MADRID PROTOCOL IMPLEMENTATION ACT AND FEDERAL TRADEMARK DILUTION ACT OF 1995

RING

RE THE

SUBCOMMITTEE ON
COURTS AND INTELLECTUAL PROPERTY

OF THE

COMMITTEE ON THE JUDICIARY
HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTH CONGRESS

FIRST SESSION

ON

H.R. 1270

MADRID PROTOCOL IMPLEMENTATION ACT

AND

H.R. 1295

FEDERAL TRADEMARK DILUTION ACT OF 1995

JULY 19, 1995

Serial No. 58

Printed for the use of the Committee on the Judiciary

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MADRID PROTOCOL IMPLEMENTATION ACT AND FEDERAL TRADEMARK DILUTION ACT OF 1995

WEDNESDAY, JULY 19, 1995

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON COURTS AND
INTELLECTUAL PROPERTY,
COMMITTEE ON THE JUDICIARY,
Washington, DC.

The subcommittee met, pursuant to notice, at 10 a.m., in room 2237, Rayburn House Office Building, Hon. Carlos J. Moorhead (chairman of the subcommittee) presiding.

Present: Representatives Carlos J. Moorhead, Bob Goodlatte, Sonny Bono, George W. Gekas, and Patricia Schroeder.

Also present: Thomas E. Mooney, chief counsel; Joseph V. Wolfe, counsel; Mitch Glazier, assistant counsel; Sheila Wood, secretary; and Betty Wheeler, minority counsel.

OPENING STATEMENT OF CHAIRMAN MOORHEAD

Mr. MOORHEAD. The Subcommittee on Courts and Intellectual Property will come to order.

Today the subcommittee is conducting a hearing on H.R. 1270, the Madrid Protocol Implementation Act of 1995, and on H.R. 1295, the Federal Trademark Dilution Act of 1995.

The implementation of the Madrid Protocol is legislation we introduced during the last Congress. We did that because it was important to send a signal to the international community and to United States businesses that the United States was serious about becoming a part of the system for the international registration of trademarks.

We have an international system for copyright as members of the Berne Convention. We have an international system for patents as members of the Paris Convention. But we are not part of an international system for the registration of trademarks which would assist our corporations in protecting their good names while saving cost, time and effort.

There is no opposition to this legislation that I know of. While the United States is a signatory to the treaty, we have not yet ratified it. This implementing legislation would not take effect until the Senate ratified the Protocol. Our State Department is attempting to work out differences between the United States and the European Union on voting rights of organizational members of the Protocol. Those differences need to be settled before ratification will occur. It is important to move this legislation forward at this time, however, because having a system of international registration is so important to our business community it substantially outweighs any procedural difficulty we may have with the European Union. America should stand ready to benefit from the Madrid Protocol as soon as it is ratified.

Our second bill this morning is H.R. 1295, the Federal Trademark Dilution Act of 1995. This bill is designed to protect famous trademarks from subsequent uses that blur the distinctiveness of the mark or tarnish or disparage it, even in the absence of a likelihood of confusion. Thus, for example, the use of Dupont shoes, Buick aspirin, and Kodak pianos would be actionable under this bill.

The concept of dilution dates as far back as 1927, when the Harvard Law Review published an article by Frank I. Schecter in which it was argued that coined or unique trademarks should be protected from the "gradual whittling away and of dispersion of the identity and hold upon the public mind" of the mark by its use on noncompetitive goods. To date, 25 States have laws that prohibit trademark dilution.

In my opinion, a Federal dilution statute is necessary because famous marks ordinarily are used on a nationwide basis and dilution protection is only available through a patch-quilt system of protection. Further, some courts are reluctant to grant nationwide injunctions for violation of State law where half of the States have no dilution law. Protection for famous marks should not depend upon whether the forum where suit is filed has a dilution statute. This simply encourages forum-shopping and increases the amount of litigation.

Moreover, the recently concluded GATT Uruguay Round agreement includes a provision designed to provide dilution protection to famous marks. Thus, enactment of this bill will be consistent with the terms of the agreement, as well as the Paris Convention, to which the United States is also a member. Passage of a Federal dilution statute would also assist the executive branch in its bilateral and multilateral negotiations with other countries to secure greater protection for the famous marks owned by U.S. companies. Foreign countries are reluctant to change their laws to protect famous U.S. marks if the United States itself does not afford special protection for such marks.

[The bills, H.R. 1270 and H.R. 1295, follow:]

104TH CONGRESS
1ST SESSION

H. R. 1270

To amend the Trademark Act of 1946 to provide for the registration and protection of trademarks used in commerce, in order to carry out provisions of certain international conventions, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 21, 1995

Mr. MOORHEAD (for himself, Mr. Sensenbrenner, Mr. COBLE, Mr. CANADY of Florida, Mr. GOODLATTE, Mr. BONO, and Mr. BOUCHER) introduced the following bill; which was referred to the Committee on the Judiciary

---

A BILL

To amend the Trademark Act of 1946 to provide for the registration and protection of trademarks used in commerce, in order to carry out provisions of certain international conventions, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Madrid Protocol Implementation Act".

SEC. 2. PROVISIONS TO IMPLEMENT THE PROTOCOL RELATING TO THE MADRID AGREEMENT CONCERNING THE INTERNATIONAL REGISTRATION OF MARKS.

The Act entitled "An Act to provide for the registration and protection of trade-marks used in commerce, to carry out the provisions of certain international conventions, and for other purposes", approved July 5, 1946, as amended (15 U.S.C. 1051 and following) (commonly referred to as the "Trademark Act of 1946") is amended by adding after section 51 the following new title:

"TITLE XII—THE MADRID PROTOCOL

"SEC. 60. DEFINITIONS.

"For purposes of this title:

"(1) MADRID PROTOCOL.—The term 'Madrid Protocol' means the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, adopted at Madrid, Spain, on June 27, 1989.

"(2) BASIC APPLICATION.—The term 'basic application' means the application for the registration of a mark that has been filed with an Office of a Contracting Party and that constitutes the basis for an application for the international registration of that mark.

"(3) Basic registration.—The term 'basic registration' means the registration of a mark that has been granted by an Office of a Contracting Party and that constitutes the basis for an application for the international registration of that mark.

"(4) Contracting party.—The term 'Contracting Party' means any country or inter-governmental organization that is a party to the Madrid Protocol.

"(5) Date of recordal.—The term 'date of recordal' means the date on which a request for extension of protection that is filed after an international registration is granted is recorded on the International Register.

"(6) Declaration of bona fide intention to use the mark in commerce.—The term 'declaration of bona fide intention to use the mark in commerce' means a declaration that is signed by the applicant for, or holder of, an international registration who is seeking extension of protection of a mark to the United States and that contains a statement that—

"(A) the applicant or holder has a bona fide intention to use the mark in commerce, "(B) the person making the declaration believes himself or herself, or the firm, corporation, or association in whose behalf he or she makes the declaration, to be entitled to use the mark in commerce, and

"(C) no other person, firm, corporation, or association, to the best of his or her knowledge and belief, has the right to use such mark in commerce either in the identical form of the mark or in such near resemblance to the mark as to be likely, when used on or in connection with the goods of such other person, firm, corporation, or association, to cause confusion, or to cause mistake, or to deceive.

"(7) EXTENSION OF PROTECTION.—The term 'extension of protection' means the protection resulting from an international registration that extends to a Contracting Party at the request of the holder of the international registration, in accordance with the Madrid Protocol.

"(8) HOLDER OF AN INTERNATIONAL REGISTRATION.—A 'holder' of an international registration is the natural or juristic person in whose name the international registration is recorded on the International Register.

"(9) INTERNATIONAL APPLICATION.—The term 'international application' means an application for international registration that is filed under the Madrid Protocol.

"(10) INTERNATIONAL BUREAU.—The term 'International Bureau' means the International Bureau of the World Intellectual Property Organization.

"(11) INTERNATIONAL REGISTER.—The term 'International Register' means the official collection of such data concerning international registrations maintained by the International Bureau that the Madrid Protocol or its implementing regulations require or permit to be recorded, regardless of the medium which contains such data.

"(12) INTERNATIONAL REGISTRATION.—The term 'international registration' means the registration of a mark granted under the Madrid Protocol.

"(13) INTERNATIONAL REGISTRATION DATE.—The term 'international registration date' means the date assigned to the international registration by the International Bureau.

"(14) NOTIFICATION OF REFUSAL.—The term 'notification of refusal' means the notice sent by an Office of a Contracting Party to the International

Bureau declaring that an extension of protection cannot be granted.

"(15) OFFICE OF A CONTRACTING PARTY.—The term 'Office of a Contracting Party' means—

"(A) the office, or governmental entity, of a Contracting Party that is responsible for the registration of marks, or

"(B) the common office, or governmental entity, of more than 1 Contracting Party that is responsible for the registration of marks and is so recognized by the International Bureau.

"(16) OFFICE OF ORIGIN.—The term 'office of origin' means the Office of a Contracting Party with which a basic application was filed or by which a basic registration was granted.

"(17) OPPOSITION PERIOD.—The term 'opposition period' means the time allowed for filing an opposition in the Patent and Trademark Office, including any extension of time granted under section 13.

"SEC. 61. INTERNATIONAL APPLICATIONS BASED ON UNITED STATES APPLICATIONS OR REGISTRATIONS.

"The owner of a basic application pending before the Patent and Trademark Office, or the owner of a basic registration granted by the Patent and Trademark Office, who—

"(1) is a national of the United States,

"(2) is domiciled in the United States, or

"(3) has a real and effective industrial or commercial establishment in the United States,

may file an international application by submitting to the Patent and Trademark Office a written application in such form, together with such fees, as may be prescribed by the Commissioner.

"SEC. 62. CERTIFICATION OF THE INTERNATIONAL APPLICATION.

"Upon the filing of an application for international registration and payment of the prescribed fees, the Commissioner shall examine the international application for the purpose of certifying that the information contained in the international application corresponds to the information contained in the basic application or basic registration at the time of the certification. Upon examination and certification of the international application, the Commissioner shall transmit the international application to the International Bureau.

"SEC. 63. RESTRICTION, ABANDONMENT, CANCELLATION, OR EXPIRATION OF A BASIC APPLICATION OR BASIC REGISTRATION.

"With respect to an international application transmitted to the International Bureau under section 62, the Commissioner shall notify the International Bureau whenever the basic application or basic registration which is the basis for the international application has been restricted, abandoned, or canceled, or has expired, with respect to some or all of the goods and services listed in the international registration—

"(1) within 5 years after the international registration date; or

"(2) more than 5 years after the international registration date if the restriction, abandonment, or cancellation of the basic application or basic registration resulted from an action that began before the end of that 5-year period.

"SEC. 64. REQUEST FOR EXTENSION OF PROTECTION SUBSEQUENT TO INTERNATIONAL REGISTRATION.

"The holder of an international registration that is based upon a basic application filed with the Patent and Trademark Office or a basic registration granted by the Patent and Trademark Office may request an extension of protection of its international registration by filing such a request—

"(1) directly with the International Bureau, or

"(2) with the Patent and Trademark Office for transmittal to the International Bureau, if the request is in such form, and contains such transmittal fee, as may be prescribed by the Commissioner.

"SEC. 65. EXTENSION OF PROTECTION OF AN INTERNATIONAL REGISTRATION TO THE UNITED STATES UNDER THE MADRID PROTOCOL.

"(a) IN GENERAL.—Subject to the provisions of section 68, the holder of an international registration shall be entitled to the benefits of extension of protection of that international registration to the United States to the extent necessary to give effect to any provision of the Madrid Protocol.

"(b) IF UNITED STATES IS OFFICE OF ORIGIN.—An extension of protection resulting from an international registration of a mark shall not apply to the United States if the Patent and Trademark Office is the office of origin with respect to that mark.

"SEC. 66. EFFECT OF FILING A REQUEST FOR EXTENSION OF PROTECTION OF AN INTERNATIONAL REGISTRATION TO THE UNITED STATES.

"(a) REQUIREMENT FOR REQUEST FOR EXTENSION OF PROTECTION.—A request for extension of protection of an international registration to the United States that the International Bureau transmits to the Patent and Trademark Office shall be deemed to be properly filed in the United States if such request, when received by the International Bureau, has attached to it a declaration of bona fide intention to use the mark in commerce that is verified by the applicant for, or holder of, the international registration.

"(b) EFFECT OF PROPER FILING.—Unless extension of protection is refused under section 68, the proper filing of the request for extension of protection under subsection (a) shall constitute constructive use of the mark, conferring the same rights as those specified in section 7(c), as of the earliest of the following:

"(1) The international registration date, if the request for extension of protection was filed in the international application.

"(2) The date of recordal of the request for extension of protection, if the request for extension of protection was made after the international registration date.

"(3) The date of priority claimed pursuant to section 67.

"SEC. 67. RIGHT OF PRIORITY FOR REQUEST FOR EXTENSION OF PROTECTION TO THE UNITED STATES.

"The holder of an international registration with an extension of protection to the United States shall be entitled to claim a date of priority based on the right of priority within the meaning of Article 4 of the Paris Convention for the Protection of Industrial Property if—

"(1) the international registration contained a claim of such priority; and

"(2)(A) the international application contained a request for extension of protection to the United States, or

"(B) the date of recordal of the request for extension of protection to the United States is not later than 6 months after the date of the first regular national filing (within the meaning of Article 4(A)(3) of the Paris Convention for the Protection of Industrial Property) or a subsequent application (within the meaning of Article 4(C)(4) of the Paris Convention)."

"SEC. 68. EXAMINATION OF AND OPPOSITION TO REQUEST FOR EXTENSION OF PROTECTION; NOTIFICATION OF REFUSAL.

"(a) EXAMINATION AND OPPOSITION.—(1) A request for extension of protection described in section 66(a) shall be examined as an application for registration on the Principal Register under this Act, and if on such examination it appears that the applicant is entitled to extension of protection under this title, the Commissioner shall cause the mark to be published in the Official Gazette of the Patent and Trademark Office.

"(2) Subject to the provisions of subsection (c), a request for extension of protection under this title shall be subject to opposition under section 13. Unless successfully opposed, the request for extension of protection shall not be refused.

"(3) Extension of protection shall not be refused under this section on the ground that the mark has not been used in commerce.

"(4) Extension of protection shall be refused under this section to any mark not registrable on the Principal Register.

"(b) NOTIFICATION OF REFUSAL.—If, a request for extension of protection is refused under subsection (a), the Commissioner shall declare in a notification of refusal (as provided in subsection (c)) that the extension of protection cannot be granted, together with a statement of all grounds on which the refusal was based.

"(c) NOTICE TO INTERNATIONAL BUREAU.—(1) Within 18 months after the date on which the International Bureau transmits to the Patent and Trademark Office a notification of a request for extension of protection, the Commissioner shall transmit to the International Bureau any of the following that applies to such request:

"(A) A notification of refusal based on an examination of the request for extension of protection.

"(B) A notification of refusal based on the filing of an opposition to the request.

"(C) A notification of the possibility that an opposition to the request may be filed after the end of that 18-month period.

"(2) If the Commissioner has sent a notification of the possibility of opposition under paragraph (1)(C), the Commissioner shall, if applicable, transmit to the International Bureau a notification of refusal on the basis of the opposition, together with a statement of all the grounds for the opposition, within 7 months after the beginning of the opposition period or within 1 month after the end of the opposition period, whichever is earlier.

"(3) If a notification of refusal of a request for extension of protection is transmitted under paragraph (1) or

(2), no grounds for refusal of such request other than those set forth in such notification may be transmitted to the International Bureau by the Commissioner after the expiration of the time periods set forth in paragraph (1) or (2), as the case may be.

"(4) If a notification specified in paragraph (1) or (2) is not sent to the International Bureau within the time period set forth in such paragraph, with respect to a request for extension of protection, the request for extension of protection shall not be refused and the Commissioner shall issue a certificate of extension of protection pursuant to the request.

"(d) DESIGNATION OF AGENT FOR SERVICE OF PROCESS.—In responding to a notification of refusal with respect to a mark, the holder of the international registration of the mark shall designate, by a written document filed in the Patent and Trademark Office, the name and address of a person resident in the United States on whom may be served notices or process in proceedings affecting the mark. Such notices or process may be served upon the person so designated by leaving with that person, or mailing to that person, a copy thereof at the address specified in the last designation so filed. If the person so designated cannot be found at the address given in the last designation, such notice or process may be served upon the Commissioner.

"SEC. 69. EFFECT OF EXTENSION OF PROTECTION.

"(a) ISSUANCE OF EXTENSION OF PROTECTION.—Unless a request for extension of protection is refused under section 68, the Commissioner shall issue a certificate of extension of protection pursuant to the request and shall cause notice of such certificate of extension of protection to be published in the Official Gazette of the Patent and Trademark Office.

"(b) EFFECT OF EXTENSION OF PROTECTION.—From the date on which a certificate of extension of protection is issued under subsection (a)—

"(1) such extension of protection shall have the same effect and validity as a registration on the Principal Register, and

"(2) the holder of the international registration shall have the same rights and remedies as the owner of a registration on the Principal Register.

"SEC. 70. DEPENDENCE OF EXTENSION OF PROTECTION TO THE UNITED STATES ON THE UNDERLYING INTERNATIONAL REGISTRATION.

"(a) EFFECT OF CANCELLATION OF INTERNATIONAL REGISTRATION.—If the International Bureau notifies the Patent and Trademark Office of the cancellation of an international registration with respect to some or all of the goods and services listed in the international registration, the Commissioner shall cancel any extension of protection to the United States with respect to such goods and services as of the date on which the international registration was canceled.

"(b) EFFECT OF FAILURE TO RENEW INTERNATIONAL REGISTRATION.—If the International Bureau does not renew an international registration, the corresponding extension of protection to the United States shall cease to be valid as of the date of the expiration of the international registration.

"(c) TRANSFORMATION OF AN EXTENSION OF PROTECTION INTO A UNITED STATES APPLICATION.—The holder of an international registration canceled in whole or in part by the International Bureau at the request of the office of origin, under Article 6(4) of the Madrid Protocol, may file an application, under section 1 or 44 of this Act, for the registration of the same mark for any of the goods and services to which the cancellation applies that were covered by an extension of protection to the United States based on that international registration. Such an application shall be treated as if it had been filed on the international registration date or the date of recordal of the request for extension of protection with the

International Bureau, whichever date applies, and, if the extension of protection enjoyed priority under section 67 of this title, shall enjoy the same priority. Such an application shall be entitled to the benefits conferred by this subsection only if the application is filed not later than 3 months after the date on which the international registration was canceled, in whole or in part, and only if the application complies with all the requirements of this Act which apply to any application filed pursuant to section 1 or 44.

"SEC. 71. AFFIDAVITS AND FEES.

"(a) REQUIRED AFFIDAVITS AND FEES.—An extension of protection for which a certificate of extension of protection has been issued under section 69 shall remain in force for the term of the international registration upon which it is based, except that the extension of protection of any mark shall be canceled by the Commissioner—

"(1) at the end of the 6-year period beginning on the date on which the certificate of extension of protection was issued by the Commissioner, unless within the 1-year period preceding the expiration of that 6-year period the holder of the international registration files in the Patent and Trademark Office an affidavit under subsection (b) together with a fee prescribed by the Commissioner; and

"(2) at the end of the 10-year period beginning on the date on which the certificate of extension of protection was issued by the Commissioner, and at the end of each 10-year period thereafter, unless—

"(A) within the 6-month period preceding the expiration of such 10-year period the holder of the international registration files in the Patent and Trademark Office an affidavit under subsection (b) together with a fee prescribed by the Commissioner; or

"(B) within 3 months after the expiration of such 10-year period, the holder of the international registration files in the Patent and Trademark Office an affidavit under subsection (b) together with the fee described in subparagraph (A) and an additional fee prescribed by the Commissioner.

"(b) CONTENTS OF AFFIDAVIT.—The affidavit referred to in subsection (a) shall set forth those goods or services recited in the extension of protection on or in connection with which the mark is in use in commerce and the holder of the international registration shall attach to the affidavit a specimen or facsimile showing the current use of the mark in commerce, or shall set forth that any nonuse is due to special circumstances which excuse such nonuse and is not due to any intention to abandon the mark. Special notice of the requirement for such affidavit shall be attached to each certificate of extension of protection.

"SEC. 72. ASSIGNMENT OF AN EXTENSION OF PROTECTION.

"An extension of protection may be assigned, together with the goodwill associated with the mark, only to a person who is a national of, is domiciled in, or has a bona fide and effective industrial or commercial establishment either in a country that is a Contracting Party or in a country that is a member of an intergovernmental organization that is a Contracting Party.

"SEC. 73. INCONTESTABILITY.

"The period of continuous use prescribed under section 15 for a mark covered by an extension of protection issued under this title may begin no earlier than the date on which the Commissioner issues the certificate of the extension of protection under section 69, except as provided in section 74.

"SEC. 74. RIGHTS OF EXTENSION OF PROTECTION.

"An extension of protection shall convey the same rights as an existing registration for the same mark, if—

"(1) the extension of protection and the existing registration are owned by the same person;

"(2) the goods and services listed in the existing registration are also listed in the extension of protection; and

"(3) the certificate of extension of protection is issued after the date of the existing registration.".

SEC. 3. EFFECTIVE DATE.

This Act and the amendments made by this Act shall take effect on the date on which the Madrid Protocol (as defined in section 60(1) of the Trademark Act of 1946) enters into force with respect to the United States.

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104TH CONGRESS
1ST SESSION

H. R. 1295

To amend the Trademark Act of 1946 to make certain revisions relating to the protection of famous marks.

IN THE HOUSE OF REPRESENTATIVES

MARCH 22, 1995

Mr. MOORHEAD (for himself, Mr. SENSENBRENNER, Mr. COBLE, Mr. CANADY of Florida, Mr. GOODLATTE, Mr. BONO, and Mr. BOUCHER) introduced the following bill; which was referred to the Committee on the Judiciary

---

A BILL

To amend the Trademark Act of 1946 to make certain revisions relating to the protection of famous marks.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Federal Trademark Dilution Act of 1995".

SEC. 2. REFERENCE TO THE TRADEMARK ACT OF 1946.

For purposes of this Act, the Act entitled "An Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes", approved July 5, 1946 (15 U.S.C. 1051 and following), shall be referred to as the "Trademark Act of 1946".

SEC. 3. REMEDIES FOR DILUTION OF FAMOUS MARKS.

(a) REMEDIES.—Section 43 of the Trademark Act of 1946 (15 U.S.C. 1125) is amended by adding at the end the following new subsection:

"(c)(1) The registrant of a famous mark registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the registrant's mark becomes famous and causes dilution of the distinctive quality of the registrant's mark, and to obtain such other relief as is provided in this subsection. In determining whether a mark is distinctive and famous, a court may consider factors such as, but not limited to—

"(A) the degree of inherent or acquired distinctiveness of the mark;

"(B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;

"(C) the duration and extent of advertising and publicity of the mark;

"(D) the geographical extent of the trading area in which the mark is used;

"(E) the channels of trade for the goods or services with which the mark is used;

"(F) the degree of recognition of the registrant's mark in the trading areas and channels of trade of the registrant and the person against whom the injunction is sought; and

"(G) the nature and extent of use of the same or similar marks by third parties.

"(2) In an action brought under this subsection, the registrant shall be entitled only to injunctive relief unless the person against whom the injunction is sought willfully intended to trade on the registrant's reputation or to cause dilution of the registrant's mark. If such willful intent is proven, the registrant shall also be entitled to the remedies set forth in sections 35(a) and 36, subject to the discretion of the court and the principles of equity.

"(3) The ownership by a person of a valid registration of a mark under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register 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 that seeks to prevent dilution of the distinctiveness of a mark, label, or form of advertisement.

"(4) The following shall not be actionable under this section:

"(A) Fair use of a registrant's mark by another person in comparative commercial advertising or promotion to identify the registrant's competing goods or services.

"(B) Noncommercial use of a mark.".

(b) CONFORMING AMENDMENT.—The heading for title VIII of the Trademark Act of 1946 is amended by striking "AND FALSE DESCRIPTIONS" and inserting ", FALSE DESCRIPTIONS, AND DILUTION".

SEC. 4. DEFINITION.

Section 45 of the Trademark Act of 1946 (15 U.S.C. 1127) is amended by inserting after the paragraph defining when a mark shall be deemed to be "abandoned" the following:

"The term 'dilution' means the lessening of the capacity of a registrant's mark to identify and distinguish goods or services, regardless of the presence or absence of—

"(1) competition between the registrant and other parties, or

"(2) likelihood of confusion, mistake, or deception.".

SEC. 5. EFFECTIVE DATE.

This Act and the amendments made by this Act shall take effect on the date of the enactment of this Act.

Mr. MOORHEAD. We have several very distinguished witnesses with us this morning and I look forward to their testimony on these two important bills.

I now turn to the ranking minority member of this subcommittee, Representative Pat Schroeder, for her opening statement.

Mrs. SCHROEDER. Thank you very much, Mr. Chairman. I want to thank you for scheduling this hearing on trademark protection, which we all know is terribly important.

I particularly want to extend a welcome to Gregory O'Connor of the Samsonite Corp., because when this subcommittee went to China to talk about these very critical issues, Mr. O'Connor and others were very helpful in exploring some of the trademark and patent issues that are really affecting this country and trade.

We all know the implications of what this subcommittee does and how important it is to trade. I hope that in connection with the two matters before us we should look at the proposals carefully, to make sure they are sending the appropriate message internationally with respect to worldwide protection of intellectual property rights. I am very interested in having a full dialog with our witnesses about the issue the Assistant Commissioner raises with respect to the limitation to registered marks.

I hope we also have an opportunity to discuss what appears to be the only barrier with respect to H.R. 1270, relating to the voting procedures. I think that the administration witnesses make a very interesting point about that. My question is, what do we do and what are the ramifications if we proceed with accession to this Protocol in its present form? Is the voting issue of such sufficient magnitude, in other words, that it should override the U.S. interests in international trademark registration?

So I think all of these are going to be interesting questions that we have in front of us. I thank you very much. I would ask unanimous consent to put my full statement in the record and I look forward to the hearing.

Mr. MOORHEAD. So ordered.

[The prepared statement of Mrs. Schroeder follows:]

PREPARED STATEMENT OF HON. PATRICIA SCHROEDER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF COLORADO

I want to thank the Chairman for scheduling this hearing on trademark protection issues. I want to extend a particular welcome to Gregory O'Connor of the Samsonite Corporation. This subcommittee had an opportunity to learn about some of the international intellectual property problems that Samsonite is confronting during our trip to China. I appreciate it very much that Mr. O'Connor has traveled here today to participate in our exploration of these trademark protection issues.

This subcommittee is committed to providing strong protection for trademarks, domestically and internationally. We also want to ensure that the United States continues its leadership role in establishing and enforcing strong protection of intellectual property rights throughout the world. We are keenly aware of the international trade implications of this subcommittee's works and want to explore those implications fully as we consider legislation relating to intellectual property rights.

Thus, in connection with the two matters before us today, trademark dilution and international registration of marks, I want to make sure we look at the proposals before us carefully to make sure that they send the appropriate message internationally with respect to worldwide protection of intellectual property rights. I am interested in having a full dialogue with our witnesses about the issue the Assistant Commissioner for Trademarks, Mr. Hampton, raises with respect to the limitation of H.R. 1295 to registered marks.

I also hope we have an opportunity to discuss what appears to be the only barrier with respect to H.R. 1270, relating to the voting procedures. I would be interested in hearing what the ramifications are if we proceed with accession to the Protocol in its present form. Is the voting issue of sufficient magnitude, in terms of the potential precedent it would establish, that it overrides the benefits U.S. businesses would gain through the Protocol's international trademark registration filing system?

I look forward to hearing from our witnesses, and hope we can have a productive dialogue on these issues.

Mr. MOORHEAD. Our first witness will be Mr. Philip G. Hampton II, who is Assistant Commissioner for Trademarks for the United States. Until his nomination, he served as a member of the Board of Governors of the National Bar Association and as a member of its executive committee. He was also active in the National Intellectual Property Law Association, the American Intellectual Property Association and the American Bar Association. He holds a bachelor's and master's degree from MIT, and a law degree from the University of Chicago. Welcome, Assistant Commissioner Hampton.

We have a written statement which I ask unanimous consent to be made a part of the record, and I ask that you summarize your statement in 10 minutes or less, after which the subcommittee members will address to you any questions they may have. Welcome.

STATEMENT OF PHILIP G. HAMPTON II, ASSISTANT COMMISSIONER FOR TRADEMARKS, PATENT AND TRADEMARK OFFICE, U.S. DEPARTMENT OF COMMERCE, ACCOMPANIED BY CARLISLE WALTERS, ATTORNEY, AND TINA POMPEY, ATTORNEY, OFFICE OF LEGISLATIVE AND INTERNATIONAL AFFAIRS

Mr. HAMPTON. Thank you. Good morning again, Mr. Chairman, Mrs. Schroeder. Before I begin this morning, I'd like to introduce my colleagues. On my right is Ms. Carlisle Walters. On my left is Ms. Tina Pompey. Both Ms. Walters and Ms. Pompey are attorneys specializing in trademark issues in our Office of Legislative and International Affairs.

I am pleased to have this opportunity to present the administration's views on H.R. 1295, a bill to amend the Trademark Act of 1946 to make certain provisions relating to protection of famous marks, and H.R. 1270, a bill to implement the Protocol relating to the Madrid Agreement concerning the international registration of marks. I will first discuss H.R. 1295 and then I will discuss H.R. 1270.

The administration strongly supports providing protection on the Federal level for famous marks and supports amending the Trademark Act of 1946 to add a remedy against dilution of the reputation of famous marks, consistent with our international interests. H.R. 1295 would add a Federal dilution remedy for registered marks to the Trademark Act of 1946.

Presently, the nature and extent of remedies against trademark dilution varies from State to State, and, therefore, can provide unpredictable and often frustrating results for trademark or service mark owners. The Federal remedy provided in H.R. 1295 against trademark dilution would bring uniformity and consistency to the protection of famous registered marks.

Therefore, the administration supports H.R. 1295 to the extent that it establishes a Federal remedy against dilution. However, the administration strongly believes that the limitation of the applicability of the proposed law for those famous marks that are registered is not within the spirit of the U.S. position as a leader setting the standards for strong worldwide protection of intellectual property. In this regard, this limitation of H.R. 1295 undercuts the U.S. position with its trading partners, that famous marks should be protected regardless of whether the marks are registered in the country where protection is sought.

Furthermore, the purpose of a dilution statute is to prevent a weakening of a famous mark. There is no reason to limit this remedy to registered marks.

Without any Federal dilution legislation, the United States has clearly and fully met its international obligations to protect famous marks through judicial precedent. While the Trademark Act of 1946 contains no specific reference to famous marks, substantial precedent exists establishing the standards by which a mark is evaluated and determined to be famous. Such precedent grants famous marks a broad scope of protection in determining the likelihood of confusion and opposition and cancellation proceedings at the Patent and Trademark Office and an infringement and unfair competition proceedings in both State and Federal courts.

Since trademark or service mark rights in the United States arise primarily through use, the existing precedent does not distinguish between registered and unregistered marks in determining whether a mark is entitled to protection as a famous mark. To the extent that dilution has been a remedy available to a trademark or service mark owner in the United States under various State statutes and the common law, access to this remedy has not been limited only to those owners of famous registered marks.

In working with our trading partners to establish strong intellectual property protection worldwide, ensuring the protection of famous marks has been a top priority for the United States. Bilaterally, the United States points to its own precedent in this regard and has been successful in encouraging countries to protect famous marks regardless of whether the marks are registered in the country where protection is sought.

However, if our first Federal statute specifically concerning famous marks limits protection to registered marks, regardless of our judicial precedent, we will not be able to credibly take the position with our trading partners that famous marks should be fully protected, regardless of whether the marks are registered in the country where protection is sought.

We have prepared draft language revising H.R. 1295 to pertain to famous marks, regardless of whether such marks are registered. This language is attached as an appendix to our testimony for consideration of this subcommittee. Except for our concern that the bill limits a dilution action to registered famous marks, the administration believes that H.R. 1295 will provide an important complement to State dilution laws by giving the owners of famous registered marks the opportunity to bring a Federal action for dilution under the Trademark Act of 1946, and to obtain a single remedy nationwide.

The bill will allow the owner of a registered mark which has become famous to obtain an injunction against another person's commercial use of the mark, where such use causes dilution of the distinctive qualities of the registrant's mark, if such use occurs after the registered mark has become famous. Such injunctive relief would be clearly enforceable in all 50 States.

I now would like to turn to H.R. 1270. While the administration supports the Madrid Protocol in substance, the administration has decided not to request Senate advice and consent to join the Protocol because of the treaty's voting procedures. While initially testifying in the last Congress in support of the legislation, which was H.R. 2129, to allow the United States to implement the Protocol, the administration determined after further review of the Protocol's administrative provisions, that the best interests of the United States would not be served by proceeding with accession to the Protocol in its present form.

This decision was announced by the State Department in May 1994. I will defer to the submission of the State Department and refer questions on this issue to them. The administration supports H.R. 1270 as a means to implement the Protocol in the United States at such time as it may be appropriate for the United States to accede to the Protocol.

One major obstacle to obtaining protection internationally for trademarks is the difficulty and the cost of obtaining and maintaining registrations in each and every country. As a result, many U.S. businesses are forced to concentrate their efforts on protecting their trademarks in major markets abroad and hope for the best in other existing and prospective nondomestic markets. The hope often turns to despair as unscrupulous pirates register in their countries the marks of these U.S. businesses which effectively closes that country's markets to the products and services of that U.S. business unless of course the U.S. business pays some sort of tribute to these pirates.

If it were entered into force in the United States, the Protocol and its regulations would provide a trademark registration filing system that would permit a U.S. trademark owner to file for a registration in any number of member countries by filing a single, standardized application in English with a single set of fees in the U.S. PTO. Registration could be obtained without retaining a local agent and without filing a separate application in each country.

Equally important, under the Protocol, renewal and assignment of a trademark registration in each country could be made by filing a single request with a single fee. Thus, those businesses that are now limited in their ability to obtain broad international protection for their trademarks would have easier and more cost effective access to that protection through the Protocol's trademark registration filing system.

H.R. 1270 proposes to implement the international system of the Protocol in the United States. With respect to U.S. applicants seeking to use the protocol system to obtain trademark protection in other countries, H.R. 1270 incorporates the filing and certification requirements of the Protocol and the draft regulations.

Since legislation will be necessary in the United States to implement the Protocol, should the U.S. eventually accede, H.R. 1270 provides that the act shall take effect on the date on which the Madrid Protocol enters into force with respect to the United States. Therefore, the President would deposit the instrument of ascension by the United States to the Protocol, only after Congress has enacted all legislation necessary to implement the Protocol domestically.

I would like to thank the chairman for introducing this legislation. I would be pleased to answer any questions from the subcommittee.

[The prepared statement of Mr. Hampton follows:]

PREPARED STATEMENT OF PHILIP G. HAMPTON II, ASSISTANT COMMISSIONER FOR TRADEMARKS, PATENT AND TRADEMARK OFFICE, U.S. DEPARTMENT OF COMMERCE

Mr. Chairman and Members of the Subcommittee:

Thank you for this opportunity to present the Administration's views on H.R. 1295, a bill to amend the Trademark Act of 1946 to make certain provisions relating to the protection of famous marks, and H.R. 1270, a bill to implement the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (Pr .tocol). First, I will discuss H.R. 1295, and then I will discuss H.R. 1270.

H.R. 1295 - Dilution

Introduction

The Administration strongly supports providing protection on the federal level for famous marks and supports amending the Trademark Act of 1946 to add a remedy against dilution of the reputation of a famous mark, consistent with our international interests. H.R. 1295 would add a federal dilution remedy for registered famous marks to the Trademark Act of 1946. Presently, the nature and extent of the remedies against trademark dilution varies from state to state and, therefore, can provide unpredictable and frustrating results for the trademark or service mark owner. The federal remedy provided in H.R. 1295 against trademark dilution would bring uniformity and consistency to the protection of registered famous marks.

Therefore, the Administration supports H.R. 1295 to the extent that it establishes a federal remedy against dilution. However, as discussed below, the Administration strongly believes that the limitation of the applicability of the law to registered marks, contained in H.R. 1295, is not within the spirit of the United States' position as a leader in the fight for strong world-wide protection of intellectual property. In this regard, this limitation in H.R. 1295 moves in a direction that clearly undercuts the United States' position with its trading partners that famous marks should be protected regardless of whether the marks are registered in the country where protection is sought. Substantial legal precedent for determining that a mark is famous exists and will remain a valid reference for courts applying H.R. 1295, since this precedent is the basis for the list of factors enunciated in H.R. 1295. Therefore, there is no good reason for limiting the applicability of H.R. 1295 to only those famous marks that are registered.

Existing Dilution Remedy in the United States

Trademarks or service marks, representing the goodwill of a business and identifying its products and services, are among the most valuable assets of a business. The Trademark Act of 1946 provides federal remedies against infringement (15 U.S.C. Section 1114) and against false description and designations of origin (15 U.S.C. Section 1125), which rely in large part on a determination of likelihood of confusion. Additionally, a loss of the distinctiveness of a mark can occur through the unauthorized use of that mark by a third party which, while not creating a likelihood of confusion as courts have defined this concept, dilutes the strength and value of the mark. This unauthorized use can be by either a competitor or non-competitor.

Approximately twenty-seven states have statutes which create a remedy against dilution of distinctive marks. For example, the court in Polaroid Corp., v. Polaraid, Inc., 319 F.2d 830 (7th Cir. 1963) held that the use of "POLARAID" on refrigeration and heating systems diluted the strength of the registered trademark "POLAROID" as used on optical devices and elements, photographic products and television and electrical devices. "POLAROID" was determined by the court to be a famous coined mark which enjoyed a high reputation with respect to the quality of its products. The unauthorized use of the term "POLARAID" was determined to dilute the distinctive quality and high reputation of the famous mark "POLAROID."

Dilution has historically been divided into two categories in an attempt to apply the definition of dilution to specific fact situations. Dilution by "blurring" is the "traditional" type of dilution. Dilution by "blurring" occurs when an unauthorized third party uses a registered mark on products or services which are not associated with the registered mark. For example, the use of "TIFFANY" in connection with a restaurant or lounge was considered by a U.S. District Court in Massachusetts, to be a dilution of the registered trademark "TIFFANY" as used on jewelry, which harms the trademark owner's investment in their mark. Tiffany & Co., v. Boston Club, Inc., 231 F. Supp. 836 (D. C. Mass 1964).

Dilution by "tarnishment" represents the second type of dilution. Dilution by "tarnishment" occurs when an unauthorized third party's use of a mark on products or services harms the positive association between the mark and the product on which the mark is used or the services in connection with which the mark is used. For example, the use of "Enjoy Cocaine" on a poster in the same distinctive stylized script as the trademark "COCA-COLA," as used on beverages and other products, was considered to tarnish the goodwill associated with this trademark by a U.S. District Court in New York. Coca-Cola Co., v. Gemini Rising, Inc., 346 F. Supp. 1183 (E.D. N.Y. 1972).

Currently, of the approximately twenty-seven states that have anti-dilution statutes, most states define dilution as the likelihood of injury to business reputation or of dilution of the distinctive quality of a mark. These laws also state that dilution is actionable despite the absence of competition between the parties or confusion as to the source of the products or services. Most state statutes do not expressly limit protection to famous marks, but do require that the mark be distinctive. See Allied Maintenance Corp. v. Allied Mechanical Trades, Inc., 369 N.E. 2d 1162 (N.Y. 1977). However, most courts in interpreting these statutes have determined that only famous marks are entitled to protection against dilution. Polaroid Corp., v. Polaraid, Inc., supra , Coca-Cola Co., v. Gemini Rising, Inc., supra and Ameritech, Inc., v. American Information Technologies Corp., 811 F. 2d 960 (6th Cir. 1987)

Courts have not been consistent though in their determination of the degree of fame which will afford the mark protection against dilution. For example, "POLAROID" was determined to be a famous mark which has acquired a "high reputation" such that the use of "POLARAID" would dilute its strength. Polaroid Corp., v. Polaraid, Inc., supra. Whereas, the use of "LEXUS" for automobiles was determined not to dilute the use of "LEXIS" for a computerized legal research service. Mead Data Central, Inc., v. Toyota Motor Sales, U.S.A., Inc., 875 F.2d 1026 (2nd Cir. 1989).

Additionally, under state dilution laws it is unclear whether the injunction sought can be nationwide or statewide in scope. The effect of nationwide injunctions which are granted pursuant to a state dilution statute are suspicious at best because these injunctions will be preventing conduct which is not necessarily illegal in every state since all states have not enacted an anti-dilution statute. A U.S. District Court in Illinois granted an injunction under the Illinois anti-dilution statute covering not only Illinois, but also Indiana and Ohio. Neither Indiana nor Ohio have anti-dilution statutes. Hyatt Corp., v. Hyatt Legal Services, 736 F.2d 1153 (7th Cir. 1984). A U.S. District Court of New York issued a nationwide injunction under the New York anti-dilution statute as a remedy for dilution. Eastman Kodak Co., v. Rakow, 739 F. Supp. 116 (W.D. N.Y. 1989). Citing Polaroid Corp. v. Polaraid, Inc., supra, and Instrumentalist Co., v. Marine Corps League, 509 F. Supp. 323 (N.D. Ill. 1981) the court rejected the defendant's claims that the geographic scope of the injunction should be limited to New York. The court in Polaroid did not expressly address the issue of a geographic scope of an injunction. However, the court in Instrumentalist did state that once a court has obtained personal jurisdiction over both parties it has the "power" to enjoin activities without regard to geographic restrictions. But see Blue Ribbon Feed Company, Inc. v. Farmers Union Central Exchange, Inc., 731 F. 2d 415 (7th Cir. 1984) and Deere & Co., v. MTD Products, Inc., 34 USPQ2d 1706 (S.D. N.Y. 1995). In both of these cases the courts upheld the limited geographical scope of the injunctions issued stating that it was in the courts discretion to limit the injunctions in the interest of comity among the states.

