FAMOUS TRADEMARKS IN FASHION: WHY FEDERAL TRADEMARK DILUTION LAW FAVORS A MONOPOLY OVER SMALL BUSINESS SUCCESS

NATALYA Y. BELONOZHKO*

ABSTRACT

In this paper I focus on some of the big names in the clothing and fashion industries and their attempts at policing their trademarks with lawsuits involving the Federal Trademark Dilution Act. Because trademarks play such an important role in the value of fashion and clothing line businesses, mainly as valuable property with potential to generate revenue, famous trademark holders turn to the federal dilution laws for protection. However, there is a history of ambiguities in the federal anti-dilution statutes affording such protection.

The Federal Trademark Dilution Act (Act) which was intended to create a uniform and consistent protection to trademark holders, after state anti-dilution statutes failed to do so, was not clear as to what constituted a “famous” mark or whether the standard in proving harm was that the junior mark causes “actual dilution” or “likelihood of dilution.” These ambiguities caused a circuit split in the interpretation of the Act, leading to revisions and the enactment of the Trademark Dilution Revisions Act (TDRA). The TDRA established the standard for proving harm under the Act as a junior mark that causes a “likelihood of dilution.”

Even after the passage of the TDRA, the degree of similarity required between the famous mark and the allegedly diluting junior mark was not clearly defined. Courts have interpreted the TDRA to not require the famous mark and junior mark to be identical, yet a threshold for the similarity was not addressed in the statute.

The Act and the TDRA have been criticized for heavily favoring major corporations over small businesses by granting corporations a monopoly over the use of common words and phrases. Many small

* Willamette University College of Law, J.D. Candidate 2015, B.S. 2007, Washington State University.
businesses fail to satisfy the “fame” requirement to be placed on the principal register and therefore cannot enjoy the benefits of holding a registered trademark. Resorting to state anti-dilution laws, which do not require a strong showing of “fame,” have proven unsuccessful for small businesses as courts ignore the important distinction of the “fame” requirement between state and federal law. Reverse confusion claims by small businesses have also proven unsuccessful in instances when a more powerful junior user of a mark achieves greater commercial strength than a small business senior user.

Trademark law’s infatuation with fame may be explained by an infatuation with fame by the general public. However, just as fame of celebrities fades with time, famous trademarks also either diminish or completely disappear from the public view with time. The level of fame required for protection and relief under the federal law for small-scale businesses remains problematic for the courts. Many small businesses find themselves on the receiving end of cease and desist letters, are not financially prepared for a legal battle with a powerful corporation, and are at risk of being forced into bankruptcy.

The prevalent tension between exclusive ownership rights of intellectual property, including trademarks, and anti-competitive laws granting a monopoly over a common words and phrases calls for a change in the federal trademark legislation to provide protection to not only large corporations, but also small businesses with legitimate business interests.

TABLE OF CONTENTS

I. INTRODUCTION .................................................. 367
II. THE FEDERAL TRADEMARK DILUTION ACT (FTDA) .......... 369
   A. Interpretations of the Requirement of “Famous” Mark. 371
   B. Interpretations of the Standard of Proof of Harm to a Famous Mark......................................................... 374
   C. Proposition for an “Actual Dilution” Standard in Dilution by Blurring.......................................................... 376
III. AMENDMENTS TO THE FTDA AND THEIR EFFECTS ON
     DILUTION BY BLURRING CLAIMS ............................... 378
   A. Clarification of the “Degree of Similarity” Between a Famous Mark and a Diluting Mark................................. 380
   B. Applying the “Actual Dilution” Standard Retroactively. 383
IV. COMPARISON TO ANALOGOUS STATE ANTI-DILUTION LAW .. 385
V. ANTI-DILUTION LEGISLATION AND SMALL BUSINESS RIGHTS .. 387
I. INTRODUCTION

Trademarks play one of the most significant roles in the value of big businesses. It is no surprise that big businesses in the fashion industry view their trademarks as valuable property based on their potential to generate revenue. When blurring of famous marks occurs in such a way that dilutes the famous marks, the famous marks become less distinct, and therefore big names in fashion turn to the anti-dilution doctrine to protect their famous and successful trademarks. The rationale for the protection was summed up by an attorney for Warner Brothers who stated, “[T]he 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.”

The Federal Trademark Dilution Act of 1996 (The Act or FTDA)
and the Trademark Dilution Revisions Act of 2006 (TDRA) were enacted to provide famous trademark owners with the protection they sought. These statutes provide the courts with (1) a framework for determining whether a mark is famous, (2) the standard of proof for harm to be proven by the plaintiff, and (3) factors for the courts to consider in determining whether dilution has occurred. Ambiguities in the FTDA led to inconsistent interpretations of its terms and a circuit-split among the courts. Even after the enactment of the TDRA, which was intended to correct the ambiguities in the FTDA, new ambiguities arose as to the distinctiveness of the famous mark.

In this article, I illustrate some of the ambiguities in the courts’ interpretations of the FTDA’s terms such as “famous mark,” and the standard of proof required to establish harm in cases involving famous trademarks in the fashion industry, including Moseley v. V Secret Catalogue, decided by the United States Supreme Court. Next, I will address the response to the Moseley v. V Secret Catalogue decision and the calls for clarification of the ambiguities in the FTDA. A proposition for applying the higher standard of harm, “actual dilution,” in dilution by blurring claims and applying the lower standard, “likely to cause dilution,” in dilution by tarnishment claims is noted.

I also explore the effects of the reform to the FTDA following the Moseley v. V Secret Catalogue decision, such as the lower standard of proof of harm. I include a case study of Gucci America Inc. v. Guess Inc. where the court applied the “actual dilution” standard retroactively to trademarks used in commerce before the reform. In addition, I cover some of the ambiguities in the TDRA, which were not resolved with the reform of the FTDA, such as the degree of similarity required between the famous senior mark and the allegedly diluting junior mark. I explore the comparative anti-dilution state statute, the New York anti-dilution statute, and its differences from federal anti-dilution law.

---


8. Beerline, supra note 1 at 512.
Next, I turn to the ramifications of federal trademark law on small business rights and protection of trademarks held by small businesses. I explore how the FTDA and the TDRA favor major corporations by granting such corporations a monopoly over the use of certain words and phrases as evident in the TDRA’s “fame” requirement, removal of the option of achieving fame in a discrete market or “niche” fame, and obstacles in the intent-to-use application for small businesses when applying for federal trademark registration. I illustrate how turning to state anti-dilution statutes have proven unsuccessful for small businesses and how the reverse confusion doctrine, an alternative available to small businesses, is often misinterpreted by the courts. I touch on the use of cease and desist notices by major corporation and options for small businesses that receive such notices. Finally, I propose that the goal of trademark law should be to provide protection not only to large corporations that meet the stringent “fame” requirement, but also to small businesses that serve as competitors in a free market and encourage fair competition with corporations holding nationally recognized marks.

II. THE FEDERAL TRADEMARK DILUTION ACT (FTDA)

In 1995, Congress passed the Federal Trademark Dilution Act (FTDA or the Act),9 which was signed into law by President Clinton on January 16, 1996.10 The FTDA amended the Lanham Act of 194611 and was developed with the intent to provide consistent protection of “famous” trademarks.12 Unlike trademark infringement under the Lanham Act, which requires that a plaintiff plead likelihood of confusion as to the source of a good, trademark by dilution protects famous marks if the use of a junior mark dilutes the famous mark’s distinctive quality.13 A famous mark is one that the general consuming public in the United States recognizes as a designation of the source of goods belonging to the mark’s owner.14

Currently, the federal statute defines “dilution by blurring” as an “association arising from the similarity between a mark or trade name

---

10. Hemerly, supra note 5 at 321.
11. Id.
12. 15 U.S.C. § 1125(c)(1); see also Hemerly, supra note 5, at 321.
and a famous mark that impairs the distinctiveness of the famous mark.\textsuperscript{15} An instructive summary released with the Act in 1995 defined the term “dilution” as “the lessening of the capacity of a famous mark to identify and distinguish goods or services regardless of the presence or absence of (a) competition between the parties, or (b) likelihood of confusion, mistakes, or deception.”\textsuperscript{16} The Act also identified factors to assist courts in considering whether a mark or trade name is likely to cause dilution by blurring.\textsuperscript{17} The relevant factors are:

(i) The degree of similarity between the marks or trade name and the famous mark. (ii) The degree of inherent or acquired distinctiveness of the famous mark. (iii) The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark. (iv) The degree of recognition of the famous mark. (v) Whether the use of the mark or trade name intended to create an association with the famous mark. (vi) Any actual association between the mark or trade name and the famous mark.\textsuperscript{18}

Because dilution is an injury that is separate and distinctive from confusion, the strength of a famous mark may be considered weakened even in the absence of consumer confusion.\textsuperscript{19} Under the Act, injunctive relief is available to the holder of the famous mark.\textsuperscript{20}

Subject to the principles of equity, the owner of a famous mark that is distinctive, inherently or thoroughly acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after the owner’s mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.\textsuperscript{21}

\begin{itemize}
\item \textsuperscript{15} Id. § 1125(c)(2)(B).
\item \textsuperscript{16} Merges, supra note 13, at 889–90.
\item \textsuperscript{17} 15 U.S.C. § 1125(c)(2)(B).
\item \textsuperscript{18} Id.
\item \textsuperscript{19} Merges, supra note 13.
\item \textsuperscript{20} 15 U.S.C. § 1125(c)(1).
\item \textsuperscript{21} Id.
\end{itemize}
A. Interpretations of the Requirement of “Famous” Mark

While the definition of a famous mark, and dilution by blurring, and the remedy available to a plaintiff in a dilution claim appear to be clear from the FTDA, the history of the courts’ interpretations of the Act have been somewhat ambiguous. Courts have determined that a prima facie claim for trademark dilution under the FTDA includes four elements: (1) “the plaintiff’s trademark must be famous; [(2)] the defendant must use the plaintiff’s trademark commercially; [(3)] the defendant must have begun using the plaintiff’s trademark after it became famous; and [(4)] the defendant’s use of the mark must dilute the plaintiff’s mark.” Because of the requirement that the plaintiff’s mark be “famous,” courts have used the requirement as a means of controlling the potential rights in an alleged dilution by blurring claim by utilizing it as a threshold issue. Yet, courts’ approach and application of the method of determining whether a mark is “famous” under the Act have not been consistent.

