*, http://abclocal.go.com/ktrk/news/111102_sn_victor.html (Nov. 11, 2002) (previewing Victoria's Secret's and the Moseleys' oral arguments before the Supreme Court); Dahlia Lithwick, *Thong of the South: How a Kentucky Smut Shop Put the Starch in Victoria's Secret's Shorts*, *Slate*, at <http://slate.msn.com/?id=2073884> (Nov. 12, 2002) (offering a humorous review of the parties' November 12, 2002, oral arguments); Jeff Smyth, *Shop Owner Has Put Corporation's Underwear in a Bind*, *S. ILLINOISAN*, Nov. 24, 2002, <http://www.southernillinoisan.com/rednews/2002/11/24/build/business/BUS003.html> (suggesting that "Victor Moseley has become a burr in the britches of lingerie peddler Victoria's Secret").

3. See, e.g., *Victoria's Little Secret*, *Vogue.com* (U.K.), at http://www.vogue.co.uk/vogue_daily/story/story.asp?stid=7653 (last modified Nov. 13, 2002) (giving a brief summary of the trademark dispute before the Supreme Court).

4. Michelle L. Crawford, *Uncharted Territory: How the United States Patent and Trademark Office Should Rule on the Federal Dilution Statute*, 11 *FED. CIR. B.J.* 953, 959–62 (2002).

Kentucky lingerie store owner, Victor Moseley, and his inventory of less-classy unmentionables at “Victor’s Little Secret.”⁵ Holding for Victoria’s Secret, the Sixth Circuit opted for a “likelihood of harm” standard, requiring the lingerie giant to show only that it was *likely* to be harmed by the Moseleys’ shop, not that actual harm had occurred.⁶ This unfortunate resolution, though delighting owners of famous trademarks who could then hoard brand names from those less powerful, was the antithesis of the Federal Trademark Dilution Act’s intended meaning.⁷ Months later, the U.S. Supreme Court overturned the Sixth Circuit when it held that the Act was “unambiguous” in requiring “actual harm.”⁸

This Note will argue that the Supreme Court correctly held that a showing of “actual harm” is necessary for a successful dilution claim. The text will also explore the question the Supreme Court left unanswered—what *is* “actual harm”? In Part II, this Note describes the factual background and the district, circuit, and Supreme Court holdings of *Moseley v. V Secret Catalogue*. Part III.B offers an overview of trademarks, trademark dilution, and the Federal Trademark Dilution Act. Part III.C examines in detail the Sixth Circuit’s *V Secret* opinion, explaining its modes of analysis and ultimate holding. Part III.D unravels the Supreme Court’s resolution of the longstanding dispute of “actual harm” versus “likelihood of harm.” This section first examines Justice Stevens’s majority opinion, then follows with an analysis of congressional intent when enacting the Federal Trademark Dilution Act, and ends with a review of Justice Kennedy’s curious “concurrence.” Part III.E dissects the hole left by Justice Stevens’s majority opinion—if the standard is “actual harm,” what does this mean? Part IV concludes that the Supreme Court, while ending the circuit battle between “actual” and “likely” harm, at the same time left many questions unanswered.

5. See Gail Gibson, *A Case of Victor vs. Victoria*, BALTIMORE SUN, May 6, 2002, at 2A (comparing Victoria’s Secret with Victor’s Little Secret, and noting that, at Victor’s, “[t]here are no super models with angel wings[, n]o plush pink carpet or pricey, diamond-encrusted Miracle Bras. . . . [but] you can find a wide selection of . . . nurse and schoolgirl costumes, even feather boas, wigs and body butter”).

6. *V Secret Catalogue, Inc. v. Moseley*, 259 F.3d 464, 476–77 (6th Cir. 2001), *rev’d*, 123 S. Ct. 1115 (2003).

7. Refer to Part III.B.2 *infra* (explaining the Federal Trademark Dilution Act in the context of its plain meaning).

8. *Moseley v. V Secret Catalogue*, 123 S. Ct. 1115, 1122, 1124 (2003).

II. CASE RECITATION

A. *Factual Background*

Victoria's Secret sells women's lingerie, clothing, and accessories through its 750 stores, annual distribution of 400 million catalogs, and the Victoria's Secret Web site.⁹ In 1998, Victoria's Secret spent more than \$55 million on product advertising, and one survey ranked it as the "ninth most famous brand in the apparel industry."¹⁰

V Secret Catalogue, Inc. registered the "Victoria's Secret" mark with the United States Patent and Trademark Office on January 20, 1981.¹¹ V Secret Catalogue licenses the use of its mark to Victoria's Secret Catalogue, Inc., and Victoria's Secret Stores, Inc.¹² This Note will collectively refer to these three entities as "Victoria's Secret."¹³

In 1998, Victor and Cathy Moseley opened "Victor's Secret," a store selling "men's and women's lingerie, adult videos, sex toys and 'adult novelties.'"¹⁴ Victor's Secret is located in Elizabethtown, Kentucky, sixty miles from Louisville, where Victoria's Secret has had two stores for close to twenty years.¹⁵ Annually, Victoria's Secret distributes 39,000 catalogs in Elizabethtown.¹⁶ Victor and Cathy Moseley stated that they were not aware of either Victoria's Secret's stores or catalogs until receiving a cease-and-desist letter from the company on February 25, 1998, demanding that the couple discontinue use of the name "Victor's Secret."¹⁷ Following receipt of the letter, the Moseleys changed the name of their store to "Victor's Little Secret."¹⁸

9. *V Secret*, 259 F.3d at 466. For a sample of Victoria's Secret merchandise, visit <http://www.victoriasecret.com>.

10. *V Secret*, 259 F.3d at 466.

11. *Id.*

12. *Id.*

13. *See id.* (suggesting the use of "Victoria's Secret" to refer to all plaintiffs).

14. *Id.*; *see also* Deposition of Victor Moseley Taken by the Plaintiff, Oct. 29, 1998, reprinted in Joint Appendix, Petitioners' Brief on the Merits at 46a, *Moseley v. V Secret Catalogue*, 123 S. Ct. 1115 (2003) (No. 01-1015) (explaining that Victor's Little Secret sold "lingerie, men's thongs, . . . lycra dresses, weightlifter gloves, T-shirts, novelty T-shirts, leather chaps, and leather outfits"), available at 2002 WL 32102974.

15. *V Secret*, 259 F.3d at 466. The Louisville stores opened on November 16, 1982, and April 24, 1985. *Id.*

16. *Id.*

17. *Id.* at 466-67. The Moseleys had opened their store only one month earlier, in mid-January 1998. Deposition of Victor Moseley, *supra* note 14, at 40a-41a.

18. *V Secret*, 259 F.3d at 467.

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B. United States District Court for the Western District of Kentucky

Considering the addition of “Little” to the Victor’s Secret name an insufficient remedy, Victoria’s Secret filed suit against the Moseleys in the United States District Court for the Western District of Kentucky, alleging a violation of the Federal Trademark Dilution Act (FTDA).¹⁹ The FTDA creates an injunctive remedy for owners of famous marks when another’s actions dilute the mark’s distinctive quality.²⁰ The district court noted that “dilution can occur even where the products are not in competition and no likelihood of confusion is possible.”²¹ Following guidelines set forth in *Panavision International, L.P. v. Toeppen*,²² the district court interpreted the FTDA to require a plaintiff to show that (1) “its mark is famous,” (2) “the defendant is making a commercial use of its mark in commerce,” (3) “the defendant’s use of its mark came after the plaintiff’s mark became famous,” and (4) “the defendant’s use of its mark dilutes the quality of plaintiff’s mark.”²³ The court found elements one, two, and three in favor of Victoria’s Secret, and thus based its holding on analysis of the fourth element—whether use of the Victor’s Little Secret mark diluted the Victoria’s Secret mark.²⁴ The court granted summary judgment to Victoria’s Secret based on its opinion that the marks are “sufficiently similar to cause dilution by blurring,” and that the

19. *Id.* Additional claims against the Moseleys included federal trademark infringement, federal unfair competition (§ 43(a) of the Lanham Trademark Act), and common law trademark infringement and unfair competition. *Id.* None of these additional claims was before the Sixth Circuit on appeal; the district court granted summary judgment to the Moseleys for the federal trademark infringement claim on insufficient evidence grounds. *Id.* The district court opinion is available at *V Secret Catalogue, Inc. v. Moseley*, 54 U.S.P.Q.2d (BNA) 1092 (W.D. Ky. 2000).

20. Refer to Part III.B.2 *infra* (discussing the Federal Trademark Dilution Act).

21. *V Secret*, 259 F.3d at 467.

22. 141 F.3d 1316 (9th Cir. 1998).

23. *V Secret*, 259 F.3d at 467 (quoting *Panavision*, 141 F.3d at 1324). In *Panavision*, defendant Toeppen made a business of registering famous trademarks as domain names and then selling them to the proper trademark owners for several thousand dollars each. 141 F.3d at 1319, 1325. The court found that his registration of panavision.com was commercial use of the famous Panavision mark, and that this use diluted the mark because of both the customers’ potential “anger, frustration or . . . belief that [Panavision’s] home page does not exist” and the possible damage to Panavision’s reputation. *Id.* at 1327 (quoting *Jews for Jesus v. Brodsky*, 993 F. Supp. 282, 306–07 (D.N.J. 1998)).

24. *V Secret*, 259 F.3d at 467. For an in-depth explanation of dilution, refer to Part III.B *infra*.

Victor's Secret mark "had a tarnishing effect upon the Victoria's Secret mark."²⁵

The district court enjoined the Moseleys from using the name "Victor's Little Secret"; the Moseleys renamed their store "Cathy's Little Secret," with no objection from Victoria's Secret.²⁶

C. Court of Appeals for the Sixth Circuit

In objection to the district court's grant of summary judgment to Victoria's Secret, the Moseleys appealed to the Sixth Circuit.²⁷ On appeal, the court used a two-part analysis, first determining whether the Victoria's Secret mark qualified for a dilution claim under the FTDA, and then addressing whether a proper dilution analysis requires proof of actual harm to the senior mark, or whether, as suggested by the district court, an inference or likelihood of harm is sufficient.²⁸

First, the Sixth Circuit determined the appropriate dilution standard by revisiting the district court's analysis.²⁹ The court found the five-factor *Nabisco* test³⁰ to be more accurate than the four-factor *Panavision* test used by the district court, due to *Nabisco's* requirement that a mark be not only famous, but also distinctive.³¹

After qualifying Victoria's Secret's mark as distinctive, the Sixth Circuit continued its dilution analysis by attacking a "crucial element" that, until the Supreme Court stepped in, was the subject of a split among the circuits: "whether a plaintiff must prove *actual, present* injury to its mark to state a federal

25. *V Secret*, 259 F.3d at 467. Regarding blurring, defined in Part III.B.2 *infra*, the court concluded that the two marks' words were nearly identical and that including "Little" . . . in smaller font above the original 'Victor's Secret' logo . . . did little to lessen their similarity." *Id.* The court noted that tarnishing occurred because "included in the inventory sold by the Moseleys, in addition to lingerie, are adult videos as well as sex toys and other 'adult novelties.'" *Id.* (quotation marks omitted).