Discussion of H.R. 1295

H.R. 1295 will complement our state dilution laws by giving the owners of famous registered marks the opportunity to bring a federal action for dilution under the Trademark Act of 1946 and to obtain a single remedy nationwide. Incorporating dilution into the federal law will bring consistency and uniformity to an area fraught with inconsistencies. First, the bill will allow the owner of a registered mark which has become famous to obtain an injunction against another person's commercial use of the mark where such use causes dilution of the distinctive quality of the registrant's mark, if such use occurs after the registered mark has become famous. Such injunctive relief will be clearly enforceable in all fifty states.

The bill also sets forth an illustrative list of factors which are to be examined in order to determine whether a mark is "famous" for the purpose of this section. This list of factors is not exhaustive. However, this list should guide the courts towards developing a consistent analysis of what constitutes a "famous" mark for purposes of determining dilution. Under state laws, some courts have stated that only a nationally-known mark is famous and eligible for protection from dilution. Whereas, other courts have stated that a locally-known mark is also eligible for protection from dilution. H.R. 1295 will permit trademark and service mark owners to better evaluate the likelihood that their marks will be held to have acquired "famous" mark status under a single federal dilution statute than under multiple state statutes establishing various standards. Additionally, the illustrative nature of the list will give courts the discretion to consider specific evidence of fame that may be unique to a particular industry or market.

H.R. 1295 allows the registered trademark or service mark owner whose mark has been diluted to obtain remedies in addition to injunctive relief in the nature of a monetary award (Section 35(a) of the Trademark Act of 1946, as amended, 15 U.S.C. Section 1117(a)) and destruction of goods (Section 36 of the Trademark Act of 1946, as amended, 15 U.S.C. Section 1118) if it is established that the unauthorized third party willfully intended to trade on the registered mark owner's reputation or to cause dilution of the registered mark.

H.R. 1295 provides that the ownership of a federal registration operates as a complete bar to an action of dilution brought under the common law or a state statute for dilution in addition to the federal statute for dilution. This should prevent inappropriate results or forum shopping based on some combination of federal and state remedies.

H.R. 1295 provides two exceptions under which an action of dilution cannot be brought by a third party. First, the "fair use" of a registered mark in connection with comparative commercial advertising or promotion to identify the registered mark owner's competing products or services does not constitute an actionable act of dilution. Secondly, the noncommercial use of a mark does not constitute actionable dilution. These exceptions respond to concerns expressed in connection with a dilution provision in H.R. 4156 and S. 1883, considered during the 100th Congress, which was deleted from the Act as passed. Trademark Law Revision Act of 1988, Pub. L. 100-667, 102 Stat. 3935 (1988). One concern expressed during the hearings on these bills regarding the federal dilution provision was the effect this provision would have on First Amendment-protected communications and advertisements. House Judiciary Committee Report on H.R. 5372, House Report No. 100-1028, October 3, 1988.

By providing exceptions to an action of dilution for comparative commercial advertising and promotion and noncommercial use, H.R. 1295 responds to this concern and will ensure that injunctive relief is not overreaching in scope so as to infringe on any First Amendment rights. H.R. 1295 balances the interests of the registered trademark or service mark owner in protecting the goodwill of their mark with the constitutional rights of the public to use a mark in a noncommercial manner.

Finally, H.R. 1295 amends section 45 of the Trademark Act of 1946 to include a definition of the term "dilution." Dilution is defined as "the lessening of the capacity of a registrant's mark to identify and distinguish goods or services, regardless of the presence or absence of (1) competition between the registrant and other parties, or (2) likelihood of confusion, mistake, or deception." Although most state statutes contain language that proof of competition or likelihood of confusion is not required to find dilution, several courts have stated that either a finding of likelihood of confusion or competition between the parties is a factor in their finding of dilution under the relevant state statute. Tiffany & Co., v. Boston Club, Inc., supra and Coca-Cola Co., v. Gemini Rising, Inc., supra. A finding of likelihood of confusion is limited to situations where consumers are likely to be confused as to the origin of the goods or services at issue. On the other hand, dilution is a much broader concept. Under H.R. 1295 it will not be necessary to establish that consumers will be likely to confuse the source of the goods or services, but, rather, that the capability of the mark to identify the registrant's goods or services will be diminished by the other party's unauthorized use of the mark.

Administration Concerns with H.R. 1295

As noted above, dilution language was initially considered in H.R. 4156 and S. 1883 during the 100th Congress. However, it was ultimately deleted from the Act as it passed. Trademark Law Revision Act of 1988, Pub. L. 100-667, 102 Stat. 3935 (1988). At the time the Administration had no position on the federal dilution provision in S. 1883 or H.R. 4156. However, in the Administration's comments, the Assistant Secretary and Commissioner of Patents and Trademarks Donald J. Quigg expressed support for strong trademark protection including two benefits that would derive from a federal dilution statute. First, a federal dilution statute would provide consistent national protection for famous marks instead of the "patchwork" protection which existed under our state laws. Secondly, the existence of a federal dilution statute would assist the U.S. during the Uruguay Round of negotiations under the GATT) by illustrating that the U.S. provides nationwide federal protection against dilution of famous marks. Trademark Law Revision Act of 1988: Hearing on S. 1883 Before the Subcommittee on Patents, Copyrights and Trademarks, Comm. on the Judiciary, 100th Cong., 2nd Sess. 380 (1988) (Statement of Donald J. Quigg, Assistant Secretary and Commissioner of Patents and Trademarks). These benefits remain true today. While the Uruguay Round of Agreements have been concluded and the World Trade Organization is established, the United States, having met its obligations under these Agreements, should continue to set the standard for the world with regard to strong protection for intellectual property.

The United States will fall short of setting this standard if H.R. 1295 is passed without correcting the deficiency that the dilution protection afforded under the bill is limited to owners of only those famous marks that are registered. The purpose of a dilution statute is to prevent the weakening of a famous mark. There is no reason to limit this remedy to registered marks.

The United States is obligated to protect famous marks pursuant to Article 6bis of the Paris Convention for the Protection of Industrial Property (1883, as revised at Stockholm

1967 and amended 1979) (Paris Convention).[1] Additionally, the Agreement on the Trade Related Aspects of Intellectual Property Rights, Including Trade In Counterfeit Goods (TRIPs), which was concluded as part of the Uruguay Round of negotiations under the GATT, extends Paris Convention obligations to all World Trade Organization members (Article 2). TRIPs Article 16 further clarifies and extends the obligations under Article 6bis of the Paris Convention.[2]

The United States has clearly and fully met its international obligations to protect famous marks through judicial precedent. While the Trademark Act of 1946 contains no specific reference to famous marks, substantial precedent exists establishing the standards by which a mark is evaluated and determined to be famous. Such precedent grants famous marks a broad scope of protection in determining likelihood of confusion in opposition and cancellation proceedings at the Patent and Trademark Office, and in infringement and unfair competition proceedings in both state and federal courts. Since trademark or service mark rights in the United States arise primarily through use, the

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[1] Paris Convention Article 6bis provides, in part, as follows:

> (1) The countries of the Union undertake, ex officio if there legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well known mark or an imitation liable to create confusion therewith.

[2] TRIPs Article 16 provides, in part, as follows:

> (2) Article 6bis of the Paris Convention (1967) shall apply, mutatis mutandis, to services. In determining whether a trademark is well-known, account shall be taken of the knowledge of the trademark in the relevant sector of the public, including knowledge in that Member obtained as a result of the promotion of the trademark.
>
> (3) Article 6bis of the Paris Convention (1967) shall apply, mutatis mutandis, to goods or services which are not similar to those in respect of which a trademark is registered, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademark and provided that the interests of the owner of the registered trademark are likely to be damaged by such use.

existing precedent does not distinguish between registered and unregistered marks in determining whether a mark is entitled to protection as a famous mark. To the extent that dilution has been a remedy available to trademark or service mark owners in the United States under various state statutes and common law, access to this remedy has not been limited to only those owners of famous marks that are registered.

In working with our trading partners to establish strong intellectual property protection worldwide, ensuring the protection of famous marks has been a top priority for the United States. Bilaterally, the United States points to its own precedent in this regard, and has been successful in encouraging countries to protect famous marks regardless of whether the marks are registered in the country where protection is sought.

H.R. 1295 is within the technical parameters of our obligations under the Paris Convention, which are limited to protecting against the use and registration of matter which is liable to "cause confusion" with a famous mark, regardless of whether it is registered. H.R. 1295 is clearly within the parameters of TRIPs Article 16(3) which mandates, at a minimum, "dilution-like" protection for registered famous marks. However, the Administration strongly believes that the limitation of the applicability of the law to registered marks, contained in H.R. 1295, is not within the spirit of the United States' position as a leader in the fight for strong world-wide protection of intellectual property. In this regard, this limitation in H.R. 1295 moves in a direction that clearly undercuts the United States' position with its trading partners that famous marks should be protected regardless of whether the marks are registered in the country where protection is sought.

Furthermore, the substantial legal precedent for determining that a mark is famous will remain a valid reference for courts applying H.R. 1295, since this precedent is the basis for the list of factors enunciated in H.R. 1295. Therefore, there is no good reason for limiting the applicability of H.R. 1295 to only those famous marks that are registered.

We have prepared draft language revising H.R. 1295 to pertain to famous marks, regardless of whether such marks are registered. This language is attached as an appendix to our testimony for consideration by the Subcommittee.

H.R. 1270 - Madrid Protocol

Protocol Voting Provisions

While the Administration supports the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (Protocol) in substance, the Administration has decided not to request Senate advice and consent to join the Protocol because of the treaty's voting procedures. While initially testifying in the last Congress in support of legislation (H.R. 2129) to allow the United States to implement the Protocol, the Clinton Administration determined, after further review of the Protocol's administrative provisions, that the best interests of the United States would not be served by proceeding with accession to the Protocol in its present form. This decision was announced by the State Department in May 1994. While I will defer to the submission of the State Department and refer questions on this issue to them, I offer the following information on the Administration's position on this voting issue to provide a context for my testimony on H.R. 1270. The Administration supports the H.R. 1270 as a means to implement the Protocol in the United States at such time as it may be appropriate for the United States to accede to the Protocol.

A unique feature of the Protocol is the possibility for an intergovernmental organization with a regional trademark office to become a treaty member and to cast a separate, independent vote in matters coming before the treaty's Assembly of members. This vote would be in addition to the individual votes of the member countries which are part of the organization. The European Union (EU), as an international organization responsible for the recently adopted Community Trade Mark, would qualify under the terms of the Protocol for a vote independent of its twelve member countries.

The United States has never accepted the resulting expansion of the voting power of members of an international organization or adhered to a treaty providing for such a vote. In all other agreements we have consistently insisted on safeguard provisions to prevent concurrent voting and double-counting. The expansion of the influence of each member of the particular international organization through an additional, duplicative vote is unfair.

The Administration is aware of the benefits of an international trademark registration filing system for U.S. trademark owners, and remains committed to participating in such a system based on traditional equitable voting principles. We hope that we can work with the EU and other WIPO members to solve this intergovernmental issue.

Advantages of the Protocol's Filing System

The Protocol's international trademark registration filing system could open the doors to effective competition in the international marketplace for many businesses who are often unable to afford the cost of obtaining broad protection internationally for their trademarks.

Trademarks, representing the goodwill of a business and identifying its products and services, are among the most valuable assets of a business. One major obstacle to obtaining protection internationally for trademarks is the difficulty and cost of obtaining and maintaining a registration in each and every country. As a result, many U.S. businesses are forced to concentrate their efforts on protecting their trademarks in their major markets abroad and hope for the best in their other existing and prospective non-domestic markets. This hope often turns to despair as unscrupulous pirates register in their countries the marks of these U.S. businesses, which effectively closes that country's markets to the products and services of the U.S. business.

If it were to enter into force in the United States, the Protocol and its Regulations would provide a trademark registration filing system that would permit a United States trademark owner to file for registration in any number of member countries by filing a single standardized application, in English, with a single set of fees, in the U.S. Patent and Trademark Office (USPTO). Registration could be obtained without retaining a local agent and without filing a separate application in each country. Equally important, under the Protocol, renewal and assignment of a trademark registration in each country could be made by the filing of a single request with a single fee. Thus, those businesses that are now limited in their ability to obtain broad international protection for their trademarks, would have easier and more cost-effective access to that protection through the Protocol's trademark registration filing system.

From the perspective of the owners of trademark rights in the United States and of the USPTO, the Protocol would have no effect on the integrity of the trademark registration system in the United States. While the Protocol would provide an additional basis for a foreign national to register a trademark in the United States, such a request would be subject to the same substantive requirements as exist in the law today for domestic and foreign applicants. Once an international registration is extended to the United States, the foreign holder of the international registration would have the same rights, remedies and obligations as a U.S. registrant.

This bill, H.R. 1270, contains only provisions necessary to implement the Protocol in a separate Title to the Trademark Act of 1946. This new Title incorporates by reference the substantive requirements, obligations, rights and remedies of the existing Titles I through XI of the Trademark Act.

History of Protocol

The Protocol traces its genesis to the Madrid Agreement Concerning the International Registration of Marks (1891), revised at Brussels (1900), Washington (1911), The Hague (1925), London (1934), Nice (1957) and Stockholm (1967), and amended in 1979 (Madrid Agreement), which establishes an international trademark registration system that is administered by the International Bureau of the World Intellectual Property Organization (International Bureau).

Between 1986 and 1989, the International Bureau convened meetings of governmental experts to develop an international trademark registration system that could gain wide acceptance. These experts conceived of a protocol based upon the Madrid Agreement, but with certain changes to attract a broader membership. On June 27, 1989, at the Diplomatic Conference held in Madrid, the States party to the Madrid Agreement concluded a Protocol, which was signed by 27 of the 29 States party to the Madrid Agreement. The Protocol would establish an international trademark registration system which is independent of, but parallel to, the Madrid Agreement. The Protocol is not in force yet. Article 14(4)(a) of the Protocol provides for entry into force of the

Protocol three months after ratification, acceptance, approval or accession by four States or organizations, as provided therein. To date, Spain, the United Kingdom and Sweden have deposited instruments of ratification. Once the Protocol enters into force, Article 14(4)(b) provides that the Protocol shall take effect in a State or organization three months after the date on which its ratification, acceptance, approval or accession has been notified by the Director General of the World Intellectual Property Organization.

Article 10(1)(a) provides that each Contracting Party to the Protocol shall be a member of the same Assembly as the countries party to the Madrid Agreement. Article 10(2)(iii) provides that the Assembly shall, inter alia, adopt and modify the provisions of the Regulations concerning the implementation of the Protocol. The International Bureau has convened several meetings, in which the United States has actively participated as an observer, to draft Regulations to implement the Protocol. A final draft of the proposed Regulations will be presented to the Assembly for adoption once the Protocol enters into force.

Historical Issues for United States

The United States has never belonged to an international trademark registration system, but has considered one in the past because of the trade advantages such a system would offer. In the late 1960's the United States considered joining the Madrid Agreement, but concluded it contained provisions disadvantageous to United States trademark owners and unworkable under existing law. Specifically, the following provisions of the Madrid Agreement were considered undesirable by the United States:

(1) the requirement that the international application be based on a country of origin registration (Given the long pendency of applications in the United States

at that time and the requirement for use of a trademark prior to filing, this requirement would have required the United States trademark owner to wait beyond a reasonably prudent time before seeking registration internationally under the Madrid Agreement.);

(2) the provision called "central attack," which results in the cancellation of all international registrations if the country of origin registration is cancelled in the first five years;

(3) the requirement that the application be in the French language;

(4) the provision for a maximum 12-month period within which a country could refuse to give effect to the international registration (This was a problem because, at that time, pendency of applications in the United States was substantially more than 12 months.); and

(5) the provision designating low filing and renewal fees for the national office, which were less than the comparable national fees in the United States.

The Protocol exists independently of, and contains significant modifications to, the Madrid Agreement. In relation to the above-stated concerns, the Protocol provides:

(1) in addition to a country of origin registration, a country of origin application may be the basis of an international application (Because a trademark owner may now file an application in the United States based upon a bona fide intention to use a mark, protection could be sought internationally at an early stage in the development of the trademark.);

(2) if the basis of an international registration is extinguished during its first five years, the registratio.ı may be converted into a national application in a designated country, and retain its original effective filing date;

(3) the working languages, determined by the proposed Regulations, are English and French;

(4) member countries may have up to 18 months to refuse to effect an international registration. with an additional 7 months from the beginning of an opposition period (Over the past few years, the average pendency of trademark applications in the Patent and Trademark Office (USPTO) has been between 12 and 15 months, with an initial notification of refusal usually between 3 and 5 months.);

(5) a member country may charge the equivalent of its national filing and renewal fees, diminished only by any savings resulting from the international procedure.

The Protocol's International System Described

The following description of the operation of the Protocol in the United States is based upon the text of the Protocol and the 1995 draft Regulations.

1. Filing of International Application.

An applicant for, or the owner of, a country of origin registration would be able to file with the country of origin office, which will be considered the office of origin, an application for international registration along with a request that the international registration be effected in at least one country other than the country of origin. The international registration may not be effected in the country of origin. The office of origin would certify that the international application corresponds to the underlying country of origin application or registration and will forward the international application to the International Bureau, which will administer the Protocol.

2. Issuance of International Registration.

The International Bureau will issue the international registration, if all filing requirements are met, and publish the mark in the International Gazette. The International Bureau will then forward the request for extension of the international registration to the countries specified by the holder of the international registration. The holder may request an extension of protection to member countries either at the time of filing the international application or at any time during the life of the international registration. Those countries specified by the holder of the international registration will consider the extension request under their national laws the same as if it were a national application for a trademark registration. The international registration alone has no legal effect. It is the extension of the international registration to a particular country that has legal effect.

3. Request for Extension of Protection to the United States by Foreign Holder of International Registration.

When a member office receives a request from a foreign national for extension of protection of the mark in an international registration, that office may examine the request in the same manner, and pursuant to the same requirements, as a nationally-filed application.

The Protocol requires the national or regional office considering an extension request to notify the International Bureau of all refusals within a specified period of time. This includes refusals following an examination, as well as potential refusals based on the possibility of opposition. Absent timely refusal, the national or regional office must extend protection to the international registration.

4. <u>Maintenance of International Registration and Its Extensions of Protection</u>.

An extension of protection to additional countries may be requested at any time during the life of the international registration. An international registration, along with all of its extensions to member countries, regardless of when each extension was obtained, is renewable every ten years from the date of the international registration, upon payment of a fee to the International Bureau.

5. <u>Cancellation or Limitation of International Registration</u>.

The national application or registration forming the basis of an international registration may be abandoned, cancelled, revoked or limited, pursuant to national law. If this occurs as a result of action commenced within five years of the date of international registration, the office of origin must notify the International Bureau, which will, in turn, similarly cancel or limit the international registration. In the absence of such action, the international registration becomes independent of its underlying national application or registration five years after issuance of the international registration.

If an international registration is cancelled as to all or some of the goods or services within five years of its registration date at the request of the office of origin, each country that has extended protection to that international registration will cancel the attendant extension of protection to the same extent.

However, in this case, the Protocol permits transformation of the extensions of protection into national applications in these countries. The holder of the cancelled international registration may file, within three months of the cancellation of the international registration, national applications for the same mark in relation to the cancelled goods or services in each country that had extended protection to the international application. Each national application will receive as a filing date the date of the international registration or, if later, the date of the recordal of the extension of protection to the particular country.

6. Recordation of Assignment or Change of Ownership.

Often, effecting valid assignments of marks internationally involves burdensome administrative requirements for recordation of an assignment in many countries. These difficulties can hinder the normal transfer of business assets. The Protocol will permit a trademark owner to record the assignment of a trademark registration in all designated countries upon the payment of a single fee and the filing of one document.

7. Protocol System not Exclusive of National and Regional Trademark Registration Systems.

Use of the procedures established by the Protocol is optional for applicants. Applicants may continue to file individual trademark applications in each country in which they seek protection. Furthermore, the Protocol in no way diminishes the right of priority and national treatment which applicants are accorded under the Paris Convention for the Protection of Industrial Property.

8. Replacement of National Registration by Extension of Protection.

The Protocol provides that an extension of protection to a particular country is deemed to replace an identical pre-existing national registration owned by the same person in that country, with no prejudice to the rights acquired under the registration. This provision permits trademark owners with national registrations to merge those registrations into the international registration for ease of maintenance worldwide, without losing any rights that accrued to the earlier national registration. This does not give the holder of the international registration any right or priority that does not already exist in the national registration.
In our continuing review of the Protocol, we have concluded that this issue should be addressed in any legislation to eventually implement the Protocol in the United States. This would ensure recognition of the legal equivalence of a U.S. registration and the subsequent identical extension of protection to the United States.

We have prepared draft language to implement this provision, Article 4bis of the Protocol, which we have attached as an appendix to our testimony for consideration by the Subcommittee.

Implementation of the Protocol pursuant to H.R. 1270

H.R. 1270 proposes to implement the international system described above in the United States. With respect to U.S. applicants seeking to use the Protocol system to obtain trademark protection in other countries, H.R. 1270 incorporates the filing and certification requirements of the Protocol and draft Regulations, as discussed above. In addition to the fees required under the Protocol draft Regulations in connection with the international application and requests for extensions of protection, H.R. 1270 authorizes a USPTO fee to cover the cost of processing and certifying the international application, as well as fees for the filing of affidavits and specimens of use as required by H.R. 1270. USPTO regulations would specify relevant procedures and forms. Fees related to renewal of the International Registration and recordation of assignments would be determined by and paid directly to the International Bureau.

With respect to foreign holders of international registrations seeking extension of protection in the U.S., in addition to incorporating the requirements of the Protocol and draft Regulations, as discussed above, H.R. 1270 contains several provisions unique to the United States. These provisions are within the parameters of the Protocol, and ensure the compatibility of U.S. trademark law with the Protocol's international registration filing system by maintaining the viability of certain basic principles in our law. These provisions primarily accommodate our use requirements and our extensive preregistration examination.

1. <u>Use Requirements</u>.

First, through its active participation in the drafting of the Regulations for the Protocol, the United States obtained a provision in those draft Regulations that requires any request for extension of an international registration to the United States to include an affidavit of bona fide intent to use the mark in commerce in the United States. This requirement, incorporated in H.R. 1270, maintains the integrity of one of the most cherished principles of U.S. trademark law, that all applicants for trademark registration in the United States must allege either use of their mark in commerce, or a bona fide intention to use their mark in commerce in the United States.

Second, H.R. 1270 requires the holder of an extension of protection of an international registration to the United States to file affidavits and specimens of use of the mark in commerce in the United States during the fifth year after issuance of the certificate of the extension of protection by the USPTO and every ten years after issuance. For the purpose of computing these dates in the context of the commencement of the rights in the United States, H.R. 1270 provides that the USPTO will issue a certificate of extension of protection. The issue date of the certificate of extension of protection is the same as the registration date of a domestic application, following the examination and opposition process. This requirement maintains the integrity of another important principle of U.S. trademark law, that all trademark registrants in the U.S. must periodically file statements and evidence of use to support their registrations.

Pursuant to the Protocol and its draft Regulations, an international registration, along with each of its extensions of protection in various countries, is automatically renewable every ten years from the date of registration upon payment of the appropriate fees to the International Bureau. The affidavit and specimen requirements in H.R. 1270 are additional requirements that the holder of an international registration must meet to maintain the extension of protection to the United States.

The requirement of all applicants for a statement of bona fide intent to use a mark in commerce in the United States, along with the requirements in the law for use of a mark, should prevent the proliferation of extensions of protection of marks which the owner is not using or has no intention of using.

2. Effect of Extension of Protection.

H.R. 1270 provides that an extension of protection of an international registration to the United States shall have the same effect and validity as a registration on the principal register, entitling the holder to the same rights and remedies under the trademark law. In this regard, H.R. 1270 confers constructive use upon an extension of protection as of its proper filing. As required by the Protocol, an extension of protection is entitled to a right of priority within the meaning of Article 4 of the Paris Convention for the Protection of Industrial Property (Paris Convention).

Additionally, H.R. 1270 provides that an extension of protection is entitled to attain incontestable status within the meaning of Section 15 of the Trademark Act of 1946 (15 U.S.C. 1065) within the same period described in Section 15, which shall begin no earlier than the date of issuance of the certificate of extension of protection by the USPTO.

3. Substantive and Procedural Examination.

Substantive issues are not addressed in the Protocol, since the Protocol is primarily a filing system. The Protocol specifies that the member countries may apply their national law to determine the acceptability of an international registration in that country. H.R. 1270 incorporates all of the requirements for examination and opposition existing in the trademark law and applies them to requests for extension of protection to the United States. In practice, the law will require the USPTO to apply the same standards in evaluating the acceptability of a mark for protection in the U.S. under both the domestic application process and the Protocol process.

In considering the compatibility of our registration system with the Protocol, an issue of particular interest is the applicability of USPTO requirements pertaining to identifications of goods and services to requests for extension of protection to the United States. The requirements concerning identifications of goods and services vary widely from country to country. United States law and practice require a registration to contain a specific identification of goods and services. This is an important aspect of the law permitting the USPTO and the courts to make informed and reasonable determinations regarding likelihood of confusion between conflicting marks. Some countries permit registrations to encompass extremely broad categories of goods or services, regardless of actual or anticipated use.

The Paris Convention permits the filing of an application in a member country based upon a registration in the applicant's country of origin. Like the Protocol, evaluation of such an application is based upon national law in the country receiving the application. Today, the owner of a foreign registration covering broad categories of goods and services must narrow the identification to specific goods and services to obtain a registration in the United States. Conversely, a U.S. registrant seeking protection today in a country permitting broad coverage, may be limited by reliance upon a more narrow U.S. registration. In limited situations, depending upon the U.S. registrant's plans for expansion in certain countries, this can disadvantage the U.S. registrant. In such a case today, the U.S. registrant may choose to file directly in another country, rather than relying on its U.S. registration.

This difference in law and practice between the U.S. and some other countries with respect to identifications of goods and services underscores the fact that, in some instances, should the Unietd States eventually become a member of the Protocol, a U.S. applicant may wish to file a trademark application directly in another country, rather than using the Protocol. A positive aspect of the Protocol is that it provides an easy and economical alternative to the country-by-country approach to obtaining international trademark protection, but it does not preclude that approach for those trademark owners who, for whatever reason, wish to file an application directly with a foreign country.

4. Notice of Rights Under the Protocol.

If the United States eventually becomes a member of the Protocol, it is likely that the International Bureau would share with the USPTO its computer records of international applications and registrations which include an extension of protection to the U.S., or a request for such. This would provide U.S. trademark owners with early notice of requests for recognition of trademarks in the U.S. through the Protocol international registration system. This is an important aspect of any possible relationship between the USPTO and the International Bureau, because an extension of an international registration to the U.S. will usually have an effective filing date equivalent to its filing in its country of origin office.

USPTO Implementation of H.R. 1270.

1. Costs.

Implementation of H.R. 1270 would require an intensive effort by the USPTO with respect to designing and implementing operational and automation changes, as well as publishing extensive regulations. The USPTO has no present plans for implementation of the Protocol. However, it would be reasonable to compare the extent of operational and automation changes necessary to implement the Protocol to those undertaken by the USPTO for implementation of the Trademark Law Revision Act of 1988, which became effective on November 16, 1989.

2. Impact of Protocol Notification Requirements.

Pursuant to the declarations permitted under the Protocol, H.R. 1270 would give the USPTO an eighteen-month period in which to notify the International Bureau of all grounds of refusal. Notice of the possibility of opposition must also be made within this eighteen-month time limit. To the extent that a request for extension of protection has not completed the opposition process, the USPTO would send a notice of refusal to the International Bureau on the ground of the "possibility of opposition." This is expressly permitted in the Protocol.

As required by the Protocol, H.R. 1270 requires notification to the International Bureau of all grounds for opposition within, at the latest, seven months from the date of publication of a mark for opposition. Since a potential opposer may obtain extensions of the time to file the notice of opposition, USPTO regulations would have to require, with regard to a potential opposition to an extension of protection, that the potential opposer state all grounds which may be the basis for the potential notice of opposition within a reasonable period of time to permit the USPTO to notify the International Bureau within the time period.

If, for some unanticipated reason, filings under the Protocol should be so substantial as to threaten pendency, we would expect that the fees received for these filings would support the additional effort needed to examine these filings in a timely manner with no impact on domestic pendency.

Accession to the Protocol

Since legislation will be necessary in the United States to implement the Protocol, should the United States eventually accede, H.R. 1270 provides, in Section 3, that "This Act and the amendments made by this Act shall take effect on the date on which the Madrid Protocol (as defined in section 60(1) ot the Trademark Act of 1946) enters into force with respect to the United States." Therefore, the President would deposit the instrument of accession by the United States to the Protocol only after Congress has enacted all legislation necessary to implement the Protocol domestically and the President has requested, and the Senate has given, advice and consent to the accession. Action on H.R. 1270 in this Congress should not be prevented by the fact that advice and consent to accede to the Protocol will not be requested until such time as the Protocol voting issue is satisfactorily resolved.

Additionally, at such time as Senate advice and consent may be sought and received, the President would defer deposit of the instrument of accession to allow sufficient time for implementing regulations to be promulgated and operational adjustments to be made.

Recommended Declarations under the Protocol

If, at some point in the future, the United States does accede to the Protocol, we would recommend that United States accession should be accompanied by three declarations, as permitted pursuant to Protocol Article 5, paragraphs (2) (b) and (c), Article 8, paragraph (7) (a), respectively, as explained below. Additionally, at that time we would consider the advisability of a declaration pursuant to Article 14, paragraph (5), as explained below. The recommendation that these declarations be made by the United States would be a part of the President's request to the Senate for advice and consent to adhere to the Protocol. H.R. 1270 anticipates that the first three declarations noted above will have been made by the United States. The fourth noted declaration, if made, does not require any amendment to H.R. 1270.

The first declaration, under Article 5(2)(b), permits the extension of the time period within which a Contracting Party must notify the International Bureau of its refusal to extend protection to an international registration. Article 5(2)(a) requires a Contracting Party to notify its refusal to extend protection to a mark in an international registration, along with a statement of all grounds, before, at the latest, the expiry of one year from the date on which the notification of the extension request was sent to a Contracting Party by the International Bureau. Article 5(2)(b) provides that, for international registrations made under this Protocol, the time limit of one year referred to in Article 5(2)(a) is replaced by eighteen months. This declaration is necessary to ensure that sufficient time exists for the request for extension of protection to be examined in the USPTO and, in the majority of cases, published for opposition.

The second declaration, under Article 5(2)(c), concerns a refusal of protection with respect to any given international registration resulting from an opposition to the granting of protection. This Article permits a Contracting Party to notify the International Bureau before the expiry of the 18-mon .h time limit of the possibility that an opposition may be filed beyond this time limit. This will permit the Contracting Party to notify the International Bureau after the expiry of the 18-month time limit of a refusal based upon an opposition. However, the Contracting Party must notify the International Bureau of the grounds of opposition not more than seven months from the date on which the opposition period begins; or if this opposition period expires before this seven-month time limit, the notification must be made within one month from the expiry of the opposition period. This declaration is necessary to ensure that sufficient time exists for a mark which is the subject of a request for extension of protection to be published and for a third party to preserve its right to oppose and specify the grounds for opposition.

The third declaration, under Article 8(7)(a), concerns the fees to which the United States is entitled in connection with an extension of protection of an international registration. Article 8(1) of the Protocol permits a Contracting Party, when it is the office of origin, to fix and collect fees in connection with the filing of an international application or renewal of an international registration. Article 8, paragraphs two through six, provide for the distribution of the International fee for registration of a mark with the International Bureau according to a formula which would divide revenues equally among Contracting Parties. Article 8(7)(a) permits a Contracting Party to receive, instead, in connection with each international registration for which an extension of protection to a Contracting Party is requested, and in connection with the renewal of any such international registration, fees which are comparable to the national application filing fee and registration renewal fee, respectively, in effect at the time of declaration. Article 8(7)(a) requires, in arriving at the fee amounts, that the national fee be diminished by the savings resulting from the international procedure. The United

States would make this declaration to ensure that the USPTO receives sufficient fees to support the costs associated with its obligations under the Protocol.

The fourth declaration which we would consider, under Article 14(5), is that the protection resulting from any international registration effected under the Protocol before the date of entry into force of the Protocol in a Contracting Party cannot be extended to that Contracting Party. This declaration does not effect priority of rights in a Contracting Party since rights appurtenant to an international registration can not exist in a Contracting Party prior to the request for extension of protection to that Contracting Party. This request cannot predate that Contracting Party's accession to the Protocol. The declaration under Article 14(5) is intended to avoid the possibility of substantial numbers of requests for extensions to a Contracting Party of international registrations effected under the Protocol before that Contracting Party acceded to the Protocol.

Conclusion

I thank the Chairman for his leadership in introducing H.R. 1295 and 1270, and I would be pleased to address any questions the Committee might have concerning either bill.

APPENDIX TO STATEMENT OF PHILIP G. HAMPTON, II

Regarding H.R. 1295

Proposed Language to Amend H.R. 1295 (additions are underlined and deletions are striken through):

Sec. 3 Remedies for Dilution of Famous Marks

(a) REMEDIES--Section 43 of the Trademark Act of 1946 (15 U.S.C. 1125) is amended by adding at the end the following new subsection:

"(c)(1) The owner of a famous mark ~~registered under the Act or March 3, 1881, or the Act of February 20, 1905, or on the principal register~~ shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the ~~registrant's~~ mark becomes famous and causes dilution of the distinctive quality of the ~~registrant's~~ mark, and to obtain such other relief as is provided in this subsection. In determining whether a mark is distinctive and famous, a court may consider factors such as, but not limited to--

"(A) the degree of inherent or acquired distinctiveness of the mark;

"(B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;

"(C) the duration and extent of advertising and publicity of the mark;

"(D) the geographical extent of the trading area in which the mark is used;

"(E) the channels of trade for the goods or services with which the mark is used;

"(F) the degree of recognition of the ~~registrant's~~ mark in the trading areas and channels of trade of the 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) the existence of a registration under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

"(2) In an action brought under this subsection, the owner shall be entitled only to injunctive relief unless the person against whom the injunction is sought willfully intended to trade on the owner's reputation or to cause dilution of the famous mark. If such willful intent is proven, the owner shall also be entitled to the remedies set forth in sections 35(a) and 36, subject to the discretion of the court and the principles of equity..."

"(4) The following shall not be actionable under this section:

"(A) Fair use of a famous mark by another person in comparative commercial advertising or promotion to identify the owner's competing goods or services.

"(B) Noncommercial use of a mark.".

(b) Conforming Amendment--The heading for title VIII of the Trademark Act of 1946 is amended by striking "AND FALSE DESCRIPTIONS" and inserting ", FALSE DESCRIPTIONS, AND DILUTION."

Sec. 4 Definition

Section 45 of the Trademark Act of 1946 (15 U.S.C. 1127) is amended by inserting after the paragraph defining when a mark shall be deemed to be "abandoned" the following:

"The term 'dilution' means the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of --

"(1) competition between the owner of the famous mark and other parties, or

"(2) likelihood of confusion, mistake, or deception.".

Analysis

The proposed language amends H.R. 1295 to extend protection to all famous marks whether or not they are registered. Instead of limiting the protection afforded under the federal dilution bill to registered marks, registration would be a factor that a court can consider in determining whether or not a mark is famous.

APPENDIX TO STATEMENT OF PHILIP G. HAMPTON, II

Regarding H.R. 1270

Proposed Language (underlined) to Implement Article 4bis of the Protocol:

Sec. 73. Incontestability

The period of continuous use prescribed under section 15 for a mark covered by an extension of protection issued under this title may begin no earlier than the date on which the Commissioner issues the certificate of the extension of protection under section 69, except as provided in section 74.

Sec. 74. Replacement of Registration by Extension of Protection.

An extension of protection shall have the same effect and validity, and the same rights and remedies, as an existing registration where both the extension of protection and the existing registration are owned by the same person, have identical marks and goods and services, and the certificate of extension of protection is issued after the date of the existing registration.

Analysis:

The proposed language implements Article 4bis of the Protocol, which provides that an extension of protection to a particular country is deemed to replace an identical pre-existing national registration owned by the same person in that country, with no prejudice to the rights acquired under the registration. Article 4bis permits trademark owners with national registrations to merge those registrations into the international registration for ease of maintenance worldwide, without losing any rights that accrued to the earlier national registration. This does not give the holder of the international registration any rights or priority that does not already exist in the national registration.

Section 74 provides that, under the conditions listed in the section, the subsequent identical extension of protection to the United States is in all respects legally equivalent to the U.S. registration. Section 74 and the proposed amendment to section 73 ensure that all benefits of the earlier date of registration transfer to the extension of protection. For example, the proposed language ensures that an extension of protection that is identical to a pre-existing U.S. registration (1) is not subject to cancellation, pursuant to 15 U.S.C. 1064(1), for more than a five year period after the date of the U.S. registration, and (2) has attained incontestability to the same extent as the pre-existing registration under 15 U.S.C. 1065.

Mr. MOORHEAD. Thank you, Mr. Hampton. I had planned to meet later this week or early next week with the State Department to determine what progress is being made on the voting rights issue with the EU. Do you have any idea when the Protocol is expected to be worked out and approved by the administration and forwarded to the Senate for ratification?

Mr. HAMPTON. I have no independent information about that. I can just say as an aside we were hopeful up until the Trademark Law Treaty and Diplomatic Conference last year when the Europeans continuously stated that the Madrid Protocol should be precedent for that treaty, and implied that it should be a precedent for additional IP treaties.

Mr. MOORHEAD. Would joining the Protocol likely speed up the processing of U.S. applications in foreign countries due to the deadlines imposed under the Protocol?

Mr. HAMPTON. I believe personally it would speed up the processing of U.S. applications in many foreign countries. From my years in private practice, I realize that there are certain countries where it takes 5 to 7 years for U.S. trademark application to enter into a registration.

Mr. MOORHEAD. This should help that out.

Mr. HAMPTON. It should definitely help that out.

Mr. MOORHEAD. H.R. 1295 would require famous marks to be registered with the PTO in order to qualify for dilution protection. The administration has proposed that unregistered marks also qualify for dilution protection. Could you elaborate further on the arguments in support of the administration's position? Can the administration support this bill as is?

Mr. HAMPTON. The administration again, would definitely prefer that the bill be changed to protect nonregistered famous marks. I think a major reason is the effect that it would have possibly on the United States, that we would send the wrong message in terms of protecting famous U.S. marks abroad. Often times, a mark may not be registered in a particular, what we think is a fairly insignificant small country. Then all of a sudden you find out that you can't sell a major U.S. product over there.

I believe that we must broaden out our protection to include nonregistered famous marks, if we expect our foreign partners to do the same. I really look at it as an additional protection. It would be a way in which we could force the issue of additional protection for U.S. trademark owners overseas.

Mr. MOORHEAD. Some have suggested that dilution should be the basis for refusal of registration under section 2 of the Lanham Act as well as the basis for third parties to oppose registration of marks, especially given that under the bill, Federal registration is a complete defense to inaction for dilution under the State and common law. What are your views on this issue?

Mr. HAMPTON. The PTO does not support including dilution as a grounds for refusal of a registration because the ex parte examination system is not an appropriate forum to develop or establish that a mark is famous or is not famous. The PTO, right now, we don't have the resources for such a thorough examination and development of the evidence necessary. Currently, we expect our trademark examining attorneys to do 1.1 cases an hour, which definitely is not enough time to develop the sufficient record.

As a grounds for opposition, I would like to take some more time to discuss that with particularly David Sams, who is the head of the Trade for Trial and Appeal Board. So I would not like to make a comment as to opposition at the present time.

Mr. MOORHEAD. Some have suggested that the PTO should administer a separate register for famous marks. What is the PTO's position on that?

Mr. HAMPTON. Again, PTO doesn't support that proposal. An ex parte examination system is not an appropriate forum for establishing whether or not a mark is famous or not. Again, the PTO just does not have the resources necessary for that.

Mr. MOORHEAD. I recognize our ranking minority member, the gentlelady from the State of Colorado.

Mrs. SCHROEDER. Thank you very much, Mr. Chairman. Thank you very much for your testimony.

I wanted to ask a question about the EC. Do you register in each country and with the EC? I guess I'm looking at this vis-a-vis the voting. How did they reach this voting determination they put in there?

Ms. WALTERS. Thank you. Presently, in the European Community, you would register your mark in each country. There is a European Community Trademark Office that is coming into being and that will be accepting applications next January. It will operate in addition to the national systems.

Mrs. SCHROEDER. So it won't do away with the national system?

Ms. WALTERS. No.

Mrs. SCHROEDER. Is that how they justify then the voting Protocol?

Ms. WALTERS. Yes. That is their reasoning.

Mrs. SCHROEDER. So could I also ask what is the status of the administration's efforts at this point to resolve that issue? Is this a deal breaker?

Mr. HAMPTON. For the administration, it is at the present time, a deal breaker. Again, the State Department has determined that there are overriding diplomatic reasons why we cannot accede to the Madrid Protocol which would give the European Union a separate vote. My understanding is that the State Department believes that it would transcend not only trademark treaties, but all intellectual property treaties, and maybe treaties in additional areas.

Mrs. SCHROEDER. So deal breaker it is.

Mr. HAMPTON. Deal breaker it is at the present time.

Mrs. SCHROEDER. Do you have some examples of problems that U.S. companies have had with unregistered famous trademarks in other countries?

Mr. HAMPTON. Well again, from private practice, one client I did some work for years ago was Marvel Comics. Often what would happen is they would not register a new comic book or new comic book character all over the world. Particularly in South America, it was a problem where someone would come here, see it, and go back and register the mark. Then the company would often have to pay in excess of six figures just to get the rights to use their trademark in that foreign country.

Mrs. SCHROEDER. Do you think that the proposed language would help us deal with these problems overseas?

Mr. HAMPTON. Again, if the bill is amended to protect unregistered famous marks, I think it would help. But as presently stated, the reverse in a country such as say, Brazil, would not help many United States companies. Maybe Brazil is a bad example because it's a large market, but some of the smaller markets can be problematic.

Mrs. SCHROEDER. Do you think at least the language that you very thoughtfully proposed would begin to—it won't change it over night, but you are saying it gives us a higher ground to argue on?

Mr. HAMPTON. A lot higher ground to argue. Again, I believe it's more helpful to U.S. corporations abroad.

Mrs. SCHROEDER. Thank you. Thank you very much, Mr. Chairman.