In its early years of existence and prior to the reform of the FTDA, the Act set out eight factors for courts to consider in determining whether a mark was distinctive and famous, yet it did not limit courts to these factors. The factors included under the FTDA are:

(A) the degree of inherent or acquired distinctiveness of the mark; (B) the duration and extent of the use of the mark in connection with the goods or services with which the mark is used; (C) the duration and extent of advertising and publicity of the mark; (D) the geographical extent of the trading area in which the mark is used; (E) the channels of trade for the goods or services with which the mark is used; (F) the degree of recognition of the mark in the trading area and channels of trade used by the mark’s owner and the person against whom the injunction is sought; (G) the nature and extent of use of the same or similar marks by third parties; and (H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the

22. See Levich, supra note 7, at 677.
24. Id.
25. See id.
26. Id. at 1395.
27. Id. at 1393.
Based on these factors, the First and Ninth Circuits, in 1998 and 1999 respectively, interpreted the term “famous” in a highly restrictive manner, requiring that the plaintiff own a very strong mark to be entitled to protection under the FTDA. In *I.P. Lund Trading ApS v. Kohler Co.*, the First Circuit held that under the FTDA a party has a significantly greater burden in establishing the fame element for their trade dress than the burden of establishing distinctiveness in an infringement case. Only after the greater burden of fame is established, the issue of dilution is addressed. The rigorous standard leaves the plaintiff with an arduous task of proving the fame element. In *I.P. Lund*, the First Circuit held that the plaintiff, a Danish corporation manufacturing bathroom and kitchen fixtures and accessories, including its wall-mounted faucet model named “Vola” did not show that its VOLA faucet trade dress was inherently distinctive because the design was “not primarily intended as source identification” but was “primarily aesthetic.” Even if I.P. Lund had shown secondary meaning of its design, it was not entitled to relief under the FTDA and therefore lost its case against the largest supplier of plumbing fixtures in the United States.

On the contrary, the Second and Seventh Circuits, in 1999, interpreted the fame requirement less stringently and determined that the FTDA intended “famous” to be used in its ordinary English sense, allowing plaintiffs more latitude in proving fame. In *Nabisco, Inc. v. PF Brands, Inc.*, the Second Circuit held that the FTDA clearly requires that a mark be both distinctive and famous, but that the two should not be confused. A mark can be famous without being distinct, and at the same time, a mark can be highly

---

28. 15 U.S.C § 1125(c) (Supp. IV 1998); see also Becker, supra note 23, at 1393.
31. Id.
32. *Id.* at 40 (internal quotations omitted).
33. *Id.* at 43.
34. *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 215 (2d Cir. 1999); Becker, supra note 23, at 1395.
35. Becker, supra note 23, at 1396.
36. *Nabisco, Inc.*, 191 F.3d at 216.
37. *Id.* at 227.
distinctive and yet be completely unknown. Therefore, fame and distinctiveness should be different considerations. Applying the fame requirement of the FTDA in its “ordinary English language sense,” the Second Circuit held that Pepperidge Farm’s goldfish-shaped crackers were a famous mark and that Nabisco’s goldfish shape bite-sized crackers diluted Pepperidge farm’s famous mark.

The ambiguities in determining how famous a mark must be to receive protection under the FTDA stemmed from the fact that the FTDA did not provide a method of analysis or further instruction beyond providing a non-exhaustive list of eight factors for the courts to consider. As a result, ambiguities arose when the factors were considered along a wide spectrum of interpretations by the courts without an idea of how to balance the factors. Furthermore, the ambiguities in interpretations were amplified when some courts analyzed the fame factors explicitly while others did not. Commentators have noted that technically the FTDA does not require the courts to consider any of the eight factors in determining whether a mark is famous and the courts are free to use components of an analysis of a trademark infringement case when considering if a mark is famous. Additionally, other interpretations of the “famous” requirement included utilizing the ordinary English language definition to mean that a mark is famous when survey evidence demonstrates that the mark is recognized as famous by a substantial percentage of the public.

Due to the various interpretations of a “famous” mark even after legislature provided the eight factors in the FTDA to assist the courts in their determinations, a revision to the FTDA was warranted. The current definition of a “famous” mark set forth in the revised statute incorporates recognition by the general consuming public, not as the mark being famous, but as a designation of the goods’ source. The emphasis is not so much on the fame of the mark, but on the recognition of designation of the mark. Also, instead of eight factors

38. Id. at 227–28.
39. Id.
40. Id. at 218.
42. Id. 1408–09.
43. Id.
44. Id. at 1413.
45. Id. at 1416.
for the courts to consider in determining if a mark is famous, the current statute sets forth four factors, in addition to all relevant factors, that the court may consider.\(^{47}\) The four factors are:

(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 service 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.\(^{48}\)

As discussed later in the paper, trademark law’s infatuation with fame and the legislative struggle in defining the fame requirement predates the FTDA.\(^{49}\) Although the four factors in current trademark law are intended to aid the courts in making more accurate determinations of whether a mark is “famous,” the factors dealing with the extent and geographic reach of publicity of a mark and the geographic extent of sales of goods are still problematic for courts when analyzing whether a mark with niche fame or recognition within in a local region qualifies as a “famous” mark.\(^{50}\)

**B. Interpretations of the Standard of Proof of Harm to a Famous Mark**

Commentators have noted a split in the circuit courts as early as 2002 as to whether the FTDA requires a senior user of a famous mark to prove “actual” dilution or only a “likelihood of dilution” to prevail on the allegations that a junior mark has caused dilution of the senior mark.\(^{51}\)

In 2003, the Supreme Court interpreted the FTDA as requiring proof of actual dilution in deciding a trademark infringement and dilution action.\(^{52}\) The corporation owner of the “Victoria’s Secret” trade mark brought a dilution claim against an adult novelty store

---

47. Id.
48. Id. § 1125(c)(2)(A)(i)–(iv).
49. See discussion infra Sections IV.A., IV.B.
50. See discussion infra Section IV.A.
named “Victor’s Little Secret.” An army colonel who saw the novelty store originally named as “Victor’s Secret” as an effort to use the “Victoria’s Secret” trademark to promote unwholesome merchandise, sent a copy of an advertisement to “Victoria’s Secret” trademark owner. The Court of Appeals held that Victoria’s Secret would prevail in a dilution claim not because a consumer would expect to find Victoria’s Secret merchandise in the store “Victor’s Little Secret,” but because a consumer would automatically associate “Victor’s Little Secret” with the famous store by associating the unwholesome products with the famous mark.

Commentators on the Court of Appeals decision noted that this interpretation was consistent with prior dilution by blurring case law and a consensus among the circuit courts’ application of the “likelihood of dilution” standard to dilution cases as well as the legislative intent of the FTDA. The Supreme Court however disagreed. The Court acknowledged that the FTDA’s legislative history implicates that the statute’s purpose is to protect famous trademarks from later uses that “blur the mark’s distinctiveness or tarnish or disparate it, even absent a likelihood of confusion.” Referring to the language in the FTDA, the Court interpreted the Act as providing relief if the use of another mark or trade name “causes dilution of the [mark’s] distinctive quality, 1125(c)(1) (emphasis added).” It concluded that the statute unambiguously requires a showing of actual dilution.

As a result, the Court held that the corporation holding the “Victoria’s Secret” trademark was unable to support their claims that the adult novelty store’s conduct was likely to ‘blur and erode’ their trademark’s distinctiveness and ‘tarnish’ its reputation. The “Victoria’s Secret” trademark owner presented only an affidavit from a marketing expert who valued the famous mark but did not show of a concern regarding the impact of the adult novelty store’s use of the

53. Id.
54. Id.
55. Id.
56. Hemerly, supra note 5, at 342–43.
57. Moseley, 537 U.S. at 434.
58. Id. at 419.
59. Id.
60. Id. at 433.
61. Id at 424, 434.
name “Victor’s Little Secret” on the value of the famous mark.\(^{62}\) Also, regarding the army colonel who saw the advertisement for the store “Victor’s Secret,” the Court recognized that while he was offended by the advertisement and made a mental association between the famous mark and the store, it did not change his impression about the famous mark.\(^{63}\) In essence, there was no evidence that there was a “lessening of the capacity of the [‘Victoria’s Secret’] mark to identify and distinguish goods or services sold in Victoria’s Secret stores or advertised in its catalogs.”\(^{64}\)

Not only did the Court hold that the FTDA “unambiguously requires a showing of actual dilution, rather than a likelihood of dilution,” but also suggested that consumer surveys as direct evidence of dilution are not necessary as long as actual dilution can be reliably proven through circumstantial evidence.\(^{65}\) This was criticized as somewhat of a Solomonic resolution of the circuit-split.\(^{66}\)

C. Proposition for an “Actual Dilution” Standard in Dilution by Blurring

The 2003 Supreme Court’s interpretation of the Act and the standard for dilution by blurring in *Moseley v. V Secret Catalogue* shed light on the “circuit split” of United States Courts of Appeals adopting either the “actual harm” or the “likelihood-of-harm” standard and the Supreme Court’s role in resolving the split.\(^{67}\) Commentators on the Supreme Court’s “actual harm” standard to dilution by blurring claims was coupled with the proposition that the higher standard of proof, “actual harm,” should be applied to dilution by blurring cases.\(^{68}\) But the lower standard—"likelihood-of-harm”—should be applied to tarnishment cases.\(^{69}\) The reasoning behind such a proposition is that there are inherent differences between the two

---

\(^{62}\) Id. at 424–25

\(^{63}\) Id. at 434.