26. *Id.* at 467-68.

27. *Id.*

28. *Id.* at 468-77.

29. Refer to note 22 *supra* and accompanying text (explaining the district court's reliance on the four *Panavision* dilution factors).

30. Refer to notes 68-69 *infra* and accompanying text (describing the five-factor test formulated in *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208 (2d Cir. 1999)). The court also referred to the test as the "*Kellogg/Nabisco*" test because the Sixth Circuit first adopted *Nabisco's* guidelines in *Kellogg Co. v. Exxon Corp.*, 209 F.3d 562 (6th Cir. 2000), a few months before *V Secret*. 259 F.3d at 468. In *Kellogg*, Kellogg Co. sued Exxon, claiming that Exxon's cartoon "Whimsical Tiger" trademark infringed and diluted Kellogg's cartoon "Tony the Tiger" mark, among other charges. 209 F.3d at 564-65.

31. *V Secret*, 259 F.3d at 469 (noting that "[t]he two tests are substantially similar," and that distinctiveness is the only "material difference" between them).

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dilution claim.³² The court reviewed the *Ringling Bros.* Fourth Circuit requirement of “actual harm”³³ and the *Nabisco* Second Circuit requirement of an “inference of likely harm,”³⁴ and determined that the *Nabisco* inquiry presented the proper standard.³⁵ After applying *Nabisco* to the facts of the case, the Sixth Circuit upheld the district court’s grant of summary judgment to Victoria’s Secret for trademark dilution on the grounds that the Victor’s Secret mark both tarnished and blurred the Victoria’s Secret mark.³⁶

D. United States Supreme Court: Majority Opinion

In a short and direct opinion, Justice Stevens wrote these words, agreed upon by a unanimous Court: The FTDA “*unambiguously* requires a showing of actual dilution, rather than a likelihood of dilution.”³⁷ In reversing the Sixth Circuit, the Court placed most of its emphasis on the text of the FTDA, noting that the *Ringling* analysis was more representative than *Nabisco*’s of the intent behind the FTDA language.³⁸

E. United States Supreme Court: Justice Kennedy’s Concurrence

Justice Kennedy began by “agree[ing] with the Court that the evidentiary showing required by the statute can be clarified on remand.”³⁹ In substance, however, though appearing to “join the opinion of the Court,” Justice Kennedy’s “concurrence” uses language that mimics the likelihood of harm standard, nearly opposing the position taken by Justice Stevens in the majority opinion.⁴⁰

32. *Id.* at 471 (emphasis added).

33. *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 170 F.3d 449, 453 (4th Cir. 1999). Refer to notes 86–110 *infra* and accompanying text for a detailed analysis of the *Ringling* test.

34. *Nabisco*, 191 F.3d at 215. Refer to notes 111–32 *infra* and accompanying text for a detailed analysis of the *Nabisco* test.

35. *V Secret*, 259 F.3d at 472–76.

36. *Id.* at 477 (“This, then, is a classic instance of dilution by tarnishing (associating the Victoria’s Secret name with sex toys and lewd coffee mugs) and by blurring (linking the chain with a single, unauthorized establishment).”). For an explanation of tarnishing and blurring, refer to Part III.B.2 *infra*.

37. *Moseley v. V Secret Catalogue*, 123 S. Ct. 1115, 1124 (2003) (emphasis added).

38. *See id.* (noting that “actual harm” need not be proven by evidence of “actual loss of sales or profits,” and that “[t]o the extent that language in [*Ringling*] suggests otherwise, we disagree” (citation omitted)).

39. *Id.* at 1125 (Kennedy, J., concurring).

40. *See id.* at 1125–26 (Kennedy, J., concurring). For further analysis of Justice Kennedy’s concurrence, refer to Part III.D.3 *infra*.

III. ANALYSIS

A. Overview

In his opinion, Justice Stevens first recounted the history and theory of trademark dilution law, then briefly discussed the *Nabisco* and *Ringling* opinions fueling the *Moseley* controversy, and finally ended his analysis with the conclusion that proof of actual harm is required for a successful dilution claim.⁴¹ Following the outline presented by Justice Stevens, this Note will explore, in greater detail than did the Court, trademark dilution history, the circuit split addressed by the Sixth Circuit and later resolved by the Supreme Court, and additional circuit courts that contemplated the “actual” versus “likelihood” of harm standards preceding *Moseley*.

B. Trademark Dilution and the Federal Trademark Dilution Act

1. *What Is Trademark Dilution?* A “trademark” is “any word, name, symbol, or device, or any combination thereof . . . used by a person,” or “which a person has a bona fide intention to use in commerce . . . 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.”⁴² Scholars attribute the concept of trademark dilution within the United States to a 1927 *Harvard Law Review* article by Frank I. Schechter.⁴³ Schechter proposed that the true value of a trademark is its selling power, “partially based upon a mark’s own ‘uniqueness and singularity’ in the marketplace.”⁴⁴ This uniqueness and singularity could thus be diluted by another entity’s use of a same or similar mark, even on noncompeting goods.⁴⁵ As one author explained, “[c]onsumers may still be duped into believing that goods bearing the same mark are of similar quality; to the extent that a junior user’s

41. See generally *Moseley*, 123 S. Ct. at 1115–25.

42. 15 U.S.C. § 1127 (2000).

43. Patrick M. Bible, *Defining and Quantifying Dilution Under the Federal Trademark Dilution Act of 1995: Using Survey Evidence to Show Actual Dilution*, 70 U. COLO. L. REV. 295, 297 (1999) (noting, in addition, that the concept of dilution “originated in the German and English courts”).

44. *Id.* (quoting Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 831 (1927)).

45. See *id.* (explaining that “Schechter’s primary concern was how a mark used by a vendor of a non-competing product could devalue an original mark’s selling power”).

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goods fall below that expectation of quality, the reputation of the senior user is impaired.”⁴⁶ The “reputations” of senior marks that Schechter sought to protect were only those of highly distinctive quality.⁴⁷

The United States Congress passed the “first substantive federal law of trademarks” in 1946 with its adoption of the Lanham Act.⁴⁸ The Lanham Act provides a civil action against one who uses a trademark in commerce in connection with goods or services, if that use creates a false representation of either the product’s origin or a fact about the product.⁴⁹ If this false representation is likely to cause confusion or mistake, or to deceive consumers in regard to the mark, the second user “shall

46. Robert N. Klieger, *Trademark Dilution: The Whittling Away of the Rational Basis for Trademark Protection*, 58 U. PITT. L. REV. 789, 803 (1997). A “senior” user is a first user; a “junior” user is a second user. See BLACK’S LAW DICTIONARY 816 (7th ed. 1999) (defining a “junior interest” as “[a]n interest that is subordinate to a senior interest”).

47. Klieger, *supra* note 46, at 804–05. Klieger explained that Schechter’s proposed protections extended only so far as “coined, arbitrary or fanciful words or phrases that have been added to rather than withdrawn from the human vocabulary by their owners.” *Id.* at 805 (quoting Schechter, *supra* note 44, at 829). Klieger further quoted Schechter as follows: “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” *Id.* at 806 (quoting Schechter, *supra* note 44, at 830).

48. *Id.* at 833. However, the history of federal trademark protection dates back to an act passed by Congress in 1870, but that was found unconstitutional by the Supreme Court in 1879. 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 5:3, at 5-6 to 5-6.1 (4th ed. 2003). From 1879 to 1881, no federal trademark law existed; in 1881, a new federal statute allowed for registration of marks “used in commerce with foreign nations and the Indian tribes, but did not include interstate commerce. For twenty-four years American business chafed under the totally inadequate provisions of the 1881 Act.” *Id.* at 5-7 to 5-8. In 1905, Congress passed “the first ‘modern’ federal trademark registration statute,” but “only purely fanciful and arbitrary, not descriptive, marks could be registered.” *Id.* at 5-8.

49. 15 U.S.C. § 1125(a)(1) (2000). Section 1125(a)(1) reads as follows:

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person’s goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

Id.

be liable . . . [to] any person who believes that he or she is or is likely to be damaged by such act.”⁵⁰

Massachusetts was the first state to adopt a cause of action for trademark dilution, requiring in its 1947 statute “[l]ikelihood of injury to business reputation or of dilution of the distinctive quality of a trade name or trade-mark . . . notwithstanding the absence of . . . confusion as to the source of goods or services.”⁵¹ Since that time and prior to passage of the Federal Trademark Dilution Act, at least twenty-eight states fashioned their own civil antidilution statutes, most requiring only a showing of a “likelihood of dilution” of the senior mark.⁵² A national standard emerged in 1996 with the introduction of the Federal Trademark Dilution Act.

2. *The Federal Trademark Dilution Act.* Though Schechter introduced the concept of trademark dilution to the American legal system, federal trademark law adopted its own definition nearly fifty years later when President Clinton signed into law the Federal Trademark Dilution Act on January 16, 1996.⁵³ The

50. *Id.*

51. Bible, *supra* note 43, at 300 (alterations in original) (quoting Patrick H. Harrington, Jr., Comment, *Governmental Regulation of Business—Unfair Competition—Trade Name Legislation*, 27 B.U. L. REV. 489, 489 (1947) (quoting MASS. GEN. LAWS ch. 110, § 7A (1947))).

52. Daniel H. Lee, Comment, *Remedying Past and Future Harm: Reconciling Conflicting Circuit Court Decisions Under the Federal Trademark Dilution Act*, 29 PEPP. L. REV. 689, 700 & n.94 (2002) (listing as examples of state antidilution laws specific statute citations for Alabama, Arkansas, California, Connecticut, Delaware, Florida, Georgia, Idaho, Illinois, Iowa, Louisiana, Maine, Massachusetts, Minnesota, Missouri, Montana, Nebraska, New Hampshire, New Jersey, New Mexico, New York, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, and Washington).

53. Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, 109 Stat. 985 (1996) (codified at 15 U.S.C. §§ 1125(c), 1127 (2000)). Relevant text of the FTDA reads as follows:

(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 of the distinctive quality of the mark

. . . .

(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.

