A Place For Famous Market Niche Trade and Service Marks Within Federal Trademark Dilution Law

Katherine D. Jochim
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KATHERINE D. JOCHIM*

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* J.D. Candidate, University of San Diego School of Law, 2010; B.S. Biology, Gonzaga University, 2005; B.A. French, Gonzaga University, 2005. I owe special thanks to Professor Paul Horton for providing invaluable feedback and support throughout the drafting of this Comment. I am also grateful to Nicole King for going above and beyond in helping me to achieve a more polished writing style during the drafting process, and to Jake Linford for his insightful comments and much appreciated encouragement. Finally, I wish to thank the staff and editorial board of the San Diego Law Review for their additional editing work and the opportunity to publish this Comment.
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I. INTRODUCTION

On August 24, 1987, Toyota Motor Company announced plans to
market a line of luxury automobiles under its new Lexus brand.1 By that
time, the Lexis computer-assisted legal research service was well
established and widely known by attorneys and accountants across the
country.2 Mead Data Central, owner of the Lexis mark, promptly sued
Toyota.3 Why would the owner of the Lexis trademark be so concerned
with Toyota’s choice of Lexus? The two marks are spelled the same
with the exception of one vowel, but more importantly, they sound
nearly identical when spoken out loud: Lexis legal research service and
Lexus luxury automobiles. Consumers familiar with both trademarks
have likely made this mental association. In fact, when Toyota Motor
Sales was brainstorming names for its new division in 1986, two Toyota
attorneys familiar with the Lexis mark noted the similarity.4 But no
person seeing the Lexus trademark would think the automaker is in any
way affiliated with the Lexis legal research service. It is highly unlikely
that a consumer would be confused about whether Lexus automobiles are
produced by Lexis or whether Lexus offers legal research services.
Because a trademark infringement claim requires a likelihood of
consumer confusion,5 Lexis would have a difficult case to make were
infringement the sole cause of action available.6

1033 (S.D.N.Y. 1988), rev’d, 875 F.2d 1026 (2d Cir. 1989).
2. Id. at 1036.
3. Mead Data Central sued for infringement under federal law and dilution under
the New York state dilution statute. Id. at 1035. Congress did not enact the first federal
4. Mead Data Central, 702 F. Supp. at 1034. Toyota later searched and concluded
that Lexus would not infringe the Lexis mark; however, its attorneys did not consider the
possibility of dilution. Id.
5. The reader should understand any reference to “confusion” in this legal sense
and equate consumer confusion with the infringement cause of action. See generally 15

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Nonetheless, although consumers will easily perceive that products and services from Lexus and Lexis derive from different sources, they may now make two mental associations upon seeing either of these marks. When Lexus entered the market, the Lexis mark theoretically went from occupying a solo position in the minds of legal professionals to sharing mental space with an automobile manufacturer. The mark Mead Data Central had invested heavily in promoting and making known to the legal community thereby lost an unquantifiable amount of value. It is this mental association, which is followed eventually by economic injury to the holder of a famous mark, that comprises the cause of action for trademark dilution.

It has been just over eighty years since Frank Schechter announced the theory underlying modern dilution law. Schechter posited that—contrary to the historical view of trademarks as mere indicators of source without intrinsic value—marks play a much more direct role in the marketing and sale of goods and services. Trademarks are agents for the creation of goodwill, and it is the power to uniquely identify a particular source that gives them value. According to Schechter, a famous trademark’s ability to serve as a goodwill generator is injured when it loses “distinctiveness,” as others using the same mark to identify

U.S.C. § 1114 (2006) (setting forth the federal infringement statute). Infringement is an entirely separate cause of action from dilution, which is the subject of this Comment. See infra Part II.

6. The district court in Mead Data Central held that there was no likelihood of consumer confusion between Lexis and Lexus. 702 F. Supp. at 1039.

7. See id. at 1044. Initially, the district court granted Mead Data Central, owner of the Lexis mark, an injunction under the New York state dilution statute. Id. at 1044–45. However, the Second Circuit reversed the dilution finding and lifted the injunction. Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., Inc., 875 F.2d 1026, 1032 (2d Cir. 1989).

8. See Mead Data Central, 702 F. Supp. at 1044. The Mead Data Central court found that the plaintiff had invested $3.8 million in advertising and promotions in 1987, generating over $200 million in revenue that year. Id. at 1042.


11. See Schechter, supra note 10, at 814, 816.

12. See id. at 818.
unrelated products join it in the marketplace. Although initially slow to catch on, the United States has since seen the rise of the dilution cause of action beginning with state dilution statutes, followed by the Federal Trademark Dilution Act of 1995 (FTDA), and most recently with the Trademark Dilution Revision Act of 2006 (TDRA).

Yet despite multiple attempts to clarify the proper meaning, purposes, and application of dilution theory, there remains a dissonance between the underlying theory and the current state of federal dilution law. The TDRA currently applies to marks widely known to the general consuming public across the United States, a standard this Comment refers to as “general fame.” It bestows the power to exclude not only junior uses within the same area of commerce but to any use of the same or a substantially similar mark. Rights may attach regardless of whether third parties have previously copied the mark or the owner has diluted its own mark through licensing. In effect, the TDRA confers rights on trademark owners that cannot possibly benefit from its theoretical protections, while simultaneously excluding owners of marks that would benefit from the practical competitive advantage dilution law provides.

In contrast to traditional trademark infringement, dilution law exists primarily to protect the interests and investments of mark owners. This

13. Id. at 829–30.
17. See supra note 10.
19. Dilution provides for an injunction against any junior use that is found to blur or tarnish the senior mark, irrespective of the presence or absence of consumer confusion. Id. § 1125(c)(1) (2006).
20. See infra notes 61–62.
21. Traditional trademark infringement is based on consumer-minded goals, such as protection against deceitful business practices. 1 McCARTHY, supra note 16, § 2:14 (quoting Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 157 (1989)). The classic situation is when a seller “palms off” inferior products under the name of a
right departs from the traditional purposes and policies of trademark law by affording what more closely resembles an exclusive property right in trademarks.23 Because the dilution claim—at least in theory and when properly applied—grants such broad rights, it is important to ensure it is available only to a “small, elite group of truly renowned” and strong marks.24 Part II of this Comment explains why, under a proper understanding of dilution theory, federal dilution law should apply only in situations in which there is no likelihood that consumers will be confused as to source.25 Part III contends only coined marks that are

superior competitor. See, e.g., O. & W. Thum Co. v. Dickinson, 245 F. 609, 621 (6th Cir. 1917) (inferring intent to palm off defendant’s sticky fly paper as that of the plaintiff when defendant copied plaintiff’s product packaging). The law is designed to encourage competition by enabling customers to identify and purchase goods and services that have met their standards of quality in the past. See F.M. Scherer, INDUSTRIAL MARKET STRUCTURE AND ECONOMIC PERFORMANCE 378 (2d ed. 1980) (“If there were no brand names and trademarks, the consumer might never be sure who made a product and would have difficulty rewarding through repeat purchases manufacturers who achieve high quality or cater to his or her special tastes.”).


23. Trademark law is designed to afford only a limited scope of rights, though protection may last indefinitely. The scope of trademark rights, rather than being exclusive, is defined by consumers’ mental perceptions. 1 McCarthy, supra note 16, § 2:14. The infringement claim applies to junior uses that create a likelihood of consumer confusion as to whether the junior use actually emanates from, is sponsored by, or is otherwise affiliated with, the source of the senior mark owner. See 15 U.S.C. § 1114. In contrast, “[d]ilution causes of action, much more so than infringement and unfair competition laws, tread very close to granting ‘rights in gross’ in a trademark.” Avery Dennison Corp. v. Sumpton, 189 F.3d 868, 875 (9th Cir. 1999); see also Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449, 454 (4th Cir. 1999) (referring to Schechter’s dilution theory as a “radical . . . proposal, whose practical effect if fully adopted would be to create as the whole of trademark-protection law property rights in gross in suitably ‘unique’ marks”), overruled in part by Moseley, 537 U.S. at 433; Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., Inc., 702 F. Supp. 1031, 1041–42 (S.D.N.Y. 1988) (“Section 368-d [of the New York dilution statute] recognizes that the distinctive quality of a trademark is a property right and the cause of action is more akin to the tort of trespass.”), rev’d on other grounds, 875 F.2d 1026 (2d Cir. 1989); 4 McCarthy, supra note 16, § 24:72 (“Antidilution law has a strong resemblance, not to the law of consumer protection, but to the law of trespass on property.”).