\(^{64}\) Id. at 419.


\(^{66}\) Id. at 862.

\(^{67}\) Joseph J. Galvano, *There is No “Rational Basis” for Keeping It a “Secret” Anymore: Why the FTDA’s “Actual Harm” Requirement Should Not Be Interpreted in the Same Way for Dilution Caused by Blurring as it is for Dilution Caused by Tarnishment*, 31 Hofstra L. Rev. 1213, 1214 (2003).

\(^{68}\) Id. at 1215

\(^{69}\) Id.
causes of action under the FTDA. In a dilution by tarnishment cause of action, courts recognize the gravity and immediate injury to famous marks caused by the use of the mark by a junior user in contexts of sexual activity or obscenity. However, in a dilution by blurring cause of action, although the injury is equal to the injury in tarnishment, allowing a lower standard of proof, would yield a highly undesirable result—owners of famous marks holding a monopoly over the use of marks and services. The proposition was for the courts to apply the “actual harm” standard for dilution by blurring cases along with the relevant factors set out in the FTDA.

The proposition of applying the “actual harm” standard was contrasted with commentators who foresaw the call for clarification of the statute. It was pointed out that despite the Supreme Court’s holding that causation of dilution is required under the FTDA, Justice Stevens’ opinion noted that “in some instances (at least involving identical marks), causation could be inferred without direct evidence,” therefore negating the necessity of consumer surveys to prove actual dilution. And although the plaintiff must prove causation, he does not need to prove actual loss of sales or profit. Commentators noted that although the conceptual outlines of the theory of dilution by blurring was well understood, it is more difficult to prove dilution by blurring practically or to even understand how to collect proof of actual dilution. As stated simply by Justice Stewart regarding pornography, “it appears that we can define dilution but do not know it when we see it.” The practical ramifications of the Victoria’s Secret holding as to the standard allowed commentators to predict that there would be calls to clarify the FTDA by amending the statute to set out a “likelihood of dilution” standard. The calls for clarification were realized when trademark owners who were unhappy with the Court’s decision in Moseley v. V Secret Catalogue pushed

70. Id.
71. Id. at 1229.
72. Id. at 1227.
73. Id. at 1215.
75. Moseley v. V Secret Catalogue, 123 S. Ct. 1115, 1124 (2003); Moskin, supra note 74, at 842 n.8.
76. Moskin, supra note 74, at 843.
77. Id.
78. Id.
79. Id. at 844.
for reform in the FTDA leading to the enactment of the Trademark Dilution Revisions Act of 2006 (TDRA).  

Yet, prior to the reform, another famous trademark holder with a dilution claim took a competitor to court. In 2004, Playboy Enterprises filed suit against a jewelry seller alleging dilution of its trademark term “Playboy” and the accompanying “rabbit head.” The defendant jewelry store sold several pieces of jewelry either in the exact shape, or with a likeness of the playboy rabbit head design on its website, which the Playboy mark holder alleged was diluting the “Playboy” trademark. In analyzing the factors to determine whether dilution by blurring occurred, the United States District Court for the District of Nevada applied the “likely to cause dilution” standard just like the appellate court in Moseley v. V Secret Catalogue. The court in Playboy Enterprises International v. Muller noted that the famousness of Playboy marks had been acknowledged by the Ninth Circuit and that the marks were so well known that they had acquired great distinctiveness among consumers. Therefore, the Playboy marks were entitled to a high degree of protection and an injunction barring the use of the marks by the jewelry store.

III. AMENDMENTS TO THE FTDA AND THEIR EFFECTS ON DILUTION BY BLURRING CLAIMS

Although some critics agreed with the narrow interpretation of the FTDA because “[businesses] like Victor Moseley need a little ‘breathing space’ when naming their businesses or products” and because the decision on what was likely to dilute “lay too much on the predilection of judges—judges who might not have any particular expertise in predicting likeliness of dilution[,]” revisions to the FTDA were inevitable. Following the Supreme Court’s interpretation of the Act in Moseley v. V Secret Catalogue, in 2006 Congress amended

---

80. Beerline, supra note 1, at 512.
82. Id.
83. Id. at 1039.
84. Id. at 1042; Moskin, supra note 74, at 418.
86. Id.
87. Id. at 1044.
the statute to clarify that the standard for dilution by blurring is if the use of a junior mark is “likely to cause dilution” rather than actual dilution. The amendment was noted in a subsequent case, Levi Strauss & Co v. Abercrombie & Fitch Trading Co. as a “new, more comprehensive federal dilution” and not merely “surgical linguistic changes.”

With the lower standard of proof, the TDRA trademark owners have a “‘powerful tool’” at their disposal to protect the use of their trademarks with an immediate remedy, an injunction, even before the harm occurs. Such a remedy becomes highly important in the entertainment and fashion industries to enjoin junior marks from “‘piggybacking’” on famous and established trademarks to promote products in the pornography and the adult entertainment industries. As mentioned above, the remedy is also available to trademark holders in the adult entertainment industries if a trademark has acquired great distinctiveness.

In the fashion and clothing line industries, even after the passage of the TDRA, commentators were concerned that not all of the previous ambiguities were resolved and the TDRA may have created more of its own. For example, the TDRA affords protection to marks that are distinctive, either inherently or through acquired distinctiveness, which are entitled to protection only when consumers associate the marks with a particular company. Yet, one of the factors that the statute provides for the courts to consider is “[t]he extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark.” Critics point out that the factor requiring distinctiveness creates a hardship on “marks of acquired distinctiveness, because they are less likely to be used exclusively than coined marks.”

The amendment to the FTDA setting the standard of proof for dilution by blurring as “likely to cause dilution” is favorable for companies with very famous trademarks such as V Secret Catalogue,
who diligently police their trademarks, yet as critics point out, the change does not allow “breathing space” for companies with less famous trademarks as any resemblance in their trademarks to famous trademarks will likely ensue trademark litigation. Additionally, leaving too much discretion to judges in determining whether uses of trademarks by smaller scale businesses will likely cause dilution of famous marks will inevitably result in inconsistent decisions.

A. Clarification of the “Degree of Similarity” Between a Famous Mark and a Diluting Mark

Despite concerns of ambiguities in the TDRA, the lower standard of proof under the TDRA allows more flexibility for corporations holding trademarks in the fashion industry to police their trademarks, even for the stitch on their clothing products.97 Levi Strauss & Company, which had been selling blue jeans since the 1870s, began stitching two connecting arches meeting at the center of the back pocket of its jeans in 1873.98 Levi Strauss holds a federally registered trademark for the design called “Arcuate” and has had enormous financial success from the sales of clothing with that design.99

In 2006, Abercrombie & Fitch began stitching a “Ruehl” design on the back pockets of its jeans which Levi Strauss & Company claimed “incorporated the distinctive arc[ha]ng element of the Arcuate trademark” and brought an action under the TDRA in 2009 alleging Abercrombie diluted its “Arcuate” stitching design trademark.100 The parties disagreed on the whether the language in the TDRA requires that the junior mark be “identical or nearly identical” to the famous user’s mark before the famous mark is entitled to relief under the Act as applied by the district court.101 Levi Strauss argued that the term “identical or nearly identical” does not appear anywhere in the language of the statute, and therefore does not require a prima facie showing of substantial similarity.102 Furthermore, the “degree of similarity” is one of several factors a court must balance to determine

---

98. Id. at 1159.
99. Id.
100. Id. at 1158–59 (alteration in original).
101. Id. at 1162.
102. Id.
if dilution has occurred.\textsuperscript{103} Abercrombie & Fitch, on the other hand, argued that the Ninth Circuit has held, even after the TDRA was passed, that a junior mark must be “identical or nearly identical” to the senior user’s mark.\textsuperscript{104} The Ninth Circuit noted that the “identical or nearly identical” standard predated the FTDA with roots in the New York state anti-dilution law.\textsuperscript{105}

In analyzing the plain language of the statute, the Ninth Circuit noted that under subsection (c)(1) of the statute, Congress did not intend that “the owner of a famous mark . . . shall be entitled to an injunction against another person who . . . commences use of a mark or trade name in commerce that is likely to cause dilution” to require that the junior mark be identical or nearly identical or substantially similar to the senior mark.\textsuperscript{106} Instead, the Ninth Circuit held that a plaintiff must show that based on the factors set in the statute, which includes the degree of similarity, “that a junior mark is likely to impair the distinctiveness of the famous mark.”\textsuperscript{107} Given the key role that the standard of degree of similarity between the two marks played in the district court’s determination that Abercrombie & Fitch’s “Ruehl” design was not likely to dilute the famous mark, the Ninth Circuit reversed noting that the correct standard “could have tipped the balance in favor of Levi Strauss.”\textsuperscript{108}