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FTDA, an amendment to the Lanham Act, defines “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.”⁵⁴

“Blurring” and “tarnishment” are the two most recognized forms of dilution.⁵⁵ Blurring occurs when a mark loses some of its selling power because “a noncompetitor uses the same or a similar mark in conjunction with an unrelated product,” thereby causing consumers to associate the mark with more than one product.⁵⁶ This multiple association effect causes the distinctive nature of a particular mark to blur among products.⁵⁷ For example, if the name “Exxon” was used to sell not only gas but also soup, sofas, and crystal, hearing the word “Exxon” would

15 U.S.C. § 1125(c)(1), (c)(4). As explained in Part III.D *infra*, it is this text that the Supreme Court believes “unambiguously requires a showing of actual dilution.” *Moseley v. V Secret Catalogue, Inc.*, 123 S. Ct. 1115, 1124 (2003).

54. 15 U.S.C. § 1127; *see also* *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 903 (9th Cir. 2002) (“Tylenol snowboards, Netscape sex shops and Harry Potter dry cleaners would all weaken the ‘commercial magnetism’ of these marks and diminish their ability to evoke their original associations.”); Jerre B. Swann, Sr., *Dilution Redefined for the Year 2000*, 37 HOUS. L. REV. 729, 732 (2000). As an example of Schechter’s influence on the Federal Trademark Dilution Act, Swann noted that Schechter

expressed what is now generally regarded among intellectual property practitioners as tribal wisdom:

“If the owner of KODAK should permit its use by others on washing powders, shoes, candy bars, or cosmetics, or if The Coca-Cola Company should permit COCA-COLA or COKE to be used for rain coats, cigarette lighters, golf balls, or jewelry not of its manufacture, it would not take long for even these giants in the trademark world to be reduced to pigmy size.”

Id. (quoting *Amstar Corp. v. Domino’s Pizza, Inc.*, 615 F.2d 252, 259 (5th Cir. 1980)).

55. *Ty Inc. v. Perryman*, 306 F.3d 509, 511–12 (7th Cir. 2002). The court also noted, however, that “a few cases suggest that the concept of dilution is not exhausted by blurring and tarnishment.” *Id.* at 512.

56. Recent Cases, *Trademark Law—Federal Trademark Dilution Act—Sixth Circuit Holds that Plaintiffs Need Not Show Actual Harm to Prove Dilution—V Secret Catalogue, Inc. v. Moseley*, 259 F.3d 464 (6th Cir. 2001), 115 HARV. L. REV. 731, 734 (2001). The *Ty* court offered the following example of blurring:

Suppose an upscale restaurant calls itself “Tiffany.” There is little danger that the consuming public will think it’s dealing with a branch of the Tiffany jewelry store if it patronizes this restaurant. But when consumers next see the name “Tiffany” they may think about both the restaurant and the jewelry store, and if so the efficacy of the name as an identifier of the store will be diminished. Consumers will have to think harder—incur as it were a higher imagination cost—to recognize the name as the name of the store.

306 F.3d at 511.

57. *See Ty*, 306 F.3d at 511 (explaining a hypothetical blurring of the “Tiffany” mark).

conjure images of more than one particular product, blurring the word's meaning. A mark is tarnished when "a noncompetitor uses the same or a similar mark to advertise an inferior or offensive product," causing an association between the senior mark and "low-quality or offensive goods or services," resulting in diminished selling power.⁵⁸ Both blurring and tarnishment were considered by the Sixth Circuit in *V Secret Catalogue*.⁵⁹

Legislative history offers a glimpse into lawmakers' goals when scripting the FTDA. Among concerns that legislators sought to alleviate with the new Act was the "patchwork system" of incongruent state antidilution statutes.⁶⁰ These statutes "made it difficult for companies to implement national brand management strategies and encouraged forum shopping for those state courts which offered the broadest protection."⁶¹ Lawmakers anticipated that the new law would "bring uniformity and consistency to the protection of famous marks."⁶²

58. Recent Cases, *supra* note 56, at 734. In regard to tarnishment, the *Ty* court explained:

Suppose an upscale restaurant calls itself "Tiffany."

Now suppose that the "restaurant" is actually a striptease joint. . . . [C]onsumers will not think the striptease joint under common ownership with the jewelry store. But because of the inveterate tendency of the human mind to proceed by association, every time they think of the word "Tiffany" their image of the fancy jewelry store will be tarnished by the association of the word with the strip joint.

306 F.3d at 511.

59. See *V Secret Catalogue, Inc. v. Moseley*, 259 F.3d 464, 477 (2001) (concluding that both blurring and tarnishment resulted from use of the name Victor's Little Secret), *rev'd*, 123 S. Ct. 1115 (2003).

60. Bible, *supra* note 43, at 302–03. Refer to note 52 *supra* for a list of states with individual antidilution statutes.

61. Bible, *supra* note 43, at 302–03 (referring to 141 CONG. REC. H14318 (daily ed. Dec. 12, 1995)).

62. Megan E. Gray, *Defending Against a Dilution Claim: A Practitioner's Guide*, 4 TEX. INTELL. PROP. L.J. 205, 232 app. B (1996) (quoting H.R. REP. NO. 104-374, at 3 (1995), *reprinted in* 1996 U.S.C.C.A.N. 1029, 1030). An excerpt from comments of the legislature reads as follows:

The purpose of H.R. 1295 is to protect famous trademarks from subsequent uses that blur the distinctiveness of the mark or tarnish or disparage it, even in the absence of a likelihood of confusion. H.R. 1295 does this by amending Section 43 of the Trademark Act of 1946 to add a new subsection (c) to provide protection against another's commercial use of a famous mark which results in dilution of such mark. Presently, the nature and extent of the remedies against trademark dilution varies from state to state and, therefore, can provide unpredictable and inadequate results for the trademark owner. The federal remedy provided in H.R. 1295 against trademark dilution will bring uniformity and consistency to the protection of famous marks and is also consistent with our international obligations in the trademark area.

H.R. REP. NO. 104-374, at 2–3.

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The FTDA mandates that a mark's owner "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."⁶³ The FTDA then provides a nonexclusive list of factors that can be weighed when considering whether a mark is "distinctive" and "famous."⁶⁴ Among these factors are the following:

- (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;
- (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 marks' 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 . . . on the principal register.⁶⁵

Since the Act's inception in 1996, circuit courts have taken liberties to interpret it in a number of different ways.⁶⁶ In *V Secret Catalogue*, the Sixth Circuit discussed two representative interpretations by focusing on the phrase "causes dilution."⁶⁷

63. 15 U.S.C. § 1125(c)(1) (2000) (emphasis added).

64. *Id.*

65. *Id.*

66. The Second, Third, Sixth, and Seventh Circuits have ruled in accord with one another, but disagree with the Fourth and Fifth Circuits. These views are explained and expanded throughout Part III *infra*.

67. Refer to Part III.C.2 *infra* (reviewing the "actual harm" and "inference of likely harm" standards in detail).

C. *The Sixth Circuit: Likely Harm and V Secret Catalogue*

While Justice Stevens's opinion briefly reviews the state of dilution law comprising the "actual" versus "likelihood" controversy that would be resolved by his opinion, a more thorough analysis, as presented by the Sixth Circuit, provides necessary background to comprehend the impact of the Court's ultimate holding.

1. *The Sixth Circuit's Analysis, Part I: Distinctive and Famous.* In the first part of its two-step *V Secret* analysis, the Sixth Circuit discounted the district court's use of the four-part *Panavision* test⁶⁸ to establish dilution, and subsequently endorsed the more encompassing five-step *Nabisco* test.⁶⁹ In *Nabisco, Inc. v. PF Brands, Inc.*, the Second Circuit interpreted the FTDA to require five elements for a successful dilution claim: "(1) the senior mark must be famous; (2) it must be distinctive; (3) the junior use must be a commercial use in commerce; (4) it must begin after the senior mark has become famous; and (5) it must cause dilution of the distinctive quality of the senior mark."⁷⁰

Notwithstanding the FTDA's list of elements for "determining whether a mark is distinctive *and* famous,"⁷¹ the *Nabisco* court viewed distinctiveness and fame as two separate inquiries, requiring individual analyses.⁷² Though distinctiveness "is a crucial trademark concept,"⁷³ it was not an element the

68. Refer to note 23 *supra* and accompanying text (illustrating the *Panavision* test).

69. *V Secret Catalogue, Inc. v. Moseley*, 259 F.3d 464, 471-76 (2001) (citing *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 215 (2d Cir. 1999), *rev'd*, 123 S. Ct. 1115 (2003)).

70. 191 F.3d at 215.

71. *Id.* (emphasis added).

72. *Id.*; see also Scott N. Barker, Note, *Famous.com: Applying the FTDA to Internet Domain Names*, 22 U. DAYTON L. REV. 265, 274 (1997) ("[I]n laying out the factors suggested for determining whether a mark was famous, Congress specifically used the language 'distinctive and famous,' thereby distinguishing the two. This finding leads to the conclusion that famous is something other than distinctive." (footnote omitted)). *But see Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C.*, 212 F.3d 157, 167 (3d Cir. 2000). The court stated that "there is in [§ 1125(c)(1)] no separate statutory requirement of 'distinctiveness,' apart from a finding that the designation be a 'mark' that is 'famous.' 'Distinctiveness' is used here only as a synonym for 'fame.'" *Id.* (quoting 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 24:91 (4th ed. 1997) (alteration in original)). As well, "dual mention of both 'distinctive and famous' in the introduction to the list of factors was inserted to emphasize the policy goal that to be protected, a mark had to be truly prominent and renowned." *Id.* (quoting 4 MCCARTHY, *supra*, § 24:91).

73. *Nabisco*, 191 F.3d at 215.

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district court considered in *V Secret*, but nevertheless was part of the Sixth Circuit's analysis on appeal.⁷⁴

Greater distinctiveness yields greater protection for a mark.⁷⁵ From least to greatest strength, *Nabisco* posited the following trademark categories: "generic" marks that are simply everyday terms used to refer to a product; "descriptive" marks that describe the product; "suggestive" marks that indicate not the product but the product's qualities; and "arbitrary" or "fanciful" marks with "no logical relationship whatsoever between the mark and the product on which it is used."⁷⁶ The most distinctive and most strongly protected arbitrary marks are those for which no human experience with the particular product could possibly connect it to the mark, *but for* the company's use of the two together.⁷⁷

Applying these *Nabisco* directives, the Sixth Circuit in *V Secret* first determined that the Victoria's Secret mark "ranks with those that are 'arbitrary and fanciful'" and qualifies as highly distinctive.⁷⁸ In its analysis, the court applied the "anti-dissection rule," which instructs the trier of fact to consider a mark in its *totality* and does not allow the trier to base its decision solely upon the elements of the mark being litigated.⁷⁹ While distinctiveness was not an element of the district court's review of the case, the Moseleys claimed on appeal that the Victoria's Secret mark was not distinctive because the word

74. *V Secret*, 259 F.3d at 469 (explaining that the *Panavision* test requires a plaintiff to prove that a mark is famous, but does not require proof of distinctiveness).