25. This Comment discusses fame only in the context of the dilution by blurring cause of action. Dilution by tarnishment is defined in the TDRA as an “association
unique in the marketplace should have access to the dilution claim. Restricting the cause of action in this manner will help to ensure dilution law is available only to those marks that truly deserve it. Notwithstanding these restrictions, a suitable dilution cause of action should be available to certain deserving marks that are currently excluded under the TDRA. The principal focus of this Comment is to advocate expansion of the fame requirement to encompass trademarks that are known across the entire United States and within a broadly defined product or service market niche. 26 Part IV proposes a set of guidelines for defining market niche fame. It also presents an affirmative argument as to why this particular group of marks deserves access to the dilution cause of action. To confront popular arguments against niche fame, Part V addresses how state dilution statutes and the infringement cause of action offer inadequate protection for nationally famous market niche trademarks.

arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.” 15 U.S.C. § 1125(c)(2)(C) (2006). Tarnishment cases raise issues of free speech and parody more frequently than blurring cases, and are left out of the discussion to avoid distracting from this Comment’s main focus on fame. See, e.g., Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC, 464 F. Supp. 2d 495, 505 (E.D. Va. 2006) (rejecting tarnishment claim by maker of Louis Vuitton handbags after finding defendant’s Chewy Vuiton dog toys to be a successful parody), aff’d, 507 F.3d 252 (4th Cir. 2007); Coca-Cola Co. v. Gemmi Rising, Inc., 346 F. Supp. 1183, 1192–93 (E.D.N.Y. 1972) (finding that defendant’s posters reading “Enjoy Cocaine” harmed plaintiff’s reputation and goodwill, and denying defendant’s free speech argument when posters imitated plaintiff’s familiar “Enjoy Coca-Cola” trademark). The reader should understand references to “dilution” in this Comment to encompass only dilution by blurring. Professor McCarthy argues that tarnishment is a separate type of injury from that caused by dilution by blurring. 4 McCarthy, supra note 16, § 24:89. Unlike blurring, tarnishment of a mark could occur either simultaneously with dilution by blurring, or simultaneously with a likelihood of confusion case. Id.; see also Warner-Lambert Co. v. Northside Dev. Corp., 86 F.3d 3, 5, 8 (2d Cir. 1996) (affirming trademark infringement claim and finding likelihood of tarnishment when defendant distributed plaintiff’s Halls cough drops that had passed their freshness date). In fact the Coca-Cola court appeared to embrace the view that a brand could be both infringed and tarnished concurrently when it cited with approval plaintiff’s argument that its “good will and business reputation are likely to suffer in the eyes of those who, believing it responsible for defendant’s poster, will refuse to deal with a company which would seek commercial advantage by treating a dangerous drug in such jocular fashion.” 346 F. Supp. at 1191 (emphasis added).

26. For purposes of this Comment, the terms mark and trademark should be read to encompass both trade and service marks. The term market niche fame refers to those marks famous within a particular product or service market segment and excludes marks famous within a restricted area of the country—termed as a geographic niche. The Comment does not advocate expansion of the fame requirement under federal law to include trade and service marks famous only within a geographic niche.
II. ENDING THE CONFUSION OVER DILUTION

The theory of dilution by blurring holds that the owner of a famous trademark suffers harm if an identical mark is used by a less famous, unaffiliated owner to identify a source of noncompeting goods or services.27 Yet the TDRA allows owners of famous marks to plead dilution in cases in which the accused mark is used on competing goods.28 The problem is that this renders the dilution claim largely redundant of the infringement cause of action.29 In essence, the only additional element an owner must show is that its mark is generally famous.30 Under a proper understanding of dilution theory, blurring may occur only in situations in which there is no likelihood of consumer confusion.

Dilution properly applies when identical or nearly identical marks are used to designate sources of unrelated products or services, and there is no likelihood of consumer confusion.31 To illustrate, compare the marks

27. Schechter, supra note 10, at 825; see also 4 McCarthy, supra note 16, § 24:72 (referring to dilution as a situation in which one mark identifies two distinct sources and contrasting it with infringement, which presents the consumer with similar goods bearing similar marks that generate confusion as to whether the products emanate from the same source). Even the first federal dilution bill, which was unsuccessfully introduced in 1988, adopted the view that an action for dilution is properly limited to application against noncompeting goods. S. Rep. No. 100-515, at 7 (1988), reprinted in 1988 U.S.C.C.A.N. 5577, 5583 (“The provision is specifically intended to address a narrow category of famous registered trademarks where the unauthorized use by others, on dissimilar products for which the trademark is not registered, dilutes the distinctiveness of the famous [mark].” (emphasis added)).

28. See 15 U.S.C. § 1125(c) (2006) (“[T]he owner of a famous mark that is distinctive . . . shall be entitled to an injunction . . . regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.” (emphasis added)).

29. In fact, all but one of the successful dilution cases decided in the year following enactment of the TDRA also held that the junior use infringed the senior mark holder’s rights. Barton Beebe, The Continuing Debacle of U.S. Antidilution Law: Evidence from the First Year of Trademark Dilution Revision Act Case Law, 24 Santa Clara Computer & High Tech. L.J. 449, 450 (2008) (“For all of the legislative and academic attention paid to it, antidilution law continues to have no appreciable effect on the outcomes of federal trademark cases or the remedies issuing from those outcomes.”). This analysis suggests that, as currently applied, dilution’s property rights may not in fact be as potent as many fear.


31. 4 McCarthy, supra note 16, § 24:114 & n.7 (referring to instances of junior mark use on unrelated and noncompeting goods as “the traditional ‘blurring’ model”); accord Instrumentalist Co. v. Marine Corps League, 509 F. Supp. 323, 332 (N.D. Ill. 551
Delta and iPod. Delta serves as a trademark for a variety of completely unrelated products and services, ranging from sink faucets to an airline service. Upon seeing a Delta faucet, a consumer may make a mental association to Delta airlines, but he knows instinctively that the two are in no way affiliated. The faucets are not produced by the airline service or vice versa. Nonetheless, as the number of unrelated users adopting the mark rises, the consumer is increasingly distracted from the famous mark by the awareness of multiple unaffiliated sources.32 This is an example of one mark used to identify two or more sources, the definition of dilution by blurring.

Now take Apple Computer’s highly successful branding campaign of adding “i-” before many of its products—think iPod MP3 players, iMac computers, and iPhone cellular telephones. When a consumer sees a product that begins its mark with “i-,” he thinks of Apple products. So, when that consumer sees an accessory for iPod music players called iTrip, he naturally assumes Apple must also make this product. In fact, a completely different company makes the iTrip radio adapter.33 Here, the consumer is likely to be confused as to whether Apple makes the iTrip product. Even if he knows Griffin Technology makes the iTrip radio adaptor, the consumer is probably confused as to whether there is some affiliation between the two companies: perhaps Apple has licensed its technology, its trademark, or both. Although the products are not direct competitors, they operate in the same realm of related goods, and thus the brand similarity spawns confusion.34 This situation, in which the consumer is unsure as to whether the brands are somehow associated, is

1981) (“Illinois case law indicates the [dilution] statute was intended to operate only where relief is unavailable under traditional theories of unfair competition, under which likelihood of confusion and the existence of competition are usually requisite elements.”), aff’ed, 694 F.2d 145 (7th Cir. 1982).

32. McCarthy calls this a problem of “one mark: two sources.” 4 McCarthy, supra note 16, § 24:69; id § 24:72 & n.14 (“The confused consumer believes that the actor’s use of the mark is connected with the trademark owner, and thus for such consumers the use does not dilute the distinctiveness of the mark.”); accord Am. Express Co. v. CFK, Inc., 947 F. Supp. 310, 316 (E.D. Mich. 1996) (“In order for dilution to occur, the consumer must have a reasonable basis upon which to (1) associate the disputed mark with the plaintiff, and (2) not be confused into thinking that the plaintiff is the source or sponsor of the challenged goods.”).


34. Proximity of goods is one of eight factors employed in an infringement analysis. Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492, 495 (2d Cir. 1961). This factor weighs increasingly toward a finding of infringement the more the junior user’s goods resemble those of the plaintiff. Virgin Enters. Ltd. v. Nawab, 335 F.3d 141, 150–51 (2d Cir. 2003).
distinct from the Delta airline and faucet scenario. Infringement law covers the former situation and dilution the latter.

Unfortunately, the term *dilution* used in the vernacular suggests a watering down or decreasing of potency. Mark owners have capitalized on this by substituting *dilution*’s ordinary connotations for its meaning as a legal term. Many have successfully argued that any use that confuses as to the source of a mark must necessarily weaken that mark. It would follow from this logic that a finding of infringement must also be evidence of dilution. Judging by their success, this suggests many courts apply dilution law in the sense of weakening of a strong mark, without considering Professor McCarthy’s “one mark: two sources” blurring rationale.

But if the dilution cause of action is truly redundant of the infringement cause of action, it would not make much sense to expend the resources creating and discussing dilution law in the first place. The “one mark: two sources” theory of dilution law—the concept behind the blurring cause of action—cannot be coextensive with the “multiple marks, associated with one source” injury of traditional infringement.

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36. See Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 219 (2d Cir. 1999) (“Consumer confusion would undoubtedly dilute the distinctive selling power of a trademark. . . . We can see no reason not to apply the antidilution statute to use on competing or closely related products, where likelihood of confusion, and thus infringement, might also be found.”), overruled in part by *Moseley v. V Secret Catalogue, Inc.*, concurrence, Justice Kennedy similarly infused infringement concepts into his infringement analysis by asserting that the injury dilution seeks to prevent is “a mark [that] will erode or lessen the power of the famous mark to give customers the assurance of quality and the full satisfaction they have in knowing they have purchased goods bearing the famous mark.” 537 U.S. at 435 (Kennedy, J., concurring).

37. See Horphag Research Ltd. v. Garcia, 475 F.3d 1029, 1037 (9th Cir. 2007) (finding dilution by blurring based largely on evidence of consumer confusion: “Not only does the infringing use create a ‘mental association’ in the consumer’s mind between Horphag’s product and the product Garcia sells, but indeed, the evidence shows that some consumers believed they were purchasing Pycnogenol—with its good will and reputation—when they purchase Garcia’s product”).

38. See *supra* note 32 and accompanying text.

The consumer is either confused as to whether a product emanates from the famous source or he is distracted from the famous source by the entry of unrelated sources onto the marketplace. A proper application of dilution theory requires that dilution by blurring be available only to noncompeting or otherwise unrelated goods if there is no likelihood of consumer confusion.

III. INFUSING DISTINCTIVENESS AND UNIQUENESS LIMITATIONS INTO DILUTION LAW

Given the strong property rights dilution law theoretically affords, it is only appropriate to introduce limitations to bring the law into conformity with its stated purpose of protecting the distinctiveness of famous marks. Limiting dilution claims to marks that are both highly distinctive and unique in the marketplace will further this purpose while allowing for expansion of the fame requirement to encompass famous niche market trademarks.