The Ninth Circuit’s interpretation of the TDRA in \textit{Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.} again caused commentators to note that the TDRA failed to establish a clear legal standard for the threshold requirement for the degree of similarity between the famous mark and the junior mark allegedly diluting the famous mark.\textsuperscript{109} On the one hand, the language of the TDRA requires a similarity between the marks and a level of similarity that determines if a trademark owner has a valid dilution claim.\textsuperscript{110} On the other hand, the TDRA does not answer \textit{how much} similarity is required between the two marks.\textsuperscript{111} The legislative history of the

\textsuperscript{103} \textit{Id.}
\textsuperscript{104} \textit{Id.}
\textsuperscript{105} \textit{Id. at 1163–64.}
\textsuperscript{106} \textit{Id. at 1172 (internal citations omitted).}
\textsuperscript{107} \textit{Id.}
\textsuperscript{108} \textit{Id. at 1174.}
\textsuperscript{109} Levich, \textit{supra} note 7, at 678, 690.
\textsuperscript{110} \textit{Id. at 690–91}
\textsuperscript{111} \textit{Id.}
FTDA also does not define the threshold of similarity.\textsuperscript{112} A commentator noted that before the TDRA was enacted, Congress was urged to focus on addressing the degree of similarity that would be a threshold issue in a claim for dilution.\textsuperscript{113} The proposition by witness Jonathan Moskin was for Congress to limit the scope of protection to “identical trademarks or marks that are essentially indistinguishable from the registered marks.”\textsuperscript{114} This way, businesses are not subject to meritless lawsuits for dilution by blurring brought by owners of marks that are only generally similar to the allegedly diluting junior mark.\textsuperscript{115} Yet, Congress did not address this issue in the TDRA, leaving the courts with no consistent method of applying the TDRA to dilution by blurring claims.\textsuperscript{116} As a result, courts struggle to consistently apply the standard for comparing similarity of the marks in a likelihood of confusion analysis in an infringement claim.\textsuperscript{117} In essence, courts use the same test to evaluate the similarity of marks in dilution and likelihood of confusion claims.\textsuperscript{118}

Without a clear level or threshold of similarity required between a famous mark and an allegedly diluting mark, small-scale businesses using marks that are remotely similar to famous marks are potentially subject to meritless lawsuits. Furthermore, the determination of whether the “degree of similarity” between a famous mark and an allegedly diluting mark is indicative of dilution by blurring is left to the discretion of judges. Judges may not have the requisite expertise or may not apply a consistent standard in comparing similarity of marks, leading to inconsistent court decisions.

\textsuperscript{112} Id. at 691.
\textsuperscript{113} Id. at 692 (citing Trademark Dilution Revision Act of 2005: Hearing on H.R. 683 Before the H. Subcomm. on Courts, the Internet, and Intellectual Property of the H. Comm. on the Judiciary, 109th Cong. 2 (2005) [hereinafter Hearing on TDRA] (statement of Rep. Lamar S. Smith, Chair, H. Subcomm. on Courts, the Internet, and Intellectual Property)).
\textsuperscript{115} Levich, supra note 7, at 692 (citing Hearing on H.R. 1295).
\textsuperscript{116} Id.
\textsuperscript{117} Jasmine Abdel-khalik, Is a Rose by any Other Image Still a Rose? Disconnecting Dilution’s Similarity Test from Traditional Trademark Concepts, 39 U. Tol. L. Rev. 591, 595 (2008).
\textsuperscript{118} Id. at 595.
B. Applying the “Actual Dilution” Standard Retroactively

Even after the passage of the TDRA, which offered famous mark holders protection after showing a “likelihood of dilution,” the “actual dilution” standard is applied by courts retroactively to marks used in commerce before October 6, 2006. In 2012, the global fashion company Gucci America Inc. brought a dilution claim against Guess?, Inc. alleging Guess?, Inc. attempted to “Gucci-fy” their product line with their Quattro G Pattern on beige background on their handbags. Despite Gucci submitting an expert survey showing a twelve percent level of association between the tremendously successful Gucci trademark and the Quattro G pattern, the District Court for the Southern District of New York held that that Gucci had no evidence of actual dilution of its mark by Guess’ use of the Quattro G pattern which was used in commerce before October 6, 2006 when analyzed under the “actual dilution” standard. Yet, the Court concluded that the Quattro G Pattern in the brown/beige colorways is “likely to cause dilution by blurring with respect to Gucci’s Diamond Motif Trade Dress.”

Given the success of the Gucci trademark, the Court noted the differences in design and consumer group perceptions between Guess and Gucci products. The Guess style uses vibrant colors, embellishments like rhinestones and exaggerated fabric to uniquely brand its products, while Gucci communicates that their consumers are members of an “exclusive club,” of wealthy individuals who wear their products regularly as well as the “aspirational” younger and less wealthy consumers.

While many of the trademark dilution claims are brought by well-known, nationally recognized brands in the fashion industry, they are not limited to the brands associated with the fashion industry. In 2013, the Navajo Nation, a sovereign Indian Nation and corporation brought a dilution claim against the international retail company, Urban Outfitters, Inc. The Navajo Nation alleged that it

---

120. Id. at 215, 233.
121. Id. at 241, 251.
122. Id. at 251.
123. See id. at 216–17.
124. Id. at 217.
has continuously used the NAVAJO name trademarks with many products, including clothing and jewelry and has registered 86 of its trademarks using the NAVAJO name. They argued the NAVAJO mark is inherently distinctive and that consumers immediately associate the mark with Navajo Nation.

Navajo Nation claimed that Urban Outfitters began using the names “Navaho” and “Navajo” in their clothing line of twenty or more products that evoked “the Navajo Nation’s tribal patterns, including geometric prints and designs fashioned to mimic and resemble Navajo Indian-made patterned clothing, jewelry and accessories[,]” and selling the products in their retail stores and on their website. Essentially, the Navajo Nation claimed that by using the NAVAJO name to promote its “Navajo Collection,” Urban Outfitters made it very likely that consumers will no longer believe that the “Navajo” name is a unique and inherently distinctive mark. The parties disputed whether the NAVAJO mark is inherently distinctive and therefore famous, or is at best a generic descriptive term for a particular type of design and style of clothing as it identifies a class of products regardless of the source.

Specifically, Navajo Nation alleged that Urban Outfitters’ use of the NAVAJO name to sell women’s undergarments diluted the Navajo Nation’s goodwill as Urban Outfitter’s products were derogatory, scandalous, and contrary to the nation’s principles against alcohol consumption. Furthermore, the misspelling of “Navajo” as “Navaho” was also allegedly scandalous and derogatory. Finding no authority for the proposition that misspelling a mark is scandalous, the district court limited the Navajo Nation’s dilution by tarnishment claim based on the relative quality of the parties’ products, but decided the allegations were sufficient to state a dilution by blurring claim.

126. Id. at 1153.
127. Id.
128. Id at 1154.
129. Id.
130. Id at 1166–69.
131. Id at 1154-55.
132. Id at 1155.
133. Id at 1168-69 (the Navajo Nation “allege[d] a theory of dilution by tarnishment based on [Urban Outfitters’] marketing and retailing of products of significantly lower quality than the Navajo Nation’s own products.”).
IV. COMPARISON TO ANALOGOUS STATE ANTI-DILUTION LAW

While big names in the fashion and clothing line industries turn to the federal anti-dilution statutes for protection, businesses in the fashion industry did not always turn exclusively to federal law. Prior to the FTDA, when dilution first became a cause of action under federal law in 1995, legislatures of individual states promulgated statutes for protection from dilution of marks. A minimum of twenty-seven states had anti-dilution statutes based on the Model State Trademark Bill, which provided for injunctive relief based on the “‘[l]ikelihood of injury to business reputation or of dilution of the distinctive quality of a mark... notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services.’” Yet, with only a handful of cases over a span of sixty-five years finding liability absent a showing of actual dilution, the statutes were considered ineffective, and inadequate for safeguarding the substantial investment of famous mark holders. The FTDA was passed with the hope of creating a uniform federal statute to remedy the ineffective state statutes. But what did the state statutes really look like and how did courts apply them before the passage of the FTDA? New York’s anti-dilution statute, for instance, required that the plaintiff demonstrate what the court believed to be five necessary elements: (1) consumer confusion; (2) defendant’s intent to trade on plaintiff’s mark; (3) likelihood of injury to the plaintiff’s business reputation or dilution of its mark or the distinctiveness of its mark; (4) direct competition; (5) the inferior quality of defendant’s competition.

The state statute differs from the federal statute requirements in that the state statute requires consumer confusion, while the federal statute does not. The federal law only requires a likelihood of dilution. The state statute also requires that the competitor be in direct competition with the senior mark holder, while the federal

135. N.Y. GEN. BUS. § 360-1 (McKinney 2014); Moskin, supra note 74, at 846–47.
136. Moskin, supra note 74, at 846–47.
137. Gunnell, supra note 134, at 446.
138. Id.
140. Id.
141. Merges, supra note 13, at 890.
142. Sally Gee, Inc., 699 F.2d at 624.
statute only requires that the junior mark user began using its mark in commerce.\textsuperscript{143} Given that the elements of a state anti-dilution statute substantially differ from the TDRA, the outcome of a dilution claim under the state statute substantially differs based on courts’ considerations.