75. *Nabisco*, 191 F.3d at 215, 216.

76. *Id.* at 215–16. Examples of each type of mark include the following: "Soap" to describe soap is generic, merely naming its category; "Soft Soap" to describe soap is descriptive, describing the type of soap; "Tide" to describe laundry detergent is suggestive, making a reference to the product's qualities; "Lucky Strike" to describe cigarettes is arbitrary, with no relation to the product; "Kodak" to describe film is fanciful, a made-up word having no obvious relation to film. *Abercrombie & Fitch Stores, Inc. v. Am. Eagle Outfitters, Inc.*, 280 F.3d 619, 635–36 (6th Cir. 2002).

77. *Nabisco*, 191 F.3d at 216 ("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 . . . [t]he strongest protection of the trademark law is reserved for these most highly distinctive marks.").

78. *V Secret*, 259 F.3d at 470.

79. *Id.* For an explanation of the "anti-dissection" rule, see *YKK Corp. v. Jungwoo Zipper Co.*, 213 F. Supp. 2d 1195, 1202 (C.D. Cal. 2002).

"Conflicting composite marks are to be compared by looking at them as a whole, rather than breaking the marks up into their component parts for comparison . . . [.] The rationale for the rule is that the commercial impression of a composite trademark on an ordinary prospective buyer is created by the mark as a whole, not by its component parts."

Id. (first alteration in original) (quoting 3 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 23:41 (4th ed. 2001)).

“secret” is not arbitrary or fanciful.⁸⁰ The Sixth Circuit decided that, in addition to the fact that the word “secret” is “not automatically linked in the ordinary human experience with lingerie” and is “not particularly descriptive of bras and hosiery,” “Victoria’s” and “secret” together only “[conjure] thoughts of women’s underwear . . . in the context of plaintiff’s line of products.”⁸¹ This consideration of the mark in its totality qualifies “Victoria’s Secret” as distinctive and thus eligible for protection against dilution under the Federal Trademark Dilution Act.⁸²

2. *The Sixth Circuit’s Analysis, Part II: Actual Versus Likely Harm.* As noted in Part III.B.2, the FTDA defines “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.”⁸³ Victoria’s Secret’s dilution claim against the Moseleys, for their use of the marks Victor’s Secret and then Victor’s Little Secret, presented the Sixth Circuit with an issue never before addressed in that circuit: What is required for a successful dilution claim—actual, present harm, or a likelihood that harm will occur in the future?⁸⁴

Prior to the Sixth Circuit’s *V Secret* decision, the Fourth and Second Circuits had addressed the same issue and had resolved the question of the type of harm required with dueling conclusions.⁸⁵ These cases, *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development* and *Nabisco, Inc. v. PF Brands, Inc.*, are discussed below.

a. *Actual Harm: Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development.* The *Ringling* dispute arose over trademark rights in the phrase “The Greatest Show on Earth” (“Greatest Show”).⁸⁶ Since 1872, Ringling has used the Greatest Show slogan in conjunction with

80. *V Secret*, 259 F.3d at 470.

81. *Id.*

82. *Id.* at 470–71.

83. 15 U.S.C. § 1127 (2000).

84. *V Secret*, 259 F.3d at 471–72.

85. *Id.* at 472–76; see also *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 223 (2d Cir. 1999) (rejecting the Fourth Circuit’s argument that “proof of dilution under the FTDA requires proof of an actual, consummated harm”); *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 170 F.3d 449, 464–65 (4th Cir. 1999) (requiring proof of actual harm).

86. *Ringling*, 170 F.3d at 451.

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its circus show, and it received federal trademark registration in 1961 “for entertainment services in the nature of a circus.”⁸⁷ Each year throughout the United States, Ringling displays its show one thousand times to twelve million people in ninety-five cities.⁸⁸ In the year preceding the *Ringling* lawsuit, goods and services bearing the Greatest Show mark brought the company revenues exceeding \$103 million, and advertising costs in conjunction with the mark totaled \$19 million.⁸⁹

In 1962, the Utah Division of Travel Development (“Utah”) began using the phrase “The Greatest Snow on Earth” (“Greatest Snow”) to promote tourism.⁹⁰ Particularly connected to winter advertising by the Utah Ski Association, the Greatest Snow mark was used in magazine advertising for more than thirty years prior to commencement of the *Ringling* lawsuit.⁹¹ The mark’s “primary use” in the State of Utah was as a slogan on license plates.⁹² The annual budget in regard to Greatest Snow advertising neared \$450,000.⁹³ Utah was granted trademark registrations by both the State of Utah and the United States Patent and Trademark Office, despite Ringling’s opposition.⁹⁴

In 1996, Ringling filed suit against Utah, alleging that Utah’s Greatest Snow mark had diluted Ringling’s Greatest Show mark in violation of the FTDA.⁹⁵ Following a loss in the district court, Ringling appealed to the Fourth Circuit, challenging the district court’s interpretation of “dilution” under the FTDA as requiring proof of “actual harm.”⁹⁶

87. *Id.* For more information about the Ringling Brothers and Barnum & Bailey Circus, visit <http://www.ringling.com> (last visited June 29, 2003).

88. *Ringling*, 170 F.3d at 451.

89. *Id.* The Greatest Show mark is used “in print advertising, radio, television, videos, outdoor billboards, direct-mail pieces, press announcements, posters, program books, souvenirs, and joint promotions with other companies.” *Id.*

90. *Id.* For an example of a current use of the Greatest Snow mark, visit <http://www.deervalley-parkcity.com> (last visited June 29, 2003).

91. *See Ringling*, 170 F.3d at 451 (explaining that Utah used the Greatest Snow mark “in magazine advertisements every year from 1962 to [1997] except 1963, 1977, and 1989”).

92. *Id.*

93. *Id.*

94. *Id.* at 451–52. Utah filed a state registration in 1975 and then renewed in 1985 and 1995. *Id.* at 451. It applied to the United States Patent and Trademark Office in 1988 and was granted federal registration in 1997. *Id.* at 451–52.

95. *Id.* at 452.

96. *Id.* at 453. Though the district court’s “actual harm” interpretation was its “primary” challenge on appeal, Ringling did challenge other minor issues. *See id.* For the district court’s opinion, see *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development*, 955 F. Supp. 605 (E.D. Va. 1997).

In an argument subsequently rejected by the Fourth Circuit, Ringling argued that “dilution” should be viewed under a “mental-association-alone” interpretation by which a famous mark suffers dilution when “a junior mark is sufficiently similar that consumers viewing them instinctively make a mental association of the two.”⁹⁷ Suggesting that mental association is part, but not all, of the “dilution” test, the Fourth Circuit instructed that a proper analysis requires the mental association to *cause actual harm* to the *economic value* of the senior mark.⁹⁸

To back its opinion, the Fourth Circuit first reviewed a “fifty-year course of judicial experience,” citing restatements, law reviews, and cases that have addressed dilution issues in the past.⁹⁹ The court then addressed two “key provisions” of the FTDA.¹⁰⁰ First, it noted that the FTDA “proscribes and provides remedy only for actual, consummated dilution and not for [a] mere ‘likelihood of dilution.’”¹⁰¹ Second, the court explained that “the end harm at which [the FTDA] is aimed is a mark’s selling power, not its ‘distinctiveness.’”¹⁰²

With these provisions in mind, the Fourth Circuit rejected Ringling’s contentions that the FTDA (1) does not require proof of either actual harm to a mark’s economic value or causation (that the junior mark caused the harm), and (2) only requires that sufficient similarity be shown between the two marks to “evoke in consumers an instinctive mental association.”¹⁰³ Because the conclusion “[t]hat economic harm inevitably will result from any replicating junior use is by no means . . . certain,” neither actual harm nor causation may be presumed.¹⁰⁴ Additionally, mental association alone does not impart past harm to a mark without further proof.¹⁰⁵

97. *Ringling*, 170 F.3d at 453 (internal quotation marks omitted).

98. *Id.* (“[D]ilution’ under the federal Act consists of (1) a sufficient similarity of marks to evoke in consumers a mental association of the two that (2) causes (3) actual harm to the senior marks’ economic value as a product-identifying and advertising agent.”).

99. *See id.* at 453–58 (citing, among other sources, *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026 (2d Cir. 1989), RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 25 (1995), and Schechter, *supra* note 44).

100. *Id.* at 458.

101. *Id.*

102. *Id.*

103. *Id.* at 459 (internal quotation marks omitted).

104. *Id.* at 460. The court noted that many times the senior mark will lose its economic value for reasons unrelated to a junior mark, or that “an occasional replicating use might even enhance a senior mark’s ‘magnetism’—by drawing renewed attention to it as a mark of unshakable eminence worthy of emulation by an unthreatening non-competitor.” *Id.*

105. *Id.* at 459.

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Proof, the court continued, “will be difficult . . . [b]ut the concept is a substantively viable one, and the means of proof are available.”¹⁰⁶ Suggested means of proof include the following: proof of actual loss of revenues caused by a junior use; consumer surveys demonstrating both mental association and harmful impressions inferred from associating the two marks; and matters of context, such as exposure, similarity, and the senior mark’s market presence.¹⁰⁷

In regard to the Greatest Show-Greatest Snow controversy, the Fourth Circuit first approached the dilution question as Ringling presented it—that the junior mark was often mentally associated with the senior.¹⁰⁸ Though Ringling’s surveys, recorded at shopping malls, did indicate *some* association of the similar phrases with both the Circus and Utah tourism, the court found the results insufficient to sustain a dilution claim.¹⁰⁹ Without further proof of dilution offered by Ringling, the Fourth Circuit upheld summary judgment for Utah.¹¹⁰ In sum, *Ringling* endorses the rule that actual harm is required for a successful dilution claim, opposite the Second Circuit’s conclusion in *Nabisco*, detailed below.

b. Inference of Likely Harm: *Nabisco, Inc. v. PF Brands, Inc.* *Nabisco* involves a dispute over the trademark of orange, cheddar cheese-flavored, fish-shaped crackers.¹¹¹ Pepperidge Farm holds many trademark registrations for its Goldfish line of crackers, shaped like goldfish, and sold in a box or bag with the word “Goldfish” and pictures of the cracker on the exterior.¹¹² In the years immediately preceding litigation, Pepperidge Farm launched an extensive advertising campaign, spending over \$120 million on nationwide marketing and facilitating media coverage of the cracker on both *The Today Show* and *Friends*.¹¹³ This far-

106. *Id.* at 464.

107. *Id.* at 464–65.

108. *Id.* at 462.