A. Limit the Dilution Claim to Coined or “Quasi-Coined” Marks

The dilution claim should only be available to marks that are coined or “quasi-coined”; that is, terms that the mark’s original owner invented and introduced to the public. Requiring that marks be coined or quasi-

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40. See supra note 32 and accompanying text.
41. 4 McCarthy, supra note 16, § 24:72. This is not to say that a plaintiff could not theoretically plead both infringement and dilution. It is possible that in a given case, some consumers would be confused and others would not be confused as to the source of the particular good or service. The Third Restatement of Unfair Competition provides that infringement and dilution may be pleaded as claims in the alternative or cumulatively, so long as the plaintiff can show that a substantial number of consumers are likely to be confused and also that a separate substantial number are likely to experience blurring. Restatement (Third) of Unfair Competition § 25 cmt. f (1995).
42. Schechter and others have used the term distinctiveness to refer to both the strength of a mark in the sense employed in the infringement analysis and in the sense of uniqueness within the marketplace. See Schechter, supra note 10, at 829–30 (using distinctiveness to indicate uniqueness in the marketplace). However, to distinguish between these two meanings, this Comment uses the term distinctive in its legal sense as employed in the infringement analysis. See Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 768–69 (1992) (outlining distinctiveness inquiry for purposes of trademark and trade dress infringement analysis). This Comment uses the term unique to refer to marks that represent the sole use of a particular term in the marketplace. 
43. Professor Franklyn defines coined words as “completely made-up words—i.e., words that simply did not exist before they were invented by the trademark owner. Kodak is an example; Xerox is another.” Franklyn, supra note 10, at 162–63. Quasi-coined words are defined as “words that are partially comprised of invented components. Polaroid is such a word. It did not exist before the camera company invented it, but it is
coined will greatly reduce, if not eliminate, concerns over free speech and monopolistic rights.\textsuperscript{44} It will reinforce the notion that only those marks that most deserve such strong property rights receive them. And it will provide a far more efficient screening mechanism for courts to eliminate nonmeritorious claimants at the early stages of litigation.

Prevalent throughout trademark law is a concern that the ability to prevent others from using certain terms will limit free speech by plucking words out of the collective vocabulary and creating “lawful monopolies” on the English language.\textsuperscript{45} This consideration is particularly relevant to dilution law because some fear the ability to exclude junior uses in noncompeting fields will effectively remove words from the public domain.\textsuperscript{46} But coined and quasi-coined marks add to, rather than take away from, the common vocabulary.\textsuperscript{47} Requiring this high level of

\begin{footnotes}
\item[44] See infra notes 46–49 and accompanying text.
\item[45] See E. Wine Corp. v. Winslow-Warren, Ltd., 137 F.2d 955, 957 (2d Cir. 1943).
\item[47] See, e.g., Nat’l Fruit Prod. Co. v. Dwinell-Wright Co., 47 F. Supp. 499, 506 (D. Mass. 1942) (“As to marks derived from coined words, the establishment of what is loosely called a monopoly presents no possible threat to competitors or to the public.” (emphasis added)), aff’d, 140 F.2d 618 (1st Cir. 1944).
\end{footnotes}
distinctiveness will provide added incentive for users to be creative in conceiving source designations. In turn, the public benefits when mark owners enrich the common vocabulary.48

Although the commonly stated policy behind intellectual property law is enriching the public domain, a vein of natural rights policy also runs through the law.49 Commentators often discuss dilution in terms of those marks that deserve or have earned strong rights through the owner's "ingenuity and the merit of his wares or services."50 Limiting protection to coined and quasi-coined marks will satisfy a societal impulse to reward mark owners for their creative and temporal investments.51 This will help to ensure that only those marks whose owners have truly "earned" additional rights through a significant investment of resources enjoy access to the dilution claim.

48. As an example, the Google search engine began as just that, an Internet searching service. Although the noun google is not coined, with the immense popularity of the search engine, people began using the term as a verb: it is now common to “Google,” rather than “search for,” a topic online. In fact, many dictionaries include “Google” as a verb. See, e.g., MERRIAM-WEBSTER ONLINE, GOOGLE, http://www.merriam-webster.com/dictionary/google (2010).

49. For example, one commentator notes: [T]here is an understandable tendency to develop robust doctrines of individual moral entitlement even within the social policy framework. This is due in part to the fact that natural rights ideas have never really been lost sight of in intellectual property law . . . . Natural rights formed part of the dialectical background to the emergence of modern copyright in eighteenth century England, they are heard in an undertone throughout the American case law, and they figure prominently in recent scholarship on the subject. Jeremy Waldron, From Authors to Copiers: Individual Rights and Social Values in Intellectual Property, in INTELLECTUAL PROPERTY RIGHTS: CRITICAL CONCEPTS IN LAW 114, 120 (David Vaver ed., 2006) (footnotes omitted).

50. Schechter, supra note 10, at 833; see Franklyn, supra note 10, at 141.

51. See Franklyn, supra note 10, at 147–48. The more [a mark] appears to be a common, descriptive, or already existing word, the less we are inclined to protect it against any and all free-riding. This inclination is based, in part, on our collective notions of labor and reward. We have inherited the general Lockean notion that the reward of property should follow some type of expenditure of labor. We are not inclined to give people strong property rights when they expend little or no effort in creating something of value. By contrast, we are inclined to give relatively greater property rights to people who expend labor to invent new things.

. . . It takes a degree of intellectual labor and creativity to invent a new word for use as a trademark and to then make that invented mark famous. By contrast, it takes relatively little effort to simply pluck an existing word from the known and obvious lexicon of existing words and to then make that word famous. In short, we are inclined to believe that the invented word somehow belongs to its creator in a way that does not necessarily apply to the plucked word.

Id. (footnotes omitted).
Excluding all but coined and quasi-coined marks is more than just theoretically sound. This distinctiveness requirement will serve the practical purpose of efficiently reducing dilution litigation by creating a bar to standing that is simple to apply. In an older case, *Savin Corp. v. Savin Group*, the Second Circuit explained that one of the primary reasons for refusing to extend the FTDA to famous niche marks was to reduce the number of lawsuits.\footnote{Savin Corp. v. Savin Group, 391 F.3d 439, 449 (2d Cir. 2004).} As that court stated,

> [T]he element of fame is the key ingredient. This is because, among the various prerequisites to an FTDA claim, the one that most narrows the universe of potentially successful claims is the requirement that the senior mark be truly famous before a court will afford the owner of the mark the vast protections of the FTDA.\footnote{Id.}

Members of Congress similarly expressed hope that the TDRA’s new general fame requirement would reduce dilution claims to those rare circumstances in which it properly applies, rather than as an alternative pleading in every infringement case.\footnote{H.R. REP. NO. 109-23, at 25 (2005) (statement of Rep. Howard L. Berman, Ranking Member, Subcomm. on Courts, the Internet, and Intellectual Property), available at http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=109_cong_reports&docid=f:hr023.109.pdf.} Without doubt, reduction of dilution litigation was a goal both for Congress and courts applying the federal statutes.

But reducing litigation via the general fame requirement is an inefficient means of achieving this objective because it requires extensive evidence gathering before a judge may rule on any pretrial motions. The TDRA contains a four-factor test for fame that considers evidence, including the “duration, extent, and geographic reach of advertising” of the mark; the “amount, volume, and geographic extent of sales” under the mark; and the “extent of actual recognition of the mark.”\footnote{The TDRA lists four factors to be used in determining whether a mark is generally famous:  
(i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties.  
(ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark.  
(iii) The extent of actual recognition of the mark.  
(iv) Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.  
reactions—which certainly is not desirable—such evidence requires inquiry into sales records and company financial information, as well as conceivably requiring some form of customer survey. Many potential plaintiffs, including nonfamous product or service mark owners, are still likely to attempt a dilution claim despite this new requirement. The amount of evidence a plaintiff must gather, as well as the extent of evaluation involved—assuming the fame determination is not a gut reaction—is not an efficient first step to reducing litigation. Conversely, requiring dilution plaintiffs to establish that their marks are coined or quasi-coined is an efficient means of limiting the litigant pool. Whether a term existed prior to its adoption as a trademark is easily discoverable through use of a dictionary. It is more logical and less costly to use this criterion as an initial step in determining whether a plaintiff’s claim may proceed.

In sum, a coined or quasi-coined mark requirement will do more than vindicate Schechter’s view and society’s desire to reward investments and creative efforts. Restricting the dilution claim will help to alleviate concerns over dilution law’s potential chilling effects on free speech, and it will have the practical benefit of efficiently reducing the overcrowded pool of dilution litigants.


58. See Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., Inc., 875 F.2d 1026, 1027 (2d Cir. 1989). An inquiry into distinctiveness is also an initial step in an infringement case. Zatarains, Inc. v. Oak Grove Smokehouse, Inc., 698 F.2d 786, 790 (5th Cir. 1983), overruled in part by KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc., 543 U.S. 111, 116 (2004). In cases in which both infringement and dilution are litigated, the distinctiveness issue does not add an additional step to the blurring inquiry.
B. Limit the Dilution Claim to Marks that Are Unique Within the Marketplace

A blurring injury results “when the unauthorized use of a famous mark reduces the public’s perception that the mark signifies something unique, singular, or particular.” If a mark is not unique within the marketplace, there is no need to protect it under the dilution statute because the purported injury has already occurred. This logic applies both to marks diluted through third-party use as well as to those that have self-diluted through brand extension or excessive licensing. In addition, a uniqueness requirement provides the same practical advantage as the coined and quasi-coined limitation in that it is an easily administrable barrier to standing.