In 1983, Sally Gee, Inc., a manufacturer of ready-made women’s clothing, brought a dilution claim against a manufacturer of handmade clothing using the name Sally Lee, yet was unable to prove the five elements as the products and therefore were not competitive because they differed in quality, price, and consumer groups.\textsuperscript{144} Sally Gee was unable to show that the product-evoking quality of its mark were eroded or became less distinctive by the use of the mark Sally Lee or that consumers associated Sally Gee with Sally Lee’s products.\textsuperscript{145} Unlike the TDRA which does not consider the sophistication of consumers in analyzing whether likelihood of dilution exists, the Second Circuit noted in Sally Gee, Inc. v. Myra Hogan, Inc., that “sophisticated retailers and consumers of women’s apparel are unlikely to have blurred vision causing them to see ‘Sally Gee’ upon viewing a Sally Lee label.”\textsuperscript{146}

Sophistication of consumers is not the only difference from the federal dilution law. The New York state statute requires that the senior mark be completely inherently distinctive to begin with.\textsuperscript{147} Fast forward to 2003, SLY Magazine, LLC, launched an online magazine named “Sly” to target the “quintessential woman— independent and charming”—women living in metropolitan areas.\textsuperscript{148} Sylvester Stallone, who had the nickname “Sly” since 1976 worked with Wider Publications, LLC to produce a print magazine named “SLY” to appeal to the demographic represented by Sylvester Stallone—fit men over 40 with an interest in physical fitness.\textsuperscript{149} In 2007, SLY Magazine filed a claim under the New York Anti-Dilution Statute against Weider Publications along with a trademark infringement claim.\textsuperscript{150} Although Sly had an inherently distinctive

\begin{itemize}
\item \textsuperscript{143} Becker, supra note 23, at 1394.
\item \textsuperscript{144} Id. at 623, 625.
\item \textsuperscript{145} Id. at 625–26.
\item \textsuperscript{146} Id. at 626.
\item \textsuperscript{148} Id.
\item \textsuperscript{149} Id. at 431.
\item \textsuperscript{150} Id. at 433.
\end{itemize}
mark, it did not get protection under the state statute because it chose an already diluted mark that was strongly associated with Sylvester Stallone and SLY Magazine should have known that consumers might associate “Sly” with the actor and his men’s magazine, rather than with women’s fashion.\textsuperscript{151}

V. ANTI-DILUTION LEGISLATION AND SMALL BUSINESS RIGHTS

While ambiguous court interpretations of the FTDA’s fame requirements, standard of proof of harm to a famous mark, and the degree of similarity between an allegedly diluting mark and a famous mark elicited a legislative response in the form of the TDRA, anti-dilution legislation has been criticized as heavily favoring major corporations over small and future businesses.\textsuperscript{152} Critics assert that the TDRA essentially grants “major corporations a monopoly over the use of famous marks that may contain common words and phrases.”\textsuperscript{153}

In the United States, small businesses play a significant role in the country’s economy by accounting for approximately sixty-six percent of all jobs created in any year.\textsuperscript{154} It is speculated that the high risk of a business failing within the first five years is largely due to intellectual property laws that have unintentional negative effects on the viability of small businesses.\textsuperscript{155}

A. The Challenge for Small Businesses: the FAME Requirement

For smaller businesses, protecting their trademarks can be a matter of survival in a competitive market. However, a detailed analysis of the TDRA and its standard for proving fame will reveal that small businesses fail to satisfy the stringent fame requirement and may not be eligible for the protections provided under federal law.\textsuperscript{156} The TDRA provides that “the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after

\begin{itemize}
\item \textsuperscript{151} Id.
\item \textsuperscript{152} YEH, supra note 88, at 13–15.
\item \textsuperscript{153} Id.
\item \textsuperscript{154} Leah Chan Grinvald, Resolving the IP Disconnect for Small Businesses, 95 MARQ. L. REV. 1491, 1493 (2012) [hereinafter Small Business IP].
\item \textsuperscript{155} Id.
\end{itemize}
the owner’s mark has become famous, commences use of mark or 
trade in commerce that is likely to cause dilution by blurring . . . of 
the famous mark[.]” 157 Given that the fame requirement dictates a 
mark must be “widely recognized by the general consuming public” 
nationally,158 or at least a substantial portion of the U.S.,159 and that 
the TDRA’s four factors in determining whether a mark is “famous” 
include the geographic reach, amount, volume and geographic extent 
of sales, and extent of actual recognition of the mark, it is difficult for 
small business, and even large public companies that hold trademarks 
not recognized beyond a local region, to meet the fame 
requirement.160

While it may have been possible for businesses that achieved 
fame in their respective discrete markets or “niche” to meet the fame 
requirement under the FTDA,161 the TDRA makes proving fame even 
harder, and by its terms is reserved for owners of prominent, 
renowned marks of significant fame.162 For example, prior to the 
TDRA, in Star Markets, Ltd. v. Texaco, Inc., a district court held that 
a Hawaiian supermarket chain with the name “Star Markets” since 
1946, did not acquire a high level of distinctiveness, and the “Star 
Markets” mark was not a famous mark for purposes of protection 
under federal anti-dilution law despite that it is considered a “big fish 
in a small pond.”163 Although federal anti-dilution law at that time 
did not require national fame, the geographic area in which a mark is 
used is an important factor in determining whether a mark is famous 
for purposes of protection under federal law.164 It did not help that 
the “Star Markets” business owner spent millions in advertising 
throughout the state of Hawaii and that just over seventy-five percent 
of respondents to a secondary meaning survey associated the word

158. Id. § 1125(c)(2)(A).
160. See 15 U.S.C. § 1125(c)(1); Id. § 1125(c)(2)(A)(i)–(iv); Anania, supra note 156, at 578.
161. See, e.g., Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C., 212 F.3d 157, 166 (3d Cir. 2000) (holding that “The Sporting News” trademark and title of century-old-weekly sports publication with a 540,000 weekly circulation achieved fame among sports periodicals sufficient enough to qualify it as “famous” under the FTDA); Syndicate Sales, Inc. v. Hampshire Paper Corp., 192 F.3d 633, 640 (7th Cir. 1999).
162. YEH, supra note 88, at 9.
164. Id. at 1034.
According to the court, fame in only one state goes strongly "against meriting protection from dilution under federal law." In addition, there are too many businesses that use the name "Star" and the existence of federal registrations of the exact same "Star Markets" mark by other grocery chain owners did not favor the "Star Markets" owner. The court clarified that, although a word or slogan comprised of common words is capable of being protected under federal anti-dilution law if a secondary meaning is established, the degree of distinctiveness is still weighed by applying the statutory factors and acquired distinctiveness is a factor in determining fame.

In Thane International v. TREK Bicycle, the Ninth Circuit held that even though,

TREK has used its "Trek" mark since 1977; identified over 100 products under the "Trek" mark; sold its products through 1600 dealers in 2000 locations; and spent between $3 to $5 million a year in advertising its products in national publications such as Rolling Stone, Men's Journal, Playboy, and Spin, the 'Trek' mark did not achieve the requisite level of fame.

Therefore, even prior to the TDRA era, when marks that were famous only in their respective discrete market segment or "niche" could qualify as "famous" for purposes of protection under federal anti-dilution law, what courts consider niche fame is more expansive than one assumed. A business could spend millions of dollars on advertising, in addition to featuring its trademark on national television and national publications, yet be considered as having captured only a discrete market segment. After the TDRA raised the threshold of what constitutes "famous" by including the phrase "general consuming public" the fame requirement is now even harder to prove. As a result, small businesses and start-ups are not equipped to achieve even niche fame of their trademark and do not

165. Id. at 1035.
166. Id.
167. Id. at 1036.
168. Id. at 1033.
169. Anania, supra note 156, at 583.
170. Id.
171. Id.
172. 15 U.S.C. § 1125(c) (2012); Anania, supra note 156, at 584.
stand a chance when it comes to being protected from dilution under federal law.

B. Trademark Law’s Infatuation with Fame Explained

Trademark law’s long history of infatuation with fame may stem from an ever-existing infatuation of fame by the general public. Headlines and media images depicting famous movie stars, models, athletes, and politicians convey the notion that being “famous” or being known, or talked about by many people is a highly desirable achievement.173 The beginning of the “fame” requirement dates back to 1987 when the United States Trademark Association proposed to amend the Lanham Act to include a provision for federal dilution protection for famous, registered marks.174 The United States Trademark Association also drafted the 1964 and 1992 versions of the Model State Trademark Bill for protecting famous trademarks.175 Just as fame for celebrities fades with time, famous trademarks may either diminish or completely disappear from the public view if substantial effort is not applied in maintaining their fame.176 The question of what level of fame is required to meet the “fame” requirement in order to be entitled to the protections of the federal anti-dilution law, however, remains problematic for the courts.177

Several cases highlight the courts’ difficulty in determining whether a mark is “famous” after the passage of the TDRA in 2006. In Pet Silk Inc., v. Jackson, the plaintiff held a trademark named PET SILK and sold its pet grooming products both online and in pet supply retail stores through fifty distributors.178 In a trademark dilution and likelihood of confusion suit against the defendant distributor after the defendant continued to sell PET SILK products, the court concluded that PET SILK is a famous mark because it achieved name recognition in the pet supply and dog

174. Id. at 91, n.17.
176. Nguyen, supra note 173, at 90.
177. Id. at 93.
grooming market industry. Rather than applying the standard of fame as national recognition by the general consuming public, in reaching its conclusion the court relied on the niche fame standard which was rejected by legislation when revising the FTDA.