Mr. MOORHEAD. Thank you. Now Representative Gekas.

Mr. GEKAS. Yes. I just have one question. I am getting a huge headache trying to sort out all these international agreements. I thought that the GATT acted as a superguide, as it were, to where we are in these various things on patents, trademarks, copyrights, et cetera. This blends in, I would assume, with what was finally the outcome of the GATT Agreement. Is that correct?

Ms. WALTERS. Yes. The GATT Agreement, which the TRIPS Agreement is the intellectual property portion of that Agreement, basically sets minimum substantive standards that countries must follow, and must establish in their laws.

The Protocol is a procedural treaty that is basically like a mailbox. It sets up a system for filing in many countries, whatever their national laws are, which will be in compliance with the TRIPS Agreement.

Mr. GEKAS. So what we're about here is sanctioned by GATT?

Ms. WALTERS. Yes. It is consistent.

Mr. GEKAS. Is allowed or promoted by GATT. All right. That's all I wanted to know. I just try to keep those things in mind. Thank you. I yield back the balance of my nontime.

Mr. MOORHEAD. The gentleman from California, Mr. Bono.

Mr. BONO. I'm sorry. Excuse me for being late. I am not as aware as I should be, so I'll pass.

Mr. GEKAS. I'll ask you a question, Sonny.

Mr. BONO. You will? I'll just listen.

Mr. MOORHEAD. Are there further questions of the panel? If not, we thank you very much for being here. We'll be in communication with you on these issues. We're going to bring up the subject that you have raised with INTA and see if it will do more harm than good or more good than harm. If we can see that it's going to work out for us, we would have no objection to the change you request.

Mr. HAMPTON. Thank you. Thank you very much for having us here.

Mr. MOORHEAD. Thank you.

The first witness on the second panel will be Ms. Mary Ann Alford. Ms. Alford is the vice president and assistant general counsel for intellectual property with Reebok International Ltd. She is responsible for all intellectual property and related legal and investigative matters of the corporation and its subsidiaries worldwide.

She has helped to develop an innovative international trademark enforcement program.

She holds a bachelor's degree from Wellesley College and a law degree from Columbia University. She is executive vice president and a member of the executive committee and the board of directors of the International Trademark Association. Welcome, Ms. Alford.

Our second witness will be Mr. James K. Baughman, who is the assistant general counsel of Campbell Soup Co. Mr. Baughman holds a bachelor's degree from Gettysburg College and a law degree from the University of Pennsylvania. He has been counsel to Campbell Soup Co. since 1977. Prior to that, he was associate counsel with Reliance Insurance Co. of Philadelphia. Welcome, Mr. Baughman.

Our third witness on the panel is Mr. Nils Victor Montan, who is a vice president and senior intellectual property counsel for Warner Bros., located in the wonderful city of Burbank, CA. Mr. Montan is responsible for the protection of intellectual property at Warner Bros. and its sister company, DC Comics. He is a member of the board of directors of the International Trademark Association. He holds a bachelor's degree from Cornell University and law degrees from the American University and the University of Virginia. Welcome, Mr. Montan.

We have written statements from our three witnesses which I ask unanimous consent to be made a part of the record, and I ask that you all summarize your statements in 10 minutes or less. I ask that the subcommittee hold their questions of all three witnesses until they have completed their oral presentations.

We will begin with the testimony of Mr. Baughman. I guess Ms. Alford was supposed to be first, but that's not what my instructions were here. I recognize Ms. Alford.

STATEMENT OF MARY ANN ALFORD, VICE PRESIDENT AND ASSISTANT GENERAL COUNSEL, INTELLECTUAL PROPERTY, REEBOK INTERNATIONAL LTD., AND EXECUTIVE VICE PRESIDENT, INTERNATIONAL TRADEMARK ASSOCIATION, ACCOMPANIED BY BRUCE KELLER, COUNSEL

Ms. ALFORD. Good morning, Mr. Chairman. Thank you. My name is Mary Ann Alford. I am the vice president and assistant general counsel of Reebok International Ltd. I am testifying here today in my capacity as executive vice president of the International Trademark Association, or INTA. I am accompanied today by Bruce Keller, the INTA counsel.

I am pleased to express INTA's enthusiastic support for both H.R. 1295 and H.R. 1270. We thank you, Mr. Chairman, and the other members of the subcommittee who have sponsored these bills.

In our view, enactment of a Federal trademark dilution statute is long overdue. While traditional trademark law is concerned with protecting against consumer confusion, the focus of the dilution doctrine is on damage to the mark's inherent value as a symbol. H.R. 1295 would provide the owners of famous Federally registered marks with effective, nationwide protection against uses that dilute a mark's distinctiveness or tarnish or disparage the mark. H.R.

1295 would promote nationwide uniformity and predictability in the application of the dilution doctrine.

Today, approximately one-half of the States have dilution laws. However, experience has shown that these State laws are inadequate. By its terms, H.R. 1295 is only applicable to those federally registered marks that are both distinctive and famous—marks which generally will have been in use for some time and throughout a substantial portion of the United States.

Enactment of a Federal dilution statute would also harmonize United States trademark law with that of other nations, and assist our Government officials in persuading other countries to protect famous marks owned by United States companies. Many of our major trading partners, including Canada, Great Britain, and Japan, have dilution laws. In addition, the European Community provides protection against dilution.

The last time dilution was before the Congress, the broadcasting, publishing and advertising industries urged us to carefully consider the first amendment issues. We have done so. INTA believes that the bill before you today is consistent with the first amendment. It would only prohibit another's commercial use in commerce of a mark or trade name. It would not enjoin speech that courts have recognized to be constitutionally protected. It does this by expressly incorporating the concept of commercial speech from the commercial speech doctrine, and proscribes dilution actions that seek to enjoin use of famous marks in noncommercial uses, such as parodies, consumer product reviews, and news and investigative reports. Further, truthful use of another's mark, for purposes of comparative or compatibility advertising, for example, would not be actionable.

With respect to the bill's constitutionality, we note that the broadcasting, publishing, and advertising industries were all briefed on the contents of the bill prior to its introduction and they agree that the first amendment issues have been properly addressed.

In sum, it is our view that enactment of H.R. 1295 would provide famous marks protection consistent with international norms and with the first amendment, would promote greater uniformity and certainty in the application of the dilution doctrine throughout the United States, and would recognize that the preservation of a mark's uniqueness or singularity is a valuable property right, deserving of protection.

INTA also enthusiastically supports enactment of H.R. 1270, the Madrid Protocol Implementation Act, as well as U.S. adherence to the treaty. All concede, Mr. Chairman, that the Protocol would greatly facilitate obtaining and maintaining trademark protection abroad by U.S. trademark owners.

With business becoming more global and with all companies being concerned about costs and competitiveness, the Madrid Protocol is viewed by INTA—and just about everybody else as well—as a significant and positive development. The bill before us today, Mr. Chairman, is noncontroversial. INTA and others, including the administration, testified in support of a virtually identical bill in May 1993 and a predecessor version of the bill passed the House overwhelmingly last year.

The administration, however, in May 1994, indicated that the United States would not adhere to the treaty because, under the treaty, governmental organizations, such as the European Union, would have a separate vote in the treaty's governing body. The administration was apparently concerned that adherence to the Protocol would be viewed by the EU as a precedent for future treaties, including the Trademark Law Treaty and the GATT Agreement, which were then under consideration.

However, the fact is, that the EU was unable to obtain an additional vote in either the Trademark Law Treaty or GATT. It is also a fact that a principled distinction can be made between the Protocol and other treaties since under the Protocol the newly created European Community Trademark Office is considered the equivalent of a national trademark office and shares in the Office's revenues.

In any case, INTA believes that the Protocol is too important a treaty to U.S. companies to be held hostage to a political dispute between the United States and the EU. We urge the subcommittee to take an active role in mediating a resolution of this dispute and to set a time certain by which the administration will be expected to present proposals for resolution of this issue. INTA of course would be willing to provide any assistance requested.

In any case, INTA believes that Congress should move ahead with passage of the necessary implementing legislation so that U.S. trademark owners can take immediate advantage of the Protocol when and if the United States joins the treaty. Thank you, Mr. Chairman.

[The prepared statement of Ms. Alford follows:]

PREPARED STATEMENT OF MARY ANN ALFORD, VICE PRESIDENT AND ASSISTANT GENERAL COUNSEL, INTELLECTUAL PROPERTY, REEBOK INTERNATIONAL LTD., AND EXECUTIVE VICE PRESIDENT, INTERNATIONAL TRADEMARK ASSOCIATION

Mr. Chairman, The International Trademark Association (INTA) (formerly known as The United States Trademark Association) (USTA)), appreciates and welcomes the opportunity to testify in support of H.R. 1295, the "Federal Trademark Dilution Act of 1995," and H.R. 1270, the "Madrid Protocol Implementation Act." It also expresses its appreciation to you and to other members of the subcommittee for introducing these important legislative initiatives and for scheduling this hearing on them.

My name is Mary Ann Alford, and I presently serve as the Executive Vice President of INTA. I am employed by INTA member Reebok International Ltd. as vice president and assistant general counsel for intellectual property. Like all the officers, board members, committee chair persons, and committee members of the association, I serve on a voluntary basis.

INTA is a 117-year-old not-for-profit membership organization. Since its founding in 1878, its membership has grown from twelve New York-based manufacturers to approximately 2,950 members that are drawn from across the United States, and from approximately 110 countries.

Membership in INTA is open to trademark owners and to those who serve trademark owners. Its members are corporations, advertising agencies, professional and trade associations, and law firms. A large percentage of INTA's member companies are based in the U.S. INTA's membership crosses all industry lines, spanning a broad range of manufacturing, retail and service operations. Members include both small and large businesses and all sizes of general practice and intellectual property law firms. INTA's members are both plaintiffs and defendants in disputes involving trademark rights. What this diverse group has in common is a shared interest in trademarks, and a recognition of the importance of trademarks to their owners and consumers.

INTA has five principal goals:

- To support and advance trademarks as an essential element of effective commerce throughout the world;
- To protect the interests of the public in the use of trademarks;
- To educate business, the press, and the public to the importance of trademarks;
- To play an active leadership role in matters of public policy concerning trademarks; and
- To provide a comprehensive range of services to its members, including keeping them well informed of current

trademark developments and in touch with professional colleagues.

A. FEDERAL TRADEMARK DILUTION ACT OF 1995

H.R. 1295 would add a new Section 43(c) to the Lanham Act, 15 U.S.C.§1051 et seq. to create a federal cause of action to protect federally registered marks that truly are famous from unauthorized users that attempt to trade upon the goodwill and exceptional renown of such marks and, thereby, dilute their distinctive quality. The bill is carefully crafted and delicately balanced. It would promote nationwide uniformity and predictability in the application of the dilution doctrine, but would not prevent continued application of the current regime of state dilution statutes. It would recognize a new, federal right, but in a manner consistent with the constitutional guarantees of the First Amendment. It would provide for an award of damages, but only upon a finding of willful misconduct.

1. Dilution vs. Infringement.

The protection of marks from dilution differs from the protection accorded marks from trademark infringement. Dilution does not rely upon the standard test of infringement, that is, likelihood of confusion, deception, or mistake. Rather, it applies when the unauthorized use of a famous mark reduces the public's perception that the mark signifies something unique, singular, or particular. As succinctly summarized in one decision:

> Dilution is an injury that differs materially from that arising out of the orthodox confusion. Even in the absence of confusion, the potency of a mark may be debilitated by another's use. This is the essence of dilution. Confusion leads to immediate injury, while dilution is an infection, which, if allowed to spread, will inevitably destroy the advertising value of the mark.

Mortellito v. Nina of California, Inc., 335 F.Supp. 1288, 1296, 173 U.S.P.Q. 346, 351 (S.D.N.Y. 1972).

The concept of dilution recognizes the substantial investment the owner has made in the mark and the commercial value and aura of the mark itself, protecting both from those who would appropriate the mark for their own benefit. It is designed to protect against "the gradual whittling away or dispersion of the identity and hold upon the public mind of the mark or name by its use upon non-competing goods." Frank I. Schechter, "The Rational Basis of Trademark Protection," 40 Harvard Law Review 813, 825 (1927).

Dilution can occur "as either the blurring of a mark's product identification or the tarnishment of the affirmative associations a mark has come to convey." See Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc., 875 F.2d 1026, 1031 (2d Cir. 1989). "Blurring" typically has involved "the whittling away of an established trademark's selling power and value through its unauthorized use by others upon dissimilar products." Id. (describing such "'hypothetical anomalies as DuPont shoes, Buick aspirin tablets, Schlitz varnish, Kodak pianos, Bulova gowns, and so forth'"). Thus, dilution by "blurring" may occur when defendant uses, either exactly or in modified form, the plaintiff's trademark to identify the defendant's goods and services, raising the possibility that the mark will lose its ability to serve as a unique identifier of the plaintiff's product.

"Tarnishment" arises when a famous trademark is linked to products of shoddy quality, or is portrayed in an unwholesome or unsavory context likely to evoke unflattering beliefs about the owner or its products. See, e.g., Coca-Cola Co. v. Gemini Rising, Inc., 346 F.Supp. 1183 (E.D.N.Y. 1972) ("Enjoy Cocaine" poster, making fun of Coca-Cola trademark); (Academy of Motion Picture Arts and Sciences v. Creative House Promotions, Inc., 944 F.2d 1446, 1457 (9th Cir. 1991) (finding dilution because "[i]f the Star Award looks cheap or shoddy . . . the Oscar's distinctive quality as a coveted symbol of excellence . . . is threatened."); (Chemical Corp. of America v. Anheuser-Busch, Inc., 306 F.2d 433 (5th Cir. 1962) (defendant adopted plaintiff's slogan, "Where there's life . . . there's Bud" for its insecticide slogan, "Where there's life . . . there's Bugs."), cert. denied, 372 U.S. 965 (1963). In such situations, the trademark's reputation and commercial value might be diminished because the public will associate the lack of quality or lack of prestige in the defendant's goods with the plaintiff or with plaintiff's unrelated goods, or because the defendant's use reduces the trademark's reputation and standing in the eyes of consumers as a wholesome identifier of the owner's products or services. A recent decision of the U.S. Court of Appeals for the Second Circuit identified still a third context in which dilution may arise, i.e., alterations of a famous mark that have the potential to lessen its selling power. Deere & Co. v. MTD Products, Inc., 41 F.3d 39 (2nd Cir. 1994).

2. State Dilution Laws.

The concept of dilution, although not yet part of the federal trademark law, is not new to U.S. jurisprudence. Massachusetts adopted a dilution statute in 1947 and, since that time, twenty-four other states have followed suit. For the most part, these state laws are patterned after language in the Model State Trademark Bill:

> 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, 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.

Model State Trademark Bill, §12 (USTA 1964). Of the remaining twenty-five states that have not enacted dilution statutes, our research reveals that three more states have judicially-created dilution doctrines: Michigan, New Jersey, and Ohio.

This patchwork quilt of state dilution protection is cumbersome and inadequate for a number of practical and legal reasons.

First, virtually all famous marks are sold on a nationwide basis. Because many courts are reluctant to issue nationwide injunctions in cases brought under a particular state's dilution law, trademark owners are effectively foreclosed, in many cases, from obtaining meaningful nationwide relief against dilution. See Blue Ribbon Feed Co., Inc. v. Farmers Union Central Exchange, Inc., 731 F.2d 415, 422 (7th Cir. 1984) (recognizing that "considerations of comity among the states favor limited out-of-state application of exclusive rights acquired under domestic law, and a district court does not err when it takes a restrained approach to the extraterritorial application of such rights"); Deere & Co. v. MTD Products Inc., 34 U.S.P.Q.2d 1706 (S.D.N.Y. 1995) (noting that "[i]nterests of comity, however, strongly favor a limited injunction" since only approximately half the states have dilution laws and even those states with such laws might not restrict commercial use of marks that do not confuse consumers or blur or tarnish the trademark.)

Second, there is no statutory definition of "dilution" in the Model Bill, which leads to inconsistent interpretations of the statute.

Third, some courts have required a showing of likelihood of confusion despite the clear language of the Model Bill, which mandates injunctive relief "notwithstanding . . . absence of confusion[.]" See, e.g., Astra Pharmaceutical Products, Inc. v. Beckman Instruments, Inc., 718 F.2d 1201, 1209 (1st Cir. 1983).

Fourth, some courts have insisted that only non-competitive, non-confusing uses are prohibited by a dilution statute, see, e.g., AHP Subsidiary Holding Co. v. Stuart Hale Co., 1 F.3d 611, 619 (7th Cir. 1993), whereas other courts have interpreted the statutes to extend protection to trademarks used on similar or competitive products as well as on dissimilar products. Thus, enactment of a federal dilution statute would serve to promote uniformity and consistency in the application of the dilution doctrine.

3. Congressional Authority Exists to Enact A Federal Dilution Law.

Congress clearly has the authority to pass this legislation. First, such a provision would be consistent with Congressional intent, as articulated by the Supreme Court in Park 'N Fly, Inc. v. Dollar Park 'N Fly, Inc., 469 U.S. 189, 193, 224 U.S.P.Q. 327, 329 (1985):

> Because trademarks desirably promote competition and the maintenance of product quality, Congress determined that "a sound public policy requires that trademarks should receive nationally the greatest protection that can be given them".

Second, the Supreme Court already has recognized that, when it comes to trademarks, Congress "could determine that unauthorized uses, even if not confusing, nevertheless may harm the [U.S. Olympic Committee] by lessening the distinctiveness and thus the commercial value of the marks." San Francisco Arts and Athletics, Inc. v. The United States Olympic Committee, 107 S.Ct. 2971, 3 U.S.P.Q.2d 1145, 1153. It is important to emphasize that the dilution statute proposed in H.R. 1295 is in some ways even more limited in scope than the special status Congress conferred on the word "Olympic" under the Amateur Sports Act of 1978. Under H.R. 1295, a mark would be protected from dilution only after a court considered factors such as the degree of inherent or acquired distinctiveness of the mark and the nature and extent of use of the same or similar mark by other parties.

4. Definition of Dilution.

H.R. 1295 defines dilution as:

> the lessening of the capacity of a registrant's mark to identify and distinguish goods or services, regardless of the presence or absence of - (1) competition between the registrant and other parties, or (2) likelihood of confusion, mistake, or deception.

This uniform definition would provide clear guidance to the courts in determining whether a cause of action for dilution exists. This definition encompasses both dilution by "blurring" and dilution by tarnishment. It is also elastic enough to encompass future, currently unforeseen, factual situations that may give rise to liability.

5. Criteria for Determining Fame of Mark.

H.R. 1295 is, by its terms, only applicable to those registered marks which are both distinctive and famous. To achieve this, it identifies a number of key factors the courts should consider in determining whether a mark meets these standards. These factors include, but are not limited to:

(a) the degree of inherent or acquired distinctiveness of the mark;

(b) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;

(c) the duration and extent of advertising and publicity of the mark;

(d) the geographical extent of the trading area in which the mark is used;

(e) the channels of trade for the goods or services with which the mark is used;

(f) the degree of recognition of the registrant's mark in the trading areas and channels of trade of the registrant and the person against whom the injunction is sought; and

(g) the nature and extent of use of the same or similar marks by third parties.

The first factor, inherent or acquired distinctiveness, makes it clear that distinctiveness and fame can be acquired regardless of the original nature of the mark. A mark cannot be inherently famous but it can be inherently distinctive. Both factors have a bearing on the scope of protection from dilution.

The duration and extent of use in advertising of the mark are also relevant to both distinctiveness and fame. Generally, a famous mark will have been in use for some time. But there is nothing to prevent a mark from becoming famous overnight through widespread publicity and advertising, such as exposure during the televising of the Super Bowl.

The geographical fame of the mark must extend throughout a substantial portion of the United States. The exact scope of such geographical use should be left to a case-by-case analysis, depending on the type of goods or services and their channels of distribution.

By considering the degree to which the registered mark is famous to purchasers in both the registrant's and later users' channels of trade, a court may be more likely to grant protection where there is a reasonable probability that the later user adopted its mark with knowledge of the fame of the registered mark. Where the products of both parties are sold to the general public, the factor may be actualized even though the respective products are so unrelated that confusion is unlikely. Thus, dilution could occur if the same mark were used on running shoes and chewing gum. It may not occur, however, if the mark were used on microbiological chemicals sold to research laboratories, on the one hand, and fish oil sold only to the food processing trade, on the other.

Dilution is possible with respect to one purchaser universe but not another. For example, if a mark is famous at the industrial level but not at the consumer level, protection may be appropriate in the former case but not the latter.

6. Registration Requirement.

The bill, as drafted, provides that only famous registered marks may qualify for protection. Except for the situation noted above where a mark becomes famous overnight, it is hard to imagine that a mark deemed "famous" under subparagraphs (a) through (g) of proposed Section 43(c) would not be federally registered. The requirement for federal registration on the Principal Register would provide a data base that third parties could consult regarding possible dilution when "clearing" marks for adoption.

On a finding of dilution, the remedy provided by H.R. 1295 is limited to injunctive relief unless willful intent to trade on the registrant's reputation or to cause dilution can be shown. If willfulness can be established, the remedies set forth in Sections 35(a) (damages, profits, and attorney fees in "exceptional" cases) and Section 36 (destruction of infringing labels, plates, etc.) can be applied, subject to the discretion of the court and the principles of equity.

7. Preemption.

H.R. 1295 would not pre-empt existing state dilution statutes. State laws could continue to be applied in cases involving locally famous or distinctive marks. See, e.g., Wedgewood Homes, Inc. v. Lund, 659 P.2d 377, 222 U.S.P.Q. 446 (Or. 1983). Unlike patent and copyright laws, federal trademark law presently coexists with state trademark law, and it is to be expected that a federal dilution statute should similarly coexist with state dilution statutes. The Supreme Court's recent decision in U.S. v. Lopez, 115 S.Ct. 1624 (1995), also suggests that the commerce clause of the U.S. Constitution, which forms the basis of federal trademark protection, may not reach purely intrastate uses of marks.

The presence of a federal statute will, however, have an indirect salutary effect on state dilution law. As the body of jurisprudence interpreting the federal dilution develops, it can be expected that state courts, in interpreting their own dilution statutes, will look to federal court decisions for guidance, just as has occurred in the coexistent federal and state decisional law in trademark infringement cases. Thus, it can be expected that state dilution jurisprudence will become more consistent and unified, in accordance with federal dilution law.

8. <u>Ownership of Registration Is Defense.</u>

Although H.R. 1295 would not preempt state dilution laws, it does specifically provide that ownership of a valid federal registration is a complete defense to a claim of dilution under state or common law. There are three reasons why a federal registration should be a bar to a state or common-law claim of dilution.

First, a federal registration affords rights that are in conflict with state dilution laws and, in this instance, a federal registration should be preemptive. Second, permitting a state to regulate the use of a federally registered mark is inconsistent with the intent of the Lanham Act "to protect registered marks used in such commerce from interference by state, or territorial legislation." Finally, making a federal registration a defense to a state dilution action encourages federal registration of marks and gives greater certainty to a federal registrant of its right to use its mark in commerce, without the possibility of attack based on a state dilution claim. In any case, one claiming a right under a state dilution statute is not prevented, in appropriate circumstances, from petitioning to cancel a federal registration in order to eliminate the defense.

9. <u>International Norms.</u>

The enactment of a proposed federal dilution statute would also harmonize U.S. trademark law with that of other nations and assist our country's negotiators in persuading other countries to protect famous trademarks owned by U.S. companies. In testimony prepared in connection with the Trademark Law Revision Act of 1988, it was noted that

> "other countries can resist agreeing to higher international standards for intellectual property by pointing to the fact that the United States itself provides little protection against dilution in many states. The dilution provision would show that we are not asking other countries to give better protection than we are willing to give...."

<u>See</u> Statement of Donald J. Quigg on S. 1883 submitted to the Subcommittee on Patents, Copyrights and Trademarks, Committee on the Judiciary, United States Senate, March 15, 1988.

Other countries, including some of our major trading partners, recognize the wisdom of dilution statutes. Canada has protected famous marks from dilution since 1953. More recently, Japan, Spain, Greece, and Venezuela have adopted dilution laws. Great Britain, in its first complete trademark revision since 1938, included a strong dilution provision in its Trade Marks Act 1994.

The European Community has also recognized the dilution concept. Article 9(1) of the recently promulgated Community Trademark Regulation provide. that the owner of a Community Trademark "shall be entitled to prevent all third parties not having his consent from using in the course of trade...

> (c) any sign which is identical with or similar to the Community Trademark in relation to goods or services which are not similar to those for which the Community Trademark is registered, where the latter has a reputation in the Community and where the use of that sign without due course takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the Community Trademark."

And just this winter, after protracted negotiations, the U.S. and China agreed to an "Action Plan for Effective Protection and Enforcement of Intellectual Property Rights" in China. As part of this plan, China agreed that "protection of a well-known mark will extend to products and services other than those on which the mark is registered or used to the extent such use would . . . adversely affect the commercial reputation of the trademark owner." The irony of the current situation is plain. In China, famous marks owned by U.S. entities are provided more protection than in one-half of the U.S.

10. Earlier Dilution Proposal.

This is not the first time that a proposal for a federal dilution statute has been presented to Congress. Such a proposal was incorporated as part of the "Trademark Law Revision Act of 1988," as introduced in November 1987. Indeed, a federal dilution proposal was adopted by the Senate. As a result of concerns voiced by representatives of the broadcasting, publishing, and advertising industries, however, the proposal was deleted from the bill by the House Judiciary Committee. These industries wanted to be certain that any dilution statute be carefully considered in light of its First Amendment implications.

11. First Amendment.

Since 1988, INTA and others have given a great deal of thought to the First Amendment issues. For example, the Senate Judiciary Committee sought the views of the Congressional Research Service (CRS) as to whether "an anti-dilution amendment to the Lanham Act . . . can be drafted to alleviate First Amendment concerns." After a thorough review of the relevant case law and commentaries, and an analysis of the test set forth by the Supreme Court in Central Hudson Gas & Electric Corp. v. Public Service Commission of New York, 447 U.S. 557 (1980), for determining the constitutionality of governmental restrictions on commercial speech, CRS concluded that "an anti-dilution statute that applied solely to commercial speech . . . would almost certainly be constitutional." Memorandum from The American Law Division, Congressional Research Service to the Senate Committee on the Judiciary, "First Amendment Concerns with Respect to Adding an Anti-Dilution Amendment to the Lanham (Trademark) Act," (October 16, 1990) at CRS-17.

H.R. 1295 is consistent with the recommendation of the CRS. It would only prohibit another's commercial use in commerce of a mark or trade name. The "use in commerce" language reflects that this legislation, like the Lanham Act itself, 15 U.S.C. §1051, et seq., requires some aspect of interstate commerce to be present before the dilution provision can be triggered.

Emphasizing that the "use" must be a "commercial use" has two purposes. First, it makes clear that courts are authorized to enjoin unauthorized commercial uses of famous marks that fall short of technical trademark use. Technically speaking, advertising for goods (as opposed to services) does not fall within the Lanham Act's definition of "use in commerce," which is limited to display of a mark on labels, packaging, and point-of-purchase signage. 15 U.S.C. § 1127. Such speech, however, would be considered "commercial" for purposes of the commercial speech doctrine, because advertising for goods plainly proposes a commercial transaction. Virginia State Board of Pharmacy v. Virginia Citizens' Consumer Council, Inc., 425 U.S. 748, 758-59 (1976).

Second, H.R. 1295 deliberately is intended to preclude the courts from enjoining speech that courts have recognized to be constitutionally protected. To ensure that such speech remains protected, proposed Section 43(c) expressly incorporates the concept of "commercial" speech from the commercial speech doctrine, and proscribes dilution actions that seek to enjoin use of famous marks in "non-commercial" uses (such as parodies, consumer product reviews, and news and investigative reports). The proposed statute also incorporates the doctrine that fair, truthful use may be made of another's trademark in a manner consistent with such cases as Prestonettes, Inc. v. Cody, 264 U.S. 359 (1924), and New Kids on the Block v. News America Publishing, Inc., 971 F.2d 302 (9th Cir. 1992). Section (4)(A) of the bill provides that the "fair use" of a famous mark for purposes of comparative advertising, for example, is not actionable.

The focus in the dilution statute on the commercial/non-commercial dichotomy expressly builds on a proven way of identifying speech that government simply should not regulate. Experience has demonstrated that courts are quite cautious when dilution and other trademark-related cases raise First Amendment concerns, and generally erred on the side of protecting informational uses against dilution claims. See, e.g., L.L. Bean, Inc. v. Drake Publishers, Inc., 811 F.2d 26 (1st Cir.), cert.

denied, 483 U.S. 1013 (1987). In these other cases, dilution or other trademark-related claims have been rejected when an injunction might impermissively have restricted protected expression.

At the same time, courts have been able to prevent diluting uses of another's mark in various commercial settings by balancing, in a manner consistent with Central Hudson, the need to use speech to convey a message against the advertiser's underlying profit motive and the real risk of harm to a famous mark. As the Second Circuit recently explained in a case finding dilution, where a competitor altered and animated the plaintiff's trademark in a comparative advertisement:

> Sellers of commercial products who wish to attract attention to their commercials or products and thereby increase sales by poking fun at widely-recognized marks of non-competing products, (citation omitted) risk diluting the selling power of the mark that is made fun of. When this occurs, not for worthy purposes of expression but simply to sell their own products, that purpose can easily be achieved in other ways. The potentially diluting effect is even less deserving of protection when the object of the joke is the mark of a directly competing product. (citation omitted) The line drawing in this area becomes especially difficult when a mark is parodied for the dual purposes of making a satiric comment and selling a somewhat competing product.

Deere & Co., 41 F.3d at 44.

INTA recognizes that the commercial/non-commercial distinction is not a bright line. For example, speech that is packaged and sold for profit often has been deemed "non-commercial" for purposes of First Amendment protection; examples of such non-commercial speech range from for-profit parodies to art work to mainstream journalistic endeavors. In these cases, courts limit the term "commercial speech" to include only speech that proposes a commercial transaction, as opposed to speech that, itself, may be sold for profit.

12. Criticisms of Trademark Dilution.

INTA is aware that, in the past, some have criticized the concept of creating a federal cause of action for trademark dilution. Many of these criticisms point to the lack of clarity with which courts have treated the rationale for dilution. Others suggest that the harm caused by dilution can be adequately addressed under traditional infringement theories. Still others point to the lack of any empirical way in which to measure whether a mark in fact has been diluted.

The short answer to all of these criticisms is twofold. First, as noted, enacting H.R. 1295 will help bring sorely needed clarity to this area of the law by creating a federal definition of dilution and by promoting the uniform application of a national dilution standard. Second, although questioning the rationale for dilution has made for some interesting law review articles, the American Law Institute's recently issued Restatement of the Law Unfair Competition should put to rest the notion that the doctrinal basis for a dilution statute somehow is flawed. Section 25 of the Restatement, which was prepared under the review and supervision of an advisory board of esteemed federal judges, law professors and experienced trademark practitioners, clearly summarizes the dilution rationale and recognizes it as a valid theory of unfair competition law.

In sum, enactment of a federal dilution statute, and of H.R. 1295 in particular, would provide famous marks protection consistent with international norms and with the First Amendment and would promote greater uniformity and certainty in the application of the dilution doctrine throughout the country. We urge the subcommittee to "report out" the bill as promptly as possible and look forward to working with the members of the panel and its staff in assuring passage of the measure.

B. <u>MADRID PROTOCOL IMPLEMENTATION ACT</u>

INTA also enthusiastically supports enactment of H.R. 1270, the "Madrid Protocol Implementation Act," as well as adherence by the U.S. to the treaty itself. INTA views the bill as noncontroversial. Indeed, an earlier version of the measure passed the House of Representatives last October by the lopsided vote of 387 to 3.

1. <u>Advantages of Protocol.</u>

The Madrid Protocol would greatly facilitate the obtaining and maintaining of trademark protection abroad by U.S. trademark owners. The treaty provides for a central trademark filing system so that a U.S. trademark owner may apply for protection in as many Protocol countries as desired through the filing of a <u>single</u> application at a <u>single</u> place -- the U.S. Patent and Trademark Office -- in a <u>single</u> language -- English --upon the payment of a <u>single</u> set of fees. This new procedure would save U.S. trademark owners considerable time and expense in protecting their marks overseas and would be of particular benefit to small and medium size companies who cannot afford to retain counsel around the world in order to file and prosecute trademark applications. By facilitating trademark protection abroad, the Protocol enhances trade and expands opportunities for U.S. exporters, especially small businesses, and ensures a level playing field in international marketing. With business becoming more global and with all companies being concerned about costs and competitiveness, the Madrid Protocol is viewed by INTA as a significant and positive development in international trademark law.

2. The Bill.

The Madrid Protocol Implementation Act largely tracks the provisions of the Protocol and/or its implementing regulations. Further, and most significantly, the bill, as drafted, would not result in wholesale change to current U.S. trademark law or practice and would not disadvantage owners of U.S. registrations vis-a-vis non-U.S. trademark owners. It is also consistent with the strong public policy of reducing the amount of "deadwood," i.e., marks that no longer are being used, on the U.S. Principal Register.

Thus, for example, the bill provides, in proposed Section 66(a), that any request for extension of protection of an international registration to the U.S., in order to be considered properly filed, must contain a declaration of a "bona fide" intention to use the mark in commerce. And proposed Section 71 requires the owner of an extension of protection to the U.S. to file an affidavit of use in commerce between the fifth and sixth year following the grant of extension of protection and by the end of ten years following the grant of extension of protection and every ten years thereafter. This requirement parallels the requirements now set forth in Sections 8 and 9, 15 U.S.C. 1058 and 15 U.S.C. 1059, of the Lanham Act in order to maintain a U.S. registration. These requirements are separate and apart from those set forth in the Protocol for maintenance of the international registration issued under the Protocol.

In May 1993, INTA testified before this panel on predecessor legislation to H.R. 1270. At that point in time, we indicated our general support for the then-pending legislation and suggested one change, which we are pleased to note has been incorporated in the bill now before the subcommittee. That change, incorporated in proposed Section 74 of the bill, authorizes the USPTO to replace an existing U.S. registration with an international registration where both are owned by the same entity and the mark and goods are the same.

3. Administration's Position.

At the May 1993 hearing, the administration announced that it "strongly" supported U.S. adherence to the Protocol. One year later, however, the administration reversed its position. The administration explained that the U.S. would not adhere to the Madrid Protocol because the treaty provides intergovernmental organizations, such as the European Union, a separate vote within the Madrid Assembly, the Protocol's governing body. This change in position was touched off by the European Union's declaration that the voting scheme of the Madrid Protocol would set a precedent for future treaties, including the Trademark Law (harmonization) Treaty (TLT) and the Uruguay Round of GATT, which were then under consideration.

The "voting rights" issue was addressed and "resolved" in the TLT negotiations by deleting provisions for a Union and Assembly of contracting parties -- hence the EU will not have an additional vote under the TLT; indeed, there will be no voting at all. The "voting rights" issue was resolved during the recently concluded negotiations under the GATT when the Member States of the EU gave the EU "competency" to act in place of at least one Member State; thus, the EU does not have an additional vote in the GATT.

Unfortunately, neither of these two solutions is realistic vis-a-vis the Protocol. Renegotiation of the Protocol's "voting rights" issue is not practical given that the Member States of the EU dominate the Madrid Assembly and, in any case, any change in the "voting rights" provision would take years to accomplish. Moreover, it can be argued that the EU should be accorded a separate vote within the Madrid Assembly given the establishment of the European Community Trademark Office. Under the Protocol, the Community Trademark Office is considered the equivalent of a national trademark office and will share in the revenue generated through use of the Protocol. Thus, it can argued that the administration's policy on the "voting rights" issue should not be applied in the context of the Madrid Protocol.

4. Next Steps.

INTA urges the administration to reopen talks with the EU on the "voting rights" issue and to seek a creative solution to the problem. Perhaps an exchange of letters between the administration and the EU to the effect that the Protocol's "voting rights" provision will not constitute a precedent for future treaties (indeed, as noted above, it has not) or a "sense of the Congress" resolution to this effect should be considered. INTA would urge this subcommittee to take an active role in mediating the dispute and set a time certain by which the administration may be expected to present proposals to resolve the dispute. INTA would welcome the opportunity to provide assistance in this regard. In any case, INTA believes that Congress should move ahead with the implementing legislation so that U.S. trademark owners can take immediate advantage of the Protocol when and if the U.S. joins the treaty.

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Mr. MOORHEAD. Thank you very much. Mr. Baughman.

STATEMENT OF JAMES K. BAUGHMAN, ASSISTANT GENERAL COUNSEL, CAMPBELL SOUP CO.

Mr. BAUGHMAN. Thank you, Mr. Chairman. My name is James Baughman. I am assistant general counsel of Campbell Soup Co. I thank you for the opportunity to share with you our feelings about H.R. 1295.

Campbell Soup Co. is a company made up of brands. They are our most important assets. Obviously without good people to come up with good products and bring them to market, we would be an ineffective organization. But without our brands, we would be unable to use the reputation that we've built up over 100 years in the minds of consumers to let them know that in fact, this is the same source, the same company that has been bringing you products for these many years.

The brands that Campbell has which are very well known by the public are such brands as Campbell's, "V–8," "Swanson," "Pepperidge Farm," "Godiva," and a number of others. When these are used commercially by others, it does dilute the uniqueness in the consumer's mind of those trademarks. It does put our reputation on the line when these are used by other people in other fields of endeavor.

I think what I can best bring to the committee is some tangibleness here. I do have a number of examples of dilution that I would like to share with you. If I may, Mr. Chairman, I'd like to.

Mr. GEKAS. Are we allowed to say, "Mmm good?"

Mr. BAUGHMAN. Obviously, what I have here is a photograph of a can of "Campbell's" soup. This trademark and trade dress has been registered for many, many years. This particular script, the way of writing "Campbell's," has been in use since—I was just looking into that yesterday—since about 1898 in this sort of form.

If you can see this particular photograph, it was taken by a consumer in Lima, OH, and sent to us. You can see that the Campbell's—well, maybe I should read it. "Campbell's performance engines and machining automotive machine shop." The colors in the sign are a familiar red and white. The Campbell's, I think you would agree, is virtually indistinguishable from the "Campbell's" that we use on our soup products, tomato juice, and beans products.

In fact, consumers are the people who do bring these to our attention because they see that there is something wrong here. They see that there's a trademark that they have known and trusted since childhood that is being used by somebody else for their commercial advantage. They see that in fact over time, if these sorts of uses continue, there will be a dilution or diminution in the public's attitude towards the trademark itself.

I have another example here. When I spoke with Mr. Campbell, he explained that in fact he had talked with his lawyer who said that everything was perfectly all right to do this, and did I notice that in fact, the "C" and the "E" were different. This comes from Arizona, again, where there is no dilution statute, and where we would be faced with trying to convince a court that in fact, there's a likelihood of confusion that Campbell Soup Co. is sponsoring this activity or somehow associated with it, which we believe is a rather heavy burden to take forward. We think that there is something wrong here and that these products in fact are taking advantage of a reputation that has been built up over a century. They have gained something. They have gained instant recognition. What we have lost is in fact the uniqueness of our trademark.

I have a couple more examples back here at the table. I am holding a pair of men's swim trunks. I am providing the color here.

Mr. MOORHEAD. Soupy drawers.

Mr. BAUGHMAN. Yes, they are. In fact, you can see that the swim trunks basically consist of having an overall repetition of cans of tomato soup with a familiar medallion in the middle. It actually says tomato soup with some fleur de-lis at the bottom, and a familiar script in white on a red field. Only it says, Mossimo's, M-O-S-S-I-M-O-'-S.

Now these fortunately were in broader distribution. When we objected to Mossimo's, they did withdraw them from the market. There we were helped by the fact that as some other major owners of famous trademarks do, we have a licensing program which we have tried to use defensively to get into other fields of commerce. However, I think that licensing is not the answer to this sort of problem.

The last example I have is from a reported case. What I am holding is a box, it's empty, I'm sorry, of "Godiva" chocolates. You will notice that it is a gold foil box, that it is heavily embossed, and that it says "Godiva" chocolates and so forth. What this gentleman is holding is a box of Dogiva, that's D-O-G-I-V-A dog biscuits, in a silver box that's also heavily embossed.

We were fortunate enough to obtain an injunction, actually way back in 1986 in California because that State does have a dilution statute. While we did also prevail on a likelihood of confusion analysis, I think that we were very fortunate to do so because the relationship of the goods, chocolates and dog biscuits, the users of those products and so forth, don't bear a lot of resemblance.

Mr. Chairman, I hope that this has given some meat to the proposition here and that the examples have been helpful to you.

[The prepared statement of Mr. Baughman follows:]

PREPARED STATEMENT OF JAMES K. BAUGHMAN, ASSISTANT GENERAL COUNSEL, CAMPBELL SOUP CO.

Mr. Chairman:

I appreciate the opportunity to appear before you and to testify concerning a matter of great importance to preserve the ability of famous trademarks to remain strong and distinct and to stand for the unique reputations which they embody.

Campbell Soup Company is a branded consumer products company. Our most valuable assets are our famous trademarks and the reputation each of those trademarks has with the American public.

We are known to consumers through their recognition of our brands. They are our public face. Without them we would be in the business of selling commodity products with little ability to differentiate those products in the marketplace. They, moreover, provide a strong domestic platform allowing us to sell our famous branded products in foreign markets, contributing jobs to the American economy.

We are today's custodians of such famous brands as CAMPBELL'S, V8, SWANSON, PEPPERIDGE FARM, GODIVA, VLASIC, FRANCO-AMERICAN, and PREGO. As such, we have an obligation to our consumers, customers, suppliers, employees and shareowners not only to develop our brands to their full potential and to protect them from infringement by competitors, but to prevent the dilution of their power to distinguish our product lines in the minds of the public.

Our brands are diluted when businesses adopt them, or ones closely similar to them, as their own in enterprises where ordinary consumers may or may not believe that the products or services being offered are actually sponsored by or associated with Campbell Soup Company.

