2008

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William G. Barber

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DUMPING THE “DESIGNATION OF SOURCE” REQUIREMENT FROM THE TDRA: A RESPONSE TO THE ALLEGED “TRADEMARK USE REQUIREMENT IN DILUTION CASES”

William G. Barber†

Abstract

It will probably come as no great surprise to anyone who has read Professor Lemley’s and Professor Dogan’s article, The Trademark Use Requirement in Dilution Cases, that I disagree with much of it. In particular, I disagree with the main thesis of their article that the Trademark Dilution Revision Act of 2006 (“TDRA”) embodies a “trademark use requirement,” as well as their argument that the legislative history supports that conclusion. As explained in more detail below, the language of the TDRA as enacted fails to support that thesis (although I acknowledge there may be some superficial ambiguity in the phrase “use of a mark or trade name”). More importantly, the clear intent of the participants involved in negotiating changes in the bill (including the International Trademark Association [“INTA”], the American Intellectual Property Law Association [“AIPLA”], the American Civil Liberties Union [“ACLU”], and the applicable Congressional leaders and staff) was to remove the trademark use requirement originally proposed by INTA and supported by Professor Lemley at the Congressional hearing on the TDRA.

© 2008 William G. Barber. This article is a response to an article by Professors Stacey L. Dogan and Mark A. Lemley entitled, “The Trademark Use Requirement in Dilution Cases.” I would like to thank Professors Dogan and Lemley for sending me a draft of their article for comment in advance of publication, as well as the Santa Clara Computer & High Technology Law Journal for publishing this response.

† Mr. Barber is the Managing Partner of Pirkey Barber LLP in Austin, Texas. The opinions expressed in this article are solely those of the author and should not be attributed to Pirkey Barber LLP or any of its clients.


I. ORIGIN OF THE PHRASE "USE OF A MARK OR TRADE NAME" IN THE TDRA

The first fundamental flaw in Professor Lemley’s and Professor Dogan’s position is their suggestion that the phrase “use of a mark or trade name” in the TDRA “clarified” its predecessor statute (the Federal Trademark Dilution Act ["FTDA"]) in a way that would require trademark use by the defendant. Although Professors Lemley and Dogan are correct that the language in the old FTDA did not clearly impose such a requirement, they have it exactly backwards when they assert that the counterpart language in the TDRA makes the argument for a trademark use requirement “more robust than before.”

Here is a comparison of the operative language appearing in the FTDA and TDRA:

3. Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, 120 Stat. 1730 (2006) (codified at 15 U.S.C.A. § 1125(c) (West Supp. 2007)). Professor Lemley’s and Professor Dogan’s basis for the alleged trademark use requirement in the TDRA centers on the phrase in the act proscribing the defendant’s “use of a mark or trade name” that is likely to dilute the plaintiff’s famous mark. See Stacey L. Dogan & Mark A. Lemley, The Trademark Use Requirement in Dilution Cases, 24 SANTA CLARA COMPUTER AND HIGH TECH. L.J. 541, 549-54 (2008) [hereinafter Dogan & Lemley, Trademark Use]. Perhaps one of the reasons leading to their misinterpretation of this phrase was their initial misunderstanding of its origin. In the initial draft of their article, Professors Lemley and Dogan erroneously asserted that the phrase “use of a mark or trade name” in the TDRA replaced the phrase “commercial use in commerce” in the FTDA. That is not true. The phrase “use of a mark or trade name” in the TDRA was carried forward from (not a “replacement” of) virtually identical language in the FTDA. Compare the FTDA’s “commercial use in commerce of a mark or trade name,” 15 U.S.C. § 1125(c)(1) (2000), with the TDRA’s “use of a mark or trade name in commerce”, 15 U.S.C.A. § 1125(c)(1) (West Supp. 2007). They later retreated from their original position, now asserting that the TDRA’s language merely “clarifies” (not “replaces”) language in the FTDA. See Dogan & Lemley, Trademark Use, at 555 n.66. I address this argument in Parts I and III of this article.