In *New York City Triathlon, LLC v. NYC Triathlon Club, Inc.*, the owner of the unregistered trademark NEW YORK CITY TRIATHLON brought a trademark dilution suit against a seller of triathlon equipment for using the names NYC TRIATHLON CLUB, NYC TRI CLUB, and NEW YORK CITY TRIATHLON CLUB. The court considered the facts that the plaintiff used its mark for approximately ten years, attracted approximately 20,000 potential triathlon athletes and raised roughly two million dollars each year for national charities such as American Cancer Society and the Leukemia & Lymphoma Society. Although such considerations hardly prove national recognition, the court found the NEW YORK CITY TRIATHLON trademark as “widely recognized” because nationally recognized companies such as Ford, Nautica, Dasani and JetBlue sponsored its events that were broadcast on national media outlets.

In *Dallas Cowboys Football Club, Ltd. v. America’s Team Properties, Inc.*, the plaintiff was the owner of the unregistered trademark AMERICA’S TEAM, and used its trademark in the title of a 1978 season highlight film, in a 1979-1980 calendar, in the title of videocassettes, and on various souvenir products. After obtaining trademark registration for the name DALLAS COWBOYS AMERICA’S TEAM for use on clothing merchandise, the Dallas Cowboys made millions from sales on the internet and locations throughout Texas. Rather than requiring the plaintiff to show wide recognition by the general consuming public, the court found that the plaintiff’s survey sufficiently demonstrated “actual recognition among a relevant consumer base” and concluded that the AMERICA’S TEAM trademark qualified as a “famous” mark.

---

179. *Id.* at 830, 832.
180. *Id.*
182. *Id.* at 322.
183. *Id.*
185. *Id.*
186. *Id.* at 643.
C. State Anti-Dilution Laws Offering Protection Without a Stringent “FAME” Requirement

When federal remedies are exhausted, small business trademark holders have several avenues to pursue in order to enforce their rights in their trademarks. One of those avenues is state anti-dilution laws that do not require the same strong showing of “fame.” State laws affording protections against trademark dilution are rarely adopted as part of common law, but are derived from statutes that are modeled after the United States Trademark Association Model State Trademark Bill.\(^{187}\) The 1964 Model Bill does not include an explicit fame requirement and states that,

\[
\text{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.}\(^{188}\)
\]

As of 2007, fourteen states adopted the 1964 version, including Alabama, California, Delaware, Florida, Georgia, Louisiana, Maine, Massachusetts, Missouri, New Hampshire, New York, Oregon, Rhode Island, and Texas.\(^{189}\) The problem with not having a fame requirement, however, is that although owners of marks for niche products and service marks may be afforded relief, the traditional infringement “likelihood of confusion” test is no longer applicable and owners of famous products or service marks are no longer afforded relief.\(^{190}\)

---


\(^{188}\) Model State Trademark Bill § 12 (1964) reprinted in 3 McCarthy, supra note 175 § 22:8.

\(^{189}\) See ALA. CODE § 8-12-17 (2014); CAL. BUS. & PROF. CODE § 14330 (West 2014); DEL. CODE ANN. tit. 6, § 3313 (West 2014); FLA. STAT. ANN. § 495.131 (West 2005); GA. CODE ANN. § 10-1-451 (West 2005); LA. REV. STAT. ANN. § 51:223:1 (West 2014); ME. REV. STAT. ANN. tit. 10, § 1530 (West 2014); MASS. GEN. LAWS ANN. ch. 110B, § 12 (West 2014); MO. ANN. STAT. § 417.061 (West 2012); N.H. REV. STAT. ANN. § 350-A:12 (2014); N.Y. GEN. BUS. LAWS § 360-1 (McKinney 2014); OR. REV. STAT. ANN. § 647.107 (West 2014); R.I. GEN. LAWS ANN. § 6-2-12 (West 2014); TEX. BUS. & COM. CODE ANN. § 16.29 (West 2013).

\(^{190}\) Katherine D. Jochim, A Place for Famous Market Niche Trade and Service Marks
The 1992 version of the Model Bill reflects federal anti-dilution law more closely by stating that “another’s use of a mark commencing after the owner’s mark becomes famous, which causes dilution of the distinctive quality of the owner’s mark” is subject to an injunction. Just like the TDRA, the 1992 Model Bill considers seven factors, including the degree of distinctiveness, duration and extent of use, geographical extent of the trading areas, channels of trade, degree of recognition and extent the mark is used in the same or similar manner by third parties, in determining whether a mark is famous. However, the 1992 Model Bill considers these factors in determining fame only within a state, making it less burdensome than its federal counterpart.

Yet even when state anti-dilution laws appear to offer the perfect solution, federal courts ignore the important distinction between federal and state legislation as it relates to the fame requirement, therefore leaving no remedy for small business owners. State anti-dilution statutes, as mentioned, have only promulgated a handful of cases over a span of sixty-five years in which liability was found without a showing of actual dilution.

VI. OBSTACLES IN ENFORCING RIGHTS UNDER STATE ANTI-DILUTION LAWS

As of 2007, twenty-three states adopted either the 1992 Model Bill or similar language in their anti-dilution statutes. As of 2007, thirteen states, Colorado, Indiana, Kentucky, Maryland, Michigan, North Carolina, North Dakota, Ohio, Oklahoma, South, Dakota, Vermont, Virginia, and Wisconsin, did not have anti-dilution statutes. “There is nothing in [the 1964 or 1992 bills] that suggest that only marks rising to the same level of widespread fame as


194. Anania, supra note 156, at 567.
195. Moskin, supra note 74, at 846–47.
196. Anania, supra note 156, at 589.
197. Id.
“Kodak” or “Buick” can qualify for antidilution protection.”198 With a lower threshold of fame, state laws modeled either after the 1964 or the 1992 Model Bills appear to be the perfect avenue for smaller businesses seeking protection and relief under anti-dilution statutes. However, plaintiffs who attempt to enforce their trademark rights under state law are faced with several obstacles.199

An obvious obstacle is that not all states have anti-dilution laws; therefore business owners in those states will not be able to resort to state law for relief. Second, state anti-dilution statutes may be preempted by federal law.200 Federal anti-dilution statutes have language that expressly preempts both common law and state law claims of dilution against an owner of a federally registered mark.201 Therefore “[a] trademark holder who attempts to assert a state claim against a federally registered user would have been completely barred by the FTDA from bringing that claim.”202 Third, in many cases, courts have addressed state anti-dilution law only briefly at the end of their opinions, often treating state law as synonymous with federal law.203 For instance, in 1998, in Panavision International v. Toeppen, the Ninth Circuit held that although the plaintiff brought a state dilution claim under the California anti-dilution statute, in addition to a federal dilution claim under the FTDA, the state dilution claim was subject to the same analysis as its federal claim.204

In 2007, the Model State Trademark Bill was revised to incorporate the TDRA’s definition of “dilution by blurring” with the exception of the six factors in the TDRA.205 Most importantly, the revision adopts the TDRA’s reference to the “general consuming public” and defines a famous mark as one widely recognized by the “general consuming public” in the state, but excludes famous niche market trademarks.206 Therefore, under the 2007 Model Bill, business owners with trademarks that are famous only within a niche
market are not adequately protected in states that have adopted the 2007 Model Bill.

VII. REVERSE CONFUSION CLAIMS: AN ATTEMPT TO PROTECT SMALL BUSINESSES’ GOODWILL AND REPUTATION

Another avenue for small business owners when federal remedies are exhausted is a reverse confusion claim used to protect a small business’ goodwill and reputation. Forward or traditional confusion occurs when “a junior user of a mark uses the mark to sell goods or services based on the misperception that the goods originate with the mark’s senior user.”207 Reverse confusion occurs when there is a misperception “that a junior user is the source of a senior user’s goods.”208 This typically occurs when a more powerful junior user is more successful in promoting its trademark in the market—a trademark that is the same or similar to a less powerful senior user’s trademark—and eventually erodes the value of its trademark.209

However, reverse confusion claims are not as prevalent as dilution claims and all circuits do not recognize the reverse confusion doctrine.210 If recognized, it may be interpreted incorrectly. In Playmakers LLC v. ESPN, Inc., an agency named “Playmakers,” in the business of providing services such as representing and advising professional athletes and aspiring professional athletes in contract negotiations with professional sports teams and endorsements and appearances, brought an infringement claim against ESPN for its dramatic series also named “play-makers” depicting a professional football team.211 Playmakers moved for a preliminary injunction arguing that it was likely to succeed on the merits of its reverse confusion infringement claim because ESPN’s extensive use of Playmakers’ mark as a title for a controversial television series about professional football players was likely to devalue Playmaker’s mark and the goodwill of its business.212

Under a reverse confusion infringement claim, the ultimate question is “whether consumers doing business with the senior user

208. Id.
209. Id.
210. Anania, supra note 156, at 574–75.
211. Playmakers L.L.C. v. ESPN, Inc., 376 F.3d 894, 896 (9th Cir. 2004).
212. Id.
might mistakenly believe that they are dealing with the junior user.”213 And the ultimate test of whether confusion exists is “whether a reasonably prudent consumer in the marketplace is likely to be confused as to the origin of the good or services bearing one of the marks.”214 The court denied Playmaker’s motion for a preliminary injunction after finding that under the Sleekcraft factors, despite the marks’ similarities, the commonness of the term “playmaker,” the remoteness of the parties’ lines of business, the differences in their choices of marketing channels, and the degree of care professional and aspiring professional athletes are likely to exercise before choosing an agent strongly suggest that [Playmaker’s] prospective clients are not likely to be confused.215

A correct interpretation of the reverse confusion doctrine is when a business owner, a less powerful senior trademark holder, demonstrates that a false association with a more powerful junior trademark holder’s goods has resulted in, or is likely to result in, a loss of reputation for the less powerful business owner and senior trademark holder.216 Yet, even when the reverse confusion doctrine is interpreted correctly, it can serve as a roadblock for a small business. In Harlem Wizards Ent. Basketball, Inc. v. NBA Props., Inc., a performance basketball team with the name “Harlem Wizards” sought a permanent injunction enjoining the National Basketball Association (NBA) from using the name “Washington Wizards” in changing the name of the team Washington Bullets to the “Washington Wizards.”217 In applying the reverse confusion doctrine, the court concluded that the NBA’s name change of the team Washington Bullets to “Washington Wizards” and the concurrent use of the “Wizards” mark by the performance basketball team and the professional basketball team did not create a likelihood of confusion warranting a permanent injunction.218 The performance team did not play competitive basketball at the level of the professional team and the teams used different channels of trade therefore any similarities

213. Dreamwerks Prod. Grp., Inc. v. SKG Studio, 142 F.3d 1127, 1130 (9th Cir. 1998).
214. Id. at 1129.
215. Playmakers, 376 F.3d at 897.
218. Id. at 1094.
between the two teams was superficial. The performance team’s mark, although inherently distinctive, was not strong commercially because the performance team did not advertise its trademark directly to consumers.