60. Schechter himself recognized the necessity of protecting unique marks, as well as the futility of extending protection to marks previously diluted through over-use in the marketplace:

“Rolls-Royce,” “Aunt Jemima’s,” “Kodak,” “Mazda,” “Corona,” “Nujol,” and “Blue Goose,” are coined, arbitrary or fanciful words or phrases that have been added to rather than withdrawn from the human vocabulary by their owners, and have . . . created in the public consciousness an impression or symbol of the excellence of the particular product in question. Should the rule, still broadly enunciated by the Supreme Court, that a trademark may be used on different classes of goods, be literally adhered to, there is not a single one of these fanciful marks which will not, if used on different classes of goods, or to advertise different services, gradually but surely lose its effectiveness and unique distinctiveness in the same way as has “Star,” “Blue Ribbon,” or “Gold Medal.” Schechter, supra note 10, at 829–30 (footnotes omitted). For a similar view that uniqueness is one of three hallmarks of a mark deserving of dilution protection, see William G. Barber, A “Rational” Approach for Analyzing Dilution Claims: The Three Hallmarks of True Trademark Dilution, 33 AIPLA Q.J. 25, 40 (2005).

61. See generally Sara Stadler Nelson, The Wages of Ubiquity in Trademark Law, 88 IOWA L. REV. 731 (2003). Professor Nelson’s thesis is that trademark owners engaging in such brand extension should not be entitled to a dilution claim. Id. at 735–36. Judges, lawyers, and even scholars appear to have assumed that trademark owners are incapable of diluting their own trademarks—that trademark owners are perfectly free to engage in acts that, if perpetrated by others, would be held to cause dilution under the doctrine as presently applied. . . . Yet nothing about the harm caused by dilution is limited to instances in which that harm is caused by third parties. To the contrary: if we believe what we have been saying about what dilution is, then we must acknowledge that the acts of trademark owners can have the same dilutive effects as can the acts of third parties. Id. at 788.
It defies reason to suggest that an owner that shares a mark with unrelated users is in need of a remedy to prevent the mark from losing standing as a unique source identifier.\(^62\) Recall the example of Delta airlines and Delta sink faucets.\(^63\) Surely the Delta airline mark is widely known across the country by the general population.\(^64\) But if a new brand—for example a Delta cosmetics line—entered the market, it would be illogical for the Delta airline service to argue that Delta cosmetics would cause dilution by blurring.\(^65\) Where noninfringing uses of a famous mark exist prior to suit, it is inappropriate to claim the law should preserve the famous mark’s ability to “signify something unique, singular, or particular.”\(^66\)

This argument applies equally to marks that have self-diluted through licensing their brand for use on nonsimilar goods.\(^67\) In Frank Schechter’s time, it was probably unthinkable that owners would voluntarily place their marks on products unrelated to those for which they became famous.\(^68\) Schechter cited Kodak bicycles, Vogue hats, and Rolls-Royce radio parts as examples of unauthorized trademark uses that would dilute famous marks.\(^69\) But compare these examples with the following modern-day authorized uses: Adidas perfume for men and women,

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\(^62\) See, e.g., S.F. Arts & Athletics, Inc. v. U.S. Olympic Comm., 483 U.S. 522, 564–65 n.25 (1987) (Brennan, J., dissenting) (“Only ’strong’ trademarks are protected by dilution statutes, and the plaintiff’s trademark must not previously have been diluted by others.”); Astra Pharm. Prods., Inc. v. Beckman Instruments, Inc., 718 F.2d 1201, 1210 (1st Cir. 1983) (finding no dilution of plaintiff Astra’s local anesthetic when third-party use existed prior to suit: “If the other registrations and uses of the ‘ASTRA’ mark have not already diminished the uniqueness of Astra’s mark, [defendant’s] use of it on its analyzer will not diminish it, either”); see also Milton W. Handler, Are the State Antidilution Laws Compatible with the National Protection of Trademarks?, 75 TRADEMARK REP. 269, 280 (1985) (“[A]ny reduction [in uniqueness] would seemingly constitute dilution—there apparently are no minimum requirements with regard to the extent of the dissipation. . . .  We can avoid the difficulty, at least in part, if we confine the dilution theory to those famous and celebrated marks whose distinctive quality is in fact capable of dilution.”).

\(^63\) See supra Part II.


\(^65\) In addition to airlines and faucets, an online search of the term delta reveals that it also serves as a mark for a dental benefits company, a college, a storage service, a bicycle parts company, and the list continues. Google, http://www.google.com (enter “delta” into search field) (last visited Apr. 25, 2010).

\(^66\) See supra note 59 and accompanying text.

\(^67\) See generally Nelson, supra note 61 (arguing dilution law should not protect marks that engage in brand extension through licensing because these marks effectively self-dilute).

\(^68\) See id. at 777.

\(^69\) Schechter, supra note 10, at 825.
Barbie children’s shoes, and Eddie Bauer edition sports utility vehicles. The mark owner in each of these instances profits by using the public’s mental association with the mark to sell a completely different product from a different source. From the consumer’s standpoint as an outsider to the licensing transactions, there is no difference between Kodak bicycles and Adidas perfume. Adidas, Eddie Bauer, Barbie, and countless others have voluntarily given up the uniqueness that dilution seeks to preserve and cannot benefit from the dilution claim.70 In addition to a requirement that marks be coined or quasi-coined, previously diluted, self-diluted, and otherwise nonunique marks should not have standing to state a dilution claim under the TDRA.

Initially, it may seem unfair that an owner should lose its dilution claim the moment it capitalizes on a famous mark’s selling power through licensing. But the notion that an owner’s actions can cause loss of rights is hardly new to trademark law. Owners may destroy their trademark rights completely through incautious licensing,71 advertising,72 and using the mark in a manner that causes it to become generic.73 The outlook for self-diluting trademarks is not so bleak. To the extent that a generally famous mark does self-dilute through branding of nonrelated goods or services, the public begins to associate the mark with more sources and more products.74 Upon seeing the mark on noncompeting

70. See supra text accompanying note 60; Nelson, supra note 61, at 735–36.
71. Exxon Corp. v. Oxxford Clothes, Inc., 109 F.3d 1070, 1075 (5th Cir. 1997) (stating rule that a mark owner’s failure to supervise the quality of goods offered by licensee may result in abandonment of trademark rights).
73. Bayer Co. v. United Drug Co., 272 F. 505, 511–12 (S.D.N.Y. 1921) (describing plaintiff’s failure to prevent its Aspirin mark from becoming the generic term used by the public to describe the popular painkiller as made by any company).
74. Take, for example, the Virgin mark owned by billionaire Richard Branson, which designates over 200 companies. Virgin, About Virgin, http://www.virgin.com/about-us/ (last visited Apr. 25, 2010). The Virgin mark operates in such disparate markets as record stores, an airline, and a stem cell bank. Virgin, Virgin Companies, http://www.virgin.com/company/ (last visited Apr. 25, 2010). When a consumer next sees the mark used to designate a nonrelated product or service that Branson does not own, the consumer is likely to be confused as to whether the source is Branson. Virgin Enters. Ltd. v. Nawab, 335 F.3d 141, 149, 152 (2d Cir. 2003) (holding for plaintiff in infringement case and finding “[t]he fame of the mark increased the likelihood that consumers seeing defendants’
goods, consumers are more likely to assume that the product emanates from or is affiliated with the source of the famous mark, and the mark owner is more likely to succeed on a trademark infringement claim.\textsuperscript{75} As Professor McCarthy put it:

The test of traditional infringement is the very expansive one of likelihood of confusion not just over source, but also over sponsorship, affiliation, or connection. This test sweeps a wide swath of exclusivity for the owner of a strong and famous mark. When a senior mark is famous and very strong, then the traditional confusion-based rules apply to their broadest and most robust extent.\textsuperscript{76}

Hence, a generally famous mark that has self-diluted will have a stronger claim under infringement law than a famous product or service mark that is still associated uniquely with its original product or service. Especially given the trend of expanding trademark rights beyond the classic “palming off” scenario,\textsuperscript{77} losing entitlement to a dilution claim will not leave self-diluted, generally famous marks without remedy.

Just as with the coined or quasi-coined mark requirement, a uniqueness requirement provides an efficient means of reducing the pool of dilution litigants.\textsuperscript{78} A plaintiff could show, and a court could easily verify, whether a mark is unique through a common trademark search.\textsuperscript{79} By substituting uniqueness and coined term requirements for the fame inquiry as a threshold for standing, Congress and the courts will achieve two important objectives by ensuring a merit-based application of the dilution law while simultaneously limiting litigation to these more deserving marks.

shops selling telephones under the mark VIRGIN would assume incorrectly that defendants’ shops were a part of plaintiff’s organization”).

\textsuperscript{75}. In \textit{Mead Data Central}, the district court found Lexus did not infringe the Lexis mark due to the completely unrelated and noncompetitive nature of the parties’ products. \textit{Mead Data Cent. v. Toyota Motor Sales, U.S.A., Inc.}, 702 F. Supp. 1031, 1040 n.6 (S.D.N.Y. 1988), rev’d, 875 F.2d 1026 (2d Cir. 1989). However, the court expressly noted that “if Toyota were involved in the manufacture or sale of computers, computer software, data processing, or computerized databases, this conclusion would likely change.” \textit{Id}. In other words, had Toyota previously expanded into the computer industry, the introduction of a similar sounding mark into the field would likely confuse consumers as to whether the parties were somehow affiliated.

\textsuperscript{76}. \textit{4 McCarthy, supra} note 16, § 24:74. Practically speaking, losing protection under the dilution law in this situation will not greatly affect mark owners because the remedy for both dilution and infringement is an injunction. See \textit{15 U.S.C. §§ 1114, 1125(c)} (2006).

\textsuperscript{77}. \textit{See supra} note 21.

\textsuperscript{78}. \textit{See supra} text accompanying notes 52–54.

\textsuperscript{79}. \textit{Nelson, supra} note 61, at 791.
IV. EXPANDING FEDERAL DILUTION LAW TO INCLUDE MARKET NICHE TRADEMARKS

This section presents an affirmative argument for expanding federal dilution law to include famous market niche trademarks. To illuminate the discussion, this section begins by proposing guidelines for defining market niche fame. It discusses how including market niche trademarks under federal dilution law vindicates the notion of reward for deserving marks and explains why these marks may be more appropriate candidates for access to the dilution claim under the proposed uniqueness limitation.80 Finally, this section questions the commonly accepted theory of injury to blurred marks and suggests an alternate theory of reduced leverage in licensing negotiations. It concludes by demonstrating how this alternate theory dispels a common argument against allowing market niche trademarks access to the dilution claim.