Similarly, in the initial draft of their article, Professors Lemley and Dogan erroneously suggested that the phrase “mark or trade name” was inserted into H.R. 683 (the bill that became the TDRA), H.R. 683, 109th Cong. (2005), through an amendment replacing the term “designation of source” with “mark or trade name.” Once again, that is not true. As explained later in this paper, see discussion infra Part II.E, the phrase “designation of source” – which is at the very heart of this issue because it was specifically designed to introduce a trademark use requirement – was simply removed from the bill following extensive debate and negotiation. It was not “replaced” with anything. (The phrase “use of a mark or trade name,” on the other hand, appeared in the original version of H.R. 683, and was never changed throughout the legislative process. Compare H.R 683 with 15 U.S.C.A. § 1125(c)(1)). Professors Lemley and Dogan now concede this point as well, but persist in their argument that the trademark use requirement survived this key amendment to H.R. 683. See Dogan & Lemley, Trademark Use, at 553.

4. See Dogan & Lemley, Trademark Use, supra note 3, at 549-54.

5. Id. at 541.
FTDA

"The owner of a famous mark shall be entitled... to an injunction against another person’s commercial use in commerce of a mark or trade name, if such use... causes dilution of the distinctive quality of the mark..."6

TDRA

"[T]he owner of a famous mark... shall be entitled to an injunction against another person who... commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark..."7

As can be seen, the “mark or trade name” language that Professors Lemley and Dogan rely upon to support a trademark use requirement appeared in both statutes. The only change in this clause was to eliminate the word “commercial” in the FTDA (and move “in commerce”). It is simply inaccurate for Professors Lemley and Dogan to characterize this language in the TDRA as “more restrictive”8 or “narrower”9 than the corresponding language in the FTDA — if anything, the phrase “use of a mark or trade name in commerce” is less restrictive than “commercial use in commerce of a mark or trade name,” omitting the explicit requirement that the defendant’s use be “commercial.”

II. THE FAILED ATTEMPT TO INSERT A TRADEMARK USE REQUIREMENT INTO THE TDRA

An even more fundamental flaw in Professor Lemley’s and Professor Dogan’s argument is their suggestion that the legislative history of the TDRA supports a trademark use requirement.10 Once again, they have it exactly backwards. To the extent there is any ambiguity as to whether the phrase “use of a mark or trade name” in the TDRA was intended to impose a trademark use requirement as Professors Lemley and Dogan claim, that door is completely slammed shut by the legislative history of the act.

8. Dogan & Lemley, Trademark Use, supra note 3, at 557.
9. Id. at 555 n.67.
10. Id. at 552-54.
A. INTA's Original Proposal

The TDRA traces its roots back to INTA's "Select Committee on the Federal Trademark Dilution Act,"\(^1\) whose mission was to review the FTDA and recommend changes in light of the Supreme Court's decision in *Moseley v. V Secret Catalogue, Inc.*\(^2\) As reflected in its report dated September 18, 2003, the Select Committee was keenly concerned about the very language Professors Lemley and Dogan rely on in their article as incorporating a trademark use requirement. The Committee felt it was *not* clear that such language required use as a trademark by the defendant.\(^3\) Specifically, page five of the report states:

The Committee believes that there is a need to clarify a key threshold question regarding one of the elements of the current dilution statute – the "commercial use as a mark or trade name." The Committee believes that this is a core element that resolves many of the issues surrounding various free speech defenses, but only if interpreted to require *use as a source indicator for the user's [the defendant's] own goods or services.* Accordingly, the Committee finds that should a new statute be drafted, it should clearly require as an element *use as a source indicator for the user's [the defendant's] own goods or services.*\(^4\)

Accordingly, the draft statute prepared by INTA's Select Committee would have provided injunctive relief against a person who uses "as a designation of source of the person's goods or services, a mark or trade name that is likely to cause dilution by blurring or dilution by tarnishment."\(^5\)

B. 2004 Committee Print

On April 22, 2004, Congressman Lamar Smith, Chair of the House of Representatives Subcommittee on Courts, the Internet, and

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\(^1\) Memorandum from the Select Committee on the Federal Trademark Dilution Act to the INTA Board of Directors (Sept. 18, 2003) [hereinafter Select Committee Memorandum] (on file with author).