Cases such as *Harlem Wizards Ent. Basketball, Inc. v. NBA Props., Inc.* demonstrate that in instances where the junior user is a wealthier, more powerful company that achieves greater commercial strength after marketing its product than the senior user, the odds are against the less powerful senior user in prevailing on the commercial strength factor and finding relief under the reverse confusion doctrine. Small businesses falling under the category of less powerful senior users are typically on a limited budget and without satisfying the commercial strength and inherent distinctiveness factors, are unlikely to prevail on a reverse confusion claim.

**VIII. FEDERAL TRADEMARK REGISTRATION AND SMALL BUSINESSES**

Benefits of federal registration of a trademark on the principal register include prima facie evidence of the mark’s validity, the registration’s validity, validity of ownership and continued use of the trademark, an incontestable status after five years of continued use of the trademark, and the ability to bring suit in a federal district court. To obtain federal registration, a business must satisfy several requirements, including a showing by the trademark owner either (1) use in interstate commerce or (2) a bona fide intent to use the mark in interstate commerce. Many small businesses may not meet the requirement of showing use or intent to use in interstate commerce. Small businesses with a limited budget simply overlook registration of their trademark on the principal register as a costly legal formality.

---

219. *Id.* at 1095–96.

220. *Id.* at 1097.

221. See *id.* at 1097 (noting that a Third Circuit court in *Fisons Horticulture, Inc., v. Vigoro Indus., Inc.* criticized a district court’s emphasis on the junior user’s failure to demonstrate that it was widely known by consumer, however ruling that a mark’s inherent distinctiveness is highly important and that commercial strength is still a factor that must be considered).


223. *Id.* §§ 1065, 1117.

224. *Id.* § 1121(a).

225. *Id.* § 1051.

Federal courts have interpreted “use in interstate commerce” broadly. “Use in interstate commerce” includes even minimal interstate commerce or intrastate commerce that affects interstate or foreign commerce. As long as the trademark is used “in connection with services rendered to customers traveling across state boundaries [i]t is not required that such services be rendered in more than one state to satisfy the use in commerce requirement.” Such interpretations allow more flexibility for small businesses to show use of their trademark in interstate commerce, however critics point out that the protections provided to small businesses are not clearly defined in the federal statutes.

Federal anti-dilution law also provides an intent-to-use application for registration and protections to small businesses that show a good faith intent to use their trademarks in commerce. Once an intent-to-use application and appropriate documents are filed with the Patent and Trademark Office, small businesses can enjoy the protections of registration which dates back to the filing of the intent-to-use application and include priority over subsequent users of the trademark. This seemingly practical solution for small businesses in trademark protection through the intent-to-use application however has a few disadvantages.

Small businesses are required to use their trademarks within three years after filing an intent-to-use application. Use of small business trademarks in interstate commerce can take many years and many small businesses cannot predict when they will expand to using their trademark in interstate commerce. Finally, the cost of registration of a mark on the principal register is $325.00 for each class of goods or services and an additional $150.00 for an extension to file a statement of use. Although not extremely expensive, the

228. Parent, supra note 227, at 111.
230. Id. § 1057(c).
231. See id. § 1051(d) (Within six months after intent-to-use applications must file a verified statement that shows his or her use of the mark in commerce. The applicant is entitled to one, six-month extension, after which he or she must show good cause to obtain up to four more six-month extensions).
232. Parent, supra note 226, at 112.
costs could be burdensome on a small business with a limited budget.

**IX. SMALL BUSINESSES AND CEASE AND DESIST LETTERS**

The cease and desist letter can be a powerful tool for protecting intellectual property including patents, copyrights, and trademarks. Cease and desist notices are more attractive than litigation at the onset of a potential trademark infringer claim, cost effective, requires minimum effort, and are commonly used strategically before initiating litigation over intellectual property.234 A holder of a nationally recognized trademark selling products in the marketplace must first determine that his or her trademark appeared in the marketplace first and the holder has priority of use of the product at issue. Priority of use is more difficult to determine if neither party has a federal trademark registration, which carries with it a presumption of validity in ownership rights.235 If priority of use is confirmed, a cease and desist letter puts the alleged trademark infringer on notice that use of the trademark is likely causing confusion of the two products.236

Cease and desist letters not only function to put the alleged infringer on notice of an asserted infringement claim, but also to provide evidence of efforts in policing intellectual property and good faith efforts in seeking a resolution in the event that litigation becomes the only route to enjoin an alleged infringer.237 Cease and desist letters also serve to initiate negotiation discussions with the alleged infringer on settlement such as cease of use, a licensing arrangement, or a buyout.238

In 2011, a majority of the twenty-seven million small businesses in the United States were owned by a single individual.239 Many small businesses running on a limited budget may not conduct a search for their intended trademark to ensure the trademark does not infringe on a trademark already in use.240 Receiving a demand for a response within a short period of time and a claim that the small

236. *Id* at 47–48.
237. *Id* at 51–52.
238. *Id* at 52.
business owner will have to pay the corporation’s attorney’s fees is likely to intimidate small business owners who are not financially prepared for expensive and emotionally draining litigation with major corporations with large legal budgets. 241 Unlike large corporations, which are staffed with in-house attorneys who are specialized in trademark law, small business owners are unlikely to be lawyers with knowledge in trademark law or individuals who can conduct a proper trademark infringement analysis. If a small business decides to settle, the settlement amount can be a significant expense for the business. 242 Many small businesses have no choice other than to cease use of their trademarks or alter their trademark, which may disrupt delivery and profits from products with the old trademark. 243 Because small businesses are vulnerable to financial failure, such disruptions in profit inevitably cause negative financial consequences and may push some small businesses into bankruptcy. 244 Fundamentally, the current status of federal trademark law provides an effective framework for “trademark bullies.” 245

For the start-up companies or small businesses with resources to police their trademark, the option of sending a cease and desist letter is not without considerations. A large corporation that receives a cease and desist letter from a small business is likely to file a declaratory judgment lawsuit in its “home forum,” therefore increasing the expense of litigation for the small business owner or owner of a start-up company. 246 Small business owners must be cognizant of the language used in cease and desist letters as they are often posted on the Internet. It is recommended that small businesses and start-up companies send a more amicable letter with details of a start-up’s planned trademark to a large corporation rather than the typical assertions in a cease and desist notice. 247

Unfortunately, many small businesses find themselves on the receiving end of form cease and desist letters issued by large corporations that determine that trademarks held by small businesses have some resemblance to their trademarks. 248 It is unclear whether

243. Trademark Bullies, supra note 239, at 629.
244. Id.
245. Small Business IP, supra note 154, at 1496.
246. Wilcox, supra note 235, at 28.
247. Id.
248. Trademark Bullies, supra note 239, at 628.
large corporations conduct actual analysis of the alleged infringement or whether cease and desist letters are used as an intimidation tactic. However, it is clear that large corporations that regularly issue cease and desist notices to smaller businesses have earned the name “trademark bullies” for their standard cease and desist notices.