In such cases as a GODIVA'S Gentlemen's Club, DOGIVA dog biscuits, CAMPBELL property management, swimming trunks with the famous trade dress of the CAMPBELL'S Soup Can, a retail shop doing business under a CRAYON Soup logo bearing a striking similarity to the CAMPBELL'S logo or a CAMPBELL'S Automotive Machine Shop, establishing evidence that consumers are likely to be confused as to whether or not Campbell Soup Company is in, for example, the adult entertainment business or machine shop business may be problematic. Nevertheless, such use damages our trademarks.

This is at the heart of our endorsement of dilution legislation.

When the rights which we try to enforce are not clearly stated, we must either commit ourselves to expensive, protracted and uncertain litigation or fail to act in defense of our brands. Such cases represent a financial loss for the trademark owner and a loss of efficiency for the judicial system which could be remedied by legislative adoption of dilution as a basis for the protection of famous trademarks.

Like many famous food brands, a number of our brands are the family names of individuals involved in the founding of the businesses those brands represent. What we repeatedly face, however, is not the use of CAMPBELL or CAMPBELL'S alone as the trademark or name for a business, for example, but the use of CAMPBELL or CAMPBELL'S in the distinctive lettering which we have employed for nearly a century. Often, that lettering is then used with the color red or a simulation of the red over white trade dress which is a famous mark in its own right.

This sort of usage does dilute the ability of our famous brands to stand for something - to stand for the unique reputation that each embodies. If machine shops and property management companies share the ownership of our CAMPBELL'S logo and adult entertainment clubs share the ownership of our GODIVA brand, our ability to maintain the reputation represented by those trademarks has been seriously compromised.

The reputation of each of our brands is the core reason why consumers purchase the products on which they appear. Consumers know famous brands; they trust them and rely on them and want to be associated with them. When these brands are associated with adult entertainment or automotive repairs, their value is undermined.

Diluting uses of famous trademarks typically derive a commercial benefit from the dilution. Doing business under a well recognized brand provides the junior user with the sort of name recognition and brand imagery that can create a tangible competitive advantage in its own marketplace. After all, the initial use of a new and non-diluting trademark has no reputation and no goodwill associated with it. Reputation and goodwill are created over time based on the experience of consumers with a brand.

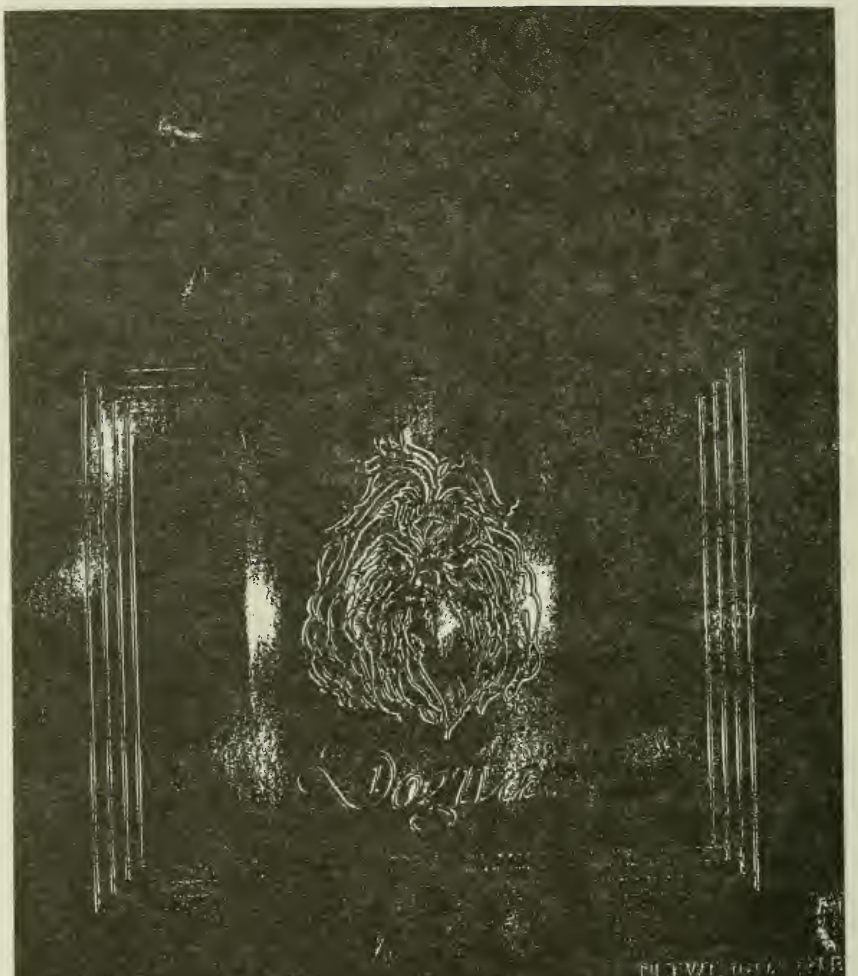
Piggy-backing on the reputation of a famous trademark will, consequently, gradually erode the goodwill attached to the trademark, but it will also give the junior user an unfair, long lasting and valuable competitive advantage.

The efforts which we have taken to protect our famous brands from "non-competitive" misappropriation have been two-fold, i.e. (a) we have an active licensing program to extend some of our famous brands into additional product categories under our own auspices and control and (b) we have used state dilution laws to combat dilution when they are available.

We have found state dilution laws to be useful in stopping usages such as DOGIVA dog biscuits in fancy foil boxes, a GODIVA'S Gentlemen's Club and an imitation of our famous logo in the form of a CRAYON Soup logo in our distinctive CAMPBELL'S lettering for a retail shop.

Without dilution legislation, the owner of a famous trademark must establish a likelihood of confusion that is overly intellectualized and expensive to prove in the real world conflicts that arise with discouraging frequency. Applying a likelihood of confusion analysis only encourages litigation by creating doubt in the mind of the junior user as to whether the use can be enjoined. A legislative determination is needed to make it clear that dilution of a famous trademark is, in fact, actionable whether or not a likelihood of confusion can be proven.


Godiva's
INTERNATIONAL
GENTLEMEN'S CLUB
TAKE JUGHANDLE ½ MILE ON RIGHT - 13 SO ¼ ML.

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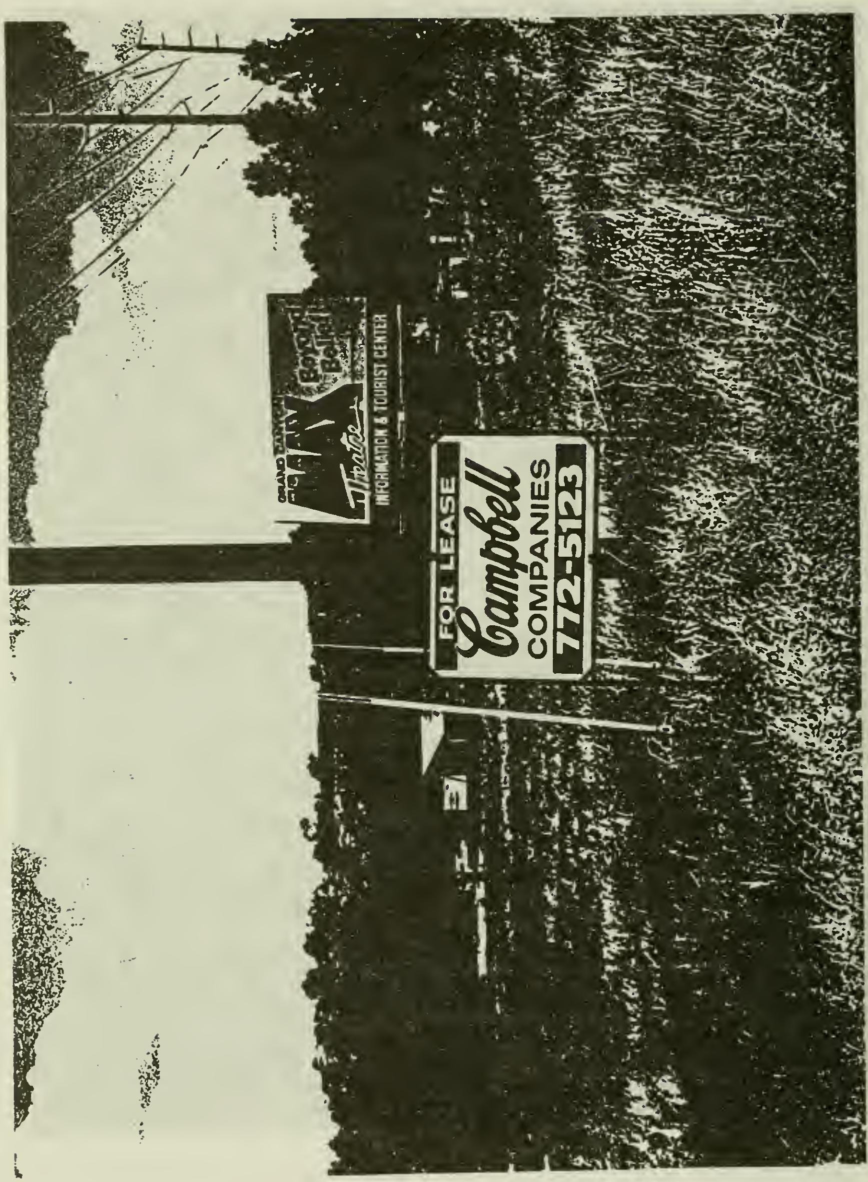
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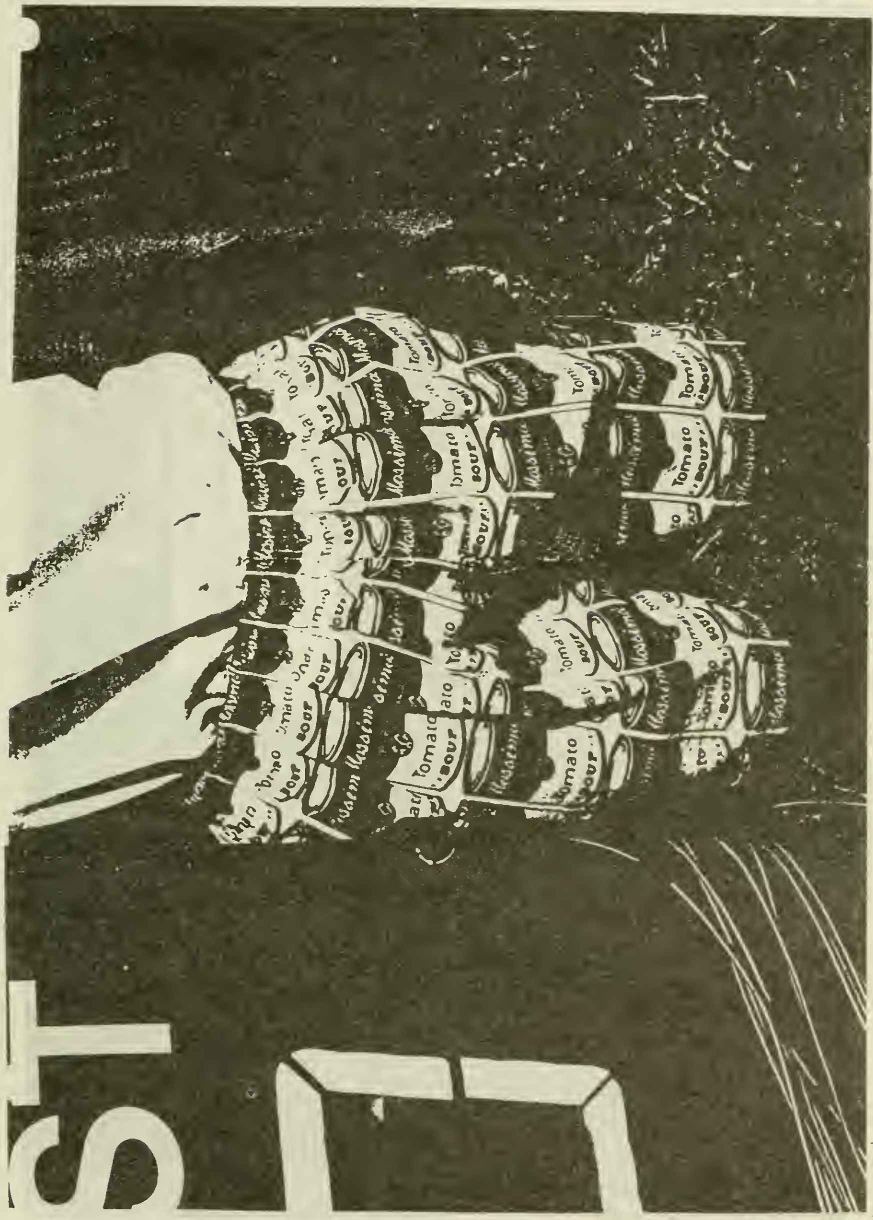
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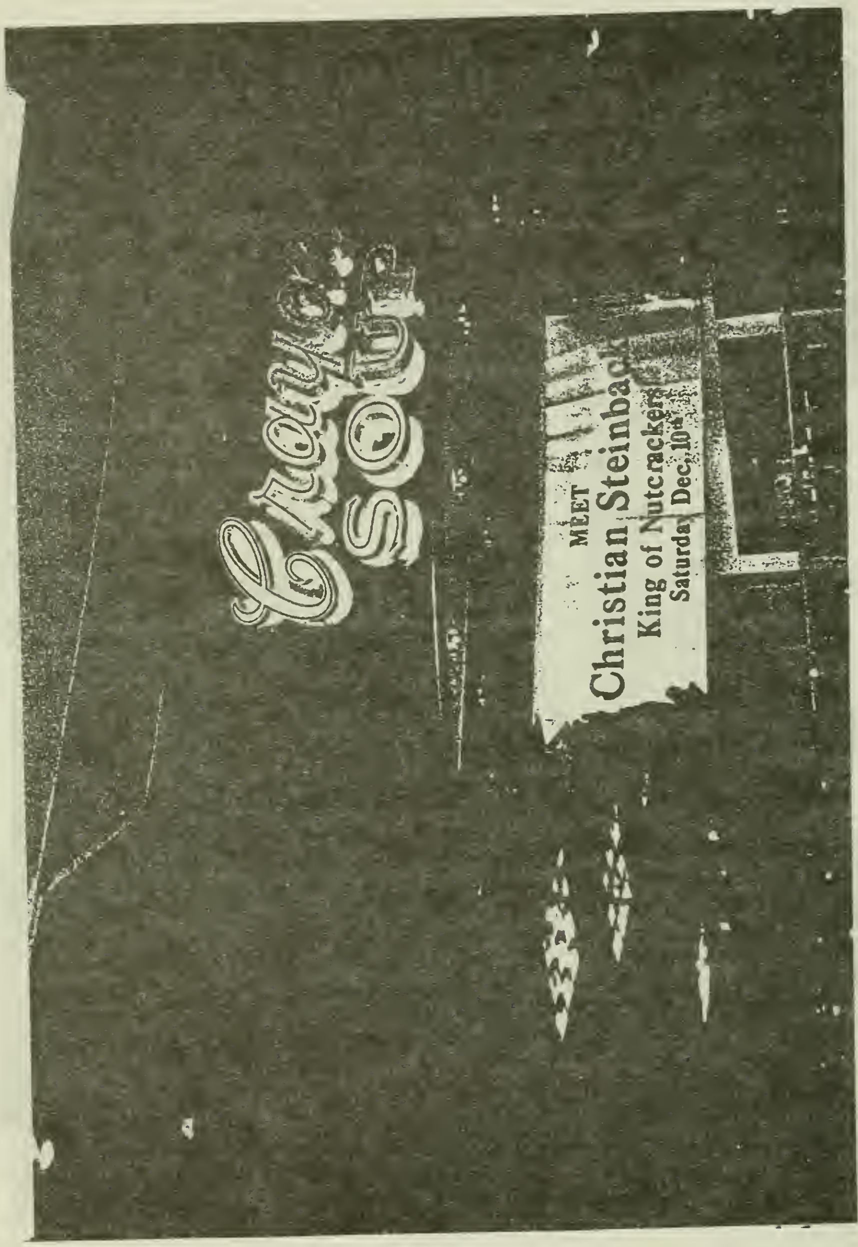
MEET
Christian Steinbac
King of Nutcrackers
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Campbell's
Performance Engines & Machining
Automotive Machine Shop

Mr. MOORHEAD. Mr. Montan.

STATEMENT OF NILS VICTOR MONTAN, VICE PRESIDENT AND SENIOR INTELLECTUAL PROPERTY COUNSEL, WARNER BROS.

Mr. MONTAN. Thank you, Mr. Chairman. Again, my name is Nils Victor Montan. I am vice president and senior intellectual property counsel at Warner Bros., the film studio in Burbank, CA. I am also here testifying on behalf of our affiliated companies within the Time Warner family, including DC Comics, the owner of such famous trademarks as Batman, Superman, and the like.

Warner Bros., as most of you know, is a film studio. We also make television shows like "ER" and "Friends." We also have a very large consumer products business, which licenses our famous trademarks in the United States and around the world. That is, we license companies, large and small, to manufacture products from T-shirts to lunch boxes to interactive games, bearing the Looney Tunes characters and the DC Comic's characters. In fact, today I am sporting a Looney Tunes tie, which is a licensed property.

The point I want to make with the licensing of these products is the following. In 1994, Warner Bros. generated $2 billion of retail sales of its products bearing these licensed marks. Now of course Warner Bros. did make some royalty money on that. But this was really a big business that supported a lot of smaller businesses throughout the country and ancillary businesses, like the manufacturers of these products and the stores that sell these products. So really, what's good for the intellectual property owner in this instance, that is, protecting these trademarks, is really good for Americans across the country. It helps put money in their pocket.

It is my job to protect these trademarks. Time Warner and Warner Bros. spend an incredible amount of money, time, and effort doing that. Every year we spend literally millions of dollars in legal fees registering these trademarks around the world. I think in a certain instance, we're lucky that we can afford to do that, but going back to Representative Schroeder's question earlier, I can attest to the fact that even Time Warner, with our resources, is not able to register all these marks all over the world for every possible classification.

I was in the unfortunate position just recently, of having to go to senior management and ask for some money to buy back the Tasmanian Devil in Chile. That's the country Chile, not Campbell's Chile. It really is a real problem for us to get famous trademarks protected.

Warner Bros. and its affiliated companies enthusiastically endorse both H.R. 1295 and H.R. 1270. We believe that it is time that the law in the United States at the Federal level recognize the incredible value that trademark owners have built up in their famous trademarks. I think it's time that we view this kind of use as a form of trespass on property and detach it a little bit in cases of famous trademarks, from a need to demonstrate a likelihood of confusion in a consumer's mind.

The basic point in our view is that the trademark owner, who has spent the time and investment needed to build up the goodwill in these marks, should be the sole determinant of how the marks are used in a commercial sense.

I also brought a couple of examples which I thought might be helpful to the committee to see. Being from Hollywood, I brought a production assistant with me, Mr. Sackler, from our Washington office, some of you might know him. He has volunteered. The first example is a deception of two logos, corporate logos. You will see on the top of this display, of course, the famous Warner Bros. shield, which has been used for over 60 years and is shown before each of our movies and is now before the Studio Store, which is downtown here in Washington. I think by anybody's account, the Warner Bros. shield qualifies as a famous mark. The trademark below was used by a company called Black and White that made Snowboards. You can see basically that they have altered the Warner Bros. shield slightly. They have flipped the W and they flipped the B and they have put "Snowboards" where the ribbon is.

I suppose one could argue that no consumer is likely to be really confused by this because there are differences slightly between the "B" and the "W" and Warner Bros. would be unlikely to put Snowboards in its corporate shield, but the point is, that this use really is, as other witnesses have pointed out, a dilution of our famous trademark, and takes away from its distinctiveness.

The second example I'd like to show you is something that unfortunately occurs in the licensing business from time to time. We face a lot of what is called piracy. I spend a lot of my life chasing people who counterfeit T-shirts and the like all over the world. In this instance, you will see that this company took the world famous Bugs Bunny and Tasmanian Devil carton characters dressed them in hip-hop clothes, gave them a background of some marijuana leaves and has Bugs Bunny smoking a marijuana cigarette. Naturally, this is not a use that we would condone or license. So again, the argument could be made, well how would any consumer possibly be confused to think that you would license this or endorse it? But obviously this is not a use that we would endorse. Despite any arguments about whether there is or is not likelihood of confusion, a use like this in our opinion, should be stopped.

So for these reasons, we enthusiastically endorse the idea of a Federal dilution statute. We believe the bill as drafted is sufficiently narrow in scope to protect our interests as owners of famous marks without disturbing any legitimate interest of others.

Warner Bros. and Time Warner obviously also support H.R. 1270, the Madrid Protocol Implementation Act. Warner Bros. and DC Comics has a portfolio of 12,000 registrations and applications all over the world. As I said earlier, this is a very expensive proposition. I believe adherence to the Madrid Protocol would enable us to get registrations easier. It certainly would allow us to maintain them and to renew them at a lower cost and with greater efficiency. Thank you, Mr. Chairman. That is the end of my comment.

[The prepared statement of Mr. Montan follows:]

PREPARED STATEMENT OF NILS VICTOR MONTAN, VICE PRESIDENT AND SENIOR INTELLECTUAL PROPERTY COUNSEL, WARNER BROS.

Mr. Chairman, My name is Nils Victor Montan and I am Vice President and Senior Intellectual Property Counsel at Warner Bros., a division of Time Warner Entertainment Company, L.P. and one of the family companies of Time Warner, Inc. I am also a member of the Board of Directors of the International Trademark Association. On behalf of Warner Bros. and Time Warner, I want to thank the Sub-committee on Courts and Intellectual Property for inviting me to testify before you today in support of H.R. 1295, the proposed "Federal Anti-Dilution Act," and H.R. 1270, the proposed "Madrid Protocol Implementation Act."

As you probably know, Mr. Chairman, Warner Bros. is one of the major motion picture studios, located in Burbank, California. The studio grew from the business started by four brothers in Youngstown, Ohio, at the turn of the century, Jack, Albert, Sam and Harry Warner, the sons, like many of the founders of the motion picture industry, of Eastern European immigrants who came to the United States in the 1880's. In 1919, the Warner brothers followed many others to California and eventually settled at the site of the present studio in Burbank, which has been continuously occupied by Warner Bros. since 1928. During the 1920's, Warner Bros. produced a series of motion pictures, including one containing the most important and far-reaching technical innovation of the day, the introduction of sound. In August 1926 the Studio produced **Don Juan**, starring John Barrymore, which utilized the new sound-on-disc process known as Vitaphone. A year later, Warner Bros. came out with the epoch naking, **The Jazz Singer**, in which Al Jolsen spoke the first words ever heard in a feature film. In the 1930's, Warner Bros. became famous for producing films which concentrated on gritty realism. The movies produced by Warner Bros. in this era echoed the headlines of the day, and their basic concern was for society's losers. For this crusading approach, Warner Bros. became known as the working man's studio, and its films, uncompromisingly shot in black and white to reflect the harshness of the depression era, made few concessions to glamour. Famous movies from this era include **Public Enemy**, **Little Caesar** and **I Am A Fugitive From A Chain Gang**. In the latter half of that decade, Warner Bros. began to make a series of popular historical and adventure film including **Captain Blood**, **Anthony Adverse**, **The Prince and the Pauper**, **The Life of Emile Zola**, **The Adventures of Robin Hood** and **The Private Lives of Elizabeth and Essex**.

It was during the 1930's that Warner Bros. began its 65 year tradition of producing animated cartoons. In 1930, Warner Bros. began to produce a series of cartoons which came to be known as the LOONEY TUNES and MERRIE MELODIES cartoons. In the 1930's and 1940's, soon-to-be world famous cartoon directors such as Friz Freleng, Bob Clampett, Tex Avery and Chuck Jones worked in the Warner Bros.' cartoon studio and developed such classic American cartoon characters as BUGS BUNNY, DAFFY DUCK, PORKY PIG, SYLVESTER, TWEETY, and YOSEMITE SAM. During the 1940's, while the animation division was further developing the LOONEY TUNES characters, Warner Bros. continued to make memorable live action motion pictures such as the **Maltese Falcon**, **Casablanca**, **To Have and Have Not**, **Life with Father**, **The Treasure of Sierra Madre**, **The Letter**, **Sergeant York**, **Meet John Doe**,

Yankee Doodle Dandy and many, many more.

Today, this great tradition continues, and for the past 12 years, Warner Bros. has been among the top three film studios in the entertainment industry. In 1994, Warner Bros. produced such hit films as **Maverick, The Client, Ace Ventura Pet Detective, Interview With a Vampire** and **Disclosure**. This summer, Warner Bros. leads all studios in domestic box office with its major hits **Batman Forever** and **The Bridges of Madison County**. Along with the other motion picture companies, The Walt Disney Co., Sony Pictures, Twentieth Century Fox, Paramount, MGM, Universal and Turner, Warner Bros. has helped to create an industry which today leads the world market and can only be described as an export trade asset of the greatest value. Mr. Chairman, as you are well aware, the protection of the intellectual property generated by American film studios, particularly abroad in countries like China, has rightfully become one of the highest priorities of our government.

The unique Warner Bros.' film library contains more than 3,000 feature films and more than 25,000 television episodes, including approximately 3,500 animated cartoons. Warner Bros. Television today supplies more primetime television programs than any other company, including the 1994 and 1995 seasons number one rated new series and new drama, **ER**, and the breakout hit **Friends**.

Warner Bros. also acts as the merchandising agent for its affiliated Time Warner sister company, DC Comics, the owner of such famous character trademarks as BATMAN, SUPERMAN, and WONDER WOMAN. Warner Bros. Consumer Products Division achieved more than $2 billion in retail sales worldwide in 1994 of products bearing these and other famous Warner Bros.' and DC Comics' trademarks. The Consumer Products Division has approximately 2,300 active licenses with companies throughout the United States and around the world who produce products bearing the Warner Bros.' and DC Comics' marks, ranging from t-shirts and caps to lunch boxes and interactive games. The Warner Bros. Studio Stores Division also operates over 125 stores around the world. Focusing on the Consumer Products Division alone, Warner Bros. is responsible for the creation and support of businesses, both large and small, that collectively employ thousands of individuals throughout the United States and abroad and bring entertainment and delight to untold millions around the globe. Needless to say, these licensees look to Warner Bros. and DC Comics to take action to protect these trademarks and prevent others from using them without authorization.

To support its' film, television and consumer products interests and to support the businesses of their licensees, Warner Bros. and DC Comics spend literally millions of dollars every year in the protection of their world famous trademarks, principally through the process of registration. Today, Warner Bros. and DC Comics administer a portfolio of nearly 12,000 active trademark registrations and pending applications throughout the world. Warner Bros. and DC Comics are also vigorous in their enforcement of their world famous trademarks, and spend many hundreds of thousands of dollars every year in legal fees and related costs in the protection of such marks from unauthorized use.

Mr. Chairman, as you probably know, trademark law requires trademark owners to maintain control over the nature and quality of goods and services sold under their marks. This is in fact the cornerstone of trademark law. At Warner Bros. we exert the highest level of quality control over the products sold to the public bearing Warner Bros.' and DC Comics' marks, and we are justifiably proud of the high levels of quality that these trademarks have come to represent to the consuming public.

I am testifying today in support of H.R. 1295, the "Federal Trademark Anti-Dilution Act" and H.R. 1270, the "Madrid Protocol Implementation Act."

Warner Bros. and its affiliated companies within the Time Warner family support the "Federal Trademark Dilution Act of 1995" and the "Madrid Protocol Implementation Act" because we believe these two bills, if enacted into law, will give American companies, such as Warner Bros. and DC Comics, important and significant tools to help them protect their most valuable assets, namely the intellectual property generated by the creative individuals working for the companies.

Warner Bros. and Time Warner specifically support the Federal Trademark Dilution Act of 1995, because we feel that, while the traditional test of trademark infringement, "likelihood of confusion", serves the very laudable purpose of protecting the reasonable expectations of the consuming public, it is also time that the law recognize the very valuable property right a company obtains through the use and promotion of its trademarks. In our opinion, this is a property right which should stand separate and apart from any confusion which may arise in the minds of the public as a result of use of the marks by others. For decades, Warner Bros. and DC Comics have invested to build trademarks like the WB SHIELD corporate logo, BUGS BUNNY, DAFFY DUCK, BATMAN and SUPERMAN into world famous brand identifiers. Other Time Warner entities have similarly built their world famous marks such as TIME, PEOPLE, SPORTS ILLUSTRATED and HBO into household words. This has been done at the cost of millions of dollars in advertising and promotional expenses, through the registration and protection of the marks, and through the sale of billions of dollars of merchandise enjoyed by consumers all over the world. Time Warner rightfully considers these famous trademarks to be the most valuable assets owned by the company. These trademarks are valuable, in part, because they instantaneously convey a wealth of information about the product to the consumer including such attributes as high levels of quality. These trademarks have become classic pieces of Americana, and although they are commercial assets owned by Time Warner, those of us employed to protect them consider ourselves trustees of national treasures.

The basic fact is that trademarks such as those owned by Warner Bros., DC Comics and other Time Warner entities 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. In this regard, I believe there is ample precedent for viewing trademark dilution as a form of trespass on property, which should be subject to injunction, without reliance on its impact on the minds of the consuming public. 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.

We believe the narrow scope and careful wording of H.R. 1295 will afford the registrant of famous marks additional ability to protect its valuable assets without disturbing any significant interest of others. First, the bill requires that the mark in question be registered. This will ensure that the public has notice of the claim and will also have the added benefit of inducing some to use our registration system. Second, the bill requires that the mark must have become famous, leaving it to a court of competent jurisdiction to determine such fame based upon the criteria set forth in the bill. This will ensure that only the owners of the strongest marks will be able to avail themselves of the dilution provisions of the federal statute. Finally, an infringer's use must be a "commercial use". This requirement must also be read in conjunction with the section of the proposed act which permits the fair use of the registrant's mark by another person in comparative commercial advertising or promotion to identify the registrant's competing goods or services. These last provisions ensure that traditional areas of use, protected by the First Amendment, will not be adversely affected by enactment of a Federal dilution statute. In sum, I believe the relatively narrow scope of the bill and the historic ability of federal courts to set clear boundaries for the proper parameters of intellectual property law argue well for the enactment of H.R. 1295.

Mr. Chairman, let me give you two real-life examples where I believe H.R. 1295 might have been helpful to Warner Bros.

In the first case, a company selling snowboards under the name Black & White adopted the world famous WB SHIELD as its corporate logo, but merely flipped the letters WB (standing for Warner Bros.) to BW (standing for Black & White). Examples of this use are depicted on Exhibit "A" attached hereto. Now one could argue, I suppose, that because there is a slight difference in the two marks, and because it is unlikely that anybody would be literally confused that Warner Bros. would license the use of a mark such as this for a property like snowboards, that no "likelihood of confusion" is likely to result from the simultaneous use of the two marks. Obviously, from our perspective, and I hope the committee will agree, the use of the Black & White mark, regardless of any perceived lack of likelihood of confusion, would dilute the distinct quality which has been built up in the WB SHIELD for over 60 years.

The second example, which is depicted in Exhibit "B" attached to this statement, is a use which unfortunately occurs from time to time in our business. In this case, a t-shirt manufacturer has taken the LOONEY TUNES characters BUGS BUNNY and TASMANIAN DEVIL, put them in "hip-hop" clothing, and depicted them on a t-shirt smoking a marijuana cigarette. Obviously, this is not the way we at Warner Bros. like to see the characters depicted, or the message we want to send to the youth of America. Again, I suppose, one could argue that it is unlikely that any consumer would believe that Warner Bros. authorized such a depiction of the characters, so it is unlikely that there is any "likelihood of confusion". Nevertheless, as I'm sure you will agree, such a use clearly dilutes the distinctive image of our famous character marks.

In both these cases, I believe that a federal dilution statute of the type proposed by H.R. 1295 would have given us strong additional arguments to make against these unauthorized uses of Warner Bros.' intellectual property. While there are state dilution remedies available in about one-half of the states, as others will tell you, Mr. Chairman, these statutes have proven to be inadequate in their protection, and inconsistently applied. Moreover, most courts would have great difficulty granting state law injunctions which apply outside the state boundaries. This will do little for a company like Warner Bros. that does business on a national basis.

In summary, in our opinion, the proposed dilution statute recognizes the extraordinarily valuable commercial appeal inherent in famous trademarks which must be protected from commercial incursion. Without such protection against dilution, valuable rights can only be eroded, and ultimately, lost. As I mentioned before, Mr. Chairman, it is not only Warner Bros. or Time Warner who will benefit from the strengthening of our abilities to protect these famous marks, but so will our licensees and the thousands of employees who work for our licensees, as well as the manufacturers of licensed clothing and the retailers who sell our authorized products to the public. Perhaps you saw the article in last Thursday's Wall Street Journal, Mr. Chairman, which discussed the incredibly powerful impact that the Hollywood licensing industry has on the American economy today. Laws like the proposed Federal Trademark Dilution Act of 1995 that protect American intellectual property ultimately put money into the pockets of small businesses and ordinary citizens across the United States.

Turning to H.R. 1270, the proposed "Madrid Protocol Implementation Act", Warner Bros. and Time Warner are in support of the enactment of this proposed bill because we believe that it will allow United States trademark owners the opportunity to significantly decrease the cost of filing and maintenance of trademark registrations in countries adhering to the Madrid Protocol. From my statement made in support of H.R. 1295, it should be obvious that we believe that trademarks play a crucial role in supporting both our national and international economies, and that the market place is becoming more and more global everyday.

As I have already stated, Warner Bros. and DC Comics maintain a very large portfolio of international trademark registrations. The Madrid Protocol affords trademark owners from member companies a mechanism to obtain trademark protection around the world more easily and, in many cases, less expensively. It also greatly reduces the problems inherent in trademark maintenance and assignment processes, thereby reducing costs to trademark owners. Finally, adhering to the Protocol will allow the United States to begin to assert leadership in an area which we have largely heretofore left to others - the creation of uniform standards for trademark registration practice. As the country where citizens undoubtedly register the most trademarks around the world, this would be of great benefit to us.

Thank you very much for your time and attention.

EXHIBIT A

SNOWBOARDS

WARNER BROS. STUDIOS

EXHIBIT B

Mr. MOORHEAD. Thank you very much.

Ms. Alford, in stating the factors to determine whether a mark is famous or distinctive, the dilution bill lists the degree of inherent or acquired distinctiveness. What is meant by distinctiveness? What is the difference between inherent and acquired distinctiveness?

Ms. ALFORD. A mark is distinctive if it serves to distinguish the source of one product from the source of another. This is an issue that has been elaborated upon at great length in the case law. Thus, the real issue here, the new idea that is brought up in this statute, is really what is fame.

With regard to that, fame is a higher level of distinctiveness. The statute sets out an illustrative list of those factors which would be used to determine whether fame existed. While this is a subjective analysis, the courts are used to such an analysis, as it is similar to the standard used for a finding of likelihood of confusion under the Lanham Act as well.

Mr. MOORHEAD. Does a mark have to be used nation-wide in order to enjoy dilution protection? Can a mark be famous and distinctive enough within a single county or township to gain Federal recognition?

Ms. ALFORD. No. A mark does not have to be used nationwide in order to enjoy dilution protection, as long as the use is such as to come within interstate commerce so that it is regulable by Congress under the interstate commerce clause. It could potentially have protection against dilution, but it would have to satisfy the enumerated factors that would lead to a finding of fame.

With regard to a use within a single county or township, no. A mark could not be sufficiently famous and distinctive enough with that use such as to gain Federal protection, because again, there would be no interstate commerce such as to invoke the jurisdiction of Congress. That would be a situation which would be regulable under State law.

Mr. MOORHEAD. You heard Commissioner Hampton propose that unregistered marks be eligible for dilution protection. What is INTA's position on this?

Ms. ALFORD. I did hear the Assistant Commissioner state that there was no good reason for limiting the applicability of the statute to famous marks that are registered, but we believe that there is a very good reason, that is, practicality; indeed, for many of the same reasons that the PTO has argued that it is not practical to consider dilution during the examination of trademark applications—cost and uncertainty. The board of the INTA has very carefully considered this question. It is a board made up of many well-known American brand owners' counsel, and many distinguished private practitioners. Their judgment is that enlarging the scope of the bill would create great problems regarding clearing trademarks for adoption.

The fact is really that virtually all famous marks are registered. While we recognize the hypothetical concerns, the practical problems are not hypothetical. They are very clear. Extending the statute beyond registered marks will lead to significant costs and uncertainty for American trademark owners. Instead, we believe that we should go slow and first determine the extent of these problems, and then determine whether extension to unregistered marks is appropriate.

Mr. MOORHEAD. This is a hypothetical question for you. Let's assume that a company sells a variety of goods, skis, ski clothing, compasses, sunglasses, to name a few. It uses the mark XVE on all of its goods and has registered the mark for all of its goods except skis. The fame of the mark originated with skis, but as it is now used on other products, those are also recognized by the public. If another company began using the mark XVE on its skis without permission, would this bill protect against dilution of the registered mark?

Ms. ALFORD. Yes; it would. The legislation would protect owners of registered famous marks from others' unauthorized uses of the same or similar marks which dilute the distinctive quality of the registered mark. An action for dilution would be available, even though the two companies compete with respect to the ski market. Competition is irrelevant to a determination of whether or not dilution has occurred.

Mr. MOORHEAD. Would H.R. 1295 fail to provide protection if a party also could sue for direct trademark infringement or another registration?

Ms. ALFORD. No. The causes of action are not mutually exclusive. H.R. 1295 would operate independently of any trademark infringement claim.

Mr. MOORHEAD. Mr. Montan, in your view, is this just a big business bill or will enactment also benefit small- and medium-sized companies? Please explain.

Mr. MONTAN. As I said in my statement earlier, Mr. Chairman, Warner Bros. has a large licensing business that licenses its marks to many, many very small businesses. Those businesses look to us morally and by contract to protect these trademarks. If we can't protect them, there won't be any business for them to have really. So a dilution bill, in my mind, would help all these businesses, all the way down the stream of commerce.

Also, there is no—although the people up here at Campbell's Soup and Warner Bros. are famous trademark owners, there's nothing to stop anybody in the United States starting a business, adopting a trademark and developing it into a famous mark and protecting it. So that's really the nature of our society we live in, that allows people that entrepreneurial opportunity. So this is a statute that would protect them as well.

Mr. MOORHEAD. How would the United States in adherence to the Protocol benefit companies like Warner Bros.? Do you think Warner Bros. would use the Protocol if given the opportunity?

Mr. MONTAN. Yes. We would very definitely use it because as I mentioned earlier, we spend a lot of money registering these trademarks all over the world. As the Assistant Commissioner pointed out in his statement, it's a very laborious and time-consuming process. If we had the opportunity to avail ourselves of these international arrangements where we could designate countries and only file a single application and end up with multiple registrations, obviously we would be well ahead of the game.

The good thing about the Madrid Protocol specifically is that it allows you to assign these registrations and to renew them at a very low cost and expense.

Mr. MOORHEAD. Judging by the celebration when you got your trademark back on the water tower, I didn't know how you'd value it.

Mr. Baughman, what has been your experience at litigating State dilution claims? What particular problems have you encountered?

Mr. BAUGHMAN. Well, Mr. Chairman, I wouldn't say that there have been particular problems except that I think courts, given that there's no Federal legislation, have been a little bit reluctant to enforce State dilution statutes. But certainly, the existence of a State dilution statute has made an enormous difference in our ability to enforce our rights.

Also, in instances when we have had to rely on a State dilution statute, there is obviously not a nationwide jurisdiction there. Our relief is limited to that particular State.

Mr. MOORHEAD. Ms. Alford, what is the view of the U.S. trademark community on the need for the Madrid Protocol? We understand that U.S. trademark applicants will soon be able to seek a community trademark covered in the 15 member countries of the European Union. Will this new procedure satisfy the needs of the U.S. trademark owners seeking protection overseas?

Ms. ALFORD. Mr. Chairman, the U.S. trademark community is very much in support of the Madrid Protocol and very much feels it is needed, for the reasons that Mr. Montan stated. Obtaining international trademark protection country by country is very laborious and very costly. Certainly the European Community Trademark reduces that a bit, but essentially we'll always be limited to the number of member countries of the EU. Frankly, our position is why take half a loaf when we could get the whole loaf.

With the Madrid Protocol, any number of countries could join in the long run. By way of example, the Madrid Arrangement, which is the predecessor treaty to the Madrid Protocol, currently has over 40 members. Furthermore, the procedures provided under the Madrid Protocol are much more flexible and simpler than those that are provided under the European Community Trademark.

Mr. MOORHEAD. I have just one last question. You indicate that the Madrid Protocol should be exempted from the administration's policy on voting rights for intergovernmental organizations. Can you elaborate on the reasons?

Ms. ALFORD. As I mentioned in my statement, the European Office is considered equivalent to the national trademark offices because of its development of its own independent trademark registration system. It shares in the revenues of the Madrid Protocol trademark registration system. So it is appropriate to consider it as a member, similar to the national trademark offices.

Mr. MOORHEAD. Thank you. Gentlelady from Colorado.

Mrs. SCHROEDER. Thank you, Mr. Chairman. I want to thank this panel. I just had a couple questions, I suppose. What does the Tasmanian Devil cost in Chile?

Mr. MONTAN. In this particular instance, it cost us about $30,000.

Mrs. SCHROEDER. So it is almost—it could be a game, if somebody has really figured this out, is what you are saying?

Mr. MONTAN. Yes.

Mrs. SCHROEDER. They can prey on big companies like you.

Mr. MONTAN. Yes. It's a cottage industry that people have to register your marks before you get there.

Mrs. SCHROEDER. Well, I think you have done a very good example of pointing out how difficult it is, even for large companies, to run around and register all over the world, wherever it may be. What a window of an opportunity this opens up for people who care to exploit it.

I guess then my question would be, would you support the extension of H.R. 1295 to unregistered trademarks? Do you see this as a solution? I think you were here when the prior witness——

Mr. MONTAN. Yes. I think there are arguments on both sides. I understand the Assistant Commissioner's point in an international sense, about how it's difficult to ask other countries to protect famous unregistered marks if we don't do it ourselves. On the other hand, I also see the point that Ms. Alford made on behalf of INTA about the certainty that is needed. What she means is in a sense is that it is very difficult to search these marks, to always go out and find everybody.