A. Proposed Definition of Market Niche Fame

To qualify for protection under federal dilution law, a famous product or service niche mark should be nationally recognized by a vast majority of consumers or professionals within a broad market segment. Marks recognized only in a restricted geographic area should not have access to a federal remedy given the existence of state dilution laws.81 The niche should encompass very broad categories, such as “medical,” “life sciences/basic research,” “law,” or “financial” markets. Under this proposed definition, a mark widely recognized only within a narrower niche or subcategory such as “home lending,” “diabetes research,” or “insurance law” would not qualify for protection under the TDRA. These narrower niches threaten to overly expand the federal dilution claim.

The first step in recognizing fame within a particular market segment is to define the niche. Because dilution law theoretically grants strong exclusionary rights, a dilution cause of action should require a mark to be famous within a broadly defined niche.82 Courts should resist efforts of plaintiffs to define their marks as famous within narrow subniches.83

80. See supra Part III.B.
81. See infra notes 160–161 and accompanying text.
82. See supra notes 23–24 and accompanying text.
83. One commentator alluded to this concern in applauding the TDRA’s general fame standard: “Everyone is presumably famous at his or her breakfast table.” Gregory
This will help ensure that only the most deserving brands have access to the dilution claim because only those marks that have achieved a high level of recognition in the minds of a large number of consumers will qualify.84

Recall the controversy that unfolded between the owners of the Lexis and Lexus marks in the late 1980s.85 In that case the owner of the mark for Lexis legal research services sued Toyota over its Lexus brand of luxury automobiles.86 The court found that Lexis was widely recognized within the legal market, with 76% of attorneys associating the mark with the well-known legal research service.87 However, only 1% of the general population associated the Lexis mark with the legal research service.88 This, combined with the finding that Lexis devoted the “bulk” of its advertising budget to reaching attorneys through professional journals, proved to the court that the mark was famous only within a market niche.89

Under this Comment’s proposed definition, Lexis would qualify as a famous niche mark within a broadly defined legal market niche. The Mead Data Central court found that Lexis was recognized by 76% of attorneys.90 Considering that the case was decided in 1989, before widespread use of the Internet, it is probably safe to assume that today far closer to 100% of attorneys, legal services professionals, and academics in the United States recognize this mark and associate it with legal research services. This is a perfect example of a mark that is almost universally recognized and thus very famous on a national level within a broadly defined market niche.

Similarly, the court in Malletier v. Dooney & Bourke, Inc. required and found Louis Vuitton’s Monogram Multicolore trade dress to be generally famous.91 However, the court cited facts and used language that more appropriately support a finding of market niche fame. At issue in this case was a particular trademarked design used on a line of


84. See supra note 51 and accompanying text.
85. See supra notes 1–10 and accompanying text.
87. Id. at 1028.
88. Id. at 1031.
89. Id.
90. Id. at 1028.
handbags. In its fame analysis, the court cited a women’s fashion magazine, *Women’s Wear Daily*, which had recognized Louis Vuitton as the “ninth most recognized accessory brand in the United States,” due in part to the success of the Monogram Multicolore handbag design. This fact, combined with Louis Vuitton’s advertising expenditures in promoting the mark, convinced the court “that, far beyond a narrow, niche market, the Monogram Multicolore mark achieved a high level of fame in the broad fashion market.”

The *Malletier* holding regarding fame is perfectly compatible with a properly defined broad market niche. Although the Louis Vuitton brand is generally famous, it may not be safe to assume the general consuming public is familiar with a particular handbag design. Instead, the court cited evidence of fame from a publication within the fashion market niche. It then went on to hold the mark famous within the “broad fashion market.” As with Lexis, the Monogram Multicolore handbag design is an excellent example of a mark that is well recognized on a national level within a broadly defined market niche.

The second factor in a proper definition of market niche fame is the extent to which consumers within the niche must recognize the mark. The vast majority of consumers within a given niche should recognize the mark, and recognition should be nationwide. The *Mead Data Central* survey found that 76% of attorneys recognized the Lexis mark. This percentage indicates that a considerable majority of professionals within the legal industry recognized the mark. However, although surveys may help to establish consumer recognition, they are routinely attacked for methodological error and should not be the sole method.

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92. *Id.* at 372. The Louis Vuitton brand itself was not at issue. The Louis Vuitton brand enjoys worldwide recognition. Louis Vuitton Malletier, S.A. v. Haute Diggity Dog, LLC, 507 F.3d 252, 264 (4th Cir. 2007).


94. *Id.* at 391.

95. *Id.* at 391 n.151.

96. *Id.* at 391.


98. The Lexis survey apparently questioned only attorneys and accountants. To get a more accurate picture of the brand’s fame within the legal market, a more appropriate survey would have questioned all consumers who operate within the niche legal market, including legal staff, academics, and students.
upon which a court relies. The fame factors provided in the TDRA should each be considered in determining the fame of a market niche trademark. If courts maintain stringent requirements of both a broadly defined niche and a high degree of consumer recognition across the United States, they will develop precedents that will be useful in determining the fame of comparable brands in comparable market niches.

B. Owners of Famous Market Niche Trademarks

“Deserve” Dilution Protection

A common theme in much of the dilution literature places emphasis on the notion that famous marks “deserve” additional rights because they have “earned” them by becoming strong and widely recognized. Courts inevitably cite large advertising expenditures as evidence of fame. The TDRA also accepts the notion that gaining brand recognition through advertising is ground for access to the dilution claim. In addition, a mark “earns” recognition by designating quality products that

99. See, e.g., Avery Dennison Corp. v. Sumpton, 189 F.3d 868, 879 (9th Cir. 1999) (rejecting consumer survey for design flaws).
101. See supra note 51 and accompanying text; see also Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C., 212 F.3d 157, 174 (3d Cir. 2000) (“Congress was quite clear . . . that the FTDA was . . . designed for situations . . . in which a truly famous mark on dissimilar products deserves, but cannot receive, protection under infringement law . . . .”); Avery Dennison, 189 F.3d at 875 (“We believe that a limited category of trademarks, those which are truly famous and registered, are deserving of national protection from dilution.” (quoting United States Trademark Association Trademark Review Commission, Report & Recommendations to USTA President and Board of Directors, 77 TRADEMARK REP. 375, 455 (1987))); Tiffany (NJ) Inc. v. eBay, Inc., 576 F. Supp. 2d 457, 523 (S.D.N.Y. 2007) (“Clearly, nationally famous marks like . . . TIFFANY . . . have the strong, distinctive quality of fame which is deserving of protection from dilution.” (quoting 4 McCarthy, supra note 16, § 24:87)).
103. The TDRA lists four factors to be used in determining whether a mark is generally famous. 15 U.S.C. § 1125(c)(2)(A). The first factor directly addresses advertising efforts, while the second may indirectly take advertising into account because it relates to volume of sales. Id.
consumers select over competing products. But the owners of famous market niche trademarks have probably worked and spent as much as, if not more than, generally famous marks in developing and advertising a successful brand. Niche marks may be subject to stronger competitive forces, and owners may invest heavily in promotional materials. Furthermore, because the mark does not benefit from ubiquitous placement or exposure in popular culture, a famous niche mark likely earns most of its goodwill through the actual quality of its product or service. A dilution cause of action should entitle these famous market niche trademarks to the strong rights and associated competitive advantages they deserve.

104. See generally 1 McCarthy, supra note 16, § 2:35 (explaining facilitation of consumer choice as one of the economic functions of trademarks).


106. As an example, consumers may see a product such as Evian bottled water anywhere—not only is it advertised broadly to attract new buyers, even nonpurchasers are exposed in grocery stores or when they observe others drinking from a bottle of Evian water. On the other hand, Invitrogen is an example of a mark that is well known within the life sciences community:

Invitrogen won in six [Life Science Industry Awards] categories, the most of any company . . . .

The Life Science Industry Awards are given to top life science suppliers. The winners of these prestigious awards are determined by the industry’s own customers—scientists in biotechnology and pharmaceutical companies, in government and academia who use the products day in and day out. Cell Biology: Invitrogen Garners Six Life Science Industry Awards, 2007 LIFE SCI. WKLY. 555, 555, available at 2007 WLNR 7926306. Scientists all over the country may purchase Invitrogen oligonucleotide primers, but nonconsumers will never see them, nor would a nonscientist purchase an Invitrogen product merely out of curiosity because the nonscientist saw the mark somewhere. Although Invitrogen advertises within the life sciences community, it is famous because scientists trust it as the source of high quality, reliable experimental reagents. See Life Technologies, About Us Corporate Information, http://www.lifetechnologies.com/about-life-technologies.html (last visited Apr. 25, 2010).

107. The goal of trademark law is to stimulate production of higher quality goods more efficiently for the benefit of consumers. See 1 McCarthy, supra note 16, § 2:4. It seems fitting to extend the dilution claim to marks that have become famous through a reputation for quality, as opposed to those that have simply accumulated name recognition through extensive branding on ubiquitous products and extravagant advertising practices.
A trademark that has become famous within its niche is likely to have done so by creating goodwill through quality products or services.\textsuperscript{108} Consumers within a particular market niche are more sophisticated than the general public with regard to that niche and may have more stringent standards requiring that the products they use be of the highest quality.\textsuperscript{109} Brand associations play a crucial role in helping niche market consumers identify those brands they trust most.\textsuperscript{110} As an example, an average person who walks into a sports store may not have much preference as to whether he purchases a pair of Nike or Adidas track pants.\textsuperscript{111} Conversely, a scientist performing a molecular biology experiment will absolutely take care to purchase the brand of reagents she trusts to be of the highest purity, activity, and general quality. In a competitive environment in which brands contend for a smaller number of more discerning consumers, those brands that rise to the top through the “creation and perpetuation of good will”\textsuperscript{112} belong to owners that have worked hard to get there. A mark that has achieved fame within a broadly defined niche has “earned” the additional protections that dilution law has to offer.