109. *Id.* at 462–63. Ringling’s representatives visited shopping malls both in- and outside Utah and asked shoppers to fill in the blank (“Greatest ____ on Earth”) with the word(s) most obvious to them. *Id.* at 462. In Utah, 25% filled in only the word “show,” 24% filled in only the word “snow,” and 21% filled in both “show” and “snow.” In other states, 41% completed the survey with only “show,” 0% with only “snow,” and 0.5% with both words. *Id.*

110. *Id.* at 466.

111. *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 212–13 (2d Cir. 1999).

112. *Id.* at 212. To learn more about Pepperidge Farm Goldfish, visit <http://www.pfgoldfish.com> (last visited June 29, 2003), and to see images of Goldfish packaging, visit <http://www.pfgoldfish.com/facts/pg2.html> (last visited June 29, 2003).

113. *Nabisco*, 191 F.3d at 212–13.

reaching marketing operation targeted children and resulted in both doubled sales and Goldfish taking the lead in America for cheese snack cracker sales.¹¹⁴

Soon thereafter, in early 1998, the Nickelodeon Television Network contacted Nabisco to discuss a joint promotion for Nickelodeon's new "CatDog" cartoon.¹¹⁵ The proposed campaign revolved around the introduction of a cheese cracker line featuring CatDog and related characters.¹¹⁶ CatDog is a two-headed, four-legged creature that is a cat on one end and a dog on the other; the fish is the favorite food of the cat, and the bone symbolizes the dog.¹¹⁷ In step with these famous characters,¹¹⁸ the new cheddar cheese-flavored snack crackers were shaped in the likenesses of goldfish, bones, and CatDog.¹¹⁹ Though similar in form to Pepperidge Farm's "Goldfish," the Nabisco fish-shaped crackers were slightly larger and flatter, with markings on only one side.¹²⁰

It is these fish-shaped crackers that incited Pepperidge Farm to send a cease-and-desist letter to Nabisco, and for Nabisco conversely to seek declaratory judgment that it had not violated Pepperidge Farm's rights in the Goldfish mark.¹²¹ Pepperidge Farm counterclaimed, seeking an injunction against Nabisco for trademark dilution under the FTDA.¹²²

114. *Id.* at 213. In sales volume from 1995 to 1998, the Goldfish cracker was the second-highest selling cheese snack cracker in America, and was number one based on sales dollars. *Id.* During this period, the cracker's sales more than doubled to \$200 million. *Id.*; see also Schneider & Associates Public Relations, *About S&A: Case Studies*, at <http://www.schneiderpr.com/about-cs-pepperidge.html> (last visited June 29, 2003) (discussing the Goldfish promotional campaign); Knight-Ridder, *Pepperidge's Crackers Have a Reason to Smile*, LUBBOCK-AVALANCHE J., Sept. 17, 1997 (reviewing the marketing campaign of the "Smiley Goldfish" cracker), available at <http://lubbockonline.com/news/091897/pepperid.htm>.

115. *Nabisco*, 191 F.3d at 213.

116. *Id.*

117. *Id.* For more information about and to view an image of CatDog, visit http://www.nick.com/all_nick/tv_supersites/display_show.jhtml?show_id=cat (last visited Sept. 17, 2003).

118. "In its first three months, the CatDog show garnered a 3.9 Nielson rating, making it close to the most widely watched program for children." *Nabisco*, 191 F.3d at 213.

119. *Id.* One-half of the crackers were shaped like CatDog, one-fourth like bones, and one-fourth like goldfish. *Id.*

120. *Id.*

121. *Id.*

122. *Id.* Pepperidge Farm also claimed trademark infringement under the Lanham Act and dilution and unfair competition under New York law. *Id.* Only federal trademark dilution is relevant to *V.Secret*.

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Faced with the task of interpreting the FTDA, the Second Circuit explicitly disagreed with the Fourth Circuit's "actual harm" reasoning in *Ringling*.¹²³ The *Nabisco* court then reviewed and discounted as unacceptable two possible interpretations of the Fourth Circuit's "actual harm" requirement.¹²⁴ The "narrower" interpretation requires proof of dilution in the form of either actual revenue loss or indications through consumer surveys.¹²⁵ The court rejected this test as "an arbitrary and unwarranted limitation on the methods of proof"; actual loss is speculative and difficult to demonstrate, and consumer surveys are expensive, time-consuming, and easily manipulated.¹²⁶

The second and "broader" interpretation of *Ringling*, according to the Second Circuit, requires not only lost revenue and survey authentication, but also proof that the junior user was a mark "already established in the marketplace."¹²⁷ Though the court acknowledged the FTDA's use of the words "causes dilution" rather than "likelihood of dilution,"¹²⁸ it quickly determined that reading the statute literally would "[depend] on excessive literalism" and "defeat the intent of the statute."¹²⁹ In addition, the Second Circuit deemed such a reading improper for its likelihood to invoke "uncompensable injury" on the senior user, to be "disastrously disadvantageous" for the junior user, and to make new product launches prohibitively expensive for a junior.¹³⁰

In determining whether it is likely that a junior mark has diluted a senior mark, the Second Circuit conducted a detailed analysis based on the following "nonexclusive" list of ten factors: (1) distinctiveness of the senior mark; (2) similarity of the junior and senior marks; (3) proximity of the products and the likelihood of bridging the gap between avenues of commerce; (4) the interrelationship among numbers (1) through (3);

123. *Id.* at 224 (rejecting Nabisco's contention that proof of dilution under the FTDA requires "actual, consummated harm").

124. *Id.* at 223-25.

125. *Id.* at 223.

126. *Id.* "To require proof of actual loss of revenue seems inappropriate. If the famous senior mark were being exploited with continually growing success, the senior user might never be able to show diminished revenues, no matter how obvious it was that the junior use diluted the distinctiveness of the senior." *Id.* at 223-24.

127. *Id.* at 224.

128. *See* 15 U.S.C. § 1125(c) (2000) (instructing that "dilution" occurs when "use begins after the [senior] mark has become famous and *causes dilution* of the distinctive quality of the [senior] mark" (emphasis added)).

129. *Nabisco*, 191 F.3d at 224.

130. *Id.*

(5) shared consumers and geographic limitations; (6) sophistication of consumers; (7) evidence of actual confusion between the marks; (8) adjectival or referential quality of the junior mark's use; (9) harm to the junior user and delay by the senior user in attempting to enjoin the junior's use; and (10) the effect of the senior's prior laxity in protecting its mark.¹³¹

Applying its articulated preference for a "likelihood of harm" standard, the Second Circuit found that the release of Nabisco's fish-shaped, cheddar cheese-flavored cracker into the competitive marketplace it shared with Pepperidge Farm would provide "a high likelihood of dilution of the distinctive character of Pepperidge Farm's mark."¹³² In contrast to the Fourth Circuit's *Ringling* opinion, this court found that a successful dilution claim demands only a likelihood of harm.

3. *The Sixth Circuit's Unfortunate Resolution of the Circuit Split.* Using the Second and Fourth Circuit opinions as dilution analysis guidelines, the Sixth Circuit's *V Secret* opinion resulted in an unfortunate adoption of the amorphous and unreliable "likelihood of dilution" standard.¹³³ First, with little evidence to back its decision, and despite the "somewhat persuasive

131. *Id.* at 217–22.

132. *Id.* at 226. The Second Circuit concluded:

Considering the reasonable distinctiveness of the Goldfish mark, the very close proximity of the products, the degree of similarity between the two goldfish crackers, the low level of sophistication of many consumers, [and] the occurrence of adjudication at the start of the junior use . . . , we conclude that Pepperidge Farm has demonstrated a high likelihood of success in proving that Nabisco's commercial use of its goldfish shape will dilute the distinctiveness of Pepperidge Farm's nearly identical famous senior mark.

Id. at 222.

133. See *V Secret Catalogue, Inc. v. Moseley*, 259 F.3d 464, 475–77 (6th Cir. 2001) (agreeing with the Second Circuit's "inference of likely harm" standard), *rev'd*, 123 S. Ct. 1115 (2003); see also United States Supreme Court Transcript at 37–38, *Moseley v. V Secret Catalogue, Inc.*, 123 S. Ct. 1115 (2003) (No. 01-1015), available at 2002 WL 31643067 (Oral Argument of James R. Higgins for Petitioner Moseley). Mr. Higgins, using "our" to refer to Petitioner Moseley and "their" to refer to Victoria's Secret, argued:

Our standard is objective and predictable. Theirs is subjective, unpredictable, invites the [court] to substitute its own judgment for consumer perceptions. It's consistent with almost nothing. Our standard focuses on measurable consumer perception. Theirs focuses at the beginning on semantic similarity, and a presumption that dilution follows from that. Our standard merely puts the famous mark owner to their proof to show that[, in] Congress' words, ["the lessening of the capacity["] has been established as a matter of proof. They should not get a national injunction without that.

Our standard keeps trademark law in its proper bounds. Their standard merely rewards the achievement of fame.

Id.

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arguments” of the Fourth Circuit,¹³⁴ the Sixth Circuit haphazardly “determined to follow the *Nabisco* decision.”¹³⁵

Next, after deciding to “allow inference of likely harm” as did the *Nabisco* court, rather than “requiring actual proof,”¹³⁶ the court engaged in a brief and disputable review of *Nabisco*’s ten dilution factors.¹³⁷ After quickly listing them, the Sixth Circuit stated: “These factors are given extensive analysis in the *Nabisco* opinion, which we need not replicate here.”¹³⁸ The factors, the court had explained only a few sentences earlier, are a “nonexclusive list to develop gradually over time and with the *particular facts of each case*.”¹³⁹ Notwithstanding the court’s trust in the *Nabisco* court, the Sixth Circuit unsatisfactorily performed a brief and unsubstantiated application of law to the facts comprising the *V Secret* controversy.

After repeating its earlier determination that the Victoria’s Secret mark is “quite distinctive” and “deserving of a high degree of trademark protection,”¹⁴⁰ the Sixth Circuit honed in on the fact that “Victor’s Little Secret” and “Victoria’s Secret” are “semantically almost identical” and are “graphically similar.”¹⁴¹ The Sixth Circuit rounded out its “analysis” with a final question: “whether a consumer would link a store called ‘Victor’s Little Secret’ that sold women’s lingerie with the more famous Victoria’s Secret.”¹⁴² With crystal ball in hand, the court answered its own question in the next sentence: “We have little doubt that

134. *V Secret*, 259 F.3d at 475.

135. *Id.* at 476.

136. *Id.*

137. Refer to note 131 *supra* and accompanying text (describing the ten dilution factors).

138. *V Secret*, 259 F.3d at 476.

139. *Id.* (internal quotation marks omitted) (emphasis added).