So I think the idea of starting the process with requiring the marks to be registered in the first instance is at least a way to begin the process. So we could have some certainty in the search process, and know that if a mark is—you won't have to worry about a dilution claim if you are trying to clear a mark, as long as you search the register. But you won't have to worry about common law uses. Although I think the practicality of it is that most famous marks will be registered anyway. So that's a difficult balancing act. I am avoiding the question, because I think——

Mrs. SCHROEDER. I noticed you are avoiding. You are a very good politician. Unfortunately, we don't get that option.

Mr. MONTAN. I guess from my standpoint, from an international company's standpoint like Warner Bros. and Time Warner, I would rather see famous marks protected overseas, because I face the difficulty of protecting them overseas. To the extent we can make other countries see the wisdom of protecting internationally famous marks, that benefits me, my company, and our licensees locally in those countries. We help bring a lot of money and investment into those local economies. So from that standpoint, from our parochial view, I could see the argument being made that unregistered trademarks should be protected.

Mrs. SCHROEDER. So you would probably agree with the Commissioner?

Mr. MONTAN. Yes.

Mrs. SCHROEDER. Good.

Ms. ALFORD. If I might assist the Congresswoman in her consideration of this issue, one thing that I think needs to be pointed out is that H.R. 1295 as written does meet our international obligations. The PTO has conceded this.

Mrs. SCHROEDER. OK. Well, I had some other questions, but I'm supposed to go to the floor. I also want to be here for the next panel, so maybe I will hold mine back for the moment. Thank you.

Mr. MOORHEAD. Today is my wife's and my 26th anniversary. My wife Valerie is here in the audience today.

Mrs. SCHROEDER. Hear, hear.

Mr. MOORHEAD. Helping to celebrate it. We have to do it this way because we keep busy until late at night.

Mrs. SCHROEDER. Such a family-friendly place, isn't it, Mr. Chairman?

Mr. MOORHEAD. The gentleman from Pennsylvania, Mr. Gekas.

Mr. GEKAS. Yes. As I looked at the Warner Bros. logo there and the trademark, I think of and can't help but think of Humphrey Bogart, Mary Aster, Sidney Greenstreet, Peter Lory, and Jerome Cowan in the "Maltese Falcon." I look at the other one and I see nothing. The point that I am making is what is there to fear of pseudo-replicas like this Snowboard. What is there to fear on the part of Warner Bros. that in fact their trademark will mean anything to me except high quality movies?

Mr. MONTAN. I guess you remember high quality movies, and that's great. The law requires us to police our trademarks and to prevent other people from using them.

Mr. GEKAS. You say the law requires you to do that?

Mr. MONTAN. Yes. If you don't police your trademarks and allow them to be used by others, then, eventually, they lose their distinctive quality as indicators of source. If I allowed the Snowboard company to use the Warner Bros., and I let somebody else use it on toys, and somebody else use a different variation on publications, pretty soon the association that you make with the Warner Bros. logo would probably start to disappear. That is really what dilution is meant to prevent, or would lessen its distinctiveness.

So the object is to, for these famous trademarks, to maintain them and to maintain the integrity of them, and not to allow other people to sort of get a free ride on the association. There's really no reason for them to have done this, other than to try to conjure up some association with Warner Bros., even if the public wouldn't really likely be confused.

Mr. GEKAS. I guess I would pose the same question to Mr. Baughman. I don't see how anybody in his right mind would look at that Campbell Co.'s lease thing and even remotely think of tomato soup from it. If the rationale is the same as has been expressed on Warner Bros., I begin to understand a little bit. That you should continue to fight for the distinctiveness of your logo.

Mr. BAUGHMAN. That's true, Congressman. But also there are a lot of consumers who are voting with their phone calls and letters telling us about these instances, such as the Campbell Cos.

Mr. GEKAS. That's the point. If they are doing that, they are not being confused.

Mr. BAUGHMAN. Well, no. They are not being confused. That is really the whole point of H.R. 1295, which is that confusion about the source of the product, confusion as to whether in fact Campbell's Soup Co. is now in the real estate business, that shouldn't be the only basis on which this sort of usage should be able to be stopped, because it's clearly in the minds of many consumers, that's our logo. That is our reputation. Every time someone else is using it, it is a reflection on us. It tends to diminish our own reputation and the distinctiveness of that logo.

Mr. GEKAS. I only have one other question for you, Mr. Baughman. It's very important to me. What is the exact distance between Seminary Ridge and Cemetery Ridge in Gettysburg? If you don't know that, you are disqualified. You don't know.

Mr. BAUGHMAN. I don't know. My apologies.

Mr. GEKAS. I yield back the balance of my time.

Mr. MOORHEAD. The gentleman from California, Mr. Bono.

Mr. BONO. Thank you, Mr. Chairman. In regard to Mr. Gekas' question, is there anything to prevent Snowboards if they acquire enough money, to produce a picture and use their logo on their picture?

Mr. MONTAN. Yes. That's true, it could sort of turn into a reverse problem. If I allowed them to continue into this use, they would build up independent rights. We would be seen as acquiescing. Then they could go out and license this logo for other products and services that would be perhaps more directly competing with what we do at Warner Bros.

Mr. BONO. Couldn't that happen with "Campbell's" soup as well? So, Mr. Gekas, I know you are in a conversation right now, but a point I wanted to bring up in response to your question is that Snowboards could acquire enough money and go into the motion picture business and use that logo, the one that says Snowboards on it. So could "Campbell's" soup, if they decided to want to have other subsidiary industries. Is that correct?

Mr. BAUGHMAN. I would agree with you, Congressman. Perhaps they wouldn't be able to go into the motion picture business, or go into the soup business, but they could go into fields which, if you will, are sort of in between. In other words, we are in the soup business and the food business and so forth. We have put "Campbell's" on fresh mushrooms and so forth. But if we have a property management company and we have a food company, if the property management company acquired rights in our logo, they might be going into other fields that might be legitimate ones such as hospitality, the restaurant business, that sort of thing. I could see a convergence of uses here if we allow noncompetitive businesses to establish rights in otherwise famous trademarks owned by other people.

Mr. BONO. My point was that if they felt they got away with that, why not take another shot and maybe they can get away with that as well. So they can graduate to a very closely associated industry.

I thank the chairman for coming up with these new bills. I think they are very important. I think that we have big companies here, but you have hit the heart of the American dream. I think the American dream is to create something that everyone will want to buy and to create a logo that will associate that product so that when they see that logo, they know they are buying that thing that that person created. So to me, it is the very core of the American dream. When you look at the quality of these kind of people, they usually spend their lives trying to create something and along with that product a logo that represents who and what they are and what their product is.

When you look at somebody who rips him off, you will immediately see a distinction in the character of the personalities, in my view. So I think it's a shame that we do have people that still pursue the American dream and work so hard to wind up as these companies have, as the biggest in the world through their hard work and sweat and toil, and then to have some guy come along and say I can rip these guys off.

So I think it's tremendous that the chairman is recognizing this and that our Government is recognizing this. Sometimes when things are not tangible, they don't have the same recognition that a car has, or that a chair has, or that a table has, but they are as important or more important. So I think it's essential that the Government focus on these things and stimulate people to be creative in this country so that the spinoff of that as well, will be to create jobs and produce revenue. So anything I can do to further that goal and to assist the chairman, I am happy to do. I congratulate you.

Mr. MOORHEAD. Thank you very much. I want to thank the panel very much for coming this morning.

Our first witness on the third panel will be Mr. Thomas E. Smith, who represents the Intellectual Property Section of the ABA. Mr. Smith is a partner in a Chicago law firm that specializes in patents, trademarks and copyright law matters. He holds a bachelor's degree in engineering from the University of Missouri and a law degree from the George Washington University. In August 1994, he became the chair of the American Bar Association Section of Intellectual Property Law. Welcome, Mr. Smith.

Our second witness on the third panel will be Mr. Jonathan E. Moskin, who is a partner at the law firm of Pennie & Edmonds in New York. He holds a bachelor's degree from Oberlin College and a law degree from Boston College. He is a member of the International Trademark Association and the New York Patent, Trademark and Copyright Law Association. He has written articles on both copyright and trademark law. Welcome, Mr. Moskin.

Our third witness is Mr. Gregory W. O'Connor, who is the general patent counsel and assistant secretary of Samsonite Corp. He holds a bachelor's degree in aerospace engineering from Iowa State University and a law degree from George Washington University. He was a former patent examiner in the U.S. Patent and Trademark Office. He is a member of the American Intellectual Property Law Association and the American Corporate Counsel Association. Samsonite is one of the world's largest manufacturers and distributors of luggage, marketing the majority of its products under the trademarks Samsonite, American Tourister, and Lark. Welcome, Mr. O'Connor.

We have written statements from each member of the panel. I ask unanimous consent that they be made a part of the record. I ask you all to summarize your statements in 10 minutes or less. I ask that the subcommittee hold their questions of all three witnesses until they have completed their oral presentations.

We will begin with the testimony of Mr. Smith.

STATEMENT OF THOMAS E. SMITH, CHAIR, SECTION OF INTELLECTUAL PROPERTY LAW, AMERICAN BAR ASSOCIATION

Mr. SMITH. Thank you, Mr. Chairman. I appear here as the chair of the Intellectual Property Law Section of the American Bar Association. My remarks and my statement are on behalf of that section only and are not on behalf of the entire ABA.

My remarks here will be first with respect to H.R. 1295, the Federal Trademark Dilution Act of 1995. I will devote most of my time to that. The rest of the remarks will be devoted to H.R. 1270, the Madrid Protocol Implementation Act. Let me summarize by saying we strongly support both bills as presently drafted.

The decisions of our section are undertaken by debate of our membership at our annual summer conference, which we just recently completed. The endorsement of the Federal Trademark Dilution Act 1995 dates from that, from prior actions of the section, and also from positions taken by the American Bar Association back as far as 1979. The benefits are national uniformity and stability in the treatment of famous marks, better implementation of the public policy to protect famous marks, the prevention of forum-shopping, and protection against the whittling away of distinctiveness, thus reducing the capacity to identify and distinguish the product on which the mark is used.

I have in my written statement developed the historical background for this. I will not go into that. The Trademark Review Commission drafted and approved antidilution legislation in 1987. Unfortunately, it was not included in the Trademark Revision Act of 1988, and now we are back on that subject. My written statement also summarizes the State decisions showing the development State by State, and showing the many differences among the various States with little uniformity. Unfortunately, that's the best we have right now until we get a Federal statute. Our historical review also shows that there has been a difference in the willingness of the courts to give extra territorial effect to the State antidilution statutes.

H.R. 1295, we believe, strikes a proper balance. It's criticized by some as favoring big companies, by others as not being enough protection. We think it's a good balance. We think the mark should be registered. We think that a reason for registration is as some of the prior witnesses have indicated, for certainty, so that you can find this when you run a search. If you run a search as we do many times on the computer, you should be able to find that mark. If it's a famous mark, it certainly should be registered in this country.

Proponents protecting unregistered famous marks argue that, by such protection, we might obtain some benefit abroad. Let us see the proof that that is so before we change our law to make it more difficult for people to find that mark that would be diluted. We have to take into account dilution when we clear a mark, so we want to make sure that we find it.

We think that the seven enumerated factors for determining whether a mark is famous are right and they are not limiting. Their importance may vary greatly from zero to very great, but they are considerations that should be taken into account by the court when it decides on the issue of dilution.

We think that relief should be injunctive relief unless willfulness is shown, as established in the act. We regard the registration on the principle register by the defendant as a reasonable bar to State and common law actions. We believe that that is as far as we should go in connection with the preemption, because as I have indicated, there are many State decisions on that, and we do not wish to usurp those State decisions. We believe that the fair use and noncommercial uses should be proper defenses as the act states.

With regard to H.R. 1270, the Madrid Protocol Implementation Act, without getting into the issue of the politics of the voting entities under the treaty, we support both the treaty and the Implementation Act. We believe that it will facilitate foreign filing and thus, foreign protection. In that respect, it provides a level playing field. Thank you very much, Mr. Chairman.

[The prepared statement of Mr. Smith follows:]

PREPARED STATEMENT OF THOMAS E. SMITH, CHAIR, SECTION OF INTELLECTUAL PROPERTY LAW, AMERICAN BAR ASSOCIATION

Chairman Moorhead, Ranking Member Schroeder, members of the Subcommittee:

Thank you for your invitation to testify on the bills being considered by the Subcommittee at today's hearing.

I am the Chair of the Section of Intellectual Property Law of the American Bar Association. The views I will be expressing on H.R. 1295 represent those of the Section of Intellectual Property Law. Although the American Bar Association has supported in principle the enactment of a federal antidilution statute since 1979, the views I will be expressing on H.R. 1295 in particular have not been approved by the House of Delegates or Board of Governors of the ABA, and, accordingly, should not be construed as representing the position of the Association.

The Section of Intellectual Property Law has more than 13,000 enrolled members. We follow activities in the Congress relating to intellectual property laws, and deliberate on and debate issues concerning which our members have experience and knowledge. Through these processes, we from time to time offer recommendations to members and Committees of the Congress. We hope that our observations and recommendations are useful to the Committee and welcome suggestions on how we might be more helpful.

My testimony today will be in support of H.R. 1295. My support for H.R. 1295, and the support of the Section of Intellectual Property Law, is grounded in the following general benefits of a law along the lines proposed by the bill:

1. national uniformity of protection for "famous" marks;

2. implementation of the public policy favoring strong protection of marks;

3. prevention of forum shopping, which state

Formerly Section of Patent, Trademark and Copyright Law antidilution laws encourage; and

4. protection against the destruction of a famous mark through the whittling away of its distinctiveness, which is not provided for under the Lanham Act.

Historical Development of the Antidilution Doctrine

The significant drawbacks of current antidilution law are the direct result of its historical development. Originally, trademark suits were actions under the common law, which did not recognize infringement in cases involving noncompetitors because deception did not divert sales. By the close of the nineteenth century, however, English law abandoned this archaic doctrine in Eastman Photographic Materials Co. v. John Griffiths Cycle Corp., 15 R.P.C. 105 (Ch. D. 1898), in which the Eastman Kodak Company successfully enjoined the use of the KODAK mark on bicycles.

Unfortunately, United States courts did not follow the lead of their counterparts in the United Kingdom. Although plaintiffs succeeded in obtaining relief against uses of confusingly similar marks for related products in such rare cases as Aunt Jemima Mills Co. v. Rigney & Co., 247 F. 407 (2d Cir. 1917), cert. denied, 245 U.S. 672 (1918), U.S. courts typically denied injunctions unless the parties' goods were directly competitive with each other. Thus, for example, in Borden Ice Cream Co. v. Borden's Condensed Milk Co., 201 F. 510 (7th Cir. 1912), the Borden Ice Cream Company failed to prevent use of the BORDEN mark for condensed milk.

This situation led in 1927 to the publication of a landmark law review article, The Rational Basis of Trademark Protection, 40 Harv. L. Rev. 1813 (1927), by Frank I. Schechter, the trademark counsel for the manufacturer of BVD undergarments. In what was to become the talisman of the antidilution movement, Schechter argued that protection of trade identity involves "not only the question of deception of the public," but protection of the owner of the trademark who "should be able to prevent other people from vitiating the originality and uniqueness of that mark." He noted that if courts permitted Rolls-Royce Restaurants, Rolls-Royce Cafeterias, Rolls-Royce Pants and Rolls-Royce Candy, "in ten years you will not have the Rolls-Royce mark any more."

At approximately the same time as Schechter's article, Judge Learned Hand reached a similar conclusion in Yale Electric Corp. v. Robertson, 26 F.2d 972, 974 (2d Cir. 1928), which approved injunctive relief against a defendant's use of a mark similar to that of the plaintiff but affixed only to non-competitive goods:

> It has in recent years been recognized that a merchant may have a sufficient economic interest in the use of his mark outside the field of his own exploitation to justify interposition by a court. His mark is his authentic seal; by it he vouches for the goods which bear it; it carries his name for good or ill. If another uses it, he borrows the owner's reputation, whose quality no longer lies within his own control. This is an injury even though the borrower does not tarnish it, or divert any sales by its use, for a reputation like a face is the symbol of its possessor and creator and another can use it only as a mask."

Ultimately, sentiments such as these did not prevail at the federal level. In the early 1930s, Congress declined to pass the so-called "Perkins Bill," H.R. 11592, 72d Cong., 1st Sess. (1932), drafted primarily by Schechter and containing provisions that would have protected federally registered "coined or inventive or fanciful or arbitrary" marks against users of that mark in a manner that might "injure the goodwill, reputation, and business credit . . . of the owner of the previously used mark," in addition to the traditional protection against passing off.

The defeat of the Perkins Bill, however, came in the face of increasing judicial recognition that protection of marks served a more significant purpose than simply preventing the diversion of trade. As the Supreme Court observed in Mishawaka Rubber & Woolen Manufacturing Co. v. S.S. Kresge Co., 316 U.S. 203, 205 (1942):

> The protection of a trademark is the law's recognition of the psychological function of symbols . . . a trade-mark is a merchandising short-cut which induces a purchaser to select what he wants, or what he has been led to believe he wants. The owner of a mark exploits this human propensity by making every effort to impregnate the atmosphere of the market with the drawing power of a congenial symbol. Whatever the means employed, the aim is the same - to convey through the mark, in the minds of potential customers, the desirability of the commodity upon which it appears. Once this is attained, the trademark owner has something of value. **If another poaches upon the commercial magnetism of symbols he has created, the owner can obtain legal redress.**

Various aspects of this new conception of marks are reflected in the Seventy-Ninth Congress' passage of the Lanham Act in 1946. For example, the Act abandoned the test for infringement under the Trademark Acts of 1905 and 1920 that required a demonstration that the parties' goods had the "same descriptive properties" in favor of the broader "likelihood of confusion" test reflected in 15 U.S.C. §§ 1052(d), 1114 & 1124(a). Similarly, sections 15 and 33 of the Act, 15 U.S.C. §§ 1065 & 1115, provide that certain of the rights of federal registrants may become "incontestable" after five years of registration, thereby providing a powerful weapon in infringement suits.

Despite these departures from the nineteenth century trademark doctrine, hostility by the Department of Justice towards the creation of property rights in trademarks prevented serious discussion of a federal antidilution cause of action. These sentiments are perhaps best reflected in the contemporary observations of Special Assistant to the Attorney General Bartholomew Diggins in his article, Trade-Marks and Restraint of Trade, 34 Trademark Rep. 71 (1944), that "[t]he significance and effectiveness of trade-marks in regulating and restricting competition can hardly be overemphasized. Together with patents, trade-marks are included in the chief legal sanctions under which cartels have established, maintained, and enforced restraints of trade." Thus, under the Lanham Act, the antidilution concept was not specifically recognized unless it rose to some form of confusion as to origin or sponsorship.

The Current Status of Antidilution Doctrine

The absence of federal antidilution legislation has produced many of the problems associated with antidilution doctrine. First and foremost of these is that it has encouraged the development of antidilution law on a state-by-state basis. The first state antidilution law granting a specific statutory cause of action did not arrive on the scene until 1947 with the passage of a state antidilution law in Massachusetts, now codified at Mass. Gen. Laws Ann. ch. 110B, § 12. Perhaps significantly, the Massachusetts law differed from virtually all prior proposed antidilution in that applied to more than just "arbitrary or coined," but instead purported to protect the "distinctive quality" of marks.

That the Massachusetts statute reflected a changing conception of trademarks is apparent in the number of states that have adopted similar legislation to fill the gap in the existing version of the federal Lanham Act. Currently, over half the states have adopted antidilution measures, with several others reaching similar rules in interpretations of the common law. Citations for these state statutes, together with summaries of the leading cases interpreting them are summarized in Appendix A to these written comments.

The growing acceptance of the theory that distinctive marks are entitled to protection against more than the use of confusingly similar marks also is reflected in judicial interpretations of the various state statutes. Initially, state and federal courts alike enforced state antidilution statues sporadically and as often as not through misconstruction and distortion of these statutes rather than through the application of their clear language. Nevertheless, courts increasingly have recognized that, in the words of the New York Court of Appeals in Allied Maintenance Corp. v. Allied Mechanical Trades, Inc., 42 N.Y.2d 538, 369 N.E.2d 1162 (1977), mark owners have an interest in preventing the "cancer-like growth" arising from the use of an identical mark on "dissimilar products or services which feeds upon the business reputation of an established distinctive trademark or name."

Indeed, antidilution principles even have appeared in opinions by federal courts applying the Lanham Act and traditional principles of unfair competition. For example, in Chemical Corp. v. Anheuser-Busch, Inc., 306 F.2d 433 (5th Cir. 1962), cert. denied, 372 U.S. 965 (1963), the United States Court of Appeals for the Fifth Circuit upheld the entry of injunctive relief against the defendant's "parody" of the plaintiff's WHERE THERE'S LIFE, THERE'S BUD slogan on the ground that:

> [T]he plaintiff has a property interest in the slogan . . . and . . . the defendant, . . . with the purpose of appropriating some of the value engendered in the minds of the public by its use has used . . . a deceptively similar slogan ["Where There's Life, There's Bugs"] in a manner that will bring direct financial loss to the plaintiff . . . by reason of the peculiarly unwholesome association of ideas when the word "bugs" was substituted in the slogan for the word "Bud," referring to a food product.

Likewise, no less an authority than the United States Supreme Court has advanced the concept of trademark ownership as a property right. In San Francisco Athletic Ass'n v. United States Olympic Committee 483 U.S. 522 (1987), the Court went through the elements of antidilution analysis in holding that SFAA could not use the term "Olympic" to promote its Gay Olympic Games. Applying section 110 of the Amateur Sports Act, 36 U.S.C. § 380, the Court held that the statute granted the USOC the exclusive right to the term "Olympic," separate and independent of the likelihood of confusion analysis. In doing so, the Court quoted Frank Schechter's 1927 article approvingly in concluding that unauthorized uses of the term "Olympic" could lessen its distinctiveness and commercial value.

Section 110 of the Amateur Sports Act does not hold a unique place in federal law. On the contrary, the Congress has on numerous prior occasions granted the owners of other distinctive marks similar protection on a quasi-antidilution theory. These include federal grants of the exclusive right to use such designations as THE AMERICAN LEGION, 38 U.S.C. § 48, AMERICAN WAR MOTHERS, 36 U.S.C. § 100, BOY SCOUTS OF AMERICA, 36 U.S.C. § 27, FUTURE FARMERS OF AMERICA, 36 U.S.C. § 286, and SMOKEY BEAR, 18 U.S.C. § 711. Thus, it is apparent that the federal government already has addressed and resolved the perceived problems attached to the protection of mark distinctiveness, at least on the level of individual marks.

Unfortunately, federal legislation on a general scale has yet to catch up with the trend apparent in these other areas. In 1987, the Trademark Review Commission drafted and proposed a new Section 43(c) to the Lanham Act entitled "Protection of Famous Registered Marks From Dilution," which was reflected in section 36 of S. 1883, 100th Cong., 2d Sess. (1988). The section was grounded in the belief that a limited category of trademarks, those of which are truly famous and federally registered, are deserving of national protection from dilution. Although the Commission narrowly drafted this section to protect only registered marks which have become famous throughout a substantial part of the United States, the proposed antidilution section ultimately was dropped from legislation that eventually secured passage, the Trademark Law Revision Act of 1988, Pub. L. No. 100-667, 102 Stat. 3935 (1988).

H.R. 1295

For several reasons, the Intellectual Property Section of the ABA believes that the time has come for the Congress to take the lead on extending protection to distinctive marks through a federal antidilution statute. First, the existing patchwork of state antidilution statutes, each of which comes with its own idiosyncracies, renders it difficult for businesses to implement a truly national brand management strategy. Although H.R. 1295, because it does not preempt these statutes, would not immediately remedy this situation if enacted, it nevertheless is likely to "level" the nationwide playing field in much the same manner as the Lanham Act has produced a truly national body of likelihood of confusion law. This is particularly true in light of the Bill's identification of specific factors that properly should be taken into account when determining the eligibility of particular marks for protection -- guidance that is conspicuously lacking from virtually all state legislation. I am pleased to note that not only does the bill contain specific factors to be considered, but that these factors are essentially the same as those endorsed in the policy statement adopted by the Intellectual Property Law Section in 1993. This reintroduction of consistency into unfair competition law would greatly benefit plaintiffs and defendants alike.

Second, a federal antidilution statute would reduce significantly the forum shopping that occurs under the present uneven regime of state law protection. Not only do prospective antidilution plaintiffs currently have every incentive to bring their suits in states that have antidilution protection, they have the added impetus to choose a jurisdiction that is willing to apply its law across state lines to reach conduct outside its own borders. Passage of a federal antidilution statute therefore would reduce the number of suits filed in inappropriate venues for the sole purpose of gaining the benefit of local law. In doing so, it also would provide the basis for injunctive relief against dilution on a nationwide basis, just as it is now available against infringement.

Third, a federal antidilution statute would bring the Lanham Act into conformity with mainstream trademark law generally. As described earlier, state legislatures and courts alike are increasingly recognizing the strong public interest in protecting trademarks, whether through expanded applications of existing state laws or through innovative applications of the Lanham Act's likelihood of confusion test for liability. Although, as reflected in the bibliography reproduced in Appendix B to these remarks, the proper scope and breadth of the antidilution doctrine may be subject to reasonable debate, the need for federal action of some sort has been endorsed by virtually every intellectual property organization to address the subject. Significantly, these organizations as often than not represent and include businesses that may very well be <u>defendants</u>, as well as <u>plaintiffs</u>, under the new law.

Finally, federal action is necessary to protect against the destruction of famous marks through the use of identical or similar designations whose use happens not to create confusion. As reflected in such transactions as KKR's acquisition of RJR Nabisco and Philip Morris' purchase of Kraft, the reality is that distinctive brands often possess an economic value that extends far beyond their owners' tangible assets. Allowing a defendant to damage that value by blurring the distinctiveness of those marks is contrary to the otherwise uniform federal policy of protecting the enterprise and investment of businesses, their financial backers, and their employees. Although it is unlikely that the property interests in brands will ever be treated as rights in gross -- and H.R. 1295 does not purport to create such treatment -- it no longer is appropriate to view truly distinctive marks as mere indications of source, subject to damage only when consumers are misled.

This is not to say, of course, that measures such as H.R. 1295 will, or should, entirely displace likelihood of confusion as an analytic tool for determining when a violation of a plaintiff's rights to its marks has occurred. On the contrary, likely or actual confusion will continue to be the most probative evidence that the distinctiveness of a mark has been violated. If, however, the Congress is to recognize the economic and marketplace realities of distinctive marks on a federal level, likelihood of confusion must be only one form of association with which courts are concerned. Because H.R. 1295 would create a much needed and long overdue form of relief, the Intellectual Property Section of the American Bar Association supports its swift enactment.

H.R. 1270

The Section of Intellectual Property Law of the American Bar Association also supports the enactment of H.R. 1270, the Madrid Protocol Implementation Act. H.R. 1270 would make the necessary changes in our law to allow the United States to conform to the Madrid Protocol. Such conformity would provide a level playing field for U.S. trademark owners with their international counterparts.

APPENDIX A
ANTIDILUTION STATUTES
AND SELECTED CASES

ALABAMA - Ala Code § 8-12-17 (1993) - A limited number of cases. See Arthur Young, Inc. v. Arthur Young & Co., 579 F. Supp. 384, 224 U.S.P.Q. 166 (N.D. Ala. 1983) (executive search business' mark ARTHUR YOUNG diluted by plaintiff's use of same mark in its executive search business).

ALASKA - No state statute; no cases.

ARIZONA - No state statute; no cases.

ARKANSAS - Ark Stat. Ann. § 4-71-113 (Michie 1993) - A limited number of cases. See Pullan v. Fulbright, 287 Ark. 21, 695 S.W.2d 830 (1985) (plaintiff beauty shop owner who had not registered trade name under Trademark Act, sought to enjoin barber shop operator from using SHEAR PLEASURE in trade name by arguing that common law coupled with statute protected trade name; Arkansas Supreme Court held there was no secondary meaning and SHEAR PLEASURE was not a valid common law trade name subject to injunctive protection under antidilution statute); Amway Corp. v. Int'l Sales Aides, Inc., 187 U.S.P.Q. 15 (E.D. Ark. 1974) (consumer product manufacturer's mark AMWAY diluted by defendant's use of mark in literature sold to distributors of plaintiff's goods); Elder Mfg. Co. v. Martin Trenkle Co., 90 F. Supp. 889, 86 U.S.P.Q. 431 (E.D. Ark. 1950) (clothing manufacturer's mark TOM SAWYER and accompanying pictorial representation diluted by paint manufacturer's use of similar mark and picture); Champions Golf Club, Inc. v. Sunrise Land Corp., 846 F. Supp. 742 (W.D. Ark. 1994) (Arkansas golf course using CHAMPIONS name found to dilute nationally-known Texas CHAMPIONS golf course; absent statute, dilution constitutes irreparable harm subject to injunction); Gaston's White River Resort v. Rush, 701 F. Supp. 1431 (W.D. Ark. 1988) (Arkansas antidilution statute applied to similar marks in direct competition; fishing resort owner's distinctive "trout encompassed in an oval" design mark diluted by similarly confusing mark used by competitor).

CALIFORNIA - Cal. Bus. & Prof. Code § 14330 (West 1993); See Grey v. Campbell Soup Co., 231 U.S.P.Q. 562 (C.D. Cal. 1986) (defendant's use of confusingly similar trademarks DOGIVA and CATIVA for pet treats will result in the gradual whittling away of the distinctiveness of plaintiff's trademark GODIVA for chocolates and is permanently enjoined); HMH Publishing Co. v. Brincat, 504 F.2d 713, 183 U.S.P.Q. 141 (9th Cir. 1974) (magazine publisher's mark PLAYBOY diluted by defendant's use of same mark in its line of automotive products and services); Levi Strauss & Co. v. Blue Bell, Inc., 778 F.2d 1352, 228 U.S.P.Q. 346 (9th Cir. 1984) (case remanded for determination of whether use of pocket tab by one shirt manufacturer diluted competitor's mark); BankAmerica Corp. v. Bamieh, 188 U.S.P.Q. 380 (N.D. Cal. 1975) (distinctive quality of BankAmerica's marks BA and B OF A diluted by management consulting firm's use of B/A ASSOCIATES); Citibank, N.A. v. City Bank, 206 U.S.P.Q. 997 (N.D. Cal. 1980) (banking association's mark CITIBANK diluted by defendant's use of THE CITY BANK OF SAN FRANCISCO); Steinway & Sons v. Demars & Friends, 210 U.S.P.Q. 954 (C.D. Cal. 1981) (piano manufacturer's marks diluted by defendant manufacturer of clip-on beverage can holder who used names STEINWAY and STEINWAY COMPANY); Toho Co. v. Sears, Roebuck & Co., 645 F.2d 788, 210 U.S.P.Q. 547 (9th Cir. 1981) (plaintiff's mark GODZILLA not diluted by defendant's use of BAGZILLA as name of garbage bag line); Lindy Pen Co. v. Bic Pen Corp., 550 F. Supp. 1056, 219 U.S.P.Q. 1172 (C.D. Cal. 1982) (plaintiff's mark AUDITORS not distinctive and thus not diluted by defendant's use of AUDITOR'S in different trade channels), aff'd in part and rev'd in part, 725 F.2d 1240 (9th Cir. 1984), cert. denied, 469 U.S. 1188 (1985); Sykes Lab. v. Kalvin, 610 F. Supp. 849 (C.D. Cal. 1985) (summary judgment denied where issues of fact existed concerning whether plaintiff's marks SYKES and PERFECT NAIL were diluted by defendant's use of them on packaging of generic version of the Sykes product); Carter-Wallace, Inc. v. Procter & Gamble Co., 434 F.2d 794 (9th Cir. 1970) (plaintiff's advertising slogan "Use ARRID To Be Sure" was not sufficiently distinctive to be entitled under California trademark statute to be protected from alleged dilution by defendant's product SURE); Dawn v. Sterling Drug, Inc., 319 F. Supp. 358 (C.D. Cal. 1970) (even though use of the phrase "Tower of Babble" by defendant Bayer aspirin manufacturer did not dilute plaintiff educational game manufacturer's trademark, further use of the phrase by defendant was enjoined because the purpose of the California trademark statute was to prevent truly coined marks from becoming a part of the ordinary language); Century 21 Real Estate Corp. v. Sandlin, 6 U.S.P.Q.2d 2034 (9th Cir. 1988) (use of CENTURY INVESTMENTS AND REALTY by former Century 21 franchisee dilutes CENTURY 21); see also CC Org. v. AGDS Inc., 5 U.S.P.Q.2d 1824 (C.D. Cal. 1987) (CASK 'N CLEAVER Restaurant challenging CASQUE restaurant) (dilution treated as element of irreparable injury in grant of preliminary injunction, based on infringement claim); Alchemy II, Inc. v. Yes! Entertainment Corp., 844 F. Supp. 560 (C.D. Cal. 1994) (no dilution where TV TEDDY as used on talking teddy bear was not confusingly similar to TEDDY RUXPIN on talking teddy bear); Saks & Co. v. Hill, 843 F. Supp. 620 (S.D. Cal. 1993) (dilution found where SACKS THRIFT AVENUE for a consignment clothing shop causes subliminal connection in buyer's mind to SAK'S FIFTH AVENUE for a department store chain); Creative Tech., Ltd. v. SRT, Inc., 29 U.S.P.Q.2d 1474 (N.D. Cal. 1993) (preliminary injunction granted for owner of SOUND BLASTER for a computer soundboard to prevent likely irreparable harm, including dilution, caused by VOICE BLASTER, FAX BLASTER and PHONE BLASTER for similar goods); Fruit of the Loom, Inc. v. Girouard, 994 F.2d 1359 (9th Cir. 1993) (defendant's FRUIT CUPS and FRUIT FLOPS for bustiers and thongs decorated with plastic fruit do not dilute FRUIT OF THE LOOM for various undergarments; FRUIT by itself not strong enough to protect plaintiff from all uses of the word; insufficient mental association between plaintiff's and defendant's marks; no tarnishment caused by defendant's lack of quality control because no product association); Kelley Blue Book v. Car-Smarts, Inc., 802 F. Supp. 278 (C.D. Cal. 1992) (KELLEY BLUE BOOK for new and used car pricing index not strong enough to be diluted by 1-800-BLU-BOOK and 1-900-BLU-BOOK for an automobile pricing information service); E. & J. Gallo Winery v. Gallo Cattle Co., 12 U.S.P.Q.2d 1657 (E.D. Cal. 1989) (Gallo family dispute; JOSEPH GALLO for cheese dilutes GALLO for wine), modified on other grounds, 955 F.2d 1327 (9th Cir. 1992), reh'g en banc, 967 F.2d 1280 (9th Cir. 1992); E. & J. Gallo Winery v. Consorzio del Gallo Nero, 782 F. Supp. 457 (N.D. Cal. 1991) (competition in wine industry did not preclude claim that GALLO NERO for promotion and distribution of wines diluted GALLO for wines); Academy of Motion Picture Arts and Sciences v. Creative House Promotions, Inc., 944 F.2d 1446 (9th Cir. 1991) (STAR AWARD statuette design diluted famous OSCAR award statuette design); Century 21 Real Estate Corp. v. Magee, 19 U.S.P.Q.2d 1530 (C.D. Cal. 1991) (CENTURY 31 for real estate services dilutes famous CENTURY 21 for real estate brokerage services); Yamaha Corp. of Am. v. ABC Int'l Traders, Corp., 703 F. Supp. 1398 (C.D. Cal. 1988), aff'd, 940 F.2d 1537 (9th Cir. 1991), cert. denied, 502 U.S. 1097 (1992) (value of YAMAHA marks owned by American subsidiary not diluted by authorized importer of YAMAHA electronics products merely because importer did not offer warranty and consumer education services offered by American subsidiary

See also - Cal. Bus. & Prof. Code § 14335(a), providing for injunctive relief against any person's unauthorized use of a mark, registered in California or federally registered, "other than in an otherwise noninfringing manner" on or to describe that person's goods or services. Section 14335(b) excludes comparative advertising from the coverage of 14335(a). See Morton v. Rank Am., Inc., 812 F. Supp. 1062 (C.D. Cal. 1993) (arising under § 14335(a); trade dress dilution claim unavailable under § 14335(a) because scope of provision limited to protection of **marks** registered in California or federally registered); But see Plasticolor Molded Products v. Ford Motor Co., 713 F. Supp. 1329, 1347-48 (C.D. Cal. 1989) (disregarding § 14335(a) because the phrase "'other than in an otherwise noninfringing manner'" appears to exempt all noninfringing uses, and therefore "leaves the law exactly as it found it"), vacated, 767 F. Supp. 199 (C.D. Cal. 1991).

COLORADO - No state statute, but see Hartford House Ltd. v. Hallmark Cards Inc., 647 F. Supp. 1533, 1 U.S.P.Q.2d 1030 (D. Colo. 1986) (plaintiff's AIREBRUSH and WATERCOLOR FEELINGS cards possess an established and secondary meaning that is being diluted by defendant's PERSONAL TOUCH cards and defendant's use is preliminarily enjoined pending trial on the merits), aff'd, 846 F.2d 1268 (10th Cir. 1988), cert. denied, 488 U.S. 908 (1988); Adolph Coors Co. v. A. Genderson & Sons, Inc., 486 F. Supp. 131, 209

U.S.P.Q. 103 (D. Colo. 1980) (brewer's mark COORS diluted by defendant's use of COORS on products of inferior quality).

CONNECTICUT - Conn Gen. Stat. Ann. § 35-11 i (c) (West, 1981) - A limited number of cases. See Dial Corp. v. Manghnani Inv. Corp., 659 F. Supp. 1230 (D. Conn. 1987) (defendant's use of mark DIAL and identical trade dress in connection with marketing of unauthorized imported soap dilutes plaintiff's mark DIAL for soap, and summary judgment is granted to plaintiff on antidilution claim); Haydon Switch and Instrument Inc. v. Rexnord Inc., 4 U.S.P.Q.2d 1510 (D. Conn. 1987) (defendant's mark PLANETGEAR for planetary gear speed reducers does not dilute plaintiff's mark PLANETGEAR for time counters because: plaintiff's mark is insufficiently distinctive, different trade channels make a whittling down, blurring, or tarnishment improbable, and there was a lack of predatory intent by the defendant); Yale Elec. Corp. v. Robertson, 26 F.2d 972 (2nd Cir. 1928) (hardware manufacturer's mark YALE diluted by plaintiff's use of similar mark on flashlights and batteries); Shop-Rite Durable Supermarket, Inc. v. Mott's Shop Rite, Inc., 173 Conn. 261, 377 A.2d 312 (1977) (grocery store's mark SHOP-RITE diluted by defendant grocery store chain's use of SHOP-RITE on storefronts, but no dilution from use of SHOP-RITE in labeling merchandise); Private Eyes Sunglass Corp. v. Private Eye Vision Ctr., 25 U.S.P.Q.2d 1709 (D. Conn. 1992) (PRIVATE EYE for prescription eye-care center did not dilute PRIVATE EYES for non-prescription eye-wear sold to retailers; likelihood of dilution required under the statute, but not established because parties advertise in different publications and market different products through different channels of trade); Nabisco Brands, Inc. v. Kaye, 760 F. Supp. 25 (D. Conn. 1991) (A.2. likely to cause confusion with A.1. for identical meat sauce products; where infringing mark likely to confuse, dilution is automatic); Murphy v. Provident Mut. Life Ins. Co., 756 F. Supp. 83 (D. Conn. 1990) (failure to use design of bursting thermometer in a trademark sense precludes consideration of the design under antidilution statute).

DELAWARE - 6 Del. Code. Ann. C., § 3313 (1993) - A limited number of cases. See Kellogg Co. v. National Biscuit Co., 305 U.S. 111 (1938) (plaintiff's product name SHREDDED WHEAT found to be a generic term incapable of being diluted by defendant's use of the name); Barnes Group Inc. v. Connell Ltd., 15 U.S.P.Q.2d 1100 (D. Del. 1990) (Barnes Group I) (denying preliminary injunction for dilution claim; plaintiff could not establish irreparable harm because alleged dilution had occurred for over 20 years); Barnes Group Inc. v. Connell Ltd. Partnership, 793 F. Supp. 1277 (D. Del. 1992) (Barnes Group II) (plaintiff's trademarked color scheme for indicating load class of die springs not diluted by visually distinct set of colors also indicating load class of die springs; mental association, and resulting blurring of distinctiveness of plaintiff's set of colors, not likely); Coca-Cola Bottling Co. of Shreveport v. Coca-Cola Co., 696 F. Supp. 97 (D. Del. 1988) (plaintiff Coca-Cola bottlers failed to provide evidence that defendant Coca-Cola Co.'s use of COKE and COCA-COLA marks (e.g., DIET COKE) on soft drink variants would dilute the value of the marks); L. Casapulla & Sons v. Casapulla, 1989 WL 40791 (Del. Ch. 1989) (defendant's use of family name A. CASAPULLA ITALIAN DELI likely to dilute the value and goodwill developed in plaintiff's senior use of CASAPULLA name in connection with chain of grocery stores selling locally-famous submarine sandwiches).

DISTRICT OF COLUMBIA - No statute, but see Lucasfilm, Ltd. v. High Frontier, 622 F. Supp. 931, 227 U.S.P.Q. 967 (D.D.C. 1985) (film maker's mark STAR WARS was diluted by defendant's use of mark for propaganda purposes, but relief denied because statute inapplicable to such defendants); Polo Fashions, Inc. v. Capitol Wholesale Imports, 1987 WL 9250 (D.D.C. 1987) (consent decree issued in form of judgment/order; no discussion of dilution doctrine) (variety of famous POLO trademarks diluted by defendants' distribution and sale of unauthorized products bearing POLO marks); Guess ?, Inc. v. Capitol Wholesale Imports, 1987 WL 9253 (D.D.C. 1987) (same) (variety of GUESS ? trademarks diluted by defendants' distribution and sale of unauthorized products bearing GUESS ? marks).