C. Niche Market Trademarks Are More Likely To Be Unique and Not Previously Diluted

Blurring occurs when the same designation is used to identify more than one source, so it makes sense to restrict availability of the dilution claim to truly unique marks regardless of fame.\textsuperscript{113} The general public is not familiar with famous product and service niche marks, so it is less

\textsuperscript{108} Goodwill can be simply defined as the likelihood that consumers will return to the same business as well as the likelihood “that they will continue to do business with the old name.” Mut. Life Ins. Co. v. Menin, 115 F.2d 975, 977 (2d Cir. 1940).
\textsuperscript{109} See, e.g., Pignons S.A. de Mecanique de Precision v. Polaroid Corp., 657 F.2d 482, 489 (1st Cir. 1981) (finding that potential customers of plaintiff’s expensive camera equipment in a specialty camera store are more sophisticated than the general population); Novo Nordisk of N. Am., Inc. v. Eli Lilly & Co., No. 96 Civ. 5787, 1996 WL 497018, at *8 (S.D.N.Y. Aug. 30, 1996) (reasoning that doctors and pharmacists, purchasers of plaintiff’s and defendant’s insulin products, are a “sophisticated class” compared to the general public), aff’d, 185 F.3d 884 (Fed. Cir. 1999).
\textsuperscript{110} See Scherer, supra note 21, at 378.
\textsuperscript{112} Schechter, supra note 10, at 818 (“To describe a trademark merely as a symbol of good will, without recognizing it as an agency for the actual creation and perpetuation of good will, ignores the most potent aspect of the nature of a trademark and that phase most in need of protection.”).
\textsuperscript{113} See supra Part III.B.
likely that they have self-diluted or that third parties have copied them. These market niche brands are more appropriate candidates for the dilution claim.

A third party wishing to benefit from a famous brand’s goodwill will do better to copy a mark that the general consuming public, versus a population restricted to a particular market, will recognize. Generally famous marks are also more likely to have self-diluted through licensing on unrelated products because to benefit from brand extension requires that the general public recognize the mark in the first place. On the other hand, marks that are famous only within a market niche are unlikely to spark consumer interest in unrelated products or services outside the niche, making them undesirable as potential licensees. Because of the reduced likelihood of self-dilution and third-party copying, famous product or service niche marks may actually be stronger candidates for dilution protection than many generally famous marks.

D. Assessing the Theory of Reduced Selling Power and Implications for Market Niche Trademarks

Dilution occurs when consumers perceive one mark as designating two separate and unrelated sources, or loss of “the sharp focus of the famous mark to uniquely signify one source.” This section examines the theory of the blurring injury and expresses skepticism that it actually results in direct economic loss to mark owners through reduced product sales. If dilution does cause economic loss, it is most likely through a reduced ability to force junior users to obtain a license. Rather than protecting against reduced selling power, dilution becomes an additional

115. See Nelson, supra note 61, at 735–36.
116. For example, if Mead Data Central licensed its Lexis mark for use on a nonlegal product, it is difficult to imagine its reputation among attorneys as a trusted research service would impart much selling power among the general public.
118. This argument, as with the entire Comment, is directed only at dilution by blurring. Tarnishment could conceivably result in reduced sales if the famous mark’s reputation is sufficiently harmed. However, it is important to keep in mind that tarnishment causes a separate injury from blurring and may in fact occur in both the blurring and infringement contexts. See supra note 25.
exclusionary right that grants famous marks practical competitive advantages regardless of whether consumers form a mental association. It creates the power to decide between excluding third-party use and forcing others to obtain a license for use on unrelated goods. Market niche trademarks, while creating a mental association for less of the general population, deserve and will benefit from access to the dilution claim.

In determining which marks should receive protection under the law, a federal dilution statute should focus on the actual injury that marks experience as a consequence of blurring. Because dilution is a derivative of trademark and unfair competition law, presumably the resulting injury relates to the mark’s ability to compete. In a free market economic system, motivation to gain economic advantage through accumulation of capital drives competition. To determine the actual injury that blurring causes, one must look beyond theoretical harms and attempt to explain the economic harm dilution law truly prevents.

The generally accepted theory of injury is that dilution reduces a mark’s selling power. Not surprisingly, Frank Schechter was first to articulate this theory:

From the necessities of modern trademark protection . . . and from the decisions emphasizing the greater degree of protection to be given to coined, rather than to commonplace marks, the following principles necessarily emerge: (1) that the value of the modern trademark lies in its selling power; (2) that this selling power depends for its psychological hold upon the public, not merely upon the merit of the goods upon which it is used, but equally upon its own uniqueness and singularity; (3) that such uniqueness or singularity is vitiated or

119. In Schechter’s time, “selling power” meant power to sell the associated product, not the power to sell the brand itself through licensing and other brand extension practices. See Schechter, supra note 10, at 819; see also Nelson, supra note 61, at 777 (“In 1927, the vast majority of trademarks identified only a single good, or, at most, a single class of goods. . . . This was the power of brands: they said one thing, and they did so in a loud voice.”).


121. See, e.g., 1 McCarthy, supra note 16, § 1:20 (noting that the profit motive always emerges as the predominant force behind the competitive process).

impaired by its use upon either related or non-related goods; and (4) that the degree of its protection depends in turn upon the extent to which, through the efforts or ingenuity of its owner, it is actually unique and different from other marks.123

Schechter postulated that dilution weakened the mark’s ability to “preserv[e] . . . a valuable, though possibly anonymous link between [the mark owner] and his consumer,” leading to injury through loss of the mark’s selling power.124 When a famous mark loses its status as a unique indicator of source in the marketplace, the injury is not the loss of uniqueness per se.125 Rather it is the consumer’s distraction that interferes with the mark’s selling power.126

Many people find this theory of economic injury appealing—it seems logical and presents a compelling reason why the law should protect marks whose owners have invested heavily to achieve fame.127 The

124. Id. at 825, 833. The International Trademark Association, a strong supporter of the federal dilution laws, also supports the theory that trade and service marks possess a selling power meriting protection by the dilution laws. Trademark Dilution Revision Act of 2005: Hearing on H.R. 683 Before the Subcomm. on Courts, the Internet, and Intellectual Property of the House Comm. on the Judiciary, 109th Cong. 8 (2005) (statement of Anne Gundelfinger, President, International Trademark Association) [hereinafter Gundelfinger Statement] (“We felt that a federal statute for enhanced protection of famous marks from dilution was needed because famous marks ‘foster a lasting psychological grip on the public consciousness,’ have a value that is ‘incalculable,’ and possess an ‘unseen but dynamic pull’ on consumers.” (footnotes omitted)).
125. See, e.g., Ringling Bros., 170 F.3d at 458 (“[T]he end harm at which [dilution law] is aimed is a mark’s selling power, not its ‘distinctiveness’ as such.”). In Ringling Brothers, the court used “distinctiveness” to indicate uniqueness in the marketplace and not in its legal sense. Id.
126. A related mechanism of injury put forth is that of increased consumer search costs. See Stacey L. Dogan & Mark A. Lemley, What the Right of Publicity Can Learn from Trademark Law, 58 STAN. L. REV. 1161, 1198 (2006); Richard A. Posner, When Is Parody Fair Use?, 21 J. LEGAL STUD. 67, 75 (1992). Once consumers form more than one association with a particular mark, they must take an extra mental step in figuring out which owner is associated with any given use of the mark. Id. (postulating that consumers experience increased search costs when they must “think for a moment” before associating a famous mark with its product or service). From that point on, it becomes “somewhat more difficult for consumers to associate a famous mark with its owner.” Dogan & Lemley, supra, at 1198. In turn, the mark owner loses the ability to “economize on information costs by providing a compact, memorable, and unambiguous identifier of a product or service.” Posner, supra, at 75.
127. See Krakau, supra note 83, at 1 (arguing investment in a famous mark entitles it to the exclusive rights afforded by dilution law).
problem is that the theory is just that—a theoretical injury. Several commentators agree that famous marks either suffer no actual economic injury, or if they do, that it is nearly impossible to prove. As an example of the near impossibility of discovering evidence of actual injury, take the case in which the Supreme Court held such evidence to be an essential element of a dilution claim. Husband and wife Victor and Cathy Moseley owned and operated Victor’s Secret, a single store in Elizabethtown, Kentucky, selling sex toys, lingerie, gag gifts, and pagers. When an army colonel saw an advertisement for the store and associated its name with the nationwide lingerie brand Victoria’s Secret, he notified the famous mark’s owners. The case made its way to the Supreme Court, which resolved an existing circuit split to hold that the FTDA required a plaintiff to establish actual dilution in order to prevail on its claim. The uproar in the trademark community was immediate. Commentators, backed by the International Trademark Association (INTA) and trademark owners, criticized the decision as creating an unachievable standard and not adequately protecting the mark.

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128. McCarthy, *supra* note 117, at 747 (“Much of the academic discussion relies on speculation, with few concrete examples and no concrete evidence, that famous marks will probably be damaged by nonconfusing uses. The problem is that talk about antidilution law is too theoretical and abstract.”).

129. See, e.g., Robert G. Bone, *Schechter’s Ideas in Historical Context and Dilution’s Rocky Road*, 24 SANTA CLARA COMPUTER & HIGH TECH. L.J. 469, 473 (2008) (“Some scholars argue that blurring increases consumer search costs, but the limited empirical data suggests that any increase is likely to be very small and probably not worth the cost of a legal remedy.”); Franklyn, *supra* note 10, at 117 (“On its face, dilution remains a harm-based doctrine . . . . The flaw in this approach is that such harm is always speculative and exceedingly difficult to prove. One can never be sure, or even fairly confident, that a famous mark is losing its selling power due to the use of the same or similar mark by another.”).