X. TRADEMARK LAW: ANTI-COMPETITIVE “MONOPOLY” AND A ROADBLOCK TO SMALL BUSINESS SUCCESS?

The tension between monopolies as anti-competitive government actions that grant a single company or groups of companies an unfair advantage over a certain commercial area, and free market competition has existed apart from federal trademark law. Railroad services, utilities, and steel manufacturing industries are historically known for specific companies holding monopolies over trade in such industries. Although the goal of federal law granting exclusive property rights in intellectual property such as trademarks is to promote trade, it can be argued that exclusive property rights tend to contribute to a monopoly and restrict market competition. In the area of intellectual property rights, patents were originally classified as commodity monopolies in old English common law. Later, U.S. courts classified patent, copyrights, and trademark rights as “limited monopolies.” Additionally, numerous states have enacted anti-dilution statutes that protect against the dilution of trademarks even in the absence of confusion, although few courts have correctly applied the statutes and granted relief. The majority of courts apply the federal anti-dilution law under the preemption doctrine or interpret

249. Id.
250. Small Business IP, supra note 154, at 1496.
252. See id.
253. Contra id. (arguing that although law-granted exclusive property rights in intellectual creations have “monopolistic elements”, their primary goal is not to restrain trade, but to enhance it).
254. Id. at 663.
255. Id. (Rose argues that “[b]y blindly describing all legally-enforced exclusive property rights as “monopolies” in the pejorative, anti-competitive sense, the granting of a new intellectual property right is automatically viewed by society and the courts in a negative light and is seen as a restraint on free trade.”).
256. Id. at 657.
state anti-dilution statues as requiring a “likelihood of confusion.”\textsuperscript{257}

Critics argue that the misguided labeling of intellectual property rights as “monopolies,” the misinterpretations of state anti-dilution statutes, and the “fame” requirement of the federal law are what contribute to dilution “monopolophobia” of the hatred of monopoly.\textsuperscript{258} By its definition, a “monopoly” requires “control that permits domination of . . . the market in a business . . . for controlling prices . . . achieved through an exclusive legal privilege.”\textsuperscript{259} While trademarks, copyrights, and patent rights, which exclude others from use, contain a monopolistic element, they fail the anti-competitive monopoly definition because they are intended to promote competition rather than restrict trade.\textsuperscript{260} The argument is that exclusive right to a trademark encourages investment in quality, good will, and advertising of a trademark and is therefore not a monopoly in the common anti-competitive sense of the term “monopoly.”\textsuperscript{261} However, such an argument is flawed, because unlike patent and copyright, trademark law does not have the purpose of additional incentive in its requirements for protection.\textsuperscript{262} Trademark law grants a particular individual rights to an intangible “mark” including the right to exclude others from using the mark. Although trademark law allows others to create their own mark, the cost of introducing a competing product is increased when there is a prohibition on using another individual’s mark.\textsuperscript{263} Trademark law encourages consumers to identify the source of products in the market and ensures that consumers have a choice as to the products purchased.\textsuperscript{264} However, a choice does not necessarily equate to competition.\textsuperscript{265}

A monopoly over a trademark exists when “there is only a single producer in a distinct product market.”\textsuperscript{266} A producer holding a widely recognized trademark becomes a monopolist when it increases the price on its goods, and when consumers are not willing to

\begin{itemize}
\item \textsuperscript{257} Id. at 657–58.
\item \textsuperscript{258} Id. at 658–63.
\item \textsuperscript{259} WEBSTER’S THIRD NEW INT’L DICTIONARY 1463 (1986).
\item \textsuperscript{260} Rose, supra note 251, at 667–68.
\item \textsuperscript{261} Id. at 671.
\item \textsuperscript{262} Glynn S. Lunney, Jr., Trademark Monopolies, 48 EMORY L. J. 367, 373 (1999).
\item \textsuperscript{263} Id. at 421.
\item \textsuperscript{264} Id.
\item \textsuperscript{265} Id.
\item \textsuperscript{266} Id. at 422.
\end{itemize}
purchase the less costly available “competing” substitutes.\textsuperscript{267} Competition exists when a large number of consumers find the price increase substantial enough to switch to the “competing” and less costly product.\textsuperscript{268} However, when consumers are not willing to switch to the “competing” product either because the “competing” substitute product is imperfect or the producer has significant power over the distinct product market, the producer becomes a monopolist.\textsuperscript{269} For instance, the widely recognized brand name “Coca-Cola” may constitute a product market unto itself, indicating that consumers may not be willing to switch to an alternative such as “Pepsi Cola” when there is a slight cost increase on a “Coca-Cola” product.\textsuperscript{270}

For competition to remain in effect, it is noted that there must be room for would-be competitors.\textsuperscript{271} Because fair competition and free market exchange is integral to the growth of small businesses, trademark law should move away from a stringent “fame” requirement, a “likely to cause dilution” standard of proof, and clarify the degree of similarity required between a senior mark and an allegedly diluting mark. Legislators should recognize that federal trademark dilution law currently grants exclusive property rights—a monopoly—to holders of only nationally recognized trademarks. Federal trademark law should allow would-be competitors, such as small businesses and start-ups, in addition to large corporation, the benefits of protection under federal law.

\section*{XI. Conclusion}

An analysis of the history of the FTDA and its ambiguities, the later revisions, and the creation of more ambiguities in the TDRA suggest that federal trademark dilution law is far from perfect. Yet, some things are clear: the law provides protection for famous marks that are nationally recognized as a designation of the good’s source,\textsuperscript{272} the senior user must prove likelihood of dilution making the senior mark less distinctive,\textsuperscript{273} and the senior and junior marks do not have

\begin{itemize}
\item \textsuperscript{267} Id. at 423.
\item \textsuperscript{268} Id.
\item \textsuperscript{269} Id. at 423–24.
\item \textsuperscript{270} See id. at 424.
\item \textsuperscript{271} Id. at 485.
\item \textsuperscript{273} MERGES, supra note 13, at 890.
\end{itemize}
to be identical before the senior user can be protected from dilution under the TDRA.\footnote{274}

Given the role of trademarks in generating revenue, especially for nationally recognized and very successful marks in the fashion industry,\footnote{275} the trademark holders have a powerful tool in policing dilution of their marks and are entitled to immediate relief.\footnote{276} However, as I have demonstrated in this article, the ambiguities in the TDRA, such as the degree of similarity between the senior and junior marks,\footnote{277} and the extent to which an owner of the famous mark is engaging in \textit{substantially exclusive use} of the mark, are left to the courts to interpret. Leaving the discretion of interpretation to the courts creates ambiguous interpretations of the language in the federal law resulting in competitors getting away with what may constitute dilution, as seen in \textit{Moseley v. V Secret Catalogue}. As long as such ambiguities exist, there will be inconsistency in the courts’ interpretation of the federal dilution law. These inconsistencies, therefore, allow competitors to take advantage of very famous and successful marks to promote their own businesses.

I predict that given the substantial value of the big names in the fashion industry, there will be a push for reform to the TDRA to clarify ambiguities such as the degree of similarity required between the famous mark and the diluting junior mark, in order to diminish inconsistencies in the courts’ interpretations. Based on precedent such as \textit{Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.}, large companies in the fashion industry will likely advocate for a less restrictive requirement so that they can readily file dilution claims against junior mark holders whose marks closely resemble, but are not identical or nearly identical to famous marks. Famous trademark holders will likely rely on John Locke’s labor-dessert principle, poignantly described by Warner Brothers’ Intellectual Property Counsel as the famous mark holder’s ability to decide how the mark will be used after investing time and resources into creating such intellectual property. Because congress’ intent in promulgating the FTDA and the TDRA is to provide consistent protection of famous marks, the big names will likely argue that congress’ intent to provide

\footnote{274. Levi Strauss & Co. v. Abercrombie & Fitch Trading Co., 633 F.3d 1158, 1172 (9th Cir. 2011).}  
\footnote{275. Beerline, supra note 1, at 514.}  
\footnote{276. Hemerly, supra note 5, at 347–48.}  
\footnote{277. Levich, supra note 7, at 678, 690.}
a streamlined protection against competitors who chose to piggyback off the success of famous marks should translate into construing the FTDA and TDRA in favor of the famous marks. Requiring that a mark be nationally recognized as the source of a good, and not necessarily inherently distinctive, to be considered “famous,” and that the junior mark is only required to be similar to the famous mark, but not identical or nearly identical to the famous mark, would appear to fall in line with congress’ intent in promulgating the FTDA in 1995.

However, construing the FTDA and TDRA in favor of the famous mark holders creates a tension that is prevalent in the current intellectual property field. The tension is between two extremes on a spectrum of views on intellectual property rights. On one extreme, exclusive ownership of intellectual property is necessary for the creator to benefit financially from a creation. On the other extreme, government restrictions on the free flow of information and ideas prohibit innovation and the free market exchange, and instead encourage a monopoly by some of the big names in the fashion industry. While it may be difficult for the competitors, including small businesses and start-up companies, to advocate for a less restrictive standard under the FTDA because the FTDA was after all intended to provide protection for famous marks, competitors may have a strong argument against an undesirable result of a less restrictive standard, a monopoly over the use of marks and services by the powerful and successful names in the fashion industry.

The goal of trademark legislation should be not only to provide protection to famous trademarks held by large corporations, but also to provide protection to trademarks held by small business owners. The current trademark dilution law is criticized for heavily favoring major corporations over small businesses and start-up companies. Federal trademark law and its infatuation with fame affect both large corporations and many small businesses with legitimate business interests. It is clear that interpreting the requirement of “fame” is problematic for the courts. Because the “fame” requirement is a major barrier for small businesses and start-up companies, anti-dilution legislation and its “fame” requirement should be revised and construed in a way as to not interfere with small business rights. Many small businesses have difficulty meeting the required “fame” requirement in order to enjoy the benefits of the protections under federal law. Small businesses and start-ups are more likely to achieve fame within a local region or within their niche markets, therefore federal dilution law should continue to afford protection to owners of
marks that have achieved niche “fame.”

Currently, when small businesses resort to alternative avenues, such as claims under state anti-dilution laws and reverse confusion claims, inconsistent and incorrect court interpretations of the standards for such claims leave small businesses without relief. Additionally, the financial obstacles in an intent-to-use application to obtain federal trademark registration are burdensome for small businesses with limited budgets. As a result, protections under federal trademark law are reserved for owners of very prominent and highly famous marks. Acknowledging that federal trademark law has a monopolistic element that in some cases prevents competition between major corporations and their less powerful counterparts is progressive, however, legislative change is needed in removing roadblocks preventing small businesses from enjoying the benefits of federal trademark law. The change in favor of less widely recognized marks would encourage fair competition and the growth of the numerous small businesses in the country. Essentially, the change would promulgate a shift from the “limited monopolies” approach over the use of marks and services by powerful corporations to encouraging small business success.