FLORIDA - Fla. Stat. Ann. § 495.151 (West 1972) - Extensive litigation on dilution question. See, e.g., Bell Labs., Inc. v. Colonial Products, Inc., 231 U.S.P.Q. 569 (S.D. Fla. 1986) (plaintiff must show mark is distinctive to rely on Florida anti-dilution statute); Community Fed. Sav. and Loan Ass'n v. Orondorff, 678 F.2d 1034, 215 U.S.P.Q. 26 (11th Cir. 1982) (plaintiff bank's mark COOKIE JAR diluted by topless bar's use of COOKIE JAR as name); Safeway Stores, Inc. v. Safeway Discount Drugs, Inc., 675 F.2d 1160, 216 U.S.P.Q. 599 (11th Cir. 1982) (grocery store chain's mark SAFEWAY diluted by defendant's use as name for general merchandise store); Holiday Inns, Inc. v. Holiday Out In America, 481 F.2d 445, 178 U.S.P.Q. 257 (5th Cir. 1973) (plaintiff's mark HOLIDAY INN not diluted by campground's use of HOLIDAY OUT IN AMERICA); Brooks Shoe Mfg. Co. v. Suave Shoe Corp., 533 F. Supp. 75, 215 U.S.P.Q. 358 (S.D. Fla. 1981), aff'd, 716 F.2d 854, 221 U.S.P.Q. 536 (11th Cir. 1983) (no dilution of shoe manufacturer's "V" design where manufacturer did not prove competitor's marketing of shoes with similar design would result in confusion); Airship Indus. (UK) Ltd. v. Goodyear Tire & Rubber Co., 643 F. Supp. 754 (S.D.N.Y. 1986) (declining to dismiss Airship's action to enjoin Goodyear from pursuing dilution claims under Florida and Nebraska law); Chassis Master Corp. v. Borrego, 225 U.S.P.Q. 1240 (S.D. Fla. 1985) (plaintiff's mark CHASSIS MASTER diluted by defendant's use of MISTER CHASSIS, where defendant was former employee of plaintiff, and knew that many Spanish-speaking people referred to CHASSIS MASTER as MASTER CHASSIS); Gaeta Cromwell, Inc. v. Banyan Lakes Village, 523 So.2d 624 (Fla. Ct. App. 1988), review denied, 531 So.2d 1353 (Fla. 1988) (defendant's use of CONGRESS PARK for name of office complex dilutes plaintiff's use of same name for another office complex, even though plaintiff had not registered the name and was not its first user); Tio Pepe Inc. v. El Tio Pepe de Miami Restaurant Inc., 6 U.S.P.Q.2d 1228 (Fla. Ct. App. 1988), review denied, 534 So.2d 399 (Fla. 1988) (TIO PEPE restaurant diluted by EL TIO PEPE DE MIAMI restaurant) (Florida statute applies where both users of mark provide identical services); Glen Raven Mills, Inc. v. Ramada Int'l, Inc., 852 F. Supp. 1544 (M.D. Fl. 1994) (rejecting claim of dilution of SUNBRELLA marks for fabrics, awnings, furniture, handbags and sportswear diluted by use of SUNBRELLA for hotel vacation services); Ice Cold Auto Air of Clearwater, Inc. v. Cold Air & Accessories, Inc., 828 F. Supp. 925 (M.D. Fla. 1993) (on motion for preliminary injunction, plaintiff's ICE COLD AUTO AIR trademark and service mark for installation and repair of automobile air conditioning not likely to be diluted by COLD AIR for similar services); Babbit Elec. v. Dynascan Corp., 828 F. Supp. 944 (S.D. Fla. 1993) (unauthorized placement of defendant's COBRA mark on cordless telephones not produced by defendant likely to dilute COBRA mark), aff'd, 38 F.3d 1161 (11th Cir. 1994); Great Southern Bank v. First Southern Bank, 625 So.2d 463 (Fla. 1993) (plaintiff's GREAT SOUTHERN BANK merely descriptive and not protected from dilution); Jaguar Cars Ltd. v. Skandrani, 771 F. Supp. 1178 (S.D. Fla. 1991) (plaintiff's famous JAGUAR mark for automobiles likely to be diluted by JAGUAR and LADY JAGUAR for fragrances); Ocean Bio-Chem, Inc. v. Turner Network Television, 741 F. Supp. 1546 (S.D. Fla. 1990) (federal court would not exercise pendent jurisdiction over dilution claim where federal claims were dismissed on summary judgment and plaintiff would not be prejudiced); Blanding Automotive Ctr., Inc. v. Blanding Automotive, Inc., 568 So.2d 490 (Fla. Ct. App. 1990) (plaintiff suffered actual damage to business reputation and dilution of distinctiveness of mark BLANDING AUTOMOTIVE due to defendant's use of BLANDING AUTOMOTIVE CENTER); Chase Medical Group v. Palmetto Clinic Ctr., 549 So.2d 1111 (Fla. Ct. App. 1989) (temporary injunctive relief should have been awarded to owner of PALMETTO MEDICAL CENTER due to dilution caused by PALMETTO CLINIC CENTER); Moishe's Inc. v. Moishe's Steak House & Seafood, Inc., 528 So.2d 519 (Fla. Ct. App. 1988) (plaintiff's MOISHE'S STEAK HOUSE, famous restaurant in Montreal, Canada, dilution claim failed due to plaintiff's inability to establish use in Florida prior to defendant's use of similar name for similar restaurant); Wesco Mfg., Inc. v. Tropical Attractions, 833 F.2d 1484 (11th Cir. 1987) (mentioning trial court's finding that SUR FARI for pith helmets diluted plaintiff's mark SUN FARI for similar headgear); Bell Lab. v. Colonial Prods., 644 F. Supp. 542 (S.D. Fla. 1986) (at preliminary injunction stage, plaintiff's mark FINAL for rodenticide too weak to suffer loss of commercial value due to defendant's use of FINAL FLIP also for rodenticide); Compania Cervecera De Nicaragua v. Cervezas Victoria Y Tona Beers, Inc., 28 U.S.P.Q.2d 1870 (M.D. Fla. 1993) (VICTORIA and CERVECERIA VICTORIA for beer diluted by same marks also for beer); Freedom Sav. & Loan Assoc. v. Way, 757 F.2d 1176 (11th Cir. 1985) (FREEDOM SAVINGS for banking services not diluted by FREEDOM REALTY for realty services).

GEORGIA - O.C.G.A. § 10-1-451(b) (1994) - Extensive litigation on dilution question. See, e.g., Original Appalachian Artworks, Inc. v. Topps Chewing Gum, Inc., 642 F. Supp. 1031 (N.D. Ga. 1986) (plaintiff entitled to preliminary injunction against marketing of stickers/cards featuring characters called THE GARBAGE PAIL KIDS on tarnishment theory); Augusta Nat'l, Inc. v. Northwestern Mut. Life Ins. Co., 193 U.S.P.Q. 210 (S.D. Ga. 1976) (plaintiff's marks THE MASTERS and MASTERS GOLF TOURNAMENT diluted by defendant's use of THE LADIES' MASTERS OF MOSS CREEK PLANTATION); DC Comics, Inc. v. Unlimited Monkey Business, Inc., 598 F. Supp. 110, 224 U.S.P.Q. 437 (N.D. Ga. 1984) (plaintiff's marks SUPERMAN and WONDER WOMAN diluted by singing telegram company's use of SUPER STUD and WONDER WENCH); Pillsbury Co. v. Milky Way Productions, Inc., 215 U.S.P.Q. 124 (N.D. Ga. 1981) (plaintiff's trade characters POPPIN' FRESH and POPPIE FRESH diluted by publisher's use of characters in magazine parody); Kay Jewelry Co. v. Kapiloff, 204 Ga. 209, 49 S.E.2d 19, 81 U.S.P.Q. 293 (1948) (plaintiff's trade name diluted by defendant's use of KAY CREDIT CLOTHIERS); Amstar Corp. v. Domino's Pizza, Inc., 615 F.2d 252, 205 U.S.P.Q. 969 (5th Cir.) (sugar refiner's mark DOMINO not diluted by defendant's use of DOMINO'S PIZZA), cert. denied, 449 U.S. 899 (1980); Dolphin Homes Corp. v. Tocomc Dev. Corp., 223 Ga. 455, 156 S.E.2d 45 (1967) (plaintiff's name OLD NATIONAL EAST not diluted by competitor's use of OLD NATIONAL NORTH as name for subdivision); Giant Mart Corp. v. Giant Discount Foods, Inc., 247 Ga. 775, 279 S.E.2d 683 (1981) (appellee's name GIANT DISCOUNT FOODS not distinctive and thus not diluted by appellant's use of GIANT MART DISCOUNT FOODS); Syntex (U.S.A.), Inc. v. Interpharm, Inc., 1993 WL 643372 (N.D. Ga. 1993) (defendant's motion for summary judgment on dilution count denied because neither party introduced evidence as to the strength of plaintiff's NAPROSYN mark); Hester Indus. v. Wing King, Inc., 23 U.S.P.Q.2d 1066 (N.D. Ga. 1992) (plaintiff's WING DINGS for retail chicken products infringed by defendant's WING KING for similar products; however, no ruling on dilution because preliminary injunction for infringement adequately protected plaintiff); Louis Vuitton, S.A. v. Ummat's, 22 U.S.P.Q.2d 1949 (N.D. Ga. 1992) (defendant's sale of counterfeit LOUIS VUITTON merchandise diluted distinctive quality of plaintiff's marks; court does not mention O.C.G.A. § 10-1-451(b), dilution appears to be factor in finding of unfair competition); Robarb, Inc. v. Pool Builders Supply, 696 F. Supp. 621 (N.D. Ga. 1988) (plaintiff's trade dress and trademarks SUPER BLUE C-C, SUPER BLUE CRYSTAL-CLEAR and CRYSTAL CLEAR & Design for liquid pool cleaners infringed by defendant's SUPER AQUA BRITE for liquid pool cleaner; injunctive relief for infringements adequately protects plaintiff for dilution claim, therefore no ruling).

HAWAII - No state statute; no cases.

IDAHO - Idaho Code § 48-512 (1979). See Kings of Boise, Inc. v. M. H. King Co. 398 P.2d 942 (Idaho 1965) (variety store enjoined from using name KING'S in the Boise area, but relief based on common law grounds).

ILLINOIS - Illinois Comp. Stat. ch. 765, § 1035/15 (1992)- Extensive litigation on dilution question. See, e.g., Hyatt Corp. v. Hyatt Legal Services, 610 F. Supp. 381 (N.D. Ill. 1985) (hotel chain's mark HYATT diluted by law firm's use of HYATT without any indication that it is a personal name rather than a trade name, and the injunctive relief under Illinois law was applicable nationwide); James Burrough Ltd. v. Sign of the Beefeater, Inc., 540 F.2d 266, 182 U.S.P.Q. 555 (7th Cir. 1976) (restaurant enjoined from using name similar to that of gin distiller, but relief based on grounds other than antidilution statute); Polaroid Corp. v. Polaraid, Inc., 319 F.2d 830, 138 U.S.P.Q. 265 (7th Cir. 1963) (plaintiff's mark POLAROID diluted by refrigeration contractor's use of POLARAID as name for business); Instrumentalist Co. v. Marine Corps League, 509 F. Supp. 323, 210 U.S.P.Q. 841 (N.D. Ill. 1981) (music company's mark JOHN PHILLIP SOUSA BANK AWARD diluted by defendant youth program promoter's use of JPS AWARD FOR MUSICAL EXCELLENCE), aff'd, 694 F.2d 145, 216 U.S.P.Q. 951 (7th Cir. 1982); McDonald's Corp. v. Gunvill, 441 F. Supp. 71, 196 U.S.P.Q. 813 (N.D. Ill. 1977), aff'd without op., 622 F.2d 592 (7th Cir. 1980) (plaintiff's GOLDEN ARCHES design trademark diluted by defendant's use of similar design in advertising its pub); Exxon Corp. v. Exxene Corp., 696 F.2d 544, 217 U.S.P.Q. 215 (7th Cir. 1982) (plaintiff's mark EXXON not diluted by defendant manufacturer of coatings and pre-coated plastic sheets where defendant only sold a small portion of its output to consumers under the name EXXENE); Telemed Corp. v. Tel-Med, Inc., 588 F.2d 213, 200 U.S.P.Q. 427 (7th Cir. 1978) (declining to protect nondistinctive mark); Soft Sheen Prods. Inc. v. Revlon Inc., 4 U.S.P.Q.2d 1519 (N.D. Ill. 1987) (protecting distinctive trade dress); W.H. Brady Co. v. Lem Products Inc., 3 U.S.P.Q.2d 1258 (N.D. Ill. 1987) (plaintiff failed to show distinctiveness of common law trademarks); Ziebart Int'l Corp. v. After Market Assoc., 231 U.S.P.Q. 119 (7th Cir. 1986) (not having shown any similarity of defendant's helmet mark with plaintiff's helmet mark, both for automobile protection product, plaintiff cannot recover for dilution under Illinois statute); Source Serv. Corp. v. Chicagoland JobSource Inc., 1 U.S.P.Q.2d 1048 (N.D. Ill. 1986) (holding summary judgment inappropriate on plaintiff's dilution claim); M-F-G Corp. v. EMRA Corp., 2 U.S.P.Q.2d 1538 (7th Cir. 1987) (no proof by plaintiff that defendant's mark SUPERCUTS for haircutting salons will dilute plaintiff's mark SUPERCUT for shears); Zeller v. LaHood, 227 U.S.P.Q. 1028 (C.D. Ill. 1985) (plaintiff's mark GONDOLA used as name for a certain sandwich diluted by defendant's use of same name for virtually identical sandwich); McGraw-Edison Co. v. Walt Disney Prod., 787 F.2d 1163 (7th Cir. 1986) (reversing summary judgment in favor of defendant movie producer, where genuine issues of material fact concerning possible dilution of plaintiff's mark TRON for fuse products); see also Miller Brewing Co. v. Anheuser-Busch, 6 U.S.P.Q.2d 1481 (E.D. Wis. 1987) (mark LA for low alcohol beer is weak and incapable of being diluted) (apparently applying Illinois antidilution statute); Ringling Bros.- Barnum & Bailey Combined Shows v. Celozzi-Ettleson, 855 F.2d 480 (7th Cir. 1988) (plaintiff's mark THE GREATEST SHOW ON EARTH for circus diluted by defendant's use of THE GREATEST USED CAR SHOW ON EARTH); Abbot Lab. v. NutraMax Prods., Inc., 844 F. Supp. 443 (N.D. Ill. 1994) (statute does not protect dilution of mark by competitor); AHP Subsidiary Holding Co. v. Stuart Hale Co., 1 F.3d 611 (7th Cir. 1993) (statute does not prevent dilution by competitor); Int'l Jensen v. Metro Sound U.S.A., 4 F.3d 819 (9th Cir. 1993) (Illinois statute does not protect dilution by competitor in absence of likely confusion); Eveready Battery Co. v. Adolph Coors Co., 765 F. Supp. 440 (N.D. Ill. 1991) (plaintiff's ENERGIZER BUNNY mark for batteries not diluted by parody); Storck USA, L.P. v. Levy, 18 U.S.P.Q.2d 1965 (N.D. Ill 1991) (recognizing common law dilution claim); American Dairy Queen Corp. v. RTO Inc., 16 U.S.P.Q.2d 1077 (N.D. Ill. 1991) (laudatory phrase not distinctive to warrant protection against dilution); Munters Corp. v. Matsui America, Inc., 730 F. Supp. 790 (N.D. Ill. 1989) (plaintiff's mark HONEYCOMB for industrial dehumidifying apparatus not diluted by defendant's non-trademark use of "honeycomb-shaped" in advertising literature), aff'd 909 F.2d 250 (7th Cir.), cert. denied, 498 U.S. 1016 (1990); Coca-Cola Co. v. Alma-Leo U.S.A., Inc., 719 F. Supp. 725 (N.D. Ill. 1989) (value of plaintiff's famous cola shaped bottle diluted by, defendant's use of similar shaped bottle for powdered bubble gum); Kern v. WKOK Radio, 175 Ill. App. 3d 624, 529 N.E.2d 1149 (1st Dist. 1988) (holding plaintiff's mark insufficiently distinctive to warrant protection); Tower Publications, Inc. v. MTS, Inc., 21 U.S.P.Q.2d 1303 (N.D. Ill. 1991) (TOWER RECORDS OF ILLINOIS for publication of Illinois state agency opinions not sufficiently distinctive to be diluted by TOWER RECORDS for retail music and entertainment stores)

INDIANA - No state statute; no cases. But see Basic Am. Medical Inc. v. American Medical Int'l Inc., 1 U.S.P.Q.2d 1217 (S.D. Ind. 1986) (defendant's mark AMI not diluted by plaintiff's corporate name or acronym BAMI); Westward Coach Mfg. Co. v. Ford Motor Co., 258 F. Supp. 67 (S.D. Ind. 1966) (holding plaintiff's mark insufficiently distinctive to warrant protection), aff'd 388 F.2d 627 (7th Cir. 1968), cert. denied, 392 U.S. 927 (1968).

IOWA - Iowa Code Ann. ch. § 548.10A (1993) (allowing treble damages and attorneys' fees if willful intent shown) - A limited number of cases. See Comidas Exquisitos v. Carlos McGee's Mexican Cafe, 602 F.Supp 191, 225 U.S.P.Q. 426 (S.D. Iowa) (holding state antidilution statute preempted by federal Lanham Act), aff'd, 775 F.2d 260, 227 U.S.P.Q. 811 (8th Cir. 1985); United States Jaycees v. Commodities Magazine Inc., 2 U.S.P.Q.2d 1119 (N.D. Iowa 1987) (same).

KANSAS - No state statute; no cases.

KENTUCKY - No state statute; no cases; but see Churchill Downs Distilling Co. v. Churchill Downs Inc., 262 Ky. 567, 90 S.W.2d 1041 (1946) (arguably recognizing common law antidilution theory);

Kern's Kitchen, Inc. v. Bon Appetit, 669 F. Supp. 786 (W.D. Ky. 1987) (declining to recognize common law antidilution theory).

LOUISIANA - La. Rev. Stat. Ann. § 51:223.1 (West) - see Kelly, Broadening Trademark Protection in Louisiana: The Enactment of the Louisiana Anti-Dilution Statute, 33 La. Bar J. 224 (1985); Miss Universe, Inc. v. Pitts, 714 F. Supp. 209 (W.D. La. 1989) (holding consideration of dilution claim unnecessary because of scope of injunctive relief for infringement); O.M.E.R. S.p.A. v. Vendredi II, 560 So.2d 34 (La. Ct. App. 1990) (upholding lower court's TRO that included catch-all string of prohibitions including restriction on dilution); Prudhomme v. Procter & Gamble Co., 800 F. Supp. 390 (E.D. La. 1992) (declining to dismiss plaintiff/famous chef's cause of action for dilution of his likeness by defendant's use of look-alike actor coffee commercial).

MAINE - 10 Me. Rev. Stat. Ann. § 1530. A limited number of cases. See L.L. Bean, Inc. v. Drake Publishers Inc., 811 F.2d 26 (1st Cir. 1987) (invalidating Maine statute under First Amendment to the extent that it is used as a basis for enjoining the noncommercial use of a trademark engaged in a protected form of expression), cert. dismissed, 483 U.S. 1013 (1987).

MARYLAND - No state statute; See Communications Satellite Corp. v. Comcet, Inc. 429 F.2d 1245, 166 U.S.P.Q. 353 (4th Cir.) (computer company enjoined from using COMCET as name because of similarity to plaintiff's mark COMSAT), cert. denied, 400 U.S. 942 (1970).

MASSACHUSETTS - Mass. Gen. Laws Ann. ch. 110B, § 12 (West Supp. 1983) - Extensive litigation on dilution question. See, e.g., Food Fair Stores, Inc. v. Food Fair, Inc., 177 F.2d 177, 83 U.S.P.Q. 14 (1st Cir. 1949) (grocery store's trade name FOOD FAIR diluted by defendant's use of same name even though plaintiff had no stores in Massachusetts); Tiffany & Co. v. Boston Club, Inc., 231 F. Supp. 836, 143 U.S.P.Q. 2 (D.C. Mass. 1964) (retail store chain's marks TIFFANY and TIFFANY & CO. diluted by restaurant's use of TIFFANY'S); 265 Tremont St., Inc. v. Hamilburg, 321 Mass. 353, 73 N.E.2d 828, 74 U.S.P.Q. 73 (1948) (theatre company's mark SHUBERT not diluted by defendant's use of HUBERT JEWELRY CO.); Astra Pharmaceutical Prod., Inc. v. Beckman Instruments, Inc., 718 F.2d 1201, 220 U.S.P.Q. 786 (1st Cir. 1983) (pharmaceutical company's mark ASTRA not diluted by use of same mark on defendant's blood analyzer); Pignons S.A. de Mecanique de Precision v. Polaroid Corp., 657 F.2d 482, 212 U.S.P.Q. 246 (1st Cir. 1981) (camera manufacturer's mark ALPA not diluted by competitor's use of ALPHA); PRO-PHY-LAC-TIC Brush Co. v. Jordan Marsh Co., 165 F.2d 549, 76 U.S.P.Q. 146 (1st Cir. 1948) (toiletries manufacturer's mark JEWELITE not diluted by competitor's use of GEMLITE); S.S. Kresge Co. v. United Factory Outlet, Inc., 598 F.2d 694, 202 U.S.P.Q. 545 (1st Cir. 1979) (retailer's mark THE MART found too weak to be diluted by competitor's use of K-MART); PPG Indus. v. Clinical Data, Inc. '20 F. Supp. 604, 227 U.S.P.Q. 1036 (D. Mass. 1985) (paint manufacturer's mark PPG not diluted by medical diagnostic equipment manufacturer's use of same mark); Salt Water Sportsman Inc. v. B.A.S.S. Inc., 4 U.S.P.Q.2d 1407 (D. Mass. 1987) (SALT WATER SPORTSMAN magazine diluted by SOUTHERN OUTDOOR SALTWATER MAGAZINE); Nationwide Mut. Ins. Co. v. Hoyle Ins. Inc., 1994 WL 175024 (D. Mass. 1994) (default judgment prohibits further dilution of plaintiff's N & eagle Design for insurance services by defendant's use of H & eagle Design for insurance services); Infinity Broadcasting Corp. v. Greater Boston Radio, II, Inc., 1993 WL 343679 (D. Mass. 1993) (plaintiff's WBCN call letters not diluted by defendant's WBCS call letters); Black Dog Tavern Co. v. Hall, 823 F. Supp. 48 (D. Mass. 1993) (plaintiff's BLACK DOG TAVERN for restaurant and bakery not diluted by local t-shirts emblazoned with THE DEAD DOG & dog Design and THE BLACK HOG & hog design); Russell Harrington Cutlery, Inc. v. Zivi Hercules, Inc., 25 U.S.P.Q.2d 1965 (D. Mass. 1992) (plaintiff's putative designation of origin purely functional and therefore not protectable under antidilution statute); Russell Harrington Cutlery, Inc. v. Lamson & Goodnow Mfg. Co., 1990 WL 855 (D. Mass. 1990) (same); Northern Trust Corp. v. Northern Bank & Trust Co., 22 U.S.P.Q.2d 1391 (D. Mass. 1991) (plaintiff's NORTHERN TRUST CORP. for banking services not diluted by defendant's NORTHERN BANK & TRUST CO.); Massachusetts Mut. Life Ins. Co. v. Massachusetts Life Ins. Co., 249 N.E.2d 586 (Mass. 1969) (MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY for insurance services diluted by MASSACHUSETTS LIFE INSURANCE COMPANY also for insurance services).

MICHIGAN - No state statute; See Koffler Stores Ltd. v. Shoppers Drug Mart, Inc., 434 F. Supp. 697, 193 U.S.P.Q. 165 (E.D. Mich. 1976) (injunction based on common law principles of unfair competition, including prohibition against diluting value of goodwill developed through advertising, etc.), aff'd without op., 559 F.2d 1219 (6th Cir. 1977); Consolidated Freightways, Inc. v. Cent. Transp., Inc. 201 U.S.P.Q. 524 (E.D. Mich. 1978) (applying Illinois law, court found trucking company's mark CF diluted by another trucking company's use of the mark CT); Consolidated Cosmetics v. Neilson Chemical Co., 109 F. Supp. 300 (E.D. Mich. 1952) (recognizing dilution as ground for common law unfair competition claim); Induct-O-Matic Corp. v. Inductotherm Corp., 747 F.2d 358 (6th Cir. 1984) (holding competition required for application of antidilution statute); O. M. Scotts and Sons Co. v. Surowitz, 209 F. Supp. 50 (E.D. Mich. 1962) (plaintiff's famous SCOTTS mark for home maintenance stores diluted by defendants' SCOT'S FLOWER AND GARDEN CENTERS); Kimberly Knitwear, Inc. v. Kimberley Stores, Inc., 331 F. Supp. 1339 (W.D. Mich. 1971) (plaintiff's KIMBERLY mark for high-quality clothing diluted by defendant's KIMBERLEY and KIMLEY for lower-quality merchandise; "Plaintiff's interest in its trademark is a property right.").

MINNESOTA - Minn. Stat. § 325D.165 (West 1994); no cases.

MISSISSIPPI - No state statute; no cases.

MISSOURI - Mo. Rev. Stat. § 417.061 (1993) - A limited number of cases. See WSM, Inc. v Hilton, 725 F.2d 1320 (8th Cir. 1984) ("Since OPRY is not an arbitrary, coined or fanciful term, it is not a distinctive mark entitled to protection under the Missouri antidilution statute."); Emerson Elec. Co. v. Emerson Quiet Kool Corp., 577 F. Supp. 668, 221 U.S.P.Q. 782 (E.D. Mo. 1983) (plaintiff's mark EMERSON diluted by defendant's use of EMERSON QUIET HEAT to name its kerosene space heater); Hallmark Cards, Inc. v. Hallmark Dodge, Inc., 634 F. Supp. 990 (W.D. Mo. 1986) (plaintiff's marks HALLMARK and WHEN YOU CARE ENOUGH TO SEND THE VERY BEST diluted by car dealer's use of name HALLMARK DODGE and slogans WE CARE, WE CARE ENOUGH and BECAUSE WE CARE; statute applies as long as mark valid at common law); Midwest Research Inst. v. S&B Promotions Inc., 6 U.S.P.Q.2d 1269 (W.D. Mo. 1988) (MIDWEST RESEARCH for subliminal self-help tapes dilutes MIDWEST RESEARCH INSTITUTE for scientific research institute); Anheuser-Busch, Inc. v. Balducci Publications, 28 F.3d 769 (8th Cir. 1994) (plaintiff's famous MICHELOB marks diluted as a matter of law by realistic depiction of marks on back cover of magazine in parody ad for MICHELOB OILY), cert. denied, 115 S. Ct. 903 (1995); Cushman v. Mutton Hollow Land Development, 782 S.W.2d 150 (Mo. Ct. App. 1990) (plaintiff's MUTTON HOLLOW for a thematic tourist recreation area diluted by MUTTON HOLLOW for nearby R.V. campground); Gilbert Robinson v. Carrie Beverage-Missouri, 758 F. Supp. 512 (E.D. Mo. 1991) (plaintiff's HOULIHAN'S for restaurants diluted by defendant's MIKE HOULIHAN'S for bars).

MONTANA - Mont. Code Ann. § 30-13-334 (1993); see R.L. Winston Rod Co. v. Sage Mfg. Co., 838 F. Supp. 1396 (Mont. 1993) (declining to dismiss action to protect allegedly distinctive trade dress).

NEBRASKA - Neb. Rev. Stat. § 87-122 (1993); no reported decisions, but see Airship Indus. (UK) Ltd. v. Goodyear Tire & Rubber Co., 643 F. Supp. 754 (S.D.N.Y. 1986) (declining to enjoin defendant from prosecuting dilution claims under Florida and Nebraska law).

NEVADA - No state statute, but see Wells Fargo & Co. v. Wells Fargo Express Co., 358 F. Supp. 1065, 178 U.S.P.Q. 67 (D. Nev. 1973) (declining to enter summary judgment on plaintiff's dilution claims), vacated, 556 F.2d 406, 194 U.S.P.Q. 10 (9th Cir. 1977)

NEW HAMPSHIRE - N. H. Rev. Stat. Ann. § 350-A:12 (Supp. 1981) - A limited number of cases. See Colby College v. Colby College - New Hampshire, 183 U.S.P.Q. 230 (D. N.H. 1974) (defendant enjoined from using name COLBY COLLEGE but dilution ground for relief dismissed because antidilution statute only protects similar marks used on dissimilar goods), rev'd on other grounds, 508 F.2d 804 (1st Cir. 1975); Auto Body Specialists, Inc. v. Vallee 500 A.2d 372 (N.H. 1985) (defendant enjoined from using name AUTO BODY SPECIALISTS as part of its trade name but relief based on grounds other than dilution); California Prods. Corp. v. PPG Indus., 18 U.S.P.Q.2d 1232 (D. N.H. 1990) (plaintiff's STORMSTAIN for stain and wood preservative sold to independent stores not diluted by OLYMPIC STORMGUARD for similar product sold to chain stores).

NEW JERSEY - No state statute, but see Q-Tips, Inc. v. Johnson & Johnson, 108 F. Supp. 845, 95 U.S.P.Q. 264 (D.N.J. 1952) (defendant enjoined from using the word TIPS in the name of its cotton swabs, but relief based on grounds other than dilution), aff'd, 206 F.2d 144, 98 U.S.P.Q. 86 (3d Cir.), cert. denied 346 U.S. 867, 99 U.S.P.Q. 491 (1953); Great A&P Tea Co. v. A&P Trucking Corp., 29 N.J. 455, 49 A.2d 595, 121 U.S.P.Q. 55 (1959) (defendant trucking company enjoined from using A&P in its name on grounds similar to dilution); Caesars World, Inc. v. Caesars Palace, 490 F. Supp. 818, 209 U.S.P.Q. 492 (D.N.J. 1980) (defendant enjoined from using plaintiff's mark CAESARS PALACE as name of beauty salon on grounds similar to dilution); Schering Corp. v. Schering AG, 667 F. Supp. 75, 4 U.S.P.Q.2d 1596 (D.N.J. 1987) (court applied antidilution laws of various other states to find plaintiff's mark SCHERING diluted by formerly affiliated company's use of same name); Chanel, Inc. v. Casa Flora Co., 241 A.2d 24 (N.J. Super. Ct.), cert. denied, 242 A.2d 381 (N.J. 1968) (defendant's rebottled version of legitimate CHANEL No.5 perfume with label stating that product was rebottled does not dilute plaintiff's CHANEL No.5 mark); Prince Mfg. Inc. v. Bard Int'l Assocs., 11 U.S.P.Q.2d 1419 (D.N.J. 1988) (unpublished) (PRINCE for tennis racquets diluted by BARD PRINCESS also for tennis racquets).

NEW MEXICO - N. M. Stat. Ann. § 57-3-10 (1978) - A limited number of cases. See Jordache Enters. Inc. v. Hogg Wyld Ltd., 4 U.S.P.Q.2d 1216 (10th Cir. 1987) (defendant's mark LARDASHE for women's jeans has a parody aspect to plaintiff's mark JORDACHE for women's jeans, does not cause JORDACHE to lose distinctiveness as a mark, and does not tarnish the mark; therefore, LARDASHE does not dilute JORDACHE under New Mexico antidilution statute); Value House v. Phillips Mercantile Co., 523 F.2d 424 (10th Cir. 1975) (where defendant did not select name VALUE HOUSE for the purpose of benefitting from plaintiff's reputation and defendant did not so benefit, where defendant did not operate in same geographical area as plaintiff, and where defendant had no specific knowledge of plaintiff's name, relief on common law trademark principles was denied); Volkswagenwerk, A.G. v. Smith, 471 F. Supp. 385 (D.N.M. 1979) (defendant car servicing business cannot use VOLKSWAGEN trademarks without authorization from VOLKSWAGEN).

NEW YORK - N. Y. Gen. Bus. Law § 368(d) (McKinney 1968); Extensive litigation on dilution question. See, e.g., Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd., 604 F.2d 200, 203 U.S.P.Q. 161 (2d Cir. 1979) (plaintiff's uniform granted trademark status which was found to be diluted by defendant's use of similar uniform in movie); Coca-Cola Co. v. Gemini Rising, Inc., 346 F. Supp. 1183, 175 U.S.P.Q. 56 (E.D.N.Y. 1972) (plaintiff's mark COCA-COLA diluted by defendant's use of similar lettering in printing "Cocaine" on poster); Estee Lauder, Inc. v. Cinnabar 2000

Haircutters, Inc., 218 U.S.P.Q. 191 (S.D.N.Y. 1982) (cosmetics manufacturer's mark CINNABAR diluted by defendant's use of CINNABAR as name of beauty salons); Toys "R" Us, Inc. v. Canarsie Kiddie Shops, Inc., 559 F. Supp. 1189, 217 U.S.P.Q. 1137 (E.D.N.Y. 1983) (plaintiff's mark "Toys R Us" diluted by defendant's use of "Kids 'r' Us" as name of clothing store); Sally Gee, Inc. v. Myra Logan, Inc., 699 F.2d 621, 217 U.S.P.Q. 658 (2d Cir. 1983) (clothing manufacturer's marks SALLY and SALLY GEE not diluted by defendant designer's use of mark SALLY GEE); Girl Scouts of United States v. Personality Posters Mfg. Co., 304 F. Supp. 1228, 163 U.S.P.Q. 505 (S.D.N.Y. 1969) (plaintiff's marks GIRL SCOUTS and GS not diluted by defendant's production of poster depicting pregnant girl wearing a scouting uniform with the slogan "be prepared"); Tetley, Inc. v. Topps Chewing Gum, Inc., 556 F. Supp. 785, 217 U.S.P.Q. 1128 (E.D.N.Y. 1983) (tea distributor's marks TETLEY and THE TINY LITTLE TEA LEAF TEA not diluted by defendant's use of PETLEY FLEA BAGS in parody); Warner Bros. Inc. v. American Broadcasting Co., 530 F. Supp. 1187, 215 U.S.P.Q. 690 (S.D.N.Y. 1982), aff'd, 720 F.2d 231, 222 U.S.P.Q. 101 (2d Cir. 1983) (plaintiff's mark SUPERMAN not diluted by defendant's television show THE GREATEST AMERICAN HERO); Allied Maintenance Corp. v. Allied Mechanical Trades, Inc., 42 N.Y.2d 538, 369 N.E.2d 1162 (1977) (plaintiff maintenance company's mark ALLIED not diluted by ventilation repair company's use of name ALLIED MECHANICAL TRADES, INC.); Le Sportsac, Inc. v. K-Mart Corp., 617 F. Supp. 316, 227 U.S.P.Q. 151 (S.D.N.Y.) (absence of competition not a prerequisite for relief under New York statute), aff'd, 754 F.2d 71, 225 U.S.P.Q. 654 (2d Cir. 1985); McDonald's Corp. v. McBagel's Inc., 1 U.S.P.Q.2d 1761 (S.D.N.Y. 1986) (McBAGEL'S dilutes McDONALD'S under New York law and is permanently enjoined); Orient Express Trading Co. Ltd. v. Federated Dept. Stores Inc., 2 U.S.P.Q.2d 1106 (S.D.N.Y. 1987) (ORIENT EXPRESS is in common use and is not strong or distinctive and is not entitled to protection under the New York antidilution statute); Scholastic Inc. v. Macmillan Inc., 2 U.S.P.Q.2d 1191 (S.D.N.Y. 1987) (defendant's mark CLASSROOM for magazine did not dilute plaintiff's mark CREATIVE CLASSROOM for magazine under New York statute because defendant did not capitalize on plaintiff's labor, did not demonstrate bad faith, and because plaintiff's mark did not acquire the necessary secondary meaning); Airship Indus. (UK) Ltd. v. Goodyear Tire & Rubber Co., 643 F. Supp. 754 (S.D.N.Y. 1986) (declining to dismiss claims under Florida and Nebraska law); Gear, Inc. v. L.A. Gear California, Inc., 670 F. Supp. 508 (S.D.N.Y. 1987) (defendant's use of mark L.A. GEAR for "athleisure" wear and footwear does not dilute plaintiff's mark GEAR for apparel because term "gear" is generic as applied to apparel; however, issues of fact remain as to whether defendant's use dilutes plaintiff's mark as to handbags and soft luggage); Marshak v. Sheppard, 3 U.S.P.Q.2d 1829 (S.D.N.Y. 1987) (defendant's mark RICK SHEPPARD AND THE DRIFTERS diluted plaintiff's mark THE DRIFTERS, both for music groups); Cooperative Regionale v. Chatam Int'l, 5 U.S.P.Q.2d 1680 (S.D.N.Y. 1987) (New York statute requires showing of predatory intent); Hoover Co. v. Citicorp Venture Capital, 6 U.S.P.Q.2d 1396

(S.D.N.Y. 1987) (HOOVER CO. not diluted by HOOVER GROUP) (predatory intent is a relevant but not conclusive factor under New York statute); Muriani Int'l Ltd. v. Sun Apparel, Inc., 1987 U.S. LEXIS 6942 (S.D.N.Y. 1987) (defendants diluted COCA-COLA and COKE marks by continuing to use them on apparel after termination of agreement granting right to use them); Home Box Office v. Showtime/The Movie Channel, 665 F. Supp. 1079 (S.D.N.Y.) (HBO not diluted by defendant's slogan SHOWTIME & HBO, IT'S NOT EITHER/OR ANYMORE, and similar slogans), aff'd in part on other grounds, 832 F. Supp. 1311 (2d Cir. 1987); Allen v. Men's World Outlet Inc., 5 U.S.P.Q.2d 1850 (S.D.N.Y. 1988) (Woody Allen's likeness not diluted by ad featuring look-alike holding clarinet); Serendipity 3, Inc. v. Austin, 1987 U.S. LEXIS 11651 (S.D.N.Y. 1987) (SERENDIPITY in name of restaurant not diluted by same word in name of other restaurant); Oxford Indus. v. JBJ Fabrics Inc., 6 U.S.P.Q.2d 1756 (S.D.N.Y. 1988) (plaintiff's mark JBJ for women's apparel is weak and not diluted by defendant's use of JBJ as part of corporate name); Volvo North America Corp. v. Men's Int'l Professional Tennis Council, 1988 U.S. Dist. LEXIS 4863 (S.D.N.Y. 1988) (phrase "linking the world's official tennis tournaments" is not a mark protected against dilution); Nikon, Inc. v. Ikon Photographic Corp., 987 F.2d 91 (2d Cir. 1993) (plaintiff's NIKON mark for a variety of photographic equipment diluted by defendant's IKON for low-end photographic equipment; antidilution statute applies to both competitors and non-competitors); W.W.W. Pharmaceutical Co. v. Gillette Co., 984 F.2d 567 (2d Cir. 1993) (plaintiff's SPORTSTICK for lip balm not diluted by defendant's RIGHT GUARD SPORT STICK for antiperspirant and deodorant; court applies three part test for dilution consisting of distinctiveness, likelihood of diminution of distinctiveness or tarnishment of mark and predatory intent); Mead Data Central v. Toyota Motor Sales, 875 F.2d 1026 (2d Cir. 1989) (plaintiff's LEXIS for on-line legal research services not diluted by LEXUS for luxury automobiles and accessories; plaintiff's mark not nationally known and its customers sophisticated); Stern's Miracle-Gro v. Shark Prods., 823 F. Supp. 1077 (S.D.N.Y. 1993) (plaintiff's MIRACLE-GRO mark for plant food diluted by MIRACLE GRO for hair care products); Eastman Kodak Co. v. Rakow, 739 F. Supp. 116 (W.D.N.Y. 1989) (plaintiff's famous KODAK mark for a variety of photographic equipment diluted by comedian's use of KODAK as a stage name; "defendant's contention that the geographic scope of this injunction is limited to New York state is without merit"); American Express Co. v. Vibra Approved Lab., 10 U.S.P.Q.2d 2006 (S.D.N.Y. 1989) (plaintiff's famous AMERICAN EXPRESS CARD mark and design diluted by defendant's marketing of a novelty "condom card" that copied substantial portions of plaintiff's marks); Lobo Enters. v. Tunnel, 693 F. Supp. 71 (S.D.N.Y. 1988) (plaintiff's TUNNEL BAR for a bar not diluted by THE TUNNEL for a large dance/nightclub because defendant lacked predatory intent); Adirondack Appliance Repair v. Adirondack Appliance Parts, 538 N.Y.S.2d 118 (A.D. 3 Dept. 1989) (plaintiff's corporate name ADIRONDACK APPLIANCE REPAIR diluted by defendant's ADIRONDACK APPLIANCE PARTS); Deere Co. v. MTD Prods. Inc., 34 U.S.P.Q.2d 1706

(S.D.N.Y. 1995) (permanently enjoining defendant's alteration and animation of plaintiff's mark); Jaret Int'l, Inc. v. Promotion In Motion, Inc., 826 F. Supp. 69 (E.D.N.Y. 1993) (declining to protect one claimed trade dress of plaintiff but enjoining defendant's actions as to another); Jim Beam Brands Co. v. Beamish & Crawford Ltd., 852 F. Supp. 196, 31 U.S.P.Q.2d 1518 (S.D.N.Y. 1994) (JIM BEAM for Kentucky bourbon not diluted by BEAMISH for Irish stout); Lenox Inc. v. Ranmaru U.S.A. Corp., 17 U.S.P.Q.2d 1696 (S.D.N.Y. 1990) (TUXEDO for fine china not diluted by TUXEDO for inexpensive dinnerware); Pristine Indus. v. Hallmark Cards, Inc., 753 F. Supp. 140 (S.D.N.Y. 1990) (HOTDOGGER and hotdog design for wholesaler of skiing apparel not diluted by hotdog-on-skis and Santa-on-skis Christmas ornaments sold under HOT DOGGER name)

NORTH CAROLINA - No state statute; no cases.

NORTH DAKOTA - No state statute; no cases.

OHIO - No state statute, but dilution may be cognizable under Ohio common law. See Ameritech v. American Information Tech. Corp., 1 U.S.P.Q.2d 1861 (6th Cir. 1987) ("Dilution claims ... are cognizable under Ohio's common law); Nat'l City Bank v. National City Window Cleaning Co., 19 Ohio Op. 2d 448, 180 N.E.2d 20, (Ohio Ct. App. 1962) (window cleaning company enjoined from using NATIONAL CITY in its name on common law grounds similar to dilution), remanded on other grounds, 174 Ohio St. 510, 190 N.E.2d 437 (1963). But see Anheuser-Busch, Inc. v. Florist Ass'n of Greater Cleveland, Inc., 603 F. Supp. 35, 224 U.S.P.Q. 493 (N.D. Ohio 1984) (trademark antidilution is a creature of statute and the court will not create it); see Worthington Foods Inc. v. Kellogg Co., 732 F. Supp. 1417 (S.D. Ohio 1990) (plaintiff's HEARTWISE for health foods not diluted by defendant's HEARTWISE for cold breakfast cereal; as suggestive mark, plaintiff's mark lacked sufficient secondary meaning and distinctiveness).