140. *See id.* (qualifying “Victoria’s Secret” as a distinctive mark).

141. *Id.* at 476–77. The court noted as well that “the Moseleys’ claim that the marks are ‘two-thirds different’ is particularly unpersuasive.” *Id.* at 476. The Ninth Circuit believes, however, that similarity of marks is essentially a concept of trademark infringement, not trademark dilution. *See Thane Int’l, Inc. v. Trek Bicycle Corp.*, 305 F.3d 894, 906 (9th Cir. 2002) (“Because [the] dilution and likelihood of confusion tests are directed at different actions, it does not make sense to import the relatively subjective similarity of the marks test from the likelihood of confusion context into the dilution context.”). *But see Nabisco*, 191 F.3d at 218 (lending great weight to the “similarity” standard: “The marks must be of sufficient similarity so that, in the mind of the consumer, the junior mark will conjure an association with the senior.”). Although the Supreme Court later mooted *Nabisco*’s adoption of the likelihood standard, in the final paragraph of *Moseley* it did validate the Second Circuit’s review of the similarity of the marks. *Moseley v. V Secret Catalogue, Inc.*, 123 S. Ct. 1115, 1125 (2003).

142. *V Secret*, 259 F.3d at 477.

the average lingerie consumer would make just such an association.”¹⁴³

How, one might ask, did the court know such a fact? Scholars of the “actual harm” standard advocate consumer surveys.¹⁴⁴ Survey evidence “introduces ‘the actual responses of a group of [relevant consumers] whose perceptions are at issue in [the] case,’” providing “a ‘more scientific means’ of demonstrating trademark dilution.”¹⁴⁵ In contrast, a “likelihood of dilution” analysis is conveniently void of what many call “proof.”¹⁴⁶

In its underwhelming conclusion, the Sixth Circuit presumed: “While no consumer is likely to go to the Moseleys’ store expecting to find Victoria’s Secret’s famed Miracle Bra, consumers who hear the name ‘Victor’s Little Secret’ are likely automatically to think of the more famous store and link it to the Moseleys’ adult-toy, gag gift, and lingerie shop.”¹⁴⁷ “Likely” means “probably.”¹⁴⁸ If a minimal “probably” was the requisite standard of proof in most court cases, then plaintiffs and prosecutors would have a field day. A likely result is no more certain than a team that “might” win the Superbowl or a fifty percent chance of rain. The Sixth Circuit’s *V Secret* opinion strayed dangerously from the goals of the FTDA.¹⁴⁹

4. *Courts In-Tune with Ringling, and Not So.* A brief synopsis of the state of judicial thought prior to the Supreme Court’s *Moseley* holding in regard to the “actual harm”-“likelihood of harm” debate (outside of the *Ringling*, *Nabisco*, and *V Secret* discussions above) is an appropriate preface for the analysis to follow in Part III.D. When faced with proving “actual harm,” the Second, Third, Sixth, and

143. *Id.*

144. *See, e.g.,* Bible, *supra* note 43, at 336 (“Because of its objective nature and ability to isolate the harm in a trademark dilution suit where the junior user has already entered the market, courts increasingly should regard direct evidence gathered through surveys as superior to the malleable likelihood of dilution standard.”).

145. *Id.* at 314–15 (alterations in original) (quoting 5 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 32:158, at 32-189 (4th ed. 1996)).

146. *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 170 F.3d 449, 457 (4th Cir. 1999) (scoffing that, “drastically,” some courts “consider likelihood of harm to a mark’s selling power to be *incapable* of direct or inferential proof, that it may simply be presumed from the identity or sufficient similarity of the marks” (emphasis added)).

147. *V Secret*, 259 F.3d at 477.

148. Merriam-Webster Dictionary On-line, at <http://www.m-w.com/cgi-bin/dictionary> (last visited July 30, 2003).

149. Refer to note 62 *supra* and accompanying text (noting as goals of the FTDA “uniformity” and “consistency” in the protection of famous marks). Refer also to Part III.D.2 *infra* (explaining in greater detail why the legislative history of the FTDA requires an “actual harm” standard).

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Seventh Circuits have griped that being required to show proof of injury is “immensely”¹⁵⁰ or “extremely”¹⁵¹ difficult and “seems inappropriate.”¹⁵² Prior to *Moseley*, the likelihood of harm movement clung to its own notion of disbelief that Congress might have actually intended to require a trademark owner to *prove* anything in court.¹⁵³ Why not?

a. The “Likelihood” Standard: Third and Seventh Circuits. In *Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C.*,¹⁵⁴ the Third Circuit supported Nabisco’s “likelihood of dilution” interpretation of the FTDA, though failed to elaborate the specific reasons for its adoption.¹⁵⁵ Times Mirror Magazines, Inc., owns a weekly publication titled *The Sporting News*; the phrase “The Sporting News” was granted federal trademark protection in 1886.¹⁵⁶ *The Sporting News* has a weekly circulation of approximately 540,000 and provides patrons with information relating to baseball, basketball, football, and hockey.¹⁵⁷ The publication is intentionally void of gambling information for fear of offending portions of the population “adamantly opposed” thereto.¹⁵⁸ Las Vegas Sports News publishes *Las Vegas Sporting News (LVSN)*, a magazine specifically containing “articles, editorials and advertisements on sports wagering” and catering to “sports gaming enthusiasts or individuals that like to take a risk.”¹⁵⁹ *LVSN* consists of 45 publications per year, with a normal circulation of 42,000 per issue.¹⁶⁰

Among other claims, Times Mirror sued Las Vegas Sports News for dilution of its “The Sporting News” mark under the FTDA.¹⁶¹ Against *LVSN*’s arguments to the contrary, the Third Circuit ruled that “The Sporting News” was both distinctive and

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

151. *V Secret*, 259 F.3d at 476.

152. *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 223 (2d Cir. 1999).

153. *See V Secret*, 259 F.3d at 476 (“[W]e find it highly unlikely that Congress would have intended to create such a statute but then make its proof effectively unavailable.”).

154. 212 F.3d 157 (3d Cir. 2000).

155. *Id.* at 168.

156. *Id.* at 160. Refer also to note 48 *supra* (explaining the state of federal trademark law in the United States in the 1880s).

157. *Times Mirror*, 212 F.3d at 161.

158. *Id.*

159. *Id.*

160. *Id.* Some editions of *LVSN* have circulations of up to 100,000. *Id.*

161. *Id.* at 162. Immediately preceding Times Mirror’s lawsuit, the *LVSN* publisher changed the word “Sports” in the title to “Sporting,” purportedly both to eliminate a bad reputation with the former name and to better reflect the “sporting” nature of the magazine as it related to gambling, not contact sports. *Id.* at 161.

famous.¹⁶² The court then stated, “[b]ecause we consider the dilution analysis in *Nabisco* helpful, we apply it to the facts [of this case],”¹⁶³ and affirmed the district court’s finding that Times Mirror was “likely to prevail on the merits of its dilution claim.”¹⁶⁴

In *Eli Lilly v. Natural Answers, Inc.*,¹⁶⁵ the Seventh Circuit expounded in greater detail than did the Second its reasons for siding with the *Nabisco* court, citing “unjust and inefficient results” from an “actual harm” standard.¹⁶⁶ Since 1988, Eli Lilly has owned the trademark for and sold Prozac, a prescription drug used in the treatment of clinical depression.¹⁶⁷ Yielding more than \$12 billion in sales, Prozac has been on the cover of *Newsweek*, has been featured in *Fortune*, and has been prescribed to 17 million Americans over 240 million times.¹⁶⁸ Internet start-up company Natural Answers sells Herbrozac, an herbal “mood elevator” sold as a “drug alternative” whose name was chosen to reflect the Prozac mark.¹⁶⁹ Natural Answers sells its Herbscriptions line, including Herbrozac, exclusively on the Internet, but had planned to expand into retail outlets.¹⁷⁰ In response to Natural Answers’s use of the name “Herbrozac,” Eli Lilly filed suit, seeking an injunction under the FTDA.¹⁷¹

Focusing its attention “solely” on the “causes dilution” language of the FTDA, the Seventh Circuit reviewed both the *Nabisco* and *Ringling* decisions, determining that proof of “a mere ‘likelihood of dilution’ is sufficient to satisfy the ‘causes dilution’ element of Lilly’s case.”¹⁷² Without evidence to back its predilection for the “likelihood” standard, and discounting prior case law supporting customer surveys, the court stated: “[W]e doubt that dilution of the distinctiveness of a mark is something that can be measured on an empirical basis by even the most

162. *Id.* at 166.

163. *Id.* at 168.

164. *Id.* at 169.

165. 233 F.3d 456 (7th Cir. 2000).

166. *Id.* at 467–68.

167. *Id.* at 459. For more information about Eli Lilly’s Prozac, visit <http://www.prozac.com> (last visited July 30, 2003).

168. *Eli Lilly*, 233 F.3d at 459.

169. *Id.* at 459–60. Natural Answers’s other products include HerbenolPM, Herbalium, Herbaspirin, and Herbadryl. *Id.* at 460.

170. *Id.* at 460. Natural Answers’s Web site contains the slogan “Don’t get your prescriptions filled with drugs . . . Get your Herbscriptions filled with Nature!” and lists each of Natural Answers’s products next to its prescription alternative. *Id.* (internal quotation marks omitted).

171. *Id.* at 460–61. Eli Lilly also claimed trademark infringement under the Lanham Act and violation of Indiana’s Unfair Competition law. *Id.*

172. *Id.* at 466–68.

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carefully constructed survey.”¹⁷³ The court concluded by finding that Prozac was famous, that Prozac and Herbrozac were “highly similar,” and that as a result Eli Lilly had “shown a likelihood of success in proving a likelihood of dilution.”¹⁷⁴

b. Actual Harm: The Fifth Circuit on Board with *Ringling*. Argued in the Fifth Circuit, *Westchester Media v. PRL USA Holdings, Inc.*,¹⁷⁵ involved a dispute between clothing empire Polo Ralph Lauren (PRL) and *Polo* magazine over their alternate uses of the “Polo” mark.¹⁷⁶ Founded in 1967, PRL is a multi-billion dollar company selling clothes, accessories, fragrances, and home furnishings, and advertising frequently in magazines, trade publications, and newspapers.¹⁷⁷ PRL had registered a number of “Polo” trademarks in connection with its business, but none was registered for use on magazines.¹⁷⁸

Founded in 1975, *Polo* magazine became known as the “official publication” of the United States Polo Association and contained “a formulaic mixture of game coverage, personality and club profiles, rules, opinions, history and how-to and horsemanship articles.”¹⁷⁹ In 1997, Westchester Media purchased *Polo* and its various magazine-related trademarks, redirecting the magazine’s focus towards an upscale audience, namely customers that regularly purchased PRL products.¹⁸⁰ Westchester described the magazine as “not about the sport, but rather about an adventurous approach to living life,” and its new tag line read “Adventure. Elegance. Sport.”¹⁸¹ As well, Westchester purchased Neiman Marcus’s customer list and sent a free copy of *Polo* magazine to nearly one million Neiman Marcus customers; Claudia Schiffer, PRL’s featured model from the year before, was Westchester’s cover model for its inaugural issue.¹⁸² After PRL formally objected to the magazine title, Westchester sought a

173. *Id.* at 468.