132. *Id.* at 423. The colonel notified V Secret Catalogue because he took offense at what he perceived as an attempt to use the famous Victoria’s Secret trademark to sell “unwholesome, tawdry merchandise.” *Id.* The Moseleys subsequently changed the store’s name to Victor’s Little Secret, but V Secret Catalogue was not satisfied and filed suit asserting infringement and dilution claims. *Id.*

133. *Id.* at 428, 433. By the time the case was heard on remand, V Secret Catalogue, Inc. v. Moseley, 558 F. Supp. 2d 734, 737 (W.D. Ky. 2008), Congress had overturned the actual dilution standard and replaced it with a standard of likelihood of dilution, codified in the TGRA, 15 U.S.C. § 1125(c).

A look at the actual facts of the case illustrates quite plainly that the actual dilution standard was primarily a problem because there was no actual injury to prove. 135 Victor’s Secret was a single store located in a small town in Kentucky. 136 The colonel who initially reported the store admitted the reason he contacted V Secret Catalogue was because he perceived that Victor’s Secret was attempting to trade off the famous brand.137 Neither he, his wife, nor his daughter—customers of Victoria’s Secret lingerie—took offense at the mental association itself or contemplated ceasing to patronize the famous store.138 There was simply no proof that Victoria’s Secret suffered any actual injury.139

In light of the above, direct economic injury to a mark’s power to sell its products or services seems dubious and raises the question of whether mark owners are truly concerned about decreased selling power. Business owners have long understood the monetary value in trademarks.140

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135. Professor McCarthy advocates strongly that regardless of the standard applied, “[t]he extraordinary remedy of an antidilution law should require evidentiary rigor by the courts.” McCarthy, supra note 117, at 747. Judges should not rely on purely theoretical assumptions about what might occur but should demand persuasive evidence of a probability of dilution. Id. at 717.

136. Moseley, 537 U.S. at 422.


138. Id. at 210.

139. To appeal even more plainly to common sense, put yourself in the shoes of the average consumer walking down the street past the Victor’s Secret sex shop. Presumably you would make a mental connection to the Victoria’s Secret mark, but does that mean you will think of the sex shop as well as the famous lingerie store every time you hear or see the famous mark? Even if you do, will that actually stop or decrease the amount you buy from the famous store, presuming you were a customer in the first place? Remember that the blurring injury—the extra mental step required each time you see or hear Victoria’s Secret—is separate from the tarnishment issue. See supra note 25. If Victor’s Secret lowers your penchant for Victoria’s Secret products because it creates a negative association with the sex shop, Victoria’s Secret is injured through tarnishment, not solely through blurring. When we question the likelihood of a mental association alone having any practical impact on our purchasing decisions, the theoretical injury of decreased selling power begins to lose ground.

140. See Frank I. Schechter, The Historical Foundations of the Law Relating to Trade-Marks 38 (1925) (characterizing trademarks as assets, “often of far greater value than the physical property of the business[es] in connection with which
A strong intellectual property portfolio makes a company more attractive both to potential investors as well as to other companies interested in obtaining a license. 141 If a mark has access to a dilution claim, its owner has the ability either to preclude a noncompetitor from using the mark or to force the junior user to enter a licensing agreement. In this sense, the injury to a mark owner when dilution is unavailable is not an actual loss of product sales; rather, it is a lost opportunity. 142 A junior user avails itself of the famous owner’s mark without the owner collecting a potential licensing fee. 143 In today’s era of licensing and otherwise leveraging brands, perhaps mark owners are not as concerned with economic loss as they are eager to avail themselves of the stronger property rights and ensuing competitive advantages that entitlement to a dilution claim provides. 144

A common argument for excluding famous market niche brands from dilution law is that because the general consuming public does not recognize the senior mark, fewer consumers will make the mental association that characterizes dilution by blurring. 145 But if owners are

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141. 1 McCarthy, supra note 16, § 2:14; see also Jacob Siegel Co. v. Fed. Trade Comm’n, 327 U.S. 608, 612 (1946) (trademarks are “valuable business assets” and the “policy of the law [is] to protect them as assets of a business”); Scott Paper Co. v. Scott’s Liquid Gold, Inc., 589 F.2d 1225, 1227 (3d Cir. 1978) (“The long history of the development and growth of the companies involved in this controversy bears testimony to the force of the biblical aphorism that ‘a good name is better than precious oil,’ particularly in the corporate and commercial life of this nation.” (quoting Ecclesiastes 7:1 (American Standard))).

142. See Bamberger Broad. Serv., Inc. v. Orloff, 44 F. Supp. 904, 907 (S.D.N.Y. 1942) (“[T]he courts have come to recognize that the use of a trade name by a non-competitor may not only destroy its identifying qualities but also the normal potentialities of expansion.”).

143. See Franklyn, supra note 10, at 145.

144. For example, the Vice President of Warner Bros. Entertainment testified in favor of a strong property right in trademarks:

[T]rademarks . . . are no longer mere source indicators, but are symbols with independent value which should be entitled to protection in their own right like any tangible asset. . . . The basic principle is that the trademark owner, who has spent the time and investment needed to create and maintain the property, should be the sole determinant of how that property is to be used in a commercial manner.


145. See, e.g., 4 McCarthy, supra note 16, § 24:72 (“For dilution to occur, the relevant public must make some connection or association between the mark and both parties.”).
in fact more concerned about licensing transactions, whether or not consumers form a mental association with a brand becomes unimportant. The mark owner desires a means by which to manipulate interactions with fellow businesses, not the mental state of its consumers. The mental association argument against famous market niche trademarks fades considerably once one recognizes that blurring itself probably does not cause any appreciable economic injury to trademarks.\textsuperscript{146} Mark owners view the dilution claim as a tool that provides a competitive advantage to those marks that have invested and “earned” it.\textsuperscript{147} Trademarks that have become widely recognized within a broad market niche have done so by producing a quality product that a sophisticated group of consumers has selected over competitors’ products.\textsuperscript{148} These marks have earned the competitive advantage that the dilution claim provides.

V. EXISTING SAFEGUARDS TO MARKET NICHE TRADEMARKS ARE INSUFFICIENT

A. State Dilution Statutes Do Not Adequately Accommodate Market Niche Trademarks

Over two thirds of U.S. states have adopted dilution statutes;\textsuperscript{149} however, state dilution laws often do not encompass famous market niche trademarks. To begin, valid federal registration of a trade or service


\textsuperscript{146} Professor Farley puts it somewhat more strongly:

Can no smart attorney, judge, trademark owner or social scientist figure out what dilution is and how to prove it? If not, why not? I contend that it is because dilution cannot be concretized. It cannot be brought into the realm of the real. It exists only in the realm of the imaginary.


\textsuperscript{147} See supra note 145.

\textsuperscript{148} See supra notes 105, 111 and accompanying text.

mark is a complete defense to a state claim. Thus although the TDRA does not preempt state trademark law, the registration defense effectively removes the option of proceeding under state law against any federally registered mark owner. When claimants are able to litigate under state law, the statutes are nonuniform and apply unevenly. For a mark in use nationwide, such unsteady treatment reduces the value of any particular court victory. Furthermore, injunctions under state law extend only as far as the state’s borders, meaning that enforcement is irregular at best.

Most states have adopted a version of INTA’s Model State Trademark Bill (Model Bill), with jurisdictions varying in interpretation of the fame requirement. The 1964 Model Bill does not include any express language requiring a mark to be famous. Nonetheless, most states adopting the 1964 Model Bill read in the requirement of general fame as interpreted under the federal statute. Although the few states that do not read in a fame requirement under the 1964 Model Bill may provide relief to niche product and service marks, this result is problematic for a different reason. If courts require only distinctiveness without fame, dilution swallows the traditional infringement “likelihood of confusion”

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   The ownership by a person of a valid registration . . . shall be a complete bar to an action against that person, with respect to that mark, that . . . is brought by another person under the common law or a statute of a State; . . . and seeks to prevent dilution by blurring or dilution by tarnishment . . . .


151. The federal trademark statutes do not preempt state trademark law to the extent that state laws do not permit acts prohibited under federal law. See La Chemise Lacoste v. Alligator Co., 506 F.2d 339, 346 (3d Cir. 1974).


154. MODEL STATE TRADEMARK BILL § 12 (1964), states:
   Likelihood of injury to business reputation or of dilution of the distinctive quality of a mark registered under this Act, or a mark valid at common law, or a trade name valid at common law, shall be a ground for injunctive relief notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services.


155. See, e.g., Avery Dennison Corp. v. Sumpton, 189 F.3d 868, 874 (9th Cir. 1999) (“We have interpreted [California’s dilution statute], like the Federal Trademark Dilution Act, to protect only famous marks.”). California has since adopted the 2007 version of the Model State Trademark Bill, codified at CAL. BUS. & PROF. CODE § 14247 (West 2008).

156. 4 MCCARTHY, supra note 16, § 24:78.
So, when states read in the TDRA’s general fame requirement, the 1964 Model Bill does not provide recourse to owners of famous product or service niche marks. Interpreted literally with no fame requirement at all, the 1964 Model Bill remains unsatisfying because it threatens to engulf traditional trademark infringement.

Still other states have adopted the 2007 version of the Model Bill. Section 13 more closely resembles the TDRA in that it requires a mark to be famous within the state. It defines a famous mark as one widely recognized by the “general consuming public” of the state or of a geographic area within the state, once again excluding famous market niche trademarks from a dilution claim. On the other hand, the 2007 Model Bill provides an express cause of action to marks famous in a geographic niche within the state. Thus, whereas market niche trademarks do not receive the benefit of either state or federal law, many geographic niche marks do not require protection under the TDRA. Under the 2007 Model Bill, owners of trademarks famous within a market niche are not adequately protected under state dilution statutes.