OKLAHOMA - No state statute; no cases.

OREGON - Or. Rev. Stat. § 647.101 (1981) - A limited number of cases. See Wedgewood Homes, Inc. v. Lund, 294 Or. 493, 659 P.2d 377, (1983) (en banc) (plaintiff's mark WEDGEWOOD HOMES diluted by defendant's use of WEDGEWOOD DOWNS and WEDGEWOOD PLACE as names for retirement homes in plaintiff's local marketing area); Norm Thompson Outfitters, Inc. v. General Motors Corp., 448 F.2d 1293, 171 U.S.P.Q. 328 (9th Cir. 1971) (sporting goods retailer's mark ESCAPE FROM THE ORDINARY not diluted by car manufacturer's use of identical slogan); beef & brew, Inc. v. BEEF & BREW, INC., 389 F. Supp. 179, 185 U.S.P.Q. 531 (D. Or. 1974) (restaurant's mark BEEF & BREW not diluted by competitor's use of identical mark); Airwick Indus., MC v. Alpkem Corp., 384 F. Supp. 1027, 184 U.S.P.Q. 771 (D. Or. 1974) (plaintiff disinfectant manufacturer's marks AIRKEM and a stylized "A" not diluted by pharmaceutical company's use of ALPKEM and a symbol similar to plaintiff's "A"); Classic

Instruments, Inc. v. VDO-Argo Instruments, Inc., 226 U.S.P.Q. 894 (Ore. Ct. App. 1985) (affirming summary judgment for defendant on plaintiff's dilution claim); Soloflex, Inc. v. Nordictrack, Inc., 31 U.S.P.Q.2d 1721 (D. Or. 1994) (finding that antidilution doctrine does not apply to competitors).

PENNSYLVANIA - 54 Pa. Cons. Stat. Ann. § 1124 (Purdon Supp. 1993) - A limited number of cases. See Esquire, Inc. v. Maira, 101 F. Supp. 398, 91 U.S.P.Q. 318 (D. Pa. 1951) (magazine publisher's mark ESQUIRE diluted by defendant's use of ESQUIRE SHOP as name of clothing store); Triangle Publications, Inc. v. Standard Prods., Inc., 145 U.S.P.Q. 332 (E.D. Pa. 1965) (magazine publisher's mark SEVENTEEN diluted by defendant's use of MISS SEVENTEEN as name of line of luggage and stationery); Koppers Co. v. Krupp-Koppers GmbH, 517 F. Supp. 836, 210 U.S.P.Q. 711 (W.D. Pa. 1981) (smelting equipment manufacturer's mark KOPPERS not diluted by service company's use of KRUPPER-KOPPERS); Ginger Group Ltd. v. Beatrice Cos., 6 U.S.P.Q.2d 1373 (E.D. Pa. 1988) ("apple and a half with juice drop" design for apple juice label not a protectable trademark, therefore not subject to dilution); Fax-Express, Inc. v. Holt, 8 U.S.P.Q.2d 1618 (1988) (FAX-EXPRESS diluted by FAX EXPRESS, FX EXPRESS, and similar marks); Moore Push-Pin Co. v. Moore Business Forms, Inc., 678 F. Supp. 113 (E.D. Pa. 1987) (plaintiff's MOORE for fastening and hanging devices not diluted by defendant's MOORE for business forms; plaintiff's mark not distinctive and lacks secondary meaning); American Int'l Group, Inc. v. American Int'l Airways, Inc., 726 F. Supp. 1470 (E.D. Pa. 1989) (plaintiff's AMERICAN INTERNATIONAL for financial services to corporations not diluted by AMERICAN INTERNATIONAL for commercial aviation transportation services); Institute for Sci. Info. v. Gordon, 931 F.2d 1002 (3d Cir. 1991) (allegations of dilution in plaintiff's complaint sufficient to survive judgment on pleadings); Nugget Dist. Co-Op v. Mr. Nugget, Inc., 776 F. Supp. 1012 (E.D. Pa. 1991) (plaintiff's NUGGET for food distribution services diluted by MR. NUGGET for processing and marketing of fish products); Regal Indus. v. Genal Strap, Inc., No. 93-1317, 1994 WL 161374 (E.D. Pa. April 29, 1994) (SPORTSTRAP for sport watchbands diluted by SPORTSTRAP also for watchbands).

RHODE ISLAND - R.I. Gen. Laws § 6-2-12; no cases.

SOUTH CAROLINA - S.C. Code § 39-15-1180; See John Walker & Sons Ltd. v. Bethea, 305 F. Supp. 1302, 163 U.S.P.Q. 365 (D.S.C. 1969) (arguable application of common law antidilution theory in holding that hotel owner's use of name JOHNNY WALKER MOTEL infringes distiller's trademark JOHNNIE WALKER).

SOUTH DAKOTA - No state statute; no cases.

TENNESSEE - Tenn. Code Ann. § 47-25-512; See Reed v. Amoco Oil Co., 611 F. Supp. 9, 225 U.S.P.Q. 876 (M.D. Tenn. 1984) (preliminary injunction denied where plaintiff failed to show likelihood that defendant's use of slogan WE GO THAT EXTRA MILE diluted plaintiff's slogan GOIN' THE EXTRA MILE); Wynn Oil Co. v. Thomas, 669 F. Supp. 831, 5 U.S.P.Q.2d 1944 (6th Cir. 1988) (CLASSIC not diluted by CLASSIC CAR WASH or CLASSIC CAR WASH SYSTEMS).

TEXAS - Tex. Bus. & Com. Code Ann. § 16.29 (West 1993); See Texas Dairy Queen Operators Council v. The Feed Store Inc., 1 U.S.P.Q.2d 1804 (N.D. Tex. 1986) (antidilution claim not recognized under Texas or Federal statutory or common law); Service Merchandise Co. v. Service Jewelry Stores Inc., 737 F. Supp. 983 (S.D. Tex. 1990) (plaintiff's SERVICE MERCHANDISE for jewelry sales diluted by SERVICE JEWELRY for similar services).

UTAH - No state statute; no cases.

VERMONT - No state statute; no cases.

VIRGINIA - No state statute; no cases.

WASHINGTON - Wash. Rev. Code Ann. §§ 19.77.160, 19.77.010(4) (providing for damages for dilution); Lamb-Weston, Inc. v. McCain Foods, 818 F. Supp. 1376 (E.D. Wash. 1993) (plaintiff's CRISSCUT for waffle-shaped french fried potato product not sufficiently distinctive in overall appearance to be diluted by defendant's SUPERCRISP for similar product); Hard Rock Cafe Licensing Corp. v. Pacific Graphics, Inc., 776 F. Supp. 1454 (W.D. Wash. 1991) (plaintiff's HARD ROCK CAFE for t-shirt heat transfer logos infringed by HARD RAIN CAFE design for identical product; infringement remedy eliminates need to make antidilution inquiry); Lighthawk v. Robertson, 812 F. Supp. 1095 (W.D. Wash. 1993) (defendant's political advertisement/parody with caricature of SMOKEY BEAR wielding chainsaw not likely to be viewed as a commercial advertisement, and thus, is unlikely to dilute the value of SMOKEY BEAR to fight forest fires; lacking dilution and other injuries, plaintiff lacked compelling reason to restrict speech).

WEST VIRGINIA - No state statute; no cases.

WISCONSIN - No state statute; no cases. But see Miller Brewing Co. v. Anheuser-Busch, 6 U.S.P.Q.2d 1481 (E.D. Wis. 1987) (apparently applying Illinois law to hold that mark LA for low alcohol beer is weak and incapable of being diluted).

WYOMING - No state statute; no cases.

THE TRADEMARK TRIAL AND APPEAL BOARD - Dilution cannot be used as a basis for sustaining an opposition petition or ground for refusing registration. See Coca-Cola Co. v. Fanta, 155 U.S.P.Q. 276 (T.T.A.B. 1967); K2 Corp. v. Philip Morris, Inc., 192 U.S.P.Q. 174 (T.T.A.B. 1976), aff'd, 555 F.2d 815, 184 U.S.P.Q. 81 (C.C.P.A. 1977); Mister Donut of Am., Inc. v. Mr. Steak, Inc., 150 U.S.P.Q. 712 (T.T.A.B. 1966).

APPENDIX B

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Mr. MOORHEAD. Mr. Moskin.

STATEMENT OF JONATHAN E. MOSKIN, PARTNER, PENNIE & EDMONDS

Mr. MOSKIN. Good morning, Mr. Chairman. My name is Jonathan Moskin. I am a member of the firm Pennie & Edmonds, which is a firm of approximately 150 lawyers specializing in trademark, copyright and patent matters. If not the largest, it is one of the largest intellectual property firms in the country. At Pennie & Edmonds, the firm itself and in my own practice, I and we represent a broad spectrum of clients in the trademark area. Not only the very large companies, whose interests have been, I think, expressed very articulately today, but other smaller companies, whose interests I think have not been completely addressed today and even large companies, such as consumer products companies that introduce many new products or attempt to introduce many new products on a regular basis, and have a need to clear trademarks and thus a need for some certainty as to whether they are likely to infringe the rights of others.

In 1993, I published an article entitled, "Dilution or Delusion, the Rational Limits of Trademark Law." As the title suggests, I have some doubts as to the extent to which we really understand what dilution is. The article principally addressed what I believe has been the futility of State statutes, for the principal reason that the concept of dilution has never truly been defined, and practical limitations or guidelines for its reasonable application have never been developed. I am concerned that H.R. 1295 does not sufficiently advance the matter in this respect in defining dilution or in including practical limits on how it should be applied.

Rather than speak in broad generalities, let me give you a specific example from personal experience. There is in New York City a cheese shop, a humble cheese shop called Miller's Cheese, which I have been aware of for at least 25 years. For that entire time, I have also been quite well aware of the famous national brand of beer produced by the Miller Brewing Co. Never once in that time has it entered my consciousness that Miller's Cheese had anything to do with Miller's Beer. Nor am I aware or can I detect in my mind a lessening of the capacity of Miller as a trademark for beer to identify or designate or distinguish that product, simply because I am also aware of the cheese shop.

I am concerned that H.R. 1295 would likely give a company such as the Miller Brewing Co. essentially a commercial monopoly in its name, if it can establish that the name is nationally famous or, I suppose I should say, just famous, because apparently it's not necessary to prove national fame.

Unlike the concept of likelihood of confusion, which I think is readily understandable, I don't think we really know when a mark's distinctive capacity has been or will be lessened. As consumers, we certainly know when we have been tricked or deceived, but I don't think that as consumers we are capable of knowing when, in our minds, the distinctive capacity of a mark has been lessened.

Mr. MOORHEAD. May I ask you a question on that? You take a common name like Miller's. If you used the same type of printing the Miller Brewing Co. would use, and made it look like it was a product from the Miller Brewing Co., wouldn't that be different than if you used your own common name which is Miller and said you made cheese?

I think when we talk about trademark, we're not always talking about using a name which is relatively common that someone else has, but the way we present it. I think that was the complaint with Campbell's, not that it was called Campbell's Real Estate Co., but that they used a print that made it look like it was a Campbell's Soup product.

Mr. MOSKIN. Mr. Chairman, I agree entirely. I think that while the name Miller, just as the name Campbell, is a common surname, they are each known and presented in distinctive typefaces. I think that lends a distinctiveness to the name as presented in those type faces, and would be sufficient and would merit protection. Certainly in the instance of the automotive shop we saw, of the Campbell's Automotive Shop, the typeface is really what gave color to the usage, that suggested an intent to trade on the reputation of the Campbell's Soup Co., not merely the name Campbell. If the engineer in that shop was born under the name Campbell, I think he should be permitted to do business under that name, provided he really is not trying to trade on the reputation of the Campbell's Soup Co., which would I think be indicated by——

Mr. MOORHEAD. I don't think there's any intention of getting at that.

Mr. MOSKIN. I think it might be of some benefit to hear testimony from experts in consumer psychology, rather than simply from attorneys if the definition that is contained in H.R. 1295 is to be adopted, because I think it does contain many assumptions about consumer psychology that we do not adequately understand. Indeed, it may be that the more famous the mark, the less likely it will be to be diluted. Like barnacles on a whale, if the mark is sufficiently well known, it may be able to sustain at the edges occasional such usage without a true lessening. I am not suggesting that that in fact is the case. I do not know. I think that's an issue beyond my expertise or beyond the expertise of the other attorneys who have testified.

I think that if we are to have protection against dilution and to protect the economic value of truly famous trademarks from unjust enrichment, such protection should be carefully limited to truly famous marks, not marks that are merely famous in some channels of trade or in some geographic regions, and that we should have more careful consideration of what is a fair use. The definition of fair use in H.R. 1295 is limited to instances of comparative advertising, but for instance, and to cite an example from Mr. Baughman's printed statement, of the mark Franco-American, I can imagine that one could use that term in a descriptive way on a product, that it is a food product, to describe what it tastes like, or the type of cuisine it is. That, I don't think, would be covered as a fair use under H.R. 1295, because it is not comparative advertising. It would be a use on the product itself.

I think further attention needs to be paid to the degree of similarity that would suffice to state a claim for dilution. The statute I don't think addresses this and I think it can most properly be addressed by limiting protection to the identical trademarks or marks that are essentially indistinguishable from the registered trademarks.

I think that lack of a clear definition will not promote uniformity. It will generate further uncertainty. Just as the State statutes have essentially been a dead letter, applied in really only a handful of cases, the Federal statute may not achieve its intended goals or may be applied in a random ad hoc fashion, as the State statutes have been.

I have submitted with my prepared statement some alternatives that would give exclusive rights in truly famous marks, but would also provide some practical limitations; limiting protection to truly famous marks, nationally famous marks, distinctive marks, bearing in mind that even a common name such as Campbells or Miller can be presented in a distinctive fashion; to provide a full fair use defense; to limit relief where a mark has already been diluted by other uses, and to allow certain other defenses that have been deemed appropriate and that are included already in section 33 of the Lanham Act, which provides special protections to marks that have been deemed incontestable.

I have also proposed as a second possible piece of legislation, if it would be considered, the addition of, if not exactly a registry of famous marks which is used in some foreign countries, a means of certifying marks in advance as being famous by the Patent and Trademark Office, to lend greater certainty to the process of clearing trademarks before adopting them for use. Thank you, Mr. Chairman.

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[The prepared statement of Mr. Moskin follows:]

PREPARED STATEMENT OF JONATHAN E. MOSKIN, PARTNER, PENNIE & EDMONDS

A nationally uniform means of enhancing protection for the *economic value* of nationally famous trademarks would help deter certain forms of unfair competition not clearly remediable under existing federal law and help safeguard the often enormous investments trademark owners must make to establish and maintain the fame of certain marks. However, H.R. 1295 may not be an effective means to achieve this result because dilution is defined in the statute in an essentially circular manner and is likely incapable of proof by competent evidence. The bill also contains insufficient guidance for the practical implementation of protection against dilution.

Attached to this statement as Exhibits A and B are proposed modifications of H.R. 1295. These proposals offer a simpler definition of dilution than H.R. 1295 and set forth specific limitations for practical application of such a statute. Proposals A and B differ from one another only in that the second version contains a suggested means for prior *certification* of certain marks as famous by the Patent and Trademark Office, thus limiting protection against dilution to marks certified as being famous.

The impact H.R. 1295 is likely to have is perhaps best understood in view of the limitation of existing trademark law it is meant to overcome and prior failed attempts to remedy such limitations under state statutes.

PENY2-391768.1

A. Existing Federal Law

Trademark law has always been considered part of the broader law of *unfair competition.* In its simplest form, a trademark (which may be a word, symbol, design or other matter) is considered a means of designating the source or origin of a product or service and distinguishing the product or service from the products or services of others. Trademark law thus principally serves to protect the owner of a mark from *competitive* injury if another merchant uses a name, mark or other symbol sufficiently similar to the trademark owner's mark as to be *likely to cause confusion.*

Unlike a copyright, which is an exclusive right in an author's expression, or a patent, which is a grant of exclusive rights in useful inventions -- each irrespective of competition between the owner and alleged infringers -- a trademark is essentially only a right to prevent use of confusingly similar marks that may cause competitive injury to the trademark owner. *See, e.g.*, *MDT Corp. v. New York Stock Exchange, Inc.*, 30 U.S.P.Q.2d 1849 (C.D. Cal. 1994):

> It is well established that, unlike a patent or copyright, a trademark does not confer on its owner any right in gross or at large. *Treager v. Gordon-Allen, Ltd.*, 71 F.2d 766, 768 (9th Cir. 1934). Rather, all a trademark does is "so to identify the 'owner' that its use by others can be said to divert to them customers who might otherwise have bought of him." *Durable Toy & Novelty Corp. v. J. Chein & Co.*, 133 F.2d 853 (2d Cir. 1943) (L. Hand, J.), *cert. denied*, 320 U.S. 211 (1943). Consequently, the owner of a mark acquires the right to prevent the goods to which the mark is applied from being confused with those of others and to prevent his own trade from being converted to competitors through their use of misleading marks. *Lucasfilm Ltd. v. High Frontier*, 622 F.Supp. 931 (D.D.C. 1985). In other words, the essence of the trademark right is the identification of the source of a product, service or a business. J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 4.04[10] (3d Ed. 1992).

Accord, James Burrough, Ltd. v. Sign of the Beefeater, Inc., 540 F.2d 266, 276 (7th Cir. 1976) ("The trademark laws exist not to 'protect' trademarks, but . . . to protect the consuming public from confusion, concomitantly protecting the trademark owner's right to a non-confused public").

To be sure, the concept of confusion has substantially expanded beyond its original common law and statutory origins, such that it now includes concepts of sponsorship confusion,[1] reverse confusion[2], post purchase confusion[3] and other more subtle types of confusion sometimes referred to as subliminal confusion.[4] Moreover, courts generally recognize that the

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1 Section 43(a) of the Lanham Act expressly provides relief against use of marks that are "likely to cause confusion, or to cause mistake or to deceive as to the *affiliation*, *connection*, or *association* of such person with another person or as to the origin, *sponsorship* or *approval* of his or her goods, services or commercial activities by another person" (emphasis added). Sponsorship confusion, if proven, is clearly remediable under existing federal law. *See, e.g., National Football League Properties, Inc. v. New Jersey Giants, Inc.*, 637 F.Supp. 507 (D. N.J. 1986) (unauthorized sports-related apparel bearing GIANTS trademark deemed likely to be viewed as sponsored or licensed by football team, which does not itself produce apparel).

2 In the seminal case on reverse confusion, *Big O Tire Dealers, Inc. v. Goodyear Tire & Rubber Co.*, 408 F.Supp. 1219 (D. Colo. 1976), *modified*, 561 F.2d 1361 (10th Cir. 1977), *cert. dismissed*, 434 U.S. 1052 (1978), a modest-sized tire dealer's use of the trademark BIG FOOT was deemed likely to be overwhelmed by Goodyear's launch of a major brand, so much so that consumers would mistakenly assume the senior user, Big O, had copied the infringer, Goodyear.

3 *See, e.g., Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 799 F.2d 867 (2d Cir. 1986), in which the court recognized that distinguishing labelling appearing on defendant's jeans at the point of sale would likely be removed after purchase, allowing later confusion because of similarity of the stitch designs on the trademark owner's and the infringer's jeanswear.

4 Various types of subtle injuries remediable under the Lanham Act are sometimes referred to as subliminal confusion. An example is *Mobil Oil Corp. v. Pegasus Petroleum Corp.*,

(continued...)

more famous the mark, the broader the scope of protection to which it is entitled. Nonetheless, certain seemingly unfair types of trademark usage have no clear remedy under traditional trademark law because of the lack of *competitive* injury and the difficulty of proving likelihood of confusion. Hypothetical examples are KODAK bicycles, TIFFANY restaurants or DIES R US machine shops. In these cases, the goods or services are so different from the trademark owners' as to make it difficult or impossible to prove competitive injury (*e.g.*, possible lost sales or interference with licensing or marketing opportunities) or to show a likelihood that consumers will believe the trademark owner has sponsored or approved the junior use.

Concern over the inability of trademark law to prevent such unauthorized uses of famous trademarks was first articulated in a 1927 law review article, F. Schecter, *The Rational Basis of Trademark Protection*, 40 Harv.L.Rev. 813, 22 TM Bull. 139 (1927), reprinted at 60 Trademark Rptr. 334 (1970). The author there explained that the requirement of proving competitive injury gave insufficient recognition to the "most potent aspect of the nature of a trademark and that phase most in need of protection", namely the "agency for actual creation or perpetuation of goodwill." The author further argued that the "real injury" in such cases:

> ... is the gradual whittling away or dispersion of the identity and hold upon the public mind of the mark or name by its use upon non-competing goods. The more distinctive the mark, the deeper is its impress upon the public consciousness, and the greater the need for its protection against vitiation or dissociation from the

[4](...continued)
818 F.2d 254 (2d Cir. 1987), where the defendant's use of the Pegasus name for its oil trading business was deemed likely to help it get it a "foot in the door" with potential clients even if those clients would not actually be confused as to any relationship with Mobil at the time of consummating a business relationship.

> particular product in connection with which it has been used. 60 TMR at 342.

Recognition of the absolute economic value of trademarks has substantially increased since 1927. Trademark licensing, which vastly expands the notion of the "source" identified by a trademark and requires recognition of the economic value of trademarks, was practically unheard of in 1927 and of doubtful legal effect but is common now. As early as 1941, Justice Frankfurter recognized the economic value of trademarks in *Mishawaka Rubber and Woolen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203, 205, 62 S.Ct. 1022, 1024 (1942), a case in which the mark in issue was simply a red dot on a shoe heel:

> The protection of trademarks is the law's recognition of the psychological value of symbols. If it is true that we live by symbols, it is no less true that we purchase goods by them. A trademark is a merchandising shortcut which induces a purchaser to select what he wants, or what he has been led to believe he wants. The owner of a mark exploits this human propensity by making every effort to impregnate the atmosphere of the market with the drawing power of a congenial symbol. Whatever the means employed, the aim is the same -- to convey through the mark, in the minds of potential customers, the desirability of the commodity upon which it appears. Once this is attained, the trademark owner has something of value. If another poaches upon the commercial magnetism of the symbol he has created, the owner can obtain legal redress.

Despite the general broadening of rights of trademark owners to reflect the true economic value of trademarks, certain seemingly unfair uses of trademarks nonetheless remain beyond the reach of existing federal law, and trademark owners are not always able to obtain legal redress when others poach upon the commercial magnetism of their marks.

B. Existing State Dilution Statutes

To protect the commercial magnetism or economic value of certain marks, dilution statutes have now been enacted in twenty-seven states[5] and a number of other jurisdictions recognize the concept at common law. Most of these statutes are based on Section 12 of the Model State Trademark Bill, and provide as follows:

> 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.

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[5] Alabama, Ala. Code § 8-12-17 (Supp. 1983); Arkansas, Ark. Stat. Ann. § 4-71-113 (Michie 1993); California, Cal. Bus. & Prof. Code § 14330 (West Supp. 1993); Connecticut, Conn. Gen. Stat. Ann. § 35-11i(c) (West 1981); Delaware, Del. Code Ann. tit. 6, § 3313 (1993); Florida, Fla. Stat. Ann. § 495.151 (West 1972); Georgia, Ga. Code § 106.115 (1984); Idaho, Ida. Code § 48-512 (1979); Illinois, Ill. Comp. Stat. Ch. 765, § 1035/15 (1992); Iowa, Ia. Code Ann. § 548.10A (1993); Louisiana, La. Rev. Stat. § 51:223.1 (1984); Maine, Me. Rev. Stat. Ann. tit. 10 § 1530 (1980); Massachusetts, Mass. Gen. Laws Ann. ch. 110B § 12 (West Supp. 1983); Minnesota, Minn. Stat. § 325D.165 (1994); Missouri, Mo. Ann. Stat. § 417.061(1) (1993); Montana, Mont. Code Ann. § 30-13-334 (1993); Nebraska, Neb. Rev. Stat. § 87-122 (1993); New Hampshire, NH Rev. Stat. Ann. § 350-A:12 (Supp. 1981); New Mexico, NM Stat. Ann. § 57-3-10 (1987); New York, NY Gen. Bus. Law § 368-d (McKinney's 1984); Oregon, Ore. Rev. Stat. § 647.107 (1987); Pennsylvania, 54 Pa. Cons. Stat. Ann. § 1124 (Purdon Supp. 1993); Rhode Island, RI Gen. Laws § 6-2-12 (Supp. 1983); South Carolina, S.C. Code § 39-15-1180 (1994); Tennessee, Tenn. Code Ann. § 47-25-433 (Supp. 1983); Texas, Tex. Code Ann. Bus. & Comm. § 16.29 (1993); and Washington, Rev. Code Wash. Ann. § 19.77.160 (Supp. 1990). The Iowa statute was held preempted insofar as it affects interstate commerce in *United States Jaycees v. Commodities Magazine, Inc.*, 661 F.Supp. 1360, 1365-68, 2 U.S.P.Q.2d 1119, 1124-26 (ND Iowa 1987). The New York statute was held preempted by patent law insofar as it concerns unpatentable designs. *Escada AG v. The Limited, Inc.*, 810 F.Supp. 571 (S.D.N.Y. 1993).

The state statutes have been largely ineffective. Indeed, absent proof of likelihood of confusion under traditional analyses, the state statutes have been applied as the actual basis for decision in only a handful of cases.

Courts applying the state statutes have done so in an entirely *ad hoc* and unpredictable manner. Courts have failed to define dilution or identify criteria for determining when a mark has in fact been diluted. There are, moreover, no known cases in which an aggrieved party has submitted actual evidence that dilution had occurred or was likely to occur. Courts have also failed to establish clear or consistent rules for when or how the state dilution statutes should be applied. Thus, there is no consistent rule to determine when a mark is sufficiently famous to merit protection against dilution; how similar two marks must be for one to be able to dilute the other; whether likelihood of confusion is a required element of proving dilution; whether dilution can be found among competing goods or services or, rather, applies to non-competing goods or services only; and whether predatory intent is a required element of proof. The proposed federal legislation does not adequately resolve these problems.

C. Proposed Federal Dilution Legislation

1. Definition of dilution. Section 4 of H.R. 1295 defines dilution as "the lessening of the capacity of a registrant's mark to identify and distinguish goods or services...." The definition is premised on the same notion underlying state dilution statutes that goodwill exists in a physical sense in the minds of consumers and can be subject to theft, waste or erosion when a third party uses a similar mark.

It is submitted that goodwill (like personal reputation) does not "exist" in a physical sense in one's conscious or unconscious mind. It thus is misleading to picture a physical thing being eroded or whittled away. Rather, goodwill is a vague favorable disposition towards a product or a service -- an expectation of satisfaction -- that is detectable only from the conduct it precipitates. Goodwill is not something that generally presents itself to the conscious mind, and its metes and bounds cannot be measured in any meaningful sense. Unlike the readily understandable concepts of confusion, mistake and deception, upon which existing trademark remedies are premised, the weakening of goodwill is not susceptible to direct proof.

Without taking any position on the matter, and absent clear psychological evidence to the contrary, it is possible, at least in some instances, that use of even a well-known mark, *e.g.* APPLE for computers, on so disparate a product as dinnerware, will have no effect on consumer recognition of the mark as used on its intended goods and those for which it is famous. Consumers may be able to retain the two symbols in their minds without confusing or associating the two or without their awareness of APPLE dinnerware causing them to think any less of APPLE computers or making them any less likely to purchase such a computer. At least in some cases, two such brands thus may be able to co-exist in the minds of consumers without a meaningful lessening of the distinctiveness or recognition of the famous mark. Indeed, if the legal analogy is made to trespass rather than theft, one can imagine that some unauthorized uses of a mark (an entry onto property[6] without consent) may cause no injury to another's mark and

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[6] It of course begs the question to characterize a trademark right as a property right in the absence of likelihood of confusion since the term "property" is simply a legal conclusion (continued...)

may even improve the trademark owner's property by increasing awareness of the mark: a form of free advertising. Although dilution is intuitively plausible, it is empirically unverifiable.

Because of the vagueness of the definition of dilution in H.R. 1295, the legislation may be either a boon or a bane to trademark owners. Proponents of enhanced protection for famous marks may find the statute less than fully effective because, in any given instance, trademark owners will be unable to present concrete evidence that the capacity of their marks to identify or distinguish their goods has been lessened by the unauthorized use of a similar mark. Indeed, as earlier noted, there are no known cases under existing state dilution statutes in which evidence of actual dilution has been presented. Alternately, if courts do *not* require strict proof, legitimate businesses may be subjected to meritless claims for dilution, which, given the opacity of the definition of dilution, will be difficult, costly and time-consuming to resolve. The process of selecting new trademarks will also become fraught with uncertainties.

Further, if the analogy to the law of theft or the erosion metaphor *are* correct, dilution should occur whenever there is an unauthorized use of an existing mark, whether or not the senior mark is famous. Yet virtually no one favoring enactment of federal dilution legislation favors extending protection to all marks, regardless of their economic value: a result that would thoroughly transform trademark law into something akin to copyright or patent.

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[6](...continued)
recognizing exclusive rights in something of commercial value. *International News Service v. Associated Press*, 248 U.S. 215, 246 (1918) (Holmes, J., concurring). Certainly federal law does not currently recognize a legal right in a trademark absent likelihood of confusion.

Rather than adopting a definition of dilution that is difficult or impossible to measure or comprehend, Congress should address its attention to the more understandable concept that famous trademarks have economic value worthy of protection. Moreover, if a remedy is created it should be clear and capable of being applied by following understandable rules. Very simply, if a mark is deemed famous, the economic value of the mark may be protected by a simple prohibition of use of similar marks. Such a remedy should be limited, however, to nationally famous, *inherently* distinctive marks that have not already been diluted, and should extend only to the prohibition of use of trademarks identical to or substantially indistinguishable from the famous mark.

2. Definition of Fame. H.R. 1295 does not make clear whether only nationally famous marks are eligible for protection or whether marks with varying levels of regional renown or recognition in only specific types of trade also merit protection. Proposed subsections 43(c)(1)(D), (E) and (F) thus suggest that marks that are well known or "famous" in limited geographical areas or in specific channels of trade may merit national protection against dilution. Owners of marks that are not nationally famous should not be granted national monopolies in their marks regardless of likelihood of confusion or competitive injury.[7] Moreover, failure to limit the applicability of dilution legislation to truly famous marks will encourage needless litigation.

[7] Since H.R. 1295 does not purport to preempt state dilution statutes, presumably locally famous marks might still merit protection under state law.

Proposed Section 43(c)(1)(A) also permits descriptive marks or other marks lacking in *inherent* distinctiveness (*e.g.*, PHILADELPHIA, NATIONAL, MILLER or MACINTOSH) to qualify for protection against dilution provided they have acquired secondary meaning. Although well-known brands that incorporate descriptive terms are certainly entitled to broad protection against trademark infringement (*i.e.* upon a showing of likelihood of confusion), it does not follow that owners of such marks should be granted monopolies in common words, place names, or surnames, regardless of likelihood of confusion or competitive injury. The effect of extending such statutory protection to these marks may, for instance, be to prevent anyone with the surname "Miller" from using his or her name in a family business, *e.g.* a cheese shop, or to prohibit use of the name MACINTOSH to identify a producer's apple products or rain jackets.

3. <u>Damages.</u> Proposed Section 43(C)(2) suggests that a damage award be permitted against a party who "willfully intended to trade on the registrant's reputation ...." Although such conduct may be trademark infringement, it is not clearly dilution -- at least not as dilution is defined in H.R. 1295.

Moreover, as dilution is defined in Section 4 of H.R. 1295, it is unlikely anyone would ever deliberately violate the statute. If dilution is indeed nothing more than a "lessening of the capacity of a registrant's mark to identify and distinguish goods or services", no economic benefit would befall the accused party if it succeeded in weakening the senior user's mark, and there is no rational commercial motive to dilute a mark simply to lessen its distinctive capacity.

Indeed, to the extent the junior user succeeds in watering down the goodwill in a senior mark, the less able will he be to exploit that goodwill.

4. Tarnishment. H.R. 1295 does not purport to recognize injury from uses of a famous trademark that are likely to tarnish the reputation of the owner of the famous mark. This is one form of injury that has been susceptible of proof under state dilution laws independent of proof of likelihood of confusion. *See, e.g. American Express Co. v. Vibra Approved Laboratories Corp.*, 10 U.S.P.Q.2d 2006 (S.D.N.Y. 1989) (likelihood of tarnishment found in the absence of likelihood of confusion where defendant sold a replica of the AMERICAN EXPRESS card containing a condom and bearing the phrase "never leave home without it"). There is also empirical evidence of the damage such uses may cause, whether or not consumers believe the trademark owner sponsored or approved the usage.[8]

5. Degree of Similarity Needed To Prove Dilution. Some clear practical limits should be placed on how broadly the remedy against dilution may be applied. Otherwise, legitimate businesses will be subjected to meritless or pretextual suits for dilution brought by owners of marks having only a general similarity to the allegedly diluting mark.

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[8] *See, e.g.* A. Tybout, B. Calder and B. Sternthal, *Using Information Processing Theory to Design Marketing Strategies*, 18 Journal of Marketing Research 79 (1981). The study indicates that efforts to directly refute a false rumor (e.g., that McDonald's uses worms in its hamburger meat) may only cause the mind to more deeply encode and retain the damaging information. Thus, even if we know something is untrue, for instance whether a company sponsored some distasteful advertisement or product, we may retain an unfavorable association constituting tarnishment.

6. Right To Oppose Marks Likely To Cause Dilution. If, as provided in proposed Section 43(c)(3), registration is to be a complete defense to an action for dilution, the owner of the famous mark should have an opportunity to oppose.

7. Structural Considerations. Section 43 of the Lanham Act, 15 U.S.C. § 1125, regulates use of *unregistered* trademarks and designations of origin. Because H.R. 1295 is limited to *registered* marks, the rights and remedies it provides might better be incorporated in Section 33 of the Lanham Act, 15 U.S.C. § 1115.

EXHIBIT A

VERSION I

(PROPOSED) BILL TO ESTABLISH LANHAM ACT PROTECTION AGAINST DILUTION

SECTION 1 SHORT TITLE.

This Act may be cited as the "Federal Trademark Dilution Act of 1995".

SEC. 2 REFERENCE TO THE TRADEMARK ACT OF 1946.

For purposes of this Act, the Act entitled "An Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes", approved July 5, 1946 (15 U.S.C. § 1051 and following), shall be referred to as the "Trademark Act of 1946".

SEC. 3 REGISTRATION OF MARKS LIKELY TO CAUSE DILUTION.

Section 2 of the Trademark Act of 1946 (15 U.S.C. § 1052) is amended by adding a new subsection (e) and redesignating existing subsections (e) and (f) as subsections (f) and (g) accordingly:

> (e) Consists of a mark that is identical to or substantially indistinguishable from a famous registered mark or the dominant distinctive element thereof, or is likely to injure the business reputation of the registrant of a famous mark.

SEC. 4 RIGHTS AGAINST DILUTION.

Section 33 of the Trademark Act of 1946 (15 U.S.C. 1115) is amended by adding at the end of the following subsection:

> (c) To the extent that the registered mark has become famous, the registrant and parties in privity therewith shall be entitled to the exclusive use of the mark or its dominant distinctive portion or any other name or mark substantially indistinguishable therefrom, notwithstanding the presence or absence of (1) competition between the owner of the famous registered mark or parties in privity therewith or (2) likelihood of confusion, mistake or deception, subject to the following conditions and defenses:

(1) That the registrant's mark does not identify goods or services coming from a single source or origin but rather, at the time of commencement of use of the name, term or device charged to be an infringement, the registrant's mark identifies varying goods or services coming from varying sources or origins;

(2) That the registration of the mark was obtained fraudulently; or

(3) That the mark has ceased to be famous; or

(4) That the mark is being used, by or with the permission of the registrant or a person in privity with the registrant, so as to misrepresent the source of the goods or services on or in connection with which the mark is used; or

(5) That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin: *Provided, however,* that this defense or defect shall not apply to the intentional misuse of the registrant's mark as a generic term; or

(6) That the use of the name, term or device charged to be an infringement is not a commercial use: *Provided, however,* that this defense or defect shall not apply to the intentional misuse of the registrant's mark as a generic term; or

(7) That the mark whose use by a party is charged as an infringement was adopted without knowledge of the registrant's prior use and has been continuously used by such party or those in privity with him from a date prior to the acquisition of fame by the registrant's mark; or

(8) That the mark whose use is charged as an infringement is registered under the Act of March 13, 1881, the Act of February 20, 1905 or under this Act; or

(9) That the mark has been or is being used to violate the antitrust laws of the United States; or

(10) That equitable principles, including laches, estoppel, and acquiescence are applicable; and

(11) In an action brought under this subsection, the registrant or parties in privity therewith shall be entitled only to injunctive relief unless the person against whom the injunction is sought has intentionally misused the registrant's mark or has used the registrant's mark or a mark substantially indistinguishable therefrom in a manner likely to injure the business reputation of the registrant. In such circumstances, the registrant shall also be entitled to the remedies set forth in sections 35(a) and 36, subject to the discretion of the court and the principles of equity.

SEC. 5 DEFINITION.

Section 45 of the Trademark Act of 1946 (15 U.S.C. 1127) is amended by inserting after the paragraph defining the term "collective mark" the following:

The term "famous mark" means a trademark or service mark of national renown as determined by the following factors:

(A) the degree of inherent distinctiveness of the mark;
(B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;
(C) the duration and extent of advertising of and publicity for the mark;
(D) the geographical extent of the trading area in which the mark issued;

(E) the breadth of the channels of trade for the goods or services with which the mark is used;

(F) the degree of national recognition of the registrant's mark; and

(G) the extent to which the mark or other similar marks, names, terms or other devices are associated with or are used to identify other goods, services or other matter.

SEC. 6 EFFECTIVE DATE.

This Act and the amendments made by this Act shall take effect on the date of the enactment of this Act.

EXHIBIT B

VERSION II

(PROPOSED) BILL TO ESTABLISH LANHAM ACT PROTECTION AGAINST DILUTION

SECTION 1 SHORT TITLE.

This Act may be cited as the "Federal Trademark Dilution Act of 1995".

SEC. 2 REFERENCE TO THE TRADEMARK ACT OF 1946.

For purposes of this Act, the Act entitled "An Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes", approved July 5, 1946 (15 U.S.C. § 1051 and following), shall be referred to as the "Trademark Act of 1946".

SEC. 3 REGISTRATION OF MARKS LIKELY TO CAUSE DILUTION.

Section 2 of the Trademark Act of 1946 (15 U.S.C. § 1052) is amended by adding a new subsection (e) and redesignating existing subsections (e) and (f) as subsections (f) and (g) accordingly:

> (e) Consists of a mark that is identical to or substantially indistinguishable from a famous registered mark or the dominant distinctive element thereof, or is likely to injure the business reputation of the registrant of a famous mark.

SEC. 4 CERTIFICATION OF FAMOUS MARKS.

The Trademark Act of 1946 (15 U.S.C. § 1051 et seq.) is amended by adding a new Section 15(a) (15 U.S.C. § 1065(a)) as follows:

(1) Certification of Fame of Certain Marks

> At any time after registration of a mark registered under the Act of March 3, 1881 or the Act of February 20, 1905, or on the principal register under this Act, the registrant may file with the Commissioner an application and supporting affidavit or other materials establishing the fame of the mark, and the payment of the prescribed fee, and the Commissioner shall cause an examination to be made and, if on such examination it shall appear

that the mark should be certified as a famous mark, the Commissioner shall certify the mark as a famous mark and cause the mark to be published in the Official Gazette of the Patent and Trademark Office as having been so certified.

(2) In determining whether a mark is famous, the Commissioner may consider factors such as,

(A) the degree of inherent distinctiveness of the mark;
(B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;
(C) the duration and extent of advertising of and publicity for the mark;
(D) the geographical extent of the trading area in which the mark issued;
(E) the breadth of the channels of trade for the goods or services with which the mark is used;
(F) the degree of national recognition of the registrant's mark; and
(G) the extent to which the mark or other similar marks, names, terms or other devices are associated with or are used to identify other goods, services or other matter.

(3) If the registrant's mark is found not entitled to certification as a famous mark, the examiner shall advise the applicant for certification thereof and of the reasons therefor. The applicant for certification shall have a period of six months in which to reply or amend his application for certification, which shall then be reexamined. This procedure may be repeated until (1) the examiner finally refuses to certify the mark as a famous mark or (2) the applicant for certification fails for a period of six months to reply or amend or appeal, whereupon the application for certification shall be deemed to have been abandoned, unless it can be shown to the satisfaction of the Commissioner that the delay in responding was unavoidable, whereupon such time may be extended.

(4) Any person who believes that he would be damaged by the certification of a mark as a famous mark may at any time, upon payment of the prescribed fee, file a petition in the Patent and Trademark Office to cancel the certification of the mark as a famous mark, stating the grounds therefor.

(5) Each certification of the fame of a mark shall remain in force for five years. The owner of a mark certified as a famous mark may within six months before the expiration of any five-year period following the certification of the mark as a famous mark, and the payment of the prescribed fee, file with the Commissioner a verified application to renew said certification for additional five-year periods, setting forth the grounds for continued certification of the mark

as a famous mark. If the Commissioner refuses to renew the certification, he shall notify the registrant of his refusal and the reasons therefor.

SEC. 5 RIGHTS AGAINST DILUTION.