174. *Id.* at 469.

175. 214 F.3d 658 (5th Cir. 2000).

176. *Id.* at 660–63.

177. *Id.* at 661. *Time*, *Financial World*, *Town & Country*, and *Vanity Fair* magazines have all run articles featuring Ralph Lauren or PRL products. *Id.*

178. *Id.*

179. *Id.*

180. *Id.* at 662. Trademarks included one for “Polo,” a “magazine on the subject of equestrian sports and lifestyles,” a second for a “horse and rider design” for “magazine publication services,” and a third for “Polo Life,” a “magazine dealing with equestrian sports and lifestyles.” *Id.* at 661.

181. *Id.* at 662.

182. *Id.*

declaratory judgment that it had not infringed PRL's "Polo" mark, and PRL counterclaimed for trademark dilution, among other claims.¹⁸³

Westchester argued for an "actual harm" standard, but PRL insisted that "merely threatened economic harm" was sufficient.¹⁸⁴ Endorsing the "actual harm" standard, the Fifth Circuit noted "a key difference" between state antidilution statutes that often incorporate a likelihood of dilution standard and the FTDA, whose words "causes dilution" denote actual harm.¹⁸⁵ Using a plain language argument¹⁸⁶ as support, the Fifth Circuit held in favor of Westchester after PRL failed to offer proof of actual harm.¹⁸⁷

D. The Supreme Court: "Actual Harm"—What Congress Intended

1. *The Plain Meaning of the FTDA "Unambiguously" Requires Actual Harm.* After presenting an overview of federal trademark dilution law and recounting the *Ringling* and *Nabisco* decisions,¹⁸⁸ Justice Stevens began his analysis with the following assumptions: (1) "that the Moseleys' use of the name 'Victor's Little Secret' neither confused any consumers or potential consumers, nor was likely to do so," and (2) "that there was no

183. *Id.* at 663.

184. *See id.* at 670 (describing Westchester's accord with *Ringling* and PRL's with *Nabisco*).

185. *Id.* at 670–71.

186. Refer to Part III.D.2 *infra* (analyzing in greater detail the court's "plain meaning" argument and congressional intent).

187. 214 F.3d at 671 ("The magistrate judge reviewed the current and projected circulation for [*Polo*] Magazine, and found that PRL made no showing of actual harm. Because we have concluded that the FTDA requires proof of actual dilution, this finding, which we cannot say was clearly erroneous, dooms PRL's dilution claim." (citation omitted)). Two district court opinions also support *Ringling's* "actual harm" standard. In *Playboy Enterprises, Inc. v. Netscape Communications Corp.*, 55 F. Supp. 2d 1070 (C.D. Cal. 1999), *aff'd*, 202 F.3d 278 (9th Cir. 1999), Playboy Enterprises, Inc., owner of the trademarks "Playboy" and "Playmate," failed to show actual harm when Netscape used the keywords "playboy" and "playmate" in their generic contexts to "program" relevant banner ads to appear when users typed either of the two words into the Netscape search engine. *Id.* at 1072, 1089. In *American Cyanamid Co. v. Nutraceutical Corp.*, 54 F. Supp. 2d 379 (D.N.J. 1999), American Cyanamid failed to show actual harm to its "Centrum" vitamins rainbow-colored mark ("a band of thirteen adjacent colored vertical standing rectangles aligned horizontally") when Nutraceuticals used a similar mark ("five colored stripes [incorporating the colors of the visual spectrum] . . . [that] appear lengthwise on the label and sit one over the other") on its "Solaray" and "Kal" vitamin lines. *Id.* at 382–83.

188. *Moseley v. V Secret Catalogue, Inc.*, 123 S. Ct. 1115, 1118, 1120–22 (2003). Refer also to Part III.B–C *supra* (discussing these elements in great detail).

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significant competition between [Victoria's Secret and Victor's Little Secret]."¹⁸⁹ He then stated that "[n]either the absence of any likelihood of confusion nor the absence of competition" serves as a defense to V Secret's dilution claim.¹⁹⁰

Justice Stevens relied heavily on a textual analysis of the FTDA and the text's subsequent reflection of Congress's intent when formulating the Act.¹⁹¹ The Court focused on the statutory meaning of the word "dilution": "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."¹⁹² After repeating this language, the Court made a terse yet determinate statement: "The contrast between the initial reference to an actual 'lessening of the capacity' of the mark, and the later reference to a 'likelihood of confusion, mistake, or deception' in the second caveat confirms the conclusion that *actual dilution must be established*."¹⁹³

Continuing, the Court belied the Sixth Circuit's concern that evidence of actual harm "may be difficult to obtain."¹⁹⁴ The Court stated: "Whatever difficulties of proof may be entailed, they are not an acceptable reason for dispensing with proof of an essential element of a statutory violation."¹⁹⁵ Justice Stevens wrote that this perceived difficulty, "coupled with" the following House Report statement, led the Sixth Circuit to its misguided conclusion: "Confusion leads to immediate injury, while dilution is an infection, which if allowed to spread, will inevitably destroy the advertising value of the mark."¹⁹⁶

2. *Congress and the FTDA.* As the Supreme Court Justices made clear at oral argument in *Moseley*, words contained in a House report and those Congress adopts as law are two very different things.¹⁹⁷ When Victoria's Secret's attorney backed his Supreme Court oral argument with what "*Congress thought*,"

189. *Moseley*, 123 S. Ct. at 1122.

190. *Id.*

191. *Id.* at 1124 (stating that the "contrast between the state statutes and the federal statute . . . sheds light on the precise question that we must decide").

192. *Id.* (quoting 15 U.S.C. § 1127 (2000)).

193. *Id.* (emphasis added).

194. *Id.* at 1125.

195. *Id.*

196. *Id.* at 1121 (quoting H.R. REP. NO. 104-374, at 3 (1995), *reprinted in* 1996 U.S.C.C.A.N. 1029, 1030).

197. United States Supreme Court Transcript, *supra* note 133, at 34.

based upon text of the same House report quoted by the Sixth Circuit in *V Secret*, he was quickly corrected by the Supreme Court: “The *House committee* thought”¹⁹⁸ The Court continued: “What *Congress thought* was the definition that *Congress adopted*.”¹⁹⁹ Following this logic, the words adopted by Congress are the following: “*causes* dilution of the distinctive quality of the mark.”²⁰⁰ As noted previously, Justice Stevens’s opinion states: “This text *unambiguously* requires a showing of actual dilution, rather than a likelihood of dilution.”²⁰¹ “Likely” dilution is not mentioned in the statute.²⁰²

Though the Sixth Circuit suggested that a remedy be allowed *before* a junior use has caused harm,²⁰³ this interpretation is a blatant contradiction of the text of the statute.²⁰⁴ To “cause” is “[t]o bring about or effect,”²⁰⁵ or to “effect a result.”²⁰⁶ Therefore, a junior mark that has “caused dilution” has brought about the result of having diluted the senior. “Remedy,” by definition, is “the means employed to enforce [a right] or redress an injury.”²⁰⁷ Without the injury of dilution, there can be no remedy for harm caused by dilution.²⁰⁸ Thus, the Sixth Circuit’s *V Secret* opinion stood in abrupt conflict with the plain meaning of the FTDA.²⁰⁹ As

198. *Id.* (emphasis added).

199. *Id.* (emphasis added).

200. 15 U.S.C. § 1125(c)(1) (2000) (emphasis added).

201. *Moseley*, 123 S. Ct. at 1124 (emphasis added).

202. *See* 15 U.S.C. § 1125(c)(1).

203. *V Secret Catalogue, Inc. v. Moseley*, 259 F.3d 404, 476 (6th Cir. 2001), *rev’d*, 123 S. Ct. 1115 (2003).

204. 15 U.S.C. § 1125(c)(1).

205. BLACK’S LAW DICTIONARY, *supra* note 46, at 213.

206. STEVEN H. GIFIS, LAW DICTIONARY 69 (4th ed. 1996).

207. *Id.* at 430 (internal quotation marks omitted); *see also* BLACK’S LAW DICTIONARY, *supra* note 46, at 1296 (defining “remedy” as the “means of enforcing a right or preventing or redressing a wrong”).

208. *See* Petitioners’ Reply Brief on the Merits at 2, *Moseley v. V Secret Catalogue, Inc.*, 123 S. Ct. 1115 (2003) (No. 01-1015) (“Respondents’ construction depends on statutory sleight-of-hand, based on imprecise or incomplete quotations of the FTDA. . . . [T]hey urge an injunction to immediately issue to ‘prevent the harm before it occurs,’ dispensing with the usual injury-in-fact required in a federal court.” (citation omitted)).

209. *See Moseley v. V Secret Catalogue, Inc.*, 123 S. Ct. 1115, 1124 (2003); *see also Westchester Media v. PRL USA Holdings*, 214 F.3d 658, 670–71 (5th Cir. 2000). Circuit Judge Jones explained:

[W]e endorse the Fourth Circuit’s holding that the FTDA requires proof of actual harm since this standard *best accords with the plain meaning of the statute*. There is a key difference between the state antidilution statutes that formed the backdrop for passage of the FTDA and the FTDA itself. Whereas state antidilution statutes incorporate, often expressly, the “likelihood of dilution” standard, the federal statute does not. Instead, it prohibits any commercial use of a famous mark that “causes dilution.” Both the present tense of the verb and

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stated by the Fifth Circuit in *Westchester Media*: “[I]n the absence of any authority stating that Congress intended a ‘likelihood of dilution’ standard for the FTDA, we may not depart from the plain meaning of the statute.”²¹⁰ In sum, “[i]f the language [of the FTDA] has a plain and unambiguous meaning, the interpretation ends; this plain meaning should be considered persuasive evidence of the reach of the statute.”²¹¹

3. *Justice Kennedy—Does “Actual” Really Mean “Likely”?*
Justice Kennedy’s “concurrence” appears to be nothing more than one last effort to advocate the likelihood of harm standard.²¹² Justice Kennedy first “agree[s] with the Court that the evidentiary showing required by the statute can be clarified on remand,”²¹³ and then focuses his analysis primarily on the word “capacity” in the statutory definition of dilution.²¹⁴ In his view, “‘capacity’ imports into the dilution inquiry both the present and the potential power of the famous mark to identify and distinguish goods, and in some cases the fact that this power will be diminished could suffice to show dilution.”²¹⁵ When this language is compared to that used by the *Nabisco* and *V Secret* circuit courts, one must ask: How does this differ from a likelihood of harm standard?

the lack of any modification of “dilution” support an actual harm standard.
Id. (emphasis added) (citations and footnote omitted); *see also* Brief for the United States as Amicus Curiae Supporting Petitioners in Part at 6, *Moseley v. V Secret Catalogue, Inc.*, 123 S. Ct. 1115 (2003) (No. 01-1015) [hereinafter Brief for the United States].