Market niche trademarks that have achieved a high degree of recognition deserve access to the competitive advantages a dilution claim provides. As applied to famous market niche brands, neither the Model Bill versions omitting fame entirely nor those adopting a general fame requirement are a satisfactory alternative to a federal dilution cause of action. Unfortunately, state dilution statutes do not adequately encompass product and service marks famous within a niche market.

157. Id. § 24:78 n.5 (citing Frosty Treats, Inc. v. Sony Computer Entm’t Am. Inc., 426 F.3d 1001, 1011 (8th Cir. 2005) (applying Missouri law)).
158. See MODEL STATE TRADEMARK BILL § 13(a) (2007).
159. Id. § 13(b).
160. Id. § 13(c).
161. Although the TDRA eliminated all forms of niche fame, Congress wrote the statute with the idea of allowing geographic niche marks recourse under state dilution statutes. Gundelfinger Statement, supra note 124, at 10–11.
162. For further argument that state dilution laws are not particularly helpful to any mark owner, let alone owners in niche markets, see David S. Welkowitz, State of the State: Is There a Future for State Dilution Laws?, 24 SANTA CLARA COMPUTER & HIGH TECH. L.J. 681, 703, 708 (2008).
B. The Infringement Cause of Action Is Inadequate To Protect Market Niche Trademarks

Under a proper understanding of dilution theory, an infringement claim and a dilution claim are not coextensive. Frank Schechter originally envisioned that his new cause of action would apply only to a mark’s use on nonsimilar and noncompeting products. A single consumer cannot be both confused as to whether marks emanate from the same source and at the same time be certain that the sources are different. Because a mark owner properly pleads a dilution claim when there is no likelihood of consumer confusion, the infringement cause of action will not adequately protect famous niche marks against dilution.

Of course, plaintiffs frequently attach dilution claims to traditional infringement cases. But even under the misconception that blurring and confusion may exist in the same person’s mind at the same time, infringement protection is weaker for marks operating within a niche market in which consumers are more sophisticated. The trademark infringement analysis involves several factors, including sophistication of the product’s or service’s consumers. Associated with this factor is the rule that “[when] goods are expensive and purchased after careful

163. See supra Part II.
164. Schechter, supra note 10, at 830 (listing Kodak bath tubs, Mazda cameras, and Ritz-Carlton coffee as examples of when dilution law would apply).
165. See supra note 27.
166. Some commentators point out that this practice renders the dilution claim largely redundant. See supra note 26 and accompanying text. In the year following enactment of the TDRA, all but one of the cases that found dilution also held that the junior mark user infringed the senior user’s trademark rights; because the remedy for both causes of action is an injunction, these dilution findings had no effect on the outcome of the case. See supra note 29 and accompanying text. This approach to pleading appears to be supported by the TDRA, which provides that a dilution claim may be asserted “regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.” 15 U.S.C. § 1125(c) (2006).
167. See, e.g., Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 220 (2d Cir. 1999) (“Consumers who are highly familiar with the particular market segment are less likely to be confused by similar marks and may discern quite subtle distinctions.”), overruled in part by Moseley v. V Secret Catalogue, Inc., 537 U.S. 418, 426 (2003), superseded by statute, Trademark Dilution Revision Act of 2006, Pub. L. 109-312, 120 Stat. 1730 (codified at 15 U.S.C. § 1125(c)).
168. See, e.g., Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492, 495 (2d Cir. 1961) (listing the following eight infringement factors: (1) strength of the senior mark; (2) similarity of the marks; (3) proximity of the products in the market; (4) likelihood that the senior owner will “bridge the gap” between markets; (5) actual confusion between products; (6) the junior user’s good or bad faith in adopting the mark; (7) the quality of the junior user’s product; and (8) the sophistication of the buyers).
consideration,” it is less likely that a reasonably prudent buyer would be confused as to the source of the goods.\footnote{169}{Pignons S.A. de Mecanique de Precision v. Polaroid Corp., 657 F.2d 482, 489 (1st Cir. 1981).} Because a consumer within a particular market is more sophisticated with regard to that niche, the owner of a famous niche market trademark may have a more difficult time establishing infringement.\footnote{170}{See, e.g., Magnaflux Corp. v. Sonoflux Corp., 231 F.2d 669, 671–72 (C.C.P.A. 1956) (relying in part on sophistication of consumers in finding marks not confusingly similar).} Arguing that infringement law appropriately protects famous product and service niche marks cuts against these well-established rules and premises upon which the infringement analysis is based. Famous market niche trademarks deserve the competitive advantages the threat of injunction provides, but they are without sufficient coverage when their only recourse is to infringement law. Because infringement protection is weak when consumers are sophisticated, these marks should have access to the dilution claim.

VI. A PLACE FOR MARKET NICHE TRADEMARKS WITHIN THE DILUTION FRAMEWORK

This Comment has discussed several issues with the overarching purpose of creating a place for famous market niche trademarks within the framework of federal dilution law. It has also proposed limitations that are important because the goal of this Comment is not to expand the overall scope of dilution law. Rather, it is to tailor the dilution claim to encompass those trademarks that deserve and will be best served by the rights conferred, while excluding marks that cannot benefit from its theoretical protections.

This Comment began by addressing a problem that arises when courts and commentators interpret the term \textit{dilution} in its vernacular sense and treat evidence of consumer confusion as evidence of dilution.\footnote{171}{See supra notes 35–36 and accompanying text.} This creates a redundancy between the infringement and dilution causes of action.\footnote{172}{See supra note 29 and accompanying text.} It threatens to overexpand the dilution claim because it allows a mark owner to plead dilution in addition to infringement by making a successful showing that its mark is generally famous.\footnote{173}{See supra note 30 and accompanying text.} But the blurring
phenomenon is distinct from and immiscible with trademark infringement.  
A dilution cause of action should limit the claim only to those situations in which the junior user sells noncompeting goods and there is no likelihood of consumer confusion. This restriction will not only comport more fully with a correct understanding of dilution theory and the blurring phenomenon, it will also restrict the current application of dilution law and thereby help to make a place for famous market niche product and service marks.

The second problem this Comment raises is the current practice of allowing owners of nondistinct trademarks to state a dilution claim. If dilution grants exclusive rights to marks that are not coined or quasi-coined, it raises additional concerns about removing vocabulary from the public domain. Restricting the dilution cause of action to coined or quasi-coined marks alleviates these concerns because it protects only those terms that are highly distinctive and were not previously part of the public domain. This limitation rewards owners for enriching the common vocabulary while helping to create a place for market niche trademarks.

This Comment further suggests that the dilution cause of action properly applies only to marks that are unique within the marketplace. Dilution law as currently applied grants rights to mark owners that cannot possibly benefit from its theoretical protections because either the owners have licensed or third parties have copied the marks, essentially diluting them prior to any lawsuit. This practice renders meaningless dilution’s stated purpose of protecting a mark’s ability to “signify something unique, singular, or particular.” An intelligible dilution cause of action should be limited to only those marks that are unique within the marketplace—those marks that represent the sole trademark use of a particular term. A uniqueness limitation, especially when combined with a high distinctiveness requirement, will provide a bar to standing that is easily applied. Most importantly for purposes of this Comment, it will restrict dilution law in an area in which it makes sense, allowing for

174. See supra Part V.B.
175. See 15 U.S.C. § 1125(c) (2006) (allowing plaintiffs to state a dilution claim even if consumer confusion is present).
176. See supra Part III.A.
177. See supra notes 45–46 and accompanying text.
178. See supra Part III.B.
179. See supra notes 61–62.
181. See supra notes 52–57, 80.
expansion of the fame standard to encompass famous market niche trademarks.

In addition to discussing general limitations, this Comment proposes a means to include those niche market trademarks that truly deserve and will benefit from the competitive advantages dilution rights offer. Market niche trademarks will benefit from the dilution claim because, unlike generally famous marks, it is less likely that third parties have copied a niche mark or that its owner has self-diluted through licensing for use on unrelated goods. Because market niche brands are not generally known, they are less appealing to potential licensees. They are also inadequately protected under state dilution statues, and infringement protection is weaker for niche marks that cater to a sophisticated consumer base. These forces combine to put famous market niche trademarks in a relatively weak position to force noncompeting users to obtain a license. This group of marks will derive a real benefit from the leveraging tool and ensuing competitive benefits that dilution law provides. Consistent with the theme of extending rights cautiously and to those marks that have “earned” them, a niche mark should only meet the fame standard if it is widely recognized by a considerable majority of consumers within a broad market segment across the United States. This will help to ensure dilution law encompasses only those marks that have earned its benefits through successful marketing of a quality product.

VII. CONCLUSION

Federal dilution law provides strong rights to those marks that fall within its scope. However, it currently confers rights on several generally famous marks that cannot benefit from its theoretical protections of these marks’ distinctiveness and uniqueness. At the same time, the law excludes a group of marks that would benefit greatly from the practical competitive advantage dilution law offers. Certain limitations should

182. See supra Part IV.
183. See supra Part IV.B.
184. See supra note 117 and accompanying text.
185. See supra Part V.A.
186. See supra Part V.B.
187. See supra Part IV.A.
188. See supra notes 102–107 and accompanying text.
apply to the dilution cause of action: it should exclude product and service marks that are not coined or quasi-coined, or unique within the marketplace, and it should apply only against a junior use of an identical or nearly identical mark if there is no likelihood of consumer confusion. But in order to include those marks that have earned goodwill through quality products and that truly “deserve” additional rights, these restrictions should be balanced by extending federal dilution law to product and service marks that are nationally recognized by a substantial majority of consumers within a broad market niche.