Section 33 of the Trademark Act of 1946 (15 U.S.C. 1115) is amended by adding at the end of the following subsection:

(c) To the extent that the registered mark has become famous under Section 15a, the registrant and parties in privity therewith shall be entitled to the exclusive use of the mark or its dominant distinctive portion or any other name or mark substantially indistinguishable therefrom, notwithstanding the presence or absence of (1) competition between the owner of the famous registered mark or parties in privity therewith or (2) likelihood of confusion, mistake or deception, subject to the following conditions and defenses:

(1) That the registrant's mark does not identify goods or services coming from a single source or origin but rather, at the time of commencement of use of the name, term or device charged to be an infringement, the registrant's mark identifies varying goods or services coming from varying sources or origins;

(2) That the registration or the certification of fame of the mark was obtained fraudulently; or

(3) That the mark has ceased to be famous; or

(4) That the mark is being used, by or with the permission of the registrant or a person in privity with the registrant, so as to misrepresent the source of the goods or services on or in connection with which the mark is used; or

(5) That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in

good faith only to describe the goods or services of such party, or their geographic origin: *Provided, however,* that this defense or defect shall not apply to the intentional misuse of the registrant's mark as a generic term; or

(6) That the use of the name, term or device charged to be an infringement is not a commercial use: *Provided, however,* that this defense or defect shall not apply to the intentional misuse of the registrant's mark as a generic term; or

(7) That the mark whose use by a party is charged as an infringement was adopted without knowledge of the registrant's prior use and has been continuously used by such party or those in privity with him from a date prior to the certification of fame of the registrant's mark; or

(8) That the mark whose use is charged as an infringement is registered under the Act of March 13, 1881, the Act of February 20, 1905 or under this Act; or

(9) That the mark has been or is being used to violate the antitrust laws of the United States; or

(10) That equitable principles, including laches, estoppel, and acquiescence are applicable; and

(11) In an action brought under this subsection, the registrant or parties in privity therewith shall be entitled only to injunctive relief unless the person against whom the injunction is sought has intentionally misused the registrant's mark or has used the registrant's mark or a mark substantially indistinguishable therefrom in a manner likely to injure the business reputation of the registrant. In such circumstances, the registrant shall also be entitled to the remedies set forth in sections 35(a) and 36, subject to the discretion of the court and the principles of equity.

SEC. 6 EFFECTIVE DATE.

This Act and the amendments made by this Act shall take effect on the date of the enactment of this Act.

Mr. MOORHEAD. Mr. O'Connor.

STATEMENT OF GREGORY W. O'CONNOR, PATENT COUNSEL AND ASSISTANT SECRETARY, SAMSONITE CORP.

Mr. O'CONNOR. Thank you, Mr. Chairman. As you noted in my introduction, I am patent counsel and assistant secretary of Samsonite Corp. I was touched by Representative Bono's description of the American dream. I think Samsonite represents that. It started out as a little family company in Denver. By gosh, we're still there. But we're also in the world. We market luggage and business case products in 100 countries throughout the world. Virtually all of them are under our primary brandnames, "Samsonite," "American Tourister," and "Lark." That is my charge at Samsonite, is protecting those.

Mr. Chairman, I consider the proposed bill a balanced and practical enhancement for the Federal trademark rights. I don't have any current instances that my colleagues from Campbells and Warner showed as problems that would be solved in the United States in the misuse of our brandnames. I do feel that this is a step toward nationwide uniformity and will help my business people make appropriate decisions. That's enhanced, I think by requiring this Federal cause of action to be premised on a Federal filing requirement.

This national uniformity would help eliminate the checkerboard of State laws that we have already heard about in the illustrations by our people from Campbells. I think it's proper that Samsonite and other businesses look to Federal legislation in this instance. But I'd like to emphasize international protection of trademarks. I feel that this bill is a balanced bill and will help us win our leadership role in international trademark protection and international trade negotiations.

Let me give you an example. We have a current conflict with a company in India, who has applied the mark "Samsonite," the exact trademark "Samonsite," to footwear, to sandals in particular. We also have an instance where our exact trademark is used for soccer balls and electric shavers. Now Samsonite is in none of those businesses and in none of those businesses in those countries. But I feel that as we enhance our national trademark rights, we can turn very firmly to these countries and ask them and in fact demand that they give similar protection to our famous marks. Thank you very much.

[The prepared statement of Mr. O'Connor follows:]

PREPARED STATEMENT OF GREGORY W. O'CONNOR, PATENT COUNSEL AND ASSISTANT SECRETARY, SAMSONITE CORP.

Honored Members of the Subcommittee:

I am Patent Counsel and Assistant Secretary of Samsonite Corporation, one of the world's largest manufacturers and distributors of luggage, both hard side and soft side suitcases and other travel bags, headquartered in Denver, Colorado. My company markets most of its travel products under the "Samsonite," "American Tourister," and "Lark" brand names. These products are sold in every state of the Union, virtually every town in every state, and in more than 100 foreign countries through over a total of 23,000 retail outlets. I am charged with protecting and enhancing the Samsonite's most precious asset—it's good name—as embodied in the three trademarks: "Samsonite," "American Tourister," and "Lark."

I support the proposed legislation to provide a federal cause of action for dilution. While Samsonite currently has no instances of dilution of these marks in the United

States, I see advantages in the proposed legislation to Samsonite and other companies owning famous names. The nationwide uniformity provided by this legislation would make business decisions based on the strength of our marks more predictable. Facing a checkerboard of state laws for a nationally famous name is a problem business executives do not need. I feel it is proper for Samsonite to look to the federal government for a legislative solution.

International protection of our trademarks is also important. For example, Samsonite has a current conflict with a company in India who has registered and is using "Samsonite" for footwear. We have recently seen our trademark on soccer balls and electric shavers from the Peoples Republic of China. I expect the United States, taking a proper leadership role, could use this federal anti-dilution statute in international trade negotiations to aid our trading partners in instituting similar protections.

Mr. MOORHEAD. Thank you. Mr. Smith, what types of uses would be actionable under a dilution statute that are not actionable under the traditional infringement litigation?

Mr. SMITH. Well, there comes to mind tarnishment, for example, that would not be actionable under the present statute requiring a likelihood of confusion. It might be actionable under the Federal Unfair Competition portion of the Lanham Act, section 43A. It's very difficult to prove likelihood of confusion where you have a divergence of goods, where they are not the same, perhaps not really closely related. We have seen that with the Campbells example of a machine shop and Campbell's Soup, where, because another unrelated company is using that mark or a simulation, there is some indication there that there is some endorsement by or some relationship between the owner of that well-known mark and that other company's product or service. That type of thing is dilution, the chipping away of the distinctiveness of the mark and is something that is really not protected federally now; it is only protected by some of the States.

Mr. MOORHEAD. You indicate in your statement that adherence to the Madrid Protocol will provide a level playing field for U.S. trademark owners with their international counterparts. Would you please explain in what way the playing field at the present time is not level?

Mr. SMITH. Well, the United States has not adhered to the Madrid Convention in the past primarily because of central attack provisions of that bill. Those provisions have now been taken out. The new Protocol has been found to be acceptable except for perhaps the voting rights matter. But the countries in the world that adhere to the original Madrid Agreement have an advantage in being able easily to file and to maintain those trademarks in all of the other Madrid Convention countries. We want the same advantage for U.S. applicants, to be able to facilitate the filing and therefore the protection of those marks in all of the Madrid Convention counties.

Mr. MOORHEAD. Mr. O'Connor, what has been your company's experience in protecting its marks in other countries from dilution?

Mr. O'CONNOR. It has been extremely checkered and extremely burdensome. We have talked at great length with the variation among the States of the Union in trademark protection, including dilution. Well, that pales in comparison to the checkered protections that are available around the world.

In particular, my predecessor, who is now general counsel for Samsonite, struggled for years in Indonesia to protect the Samsonite name. A cottage industry indeed in Indonesia registering Samsonite for 20 and 30 different classes of goods, which we had to rebut, take it up to the Supreme Court and then finally registered the Samsonite name in 25 different classifications of goods merely to protect the goodwill and to prevent that cottage industry from attacking our name.

This is not untypical, especially in third-tier countries, where the intellectual property regimes are not as sophisticated as we feel they should be to level the playing field for international competition.

Mr. MOORHEAD. Mr. Moskin, you have indicated that dilution protection should only extend to nationally famous inherently distinctive marks. Why?

Mr. MOSKIN. For reasons indicated in part in my opening statement, I am concerned that great caution be exercised before extending an effective economic or commercial monopoly to descriptive terms, common place names, or surnames, with the proviso that we discussed, that some of those can acquire some inherent distinctiveness, or excuse me, have some inherent distinctiveness presented in certain formats.

Mr. MOORHEAD. Well do you think they would be protected under this legislation? If it's a common name, you might protect the distinctive way in which they are presented. However, if you have Smith's Coughdrops, and if someone else has Smith's Tavern, or whatever it might be, that was not presented in the same way that the other product was, or with the same kind of lettering or the same size, do you think there's anything here that would protect it?

Mr. MOSKIN. Well, what raises the concern—whether or not the Smith Bros. Co. would prevail in such a suit is of course open to doubt—but the definition of fame includes, suggests, that a court should consider the degree of inherent or acquired distinctiveness. Smith Bros. may be very well known for cough drops, but in other areas, it is not so well known and cannot be so well known, because people understand the name to have so many other connotations and associations.

If you look back to the seminal article on this subject, Frank Schecter's article, he too acknowledged that such marks—I think he used as examples Simplex, Gold Medal—those marks, people have a capacity to distinguish among those as used on different goods. We tend not to associate them with one another because of their common nature.

Mr. MOORHEAD. You indicate that the bill does not cover tarnishment, but the same statement admitted on behalf of INTA clearly indicates that uses which tarnish a famous name would be actionable under H.R. 1295. Can you explain the basis of your opinion?

Mr. MOSKIN. Well, the basis for my opinion, having been formed before hearing Ms. Alford's comments, was simply my reading of the definition of dilution, which is that dilution means the lessening of the capacity of a registrant's mark to identify and distinguish goods or services regardless of the presence or absence of competition or likelihood of confusion.

Tarnishment cases typically don't entail I think so much a lessening of the distinctive capacity of a mark even as pleaded by the parties in those cases, but rather a dirtying of the mark, a fear that it will be associated with other unwholesome uses. One of the leading cases that comes to mind was a poster that was published in I think the early 1970's in a type face resembling the Coca-Cola script saying, "Enjoy cocaine." Coca-Cola Co. successfully sued, although in that case, under the Lanham Act, not under a dilution statute, because the court recognized there was an injury. There was not so much a discussion that it would be a weakening of the mark, but rather a dirtying of the mark. I don't see that as being on the face of the statute as I read the language in the definition would be included. I think it should be included if we are to protect dilution.

Mr. MOORHEAD. I want to thank the panel very much for coming this morning. I know you have had to wait for quite a while in order to get your turn at bat, but that's the way it is. We very much appreciate your being here. That will conclude the hearing.

[Whereupon, at 11:43 a.m., the subcommittee adjourned.]

APPENDIX

Material Submitted for the Hearing

TESTIMONY OF PETER J. RIEBLING, ESQ., PROVIDED TO THE CHAIRMAN OF THE SUBCOMMITTEE ON COURTS AND INTI LLECTUAL PROPERTY OF THE HOUSE JUDICIARY COMMITTEE IN SUPPORT OF H.R. 1295 -- "THE FEDERAL TRADEMARK DILUTION ACT OF 1995"

SEPTEMBER 15, 1995

Chairman Moorhead, I appreciate and welcome the opportunity to testify in support of H.R. 1295, "The Federal Trademark Dilution Act of 1995," and its early enactment into law. I also express my appreciation to you for introduction of this bill and for scheduling a hearing on this important legislation. I look forward to working with you and other Members of the Committee so that the many benefits which passage of this legislation will provide will be realized as soon as possible.

I currently am employed as a trademark attorney for the law firm of Popham, Haik, Schnobrich & Kaufman, Ltd. in Washington, D.C. The views expressed herein are my own, and should not be construed as representing the position of Popham, Haik, Schnobrich & Kaufman, Ltd. I am a member of the International Trademark Association, the American Bar Association Section of Intellectual Property Law, and the American Intellectual Property Law Association. I am admitted to the California, Virginia, and District of Columbia Bars. Additionally, I recently co-authored an *Amicus* Brief in a seminal trademark case for the United States Supreme Court on the issue of whether color is registrable as a trademark under the Lanham Act. See Qualitex Co. v. Jacobson Prods. Co., 115 S.Ct. 1300 (1995).

I represent corporations throughout the country in matters involving domestic and international intellectual property law, including cop right, trademark, unfair competition, and related litigation and licensing.

Dilution concept. "Dilution" is a weakening or whittling away of the distinctiveness of a strong, well recognized mark. No likelihood of confusion as to source is required. Nonetheless, a trespass or invasion of the property right in a mark still occurs when, despite no likelihood of confusion, a party takes advantage of the mark's value, reputation and goodwill. The two primary types of trademark dilution are "blurring" (e.g., **BUICK ASPIRIN**) and "tarnishment" (e.g., **ENJOY COCAINE** in same script and color as **COCA-COLA**).

Today, U.S. companies -- large and small -- are investing hundreds of thousands, if not millions, of dollars in trademarks and service marks to protect their identities and reputations. However, there is currently no federal remedy for unfair competition or trademark infringement unless there exists a "likelihood of confusion" in the minds of the relevant consuming public between the marks at issue. "The Federal Trademark Dilution Act of 1995" picks up where the likelihood-of-confusion test leaves off.

H.R. 1295 does not depart from the principles and policies that have governed the use and protection of trademarks in the United States for the past 100 years. Rat'er, it simply attempts to modernize the country's forty-nine-year-old federal trademark law.[1]

"The Federal Trademark Dilution Act of 1995" adds a new §43(c) to the Lanham Act which grants narrow protection to strong, well recognized ("famous") marks registered on the Principal Register. H.R. 1295 recognizes that the blurring or tarnishment of the value of a famous mark by another is a trespass or invasion of a property right, even in the absence of likelihood of confusion.

Currently, 26 states have independent dilution statutes.[2] Many state statutes follow §12 of the Model State Trademark Act, which states:

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[1]**Legislative History.** In 1988, federal dilution protection in a new Lanham Act §43(c) was proposed by Congressman Carlos Moorhead in H.R. 4156 and by Senator DeConcini in S. 1883. The text of both bills was the same. However, the revised version of S. 1883 that came out of the House deleted federal dilution protection despite Senate efforts to compromise. The issue was deemed too "controversial" in light of First Amendment concerns. See, e.g., Cong. Rec. S. 16973. As a result, federal dilution protection was not included in the Trademark Law Revision Act of 1988, Public Law 100-667, 15 U.S.C. §1051 *et seq.*

On March 22, 1995, Congressman Carlos Moorhead introduced H.R. 1295 -- "The Federal Trademark Dilution Act of 1995." A copy of H.R. 1295 is attached hereto as Exhibit "A". The proposed federal dilution protection is essentially the same as found in H.R. 4156 introduced by Congressman Moorhead seven years earlier.

[2]Alabama, Arkansas, California, Connecticut, Delaware, Florida, Georgia, Illinois, Idaho, Iowa, Louisiana, Maine, Massachusetts, Missouri, Montana, Nebraska, New Hampshire, New Mexico, New York, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas and Washington.

> 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.

I urge adoption of H.R. 1295 (with two revisions) because the number of states <u>without</u> dilution statutes has created a trademark protection vacuum in the United States. The lack of uniformity in state laws has created forum shopping and a patch-work of unpredictable trademark rights in interstate commerce.

However, the new federal law would provide a minimum level of national protection for famous, registered marks against the effects of dilution. State laws would continue to have effect with regard to valid marks at common law. Therefore, the new federal law will not preempt existing state laws.

The Definition of "Dilution" in H.R. 1295. H.R. 1295 adds a new definition of "Dilution" in Section 45 of the Lanham Act, stating:

> The term 'dilution' means the lessening of the capacity of a registrant's mark to identify and distinguish goods or services, regardless of the presence or absence of (1) competition between the parties, or (2) likelihood of confusion, mistake or deception.

Although this definition has been criticized as circular, it is in fact consistent with judicial definitions. In <u>Tiffany & Co. v. Boston Club, Inc.</u>, the court states the injury caused by dilution is a risk of an erosion of the public's identification of a very strong mark with the plaintiff alone, thus diminishing the mark's distinctiveness. 231 F.Supp. 836,844 (D.C. Mass. 1964).

The Seven factor test in H.R. 1295 for a "Famous" mark. Because H.R. 1295 provides a narrow cause of action, the greatest emphasis is properly placed on the factors courts will weigh in determining whether a mark possesses a sufficient level of fame. A separate registry for famous marks, as some have suggested, is neither necessary nor practical.

Registration should be deleted as a requirement for protection. The proposed §43(c) states that relief is only available to "the registrant of a famous mark registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register." However, registration is irrelevant to the fame of a mark. It is only a test of minimum qualification as a source identifier. It is sufficient to determine fame based on the proposed seven-factor test. Therefore, the registration requirement should be deleted.

Expand the "Fair Use" defense provisions. The prior dilution bill was defeated in the House because of First Amendment concerns. Those concerns will likely return. First Amendment protection is greatest in cases where the parody, satire, ridicule and disparagement of a plaintiff's mark is used for non-trademark, noncommercial purposes. The expansion of the "fair use" defense should therefore ensure the protection of First Amendment guarantees. Moreover, the concept of fair use as identified in 15 U.S.C. §1115(b)(4) should also be incorporated into the statute to be consistent with the constructs already existing under the Lanham Act.

Conclusion. "The Federal Trademark Dilution Act of 1995" embodies a worthy concept that has already been recognized by over half the states. However, the checkerboard of state dilution statutes has increased the need for a uniform federal law. The enactment of such a federal law will modernize the forty-nine-year-old Lanham Act and promote competition and maintenance of product quality by preventing others from trading on the investment, value and goodwill of truly famous marks.

Mr. Chairman, I am pleased to give this legislation my full support subject to the above observations and recommendations, and I welcome the opportunity to work with you and the Members of the Subcommittee in securing its early enactment into law. Please consider my testimony as evidence for the Committee.

Thank you.

BILL (HR 1295) TO ESTABLISH LANHAM ACT PROTECTION AGAINST DILUTION

SECTION 1. SHORT TITLE.

This Act may be cited as the "Federal Trademark Dilution Act of 1995".

SEC. 2. REFERENCE TO THE TRADEMARK ACT OF 1946.

For purposes of this Act, the Act entitled "An Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes", approved July 5, 1946 (15 USC 1051 and following), shall be referred to as t'e "Trademark Act of 1946".

SEC. 3 REMEDIES FOR DILUTION OF FAMOUS MARKS

(a) REMEDIES.—Section 43 of the Trademark Act of 1946 (15 USC 1125) is amended by adding at the end the following new subsection:

"(c)(1) The registrant of a famous mark registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the registrant's mark becomes famous and causes dilution of the distinctive quality of the registrant's mark, and to obtain such other relief as is provided in this subsection. In determining whether a mark is distinctive and famous, a court may consider factors such as, but not limited to—

"(A) the degree of inherent or acquired distinctiveness of the mark;

"(B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;

"(C) the duration and extent of advertising and publicity of the mark;

"(D) the geographical extent of the trading area in which the mark is used;

"(E) the channels of trade for the goods or services with which the mark is used;

"(F) the degree of recognition of the registrant's mark in the trading areas and channels of trade of the registrant and the person against whom the injunction is sought; and

"(G) the nature and extent of use of the same or similar marks by third parties.

"(2) In an action brought under this subsection, the registrant shall be entitled only to injunctive relief unless the person against whom the injunction is sought willfully intended to trade on the registrant's reputation or to cause dilution of the registrant's mark. If such willful intent is proven, the registrant shall also be entitled to the remedies set forth in sections 35(a) of and 36, subject to the discretion of the court and the principals of equity.

"(3) The ownership by a person of a valid registration of a mark under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register 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 that seeks to prevent dilution of the distinctiveness of a mark, label, or form of advertisement.

"(4) The following shall not be actionable under this section:

"(A) Fair use of a registrant's mark by another person in comparative commercial advertising or promotion to identify the registrant's competing goods or services.

"(B) Noncommercial use of a mark.".

(b) CONFORMING AMENDMENT. — The heading for title VIII of the Trademark Act of 1946 is amended by striking "AND FALSE DESCRIPTIONS" and inserting ", FALSE DESCRIPTIONS, AND DILUTION".

SEC. 4. DEFINITION.

Section 45 of the Trademark Act of 1946 (15 USC 1127) is amended by inserting after the paragraph defining when a mark shall be deemed to be "abandoned" the following:
"The term 'dilution' means the lessening of the capacity of a registrant's mark to identify and distinguish goods or services, regardless of the presence or absence of —
"(1) competition between the registrant and other parties, or
"(2) likelihood of confusion, mistake, or deception.".

SEC. 5 EFFECTIVE DATE.

This Act and the amendments made by this Act shall take effect on the date of the enactment of this Act.

Steven M. Getzoff
Director
Intellectual Property Unit
[212-640-4588]

TRAVEL RELATED SERVICES

Date: July 14, 1995

Subject: Statement of Support for HR1295

To: Thomas E. Mooney
Chief Counsel
House Subcommittee on Courts and
Intellectual Properties
Room B 351
Rayburn House Office Building
Washington, DC 20510

STATEMENT

My name is Steven M. Getzoff. I am Director of the Intellectual Property Unit at American Express, considered the world's foremost service brand. I am ABA Federal Dilution Subcommittee 201-B's chair, although I am not speaking for the Association today. I am also a member of I.N.T.A's Federal Dilution Task Force.

I speak in support of HR 1295 for these reasons.

1) Enactment puts U.S. Federal law on a par internationally with the already large and growing number of nations providing dilution protection to famous marks. This levels the U.S.' position in various intellectual property treaty negotiations, relative to other nations. Further, it avails U.S. famous mark owners dilution protection in other nations. For example, current dilution protection for famous international marks in the Andean Pact countries requires the mark's home country offer such protection itself.

2) HR 1295 will if enacted create uniformity and eliminate the current "patchwork quilt" where dilution protection is sometimes granted, sometimes not, irrespective of State statute, due to lack of clarity of exactly what is at issue. This legislation clarifies the criteria to use to make a conclusion. This will help jurists avoid confusion in such cases and tend to create uniformity nationwide in our case law. A case in point may illustrate the need better than anything else. In 1989, American Express

Co. v. Vibra Approved Laboratories Corp. (10 USPQ 2nd 2006) was decided in the U.S. Southern District by the Hon. Judge Haight. In reviewing whether the Lanham Act "consumer confusion" threshold was reached or not to find trademark infringement, Judge Haight observed "...plaintiff's argument proved too much. The more marked the difference between the products, the less likely consumers will be confused as to the source or sponsorship of the junior user's product."

Yet under New York State General Business Law 368-d, he held that "since plaintiff's mark is highly distinctive, and since defendant adopted its mark with predatory intent" and granted U.S. injunctive relief.

3) This clarification, provided by HR 1295, will also serve to limit possible abuses of dilution laws by overzealous, overreaching trademark owners.

4) As well, it will clarify protection available to famous trademark owners to enable owners to protect consumers prudently according to a clearer perception of their rights.

5) HR 1295's clarification of the rights of famous mark owners may result in opposing parties resolving their differences amicably between themselves rather than through litigation.

6) Most important is this, in my own opinion. On the macro level, famous trademarks are timetested social contracts between individual <u>and</u> collective corporate management, employees, customers and shareholders to offer and expect quality products. Each time such a dilution occurs, unprevented under current federal law and unsure of any remedy, the commitment to quality of countless employees from the corporation's inception to the present, tested and vindicated in the court of public opinion by the mark's fame, is stolen. The more the commitment, the more reason for the theft. If it is allowed to continue, it cuts across the best aspect of the free enterprise system - commitment to quality. For these reasons, this bill ought to be enacted into law.

Statement of Joanna R. Shelton

Deputy Assistant Secretary of State

Trade Policy and Programs

Mr. Chairman and Members of the Subcommittee:

Thank you for giving me the opportunity to present the Administration's views on the "Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks" -- commonly known as the Madrid Protocol, in particular our concerns with the provisions pertaining to intergovernmental organizations. The U.S. Patent and Trademark Office will present the Administration's position on the substance of H.R. 1270 and the Protocol's international filing system.

The Administration appreciates the importance the American business community attaches to trademarks and the significant resources U.S. companies have devoted to strengthening public recognition of their marks and the prevention of their misappropriation. In the global marketplace, consumers have come to rely on trademarks as assurances of product quality, reliability and integrity. Indeed, a company's trademark has become one of its most important commercial assets.

We recognize too that our joining the Madrid Protocol would allow U.S. trademark owners to apply to register their marks in countries party to the Madrid Protocol by filing a single application with the U.S. Patent and Trademark Office, a simplified procedure which is a clear benefit to U.S. trademark owners.

Nevertheless, despite the benefits that might be derived from the Madrid Protocol, we continue to believe that it is not in the best interests of the United States to become party to the Protocol as it now stands. The problem rests not with the substance of its provisions -- but rather the way in which the Madrid Protocol is currently structured.

Our concerns about the Madrid Protocol center on provisions concerning so-called "intergovernmental organizations." As explained below, these provisions would give unfair advantages to the member states of such organizations, which could undermine U.S. interests with respect to the Madrid Protocol and other aspects of international intellectual property protection, as well as our overall treaty practice.

By way of background, international agreements are traditionally concluded among states. Although the European Union (EU) is not a state, its member states have transferred to it some of their powers to conclude and implement international agreements. In the drafting of treaties and the operation of international organizations, the United States has looked for ways to accommodate European integration. As European integration proceeds and develops, however, the United States must be careful that those accommodations do not put the United States at a disadvantage.

Mr. Chairman, we do not object to states forming Regional Economic Integration Organizations (REIOs), such as the EU, nor have we ever concluded that participation by REIOs in international agreements is objectionable. Indeed, the United States generally has supported participation by REIOs, including the EU, in multilateral fora. Furthermore, we recognize that REIOs can be effective instruments for fostering economic integration and well-being. Nevertheless, their participation in international agreements must be carefully monitored.

I will now briefly describe those areas of the Protocol where we have objections.

Our principal objections to the Madrid Protocol are:

(1) that it allows an "intergovernmental organization" to have an additional vote separate and independent from its member states;

(2) that it allows an "intergovernmental organization" to be counted independently toward the four entities required to bring the protocol into force despite the fact that its member states also may be counted; (The Madrid Protocol is close to meeting the requirements for entering into force without the EU being one of the four entities.)

(3) that it grants voting rights to "intergovernmental

organizations" without requiring an unambiguous declaration of competence; and

(4) that it grants rights to "intergovernmental organizations" without clearly defining them.

<u>EU Voting</u>

From the debate over competence emerged the EU contention that "shared competency" required the EU to have its own vote separate and independent from that of its member states.

The issue of competent authority is inextricably linked to the issue of voting. Mr. Chairman, the U.S. has long opposed granting a vote to REIOs separate and independent from their member states, and our policy is not to become party to agreements where concurrent voting by REIOs and its member states is allowed. In these cases, the U.S. has viewed such voting as an unwarranted expansion of rights under the agreement which may well work to the detriment of U.S. interests. If its member states were to cede competent authority to the EU on the substance of the Madrid Protocol we would have no problem with the EU voting the position of the fifteen member states of the European Communities. However, we cannot accept a situation where an assertion of "shared competency" would suggest that the EU is entitled to a separate sixteenth vote exclusive of and in addition to those of its member states.

The EU and its member states have continued to press for an independent EU vote in numerous multilateral agreements. To have accepted this additional vote in the Madrid Protocol would, thus, also have established an unfavorable precedent, which would surely have been used by the EU to our disadvantage. In the field of intellectual property alone, the EU has proposed concurrent EU and member state voting in the negotiating texts of World Intellectual Property Organization (WIPO) agreements on Dispute Settlement and the Hague Agreement Concerning the International Deposit of Industrial Designs. During the negotiation of the Trademark Law Treaty, EU insistence on an independent vote forced negotiators to accept a compromise arrangement whereby all provisions relating to voting were dropped from the agreement -- a development which greatly reduces the ability of the parties to the agreement to affect necessary revisions. In these instances, the EU has pointed to the Madrid Protocol as setting the precedent for concurrent voting by the EU and its member states. We expect the EU will continue to push its voting agenda in future negotiations as well.

Counting REIO Ratification Toward Bringing the Treaty into force

A corollary of the EU voting issue is the provision of the Madrid Protocol that would permit a REIO and its member states to be counted separately toward bringing the Protocol into force. We have opposed this provision of the Protocol for the same reasons we have objected to concurrent voting by a REIO and its member states -- that such a provision represents an unwarranted expansion of the powers of REIOs and their member states which has no basis in international law. Consequently, we cannot agree to any provision that would allow a REIO as well as its member states to count toward bringing an agreement into force.

Declaration of Competence

Another objection to the current text of the Madrid Protocol is the absence of a requirement for an unambiguous declaration of the allocation of competence as between the intergovernmental organization and its member states.

As party to an agreement, the United States has a legal and practical need to know which party has responsibility for implementing the particular obligations of an agreement. Consequently before entering into an agreement, we regularly have requested from REIOs and their member states a clear statement as to allocation of competence.

The issue of competent authority arose in the Madrid Protocol when the EU and its member states were unwilling to provide a definitive statement as to where responsibility for the implementation of the Protocol resided. Rather, the EU and its member states attempted to introduce a new concept they characterized as "shared competence." Under this arrangement, the EU and its member states claimed to each have full, separate and independent responsibility for substantive trademark matters under the Madrid Protocol. This proposal, heretofore unknown in international law and practice, served to introduce uncertainty into the administration of the Madrid Protocol that we believe could work to the disadvantage of the United States.

Lack of Definition of Intergovernmental Organization

When states have transferred competence to negotiate and implement treaties to a supranational body, that body may be an appropriate treaty partner. On the other hand, a looser grouping of states -- for example, one that is largely a political compact -- would lack the legal and practical ability to honor commitments it made in a treaty. For this reason, when treaties permit supranational bodies to become parties, they typically define such bodies with precision. For example, the Vienna Convention for the Protection of the Ozone Layer defines those categories of organizations eligible to participate as organizations constituted by sovereign states, having competence in matters covered by the agreement, and having been duly authorized to become party to the agreement. The Madrid Protocol, however, contains no safeguards to address our concerns about "non-states."

USG Engagement on EU Voting

Because we are not party to the underlying treaty, the Madrid Agreement Concerning the International Registration of Marks, our role in negotiating the Protocol was limited. We nevertheless made known our views on EU voting to the World Intellectual Property Organization (WIPO) and to EU member states.

Since the Protocol was concluded, we have actively engaged the EU and WIPO member states on the issue of EU voting. Through a series of demarches to foreign governments we have explained our views and solicited their support for our position. Our view has garnered significant support among the countries of East Asia and Latin America, so much so that voting provisions were dropped from the recently-concluded Trademark Law Treaty in order to avoid granting the EU an extra vote. In addition, the issue has been shelved in the negotiations for the Hague Agreement Concerning the International Deposit of Industrial Designs.

Nevertheless, the EU continues to press for an extra vote, proposing to insert provisions to this effect in the WIPO Dispute Settlement treaty, for example.

Conclusion

Mr. Chairman, before becoming party to the Madrid Protocol or any other multilateral agreement we must be assured that we are going to have the ability to affect the implementation of the agreement consistent with its intent and in the best interests of the United States. The Madrid Protocol as it is currently constructed does not provide the safeguards we would need to effectively ensure that this would be the case. Accordingly, we must continue to oppose U.S. membership in the Madrid Protocol until the concerns outlined above are addressed.

STATEMENT OF

MICHAEL K. KIRK, EXECUTIVE DIRECTOR

THE AMERICAN INTELLECTUAL PROPERTY
LAW ASSOCIATION

The American Intellectual Property Law Association (AIPLA) is pleased to present the position of the AIPLA on H.R.1270, the Madrid Protocol Implementation Act and H.R.1295, the Federal Trademark Dilution Act of 1995.

The American Intellectual Property Law Association is a 9400 member national bar association whose membership primarily consists of lawyers in private and corporate practice, in government service, and in the academic community. AIPLA represents a wide and diverse spectrum of individuals, companies and institutions involved directly or indirectly in practice of patent, trademark, copyright, unfair competition law, as well as other fields of law affecting intellectual property.

The AIPLA strongly supports United States accession to the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (Protocol) and therefore supports the enactment of H.R.1270 to implement the Protocol. The AIPLA also strongly endorses passage of a federal trademark anti-dilution bill and supports in principle H.R. 1295.

H.R.1270 Madrid Protocol Implementation Act

Trademarks, representing the goodwill of a business and identifying its products and services, are among the most valuable assets of a business. One major obstacle to obtaining protection internationally for trademarks is the difficulty and cost of obtaining and maintaining a registration in each and every country. As a result, many U.S. businesses are forced to concentrate their efforts on protecting their trademarks in their major markets abroad and hope for the best in their other existing and prospective non-domestic markets. This hope often turns to despair as unscrupulous pirates register in their countries the marks of U.S. businesses, which effectively closes that country's markets to the products and services of these businesses.

The Protocol and its regulations will provide a trademark registration filing system that will permit a U.S. trademark owner to file a registration in any number of member countries by filing a single standardized application, in English, with a single set of fees, in the U.S. Patent and Trademark Office (USPTO). Registration may be obtained without retaining a local agent and without filing a separate application in each country. Equally important, under the Protocol, renewal and assignment of a trademark registration in each country may be made by the filing of a single request with a single fee. Thus, those U.S. businesses that are now limited in their ability to obtain broad international protection for their trademarks will have easier and more cost effective access to that protection through the Protocol's trademark filing system.

From the perspective of owners of trademark rights in the United States, it is important that the Protocol have no effect on the integrity of the trademark registration system in the United States. While the Protocol will provide an additional basis for a foreign national to register a trademark in the United States, such a request would be subject to the same substantive requirements as exist in the law today for domestic and foreign applicants. Once an international registration is extended to the United States, the foreign holder of the international registration will have the same rights, remedies and obligations as a U.S. registrant.

While AIPLA generally endorses the provisions of H.R.1270, there are a few aspects particularly deserving of comment. First, the Association wholeheartedly endorses the requirement in H.R.1270 that all applicants for trademark registration in the United States must allege either use of their mark in commerce, or a bona fide intention to use their mark in commerce in the United States. Secondly, H.R.1270 also requires holders of extensions of protection of international registrations to the United States to file affidavits and specimens of use of the mark in commerce in the United States during the fifth year after issuance of a certificate of the extension of protection by the USPTO and every ten years after issuance. The requirement for all applicants to file either a statement of use or a bona fide intent to use their marks in commerce in the United States, along with the requirement for the holder of an extension for protection to file affidavits and specimens of use of the mark will maintain the integrity of fundamental principles of U.S. trademark law and should prevent the proliferation of extensions of protection of marks which the owner is not using or has no intention of using.

The timing of the hearing on H.R.1270 is very appropriate. The Protocol will enter into force following the ratification or accession by four countries. Three, Spain, Sweden and the United Kingdom, have already taken appropriate steps so that only one additional country is needed for the Protocol to enter into force. Officials of the World Intellectual Property Association (WIPO) have indicated that a number of European countries including Germany, France and Italy are very advanced in their preparations to join the Protocol and that China is moving even more rapidly toward becoming the fourth member.

When the Protocol has the requisite number of ratifications or accessions, the Director General of WIPO will convene a meeting to decide the effective date for the common regulations between the Madrid Protocol and the Madrid Agreement. While the United States government has been able to achieve important successes in ensuring that the regulations accommodate U.S. trademark law, the ability of the United States to retain these provisions as well as to develop new provisions beneficial to U.S. trademark owners would obviously be heightened if the United States were able to join and participate in the Protocol before the common regulations come into force.

The Association understands that progress toward United States accession to the Protocol was derailed durin, the last Congress due to the voting requirements incorporated into the administrative provisions of the treaty. Specifically, the Protocol allows intergovernmental organizations maintaining a trademark office to adhere and to have a vote in matters taken before the Assembly. Consequently, the member states of the European Union will have one vote for each member state of the European Union that is a member of the Protocol and one additional vote by virtue of the Community Trademark Office scheduled to open next year.

The Association recognizes the breach which this voting arrangement would create in the longstanding position of the United States government that agreements of states should not allow any grouping of states to have more votes than the number of member states. This principle was most recently honored in the agreement establishing the World Trade Organization (WTO) under which the European Commission is entitled to vote, but can cast no more votes than the number of member states of the European Union. Last October, because the European Commission and EU member states sought a voting requirement similar to that of the Madrid Protocol, the Trademark Law Treaty was concluded with no provisions on voting.

While the principle that no group of states should receive more votes than the number of member states in that group is a fundamental and important principle, other interests are also at stake in the Madrid Protocol. American businesses, especially smaller businesses, do not have access to an international trademark filing agreement under which they can obtain and maintain trademark registrations promptly and inexpensively around the world. The Madrid Protocol offers them this possibility. Moreover, it quite likely that over time close ties will develop between the major trademark examining offices of the world similar to those which have developed among the major patent examining offices in the world. Thus, it is extremely unlikely that the presence or absence of an additional vote in the context of the Madrid Protocol will have any practical adverse consequence for the United States other than as a matter of principle.

In light of the voting requirements adopted in the agreement establishing the WTO and the fact that the diplomatic conference establishing the Trademark Law Treaty adopted no rules on voting, it would be entirely appropriate to consider the Madrid Protocol an exceptional case, allowing the United States to participate. Moreover, even though it need not be said, an appropriate declaration could be made at the time that the U.S. instrument of accession was deposited, underscoring the fact that the voting arrangements in the Madrid Protocol are not a precedent for future agreements. In the final analysis, it must be recognized that it is highly unlikely that the specific voting rules in the Madrid Protocol will be changed and that the failure of the United States to participate in the Protocol will result in a loss of market share abroad and jobs in the United States. Accordingly, the Association urges that the Subcommittee take all appropriate steps available to it to encourage the Executive Branch to deposit an instrument of accession to the Madrid Protocol at the earliest possible date and that H.R. 1270 be enacted.

H.R. 1295 Federal Trademark Dilution Act

The AIPLA strongly favors passage of a federal trademark anti-dilution bill. On the state level, anti-dilution statutes have developed to protect the distinctive quality of a strong trademark from deterioration caused by its use by others on dissimilar products, even though such use might not qualify as technical trademark infringement. The injury for which such protection is sought "is the gradual whittling away or dispersion of the identity and hold upon the public mind of the mark or name by its use on noncompeting goods." Schechter, *The Rational Basis of*

Trademark Protection, 40 Harv. L. Rev. 813,825 (1927).

Approximately one-half of the states have now adopted an anti-dilution provision patterned after the model state trademark bill. However, state court decisions have not been consistent in their interpretation of these provisions which has led to forum shopping in litigation. Moreover, the lack of dilution laws in many states compromises the ability to protect fully a mark used on a national basis. We believe that trademarks that are so distinctive as to be considered "famous" are deserving of federal protection from dilution. Not only are famous marks enormously valuable property interests, representing substantial economic investment, but they are also those most likely to be the subject of such "gradual whittling away" of their "hold upon the public mind" .

The AIPLA is pleased that the Subcommittee is continuing the legislative process begun in 1988 with the introduction of the "Trademark Law Revision Act of 1988" to provide this needed strengthening of the Lanham Act to protect against dilution. The Association has considered in detail the provisions of H.R.1295 and supports that legislation in principle. However, we have identified several issues which we urge the Subcommittee to consider more fully.

H.R.1295 would allow state anti-dilution laws to continue in force in parallel with the proposed federal anti-dilution provisions. The AIPLA understands the arguments that can be marshalled in favor of allowing states freedom to provide greater levels of protection against trademark dilution. On balance, however, the Association believes that the benefits of national uniformity tilt the scales in favor of having the federal statute preempt state laws, insofar as such laws relate to causes of action involving interstate trademark dilution. Allowing state law to coexist with a federal statute undermines one of the goals of the legislation: to achieve a national consistency in defining actionable dilution. For example, one difference between many existing state anti-dilution statutes and H.R. 1295 is that most state statutes do not require proof that a mark is "famous" in order to be protected against dilution. Thus, without preemption, a trademark owner might be able to obtain dilution relief in some states for marks which would not rise to the level of fame required for federal protection. If state anti-dilution laws were limited to strictly intrastate dilution cases, the goal of uniformity would be largely realized. While the support of the AIPLA for H.R.1295 is not conditioned upon preemption of state law, we believe this lack of uniformity should be corrected.

We also believe that further study is needed with regard to whether a trademark need be federally registered before it is entitled to protection against dilution. Since the determination of whether a trademark has achieved an appropriate level of fame to be protected under proposed section 43(c)(1) will have to be made in each case based upon the evidence before the court, is federal registration necessary? Moreover, would the requirement that a mark be registered before being entitled to protection make more difficult the efforts to persuade authorities in other countries to protect the rights of U.S. trademark owners when their marks have not been registered in those countries? While we acknowledge the position of the Trademark Review Commission of the United States Trademark Association and more recently the Board of Directors of the International Trademark Association that only registered marks should qualify for protection against dilution, the AIPLA believes this is a matter deserving of further study.

Another area which would benefit from further study is proposed section 43(c)(2) dealing with the issue of damages. This provision would make available the possibility of profits, damages, costs and destruction orders where a person was found to have "willfully intended to trade" on a registrant's reputation, subject to the discretion of the court and the principles of equity. While it is true that courts have established a standard for monetary relief under the Lanham Act through case law that incorporates elements of willfulness, the rather abbreviated statement in proposed section 43(c)(2) may not capture the subtleties of this jurisprudence. Moreover, it is noted that the term "willful" is not used in either section 35(a) or 36 of the Lanham Act to which reference is made. Thus, a simple reference to sections 35(a) and 36 might be preferable for indicating when relief beyond an injunction is available.

Finally, it would be useful to consider whether the "fair use" defense in proposed section 43(c)(4) should be broadened. For example, the fair use of another's mark in a non-trademark descriptive sense is a defense to an infringement suit under section 33(b)(4) of the Lanham Act. In certain circumstances, parody of another's trademark has been permitted, as has the fair use of another's mark in advertising to show compatibility of replacement parts. Without some amendment, the proposed fair use defense might be too limited.

While we suggest that further study should be given to these questions and have certain other suggestions of a more technical nature, these comments should not detract from the AIPLA's strong support for H.R. 1295. The Association believes that prompt passage of a properly crafted federal trademark anti-dilution bill is urgently needed and pledges to work with the Subcommittee to achieve this goal.

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