The use of the present tense “causes” rather than the conditional “would cause” or the future tense “will cause” signals that the dilution sought to be remedied must have already begun. The background of the FTDA confirms that interpretation. State law dilution statutes enacted before the FTDA permit relief based on a showing of “a likelihood of dilution.” Congress’s rejection of a “likelihood of dilution” standard in favor of a “causes dilution” standard shows that Congress intended to require a showing that dilution is already occurring as a predicate for relief.

Id. *But see* Klieger, *supra* note 46, at 840 (stating that, “[o]f course, Congress did not intend to require, nor do courts interpret the Act to require, a showing of actual dilution”); Swann, *supra* note 54, at 767 (“Unless, therefore, Congress engaged in a largely futile exercise, a ‘likelihood’ of dilution must be deemed subsumed within the concept [of the FTDA].” (footnote omitted)).

210. *Westchester Media*, 214 F.3d at 671.

211. Barker, *supra* note 72, at 273–74.

212. *See Moseley v. V Secret Catalogue*, 123 S. Ct. 1115, 1125–26 (2003) (Kennedy, J., concurring).

213. *Id.* at 1125 (Kennedy, J., concurring).

214. *Id.* (Kennedy, J., concurring) (referring to 15 U.S.C. § 1127 (2000), which provides in part: “the lessening of the capacity of a famous mark to identify and distinguish goods or services”).

215. *Id.* (Kennedy, J., concurring).

In *Nabisco*, the Second Circuit stated that “Pepperidge Farm is *likely* to succeed in establishing that Nabisco’s use of its goldfish . . . cracker dilutes the distinctive quality of Pepperidge Farm’s previously famous mark.”²¹⁶ In *V Secret*, the Sixth Circuit opined that “consumers who hear the name ‘Victor’s Little Secret’ are *likely* automatically to think of the more famous store and link it to the Moseleys’ adult-toy, gag gift, and lingerie shop.”²¹⁷ Justice Kennedy, “concurring,” stated: “[d]iminishment of the famous mark’s capacity can be shown by the *probable consequences* flowing from use or adoption of the competing mark,” and then that “[a] holder of a famous mark threatened with diminishment of the mark’s capacity to serve its purpose should not be forced to wait until the damage is done and the distinctiveness of the mark has been eroded.”²¹⁸ Strangely, this language mirrors that of likelihood of harm advocates, not that of Justice Stevens, with whom Justice Kennedy concurs. Notwithstanding his convoluted concurrence, Justice Kennedy concludes: “With these observations, I join the opinion of the Court.”²¹⁹

E. Questions Unanswered: Where Do We Go from Here?

The Supreme Court has left us with a number of unanswered questions, most notably the following two: (1) what is “actual” harm, and how does one prove it?; and (2) if the lower courts interpret the majority opinion as Justice Kennedy did in his concurrence, will “actual” harm ultimately mean “likely” harm when all is said and done?

1. *What Is “Actual Harm”?* It is possible that the Supreme Court, in its haste to state that actual harm is the standard but without truly defining the term, actually created two individual standards for evaluating dilution claims: (1) “cases where the conflicting marks are identical,” and (2) “cases where the conflicting marks are not identical.”²²⁰ This is reflected by a

216. *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 217 (2d Cir. 1999) (emphasis added).

217. *V Secret Catalogue, Inc. v. Moseley*, 259 F.3d 464, 477 (6th Cir. 2001) (emphasis added), *rev’d*, 123 S. Ct. 1115 (2003).

218. *Moseley*, 123 S. Ct. at 1126 (Kennedy, J., concurring) (emphasis added). Justice Kennedy bases this argument on the “statutory authorization to obtain injunctive relief” in 15 U.S.C. § 1125(c)(2), stating that “[t]he essential role of injunctive relief is to ‘prevent future wrong, although no right has yet been violated.’” *Id.* (Kennedy, J., concurring) (quoting *Swift & Co. v. United States*, 276 U.S. 311, 326 (1928)).

219. *Id.* (Kennedy, J., concurring).

220. 4 MCCARTHY, *supra* note 48, § 24:90.2, at 24-158.4.

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portion of the Court's concluding paragraph in *Moseley*. "It may well be . . . that direct evidence of dilution such as consumer surveys will *not* be necessary if actual dilution can reliably be proven through circumstantial evidence—the obvious case is one where the junior and senior marks are identical."²²¹

a. Identical Marks. J. Thomas McCarthy argues that *Moseley* clearly indicates the Court's belief that "where the marks are identical, the fact that consumers mentally associate the junior user's mark with a famous mark is sufficient to establish actionable dilution."²²² This argument is strengthened by the following statement by the *Moseley* Court: "[A]t least where the marks at issue are not identical, the mere fact that consumers mentally associate the junior user's mark with a famous mark is *not* sufficient to establish actionable dilution."²²³ This assumption by the Court subjects future courts to a fuzzy standard—if the famous mark is coined or fanciful but used for goods or services far removed in commerce from those of the junior user, can this really be considered *de facto* dilution?²²⁴ It seems that even if the marks are identical, some sort of evidence, surveys or otherwise, is necessary to determine whether that mental association has in fact been made. "If the accused use does not call to mind the famous mark, then no dilution by blurring has occurred."²²⁵

b. Nonidentical Marks. The *Moseley* Court "[gave] little information on the kind of evidence it thought would suffice to prove actual dilution in cases of non-identical marks."²²⁶ Two possible alternatives for identifying actual harm to a mark by dilution are (1) expert testimony and (2) dilution surveys.²²⁷

McCarthy suggests that expert testimony could come from candidates in the fields of advertising or marketing, licensing, or trademark valuation.²²⁸ An advertising or marketing expert "testifies that in her opinion, the famous mark will in fact lose some of its selling power because of the diluting impact of the accused use," a licensing expert "testifies that the brand extension opportunities of the famous mark have been foreclosed

221. *Moseley*, 123 S. Ct. at 1125 (emphasis added).

222. 4 MCCARTHY, *supra* note 48, § 24:94.2, at 24-193.

223. *Id.* (quoting *Moseley*, 123 S. Ct. at 1124 (alteration in original) (emphasis added)).

224. *See id.* at 24-194 to 24-195.

225. *Id.* at 24-195.

226. *Id.*

227. *See id.* at 24-195 to 24-198.

228. *Id.* at 24-195 to 24-196.

by the presence of the accused mark,” and a trademark valuation expert “testifies that the value of the mark for such purposes as security in obtaining financing has been lessened to some extent by the accused use.”²²⁹

The Solicitor General’s amicus brief for the government in support of the Moseleys suggests several forms of surveys that are “capable of supplying evidence of dilution.”²³⁰ For example, surveys can “ask[] consumers what products they associate with the famous mark,”²³¹ “ask[] consumers to name the attributes they associate with a famous mark,”²³² and “ask consumers to rate a particular quality of a famous mark.”²³³ Surveys, however, are subjective, and “such evidence is subject to manipulation.”²³⁴ Without a clear standard set by the Court in regard to the basis for determining “actual harm,” whether by expert opinions, surveys, or other methods, the Court really did nothing more than state an empty rule, “unambiguously” requiring “actual harm,” but not giving consumers and trademark owners an idea of what the standard means.

2. *Could “Actual Harm” Mean “Likely Harm”?* In his concurrence, Justice Kennedy stated: “A holder of a famous mark threatened with diminishment of the mark’s capacity to serve its purpose should not be forced to wait until the damage is done and the distinctiveness of the mark has been eroded.”²³⁵ “Threat” means “[a] communicated intent to inflict harm or loss on another or on another’s property,” “[a]n indication of an approaching menace,” or “[a] person or thing that might well cause harm.”²³⁶ Each of these definitions implies a future harm, not one that has occurred. Should some lower courts decide to

229. *Id.*

230. Brief for the United States, *supra* note 209, at 22 (referenced in 4 MCCARTHY, *supra* note 48, § 24:94.2, at 24-196).

231. *Id.* (posing a sample survey question asking consumers what they associate with “Victoria’s Secret,” and stating that, “[i]f consumers who were not aware of ‘Victor’s Little Secret’ identified lingerie, while consumers who were aware of ‘Victor’s Little Secret’ identified lingerie and sex toys, an inference of dilution might be warranted”).

232. *Id.* at 22–23 (suggesting that, in response to a survey question, “[i]f consumers aware of ‘Victor’s Little Secret’ responded ‘tasteless,’ while persons not aware of ‘Victor’s Little Secret’ responded ‘tasteful,’ an inference of dilution might be drawn”).

233. *Id.* at 23 (“If consumers who were aware of ‘Victor’s Little Secret’ gave ‘Victoria’s Secret’ a lower tastefulness rating than those who were not aware of that mark, an inference of dilution might follow.”).

234. *Id.* (noting in addition that the *Nabisco* court criticized surveys for this reason).

235. *Moseley v. V Secret Catalogue, Inc.*, 123 S. Ct. 1115, 1126 (2003) (Kennedy, J., concurring).

236. BLACK’S LAW DICTIONARY, *supra* note 46, at 1489–90.

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interpret actual harm the way Justice Kennedy did through his “concurring” statements, the actual harm standard could morph into a likelihood of harm standard in some circuits, returning us to the very controversy that led the Moseleys to the Supreme Court in the first place—is actual harm or likely harm the proper standard?

IV. CONCLUSION

In its *V Secret* holding, the Sixth Circuit strayed perilously from the intent and plain meaning of the FTDA, at the time opening doors for a multitude of equally confusing court battles in the years to come. Not only would courts have suffered with case after case of needless dispute over what is “likely” to happen if similar brand names are allowed to coexist, but also those who had never considered whether Ball-Mart in Anytown, Minnesota, has any effect on Wal-Mart’s worldwide name recognition, might just have gone knocking on the local courthouse door for an answer. In its brief and seemingly potent opinion, the Supreme Court, at first glance, concisely and appropriately eliminated such needless future court battles with its simple statement that the necessity for an actual harm standard is “unambiguous.” What is “actual,” however, remains unknown. In this case, the Court seems to have raised more questions than it answered.

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