\(^3\) As Professors Dogan and Lemley concede, at least some courts applied the FTDA to non-trademark uses by defendants. As an example, they cite Planned Parenthood Fed'n of Am., Inc. v. Bucci, No. 97-Civ-0629, 1997 WL 133313 (S.D.N.Y. Mar. 24, 1997). *See* Dogan & Lemley, *Trademark Use*, supra note 3, at 546. Other examples include decisions applying the FTDA to domain names, such as in Panavision Int'l, L.P. v. Toeppen, 141 F.3d 1316, 1327 (9th Cir. 1998).

\(^4\) *See* INTA, Select Committee Memorandum, *supra* note 11, at 5.

\(^5\) *Id.* at Exhibit B 43(x)(1)(a).
Intellectual Property ("House IP Subcommittee"), circulated a committee print of a bill to amend the FTDA. Consistent with the report of INTA's Select Committee, INTA President Jacqueline A. Leimer's testimony emphasized the significance of the proposed "designation of source" requirement:

[W]e recommend that a revised dilution statute expressly provide as an essential element of the cause of action for dilution... that the plaintiff demonstrate that the defendant is using the challenged mark as a "designation of source" (e.g., trademark, trade name, logo, etc.) for the defendant's own goods or services.

A requirement of defendant's use as a designation of source will prevent any descriptive fair use or nominative fair use from falling within the ambit of the revised statute... Moreover, the requirement of use as a designation of source for the junior user's own goods or services should protect all legitimate parody and satire, even if that parody and satire appears in a commercial context. It is INTA's strong belief that this requirement is necessary to protect free speech and to ensure that dilution protection is appropriately limited.

C. Negotiations Between AIPLA and INTA

On May 15, 2004, the AIPLA Board of Directors adopted a resolution recommending a number of changes to the committee print, including (among others): (1) deletion of the requirement in subsection (c)(1) that the defendant's use be "as a designation of source of the person's goods or services," and (2) addition of a new exclusion in subsection (c)(3) protecting "use of a famous mark to comment on, criticize, or parody the owner of the famous mark or the goods or services in connection with which the famous mark is used." AIPLA communicated these recommendations to both the House IP Subcommittee staff and INTA.

Over the next several months, AIPLA and INTA (and to a lesser degree the American Bar Association Intellectual Property Law Section ["ABA IPL"]) and the Intellectual Property Owners

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17. Id. at 12 (statement of Jacqueline A. Leimer, President, INTA).
Association ["IPO"]) negotiated to try to resolve their differences regarding the proposed legislation. During these discussions, AIPLA expressed its concern that INTA’s proposed “designation of source” requirement would leave gaping holes in the dilution statute and open the door to many types of uses that were traditionally actionable under a dilution claim, such as domain names, abusive uses, and generic uses of the plaintiff’s trademark in a commercial context. AIPLA also questioned whether INTA’s members (i.e. trademark owners) would be in favor of such a requirement. However, INTA would not budge on the “designation of source” requirement, saying it was the linchpin of INTA’s entire proposal.

D. The House IP Subcommittee Hearing on H.R. 683

The negotiations between AIPLA and INTA reached a dead end and each party was left to make its arguments to Congress. Chairman Smith introduced H.R. 683 on February 9, 2005, and scheduled a hearing on February 17, 2005. The original version of the bill included the “designation of source” requirement as follows:

[T]he owner of a famous mark . . . shall be entitled to an injunction against another person who . . . commences use of a mark or trade name in commerce as a designation of source of the person’s goods or services that is likely to cause dilution by blurring or dilution by tarnishment.

Based on the stalled negotiations between AIPLA, INTA, and other organizations, it was clear to all of the parties involved heading into the hearing that the “designation of source” requirement in H.R.

20. See, e.g., Panavision Int’l, L.P. v. Toeppen, 141 F.3d 1316, 1327 (9th Cir. 1998) (holding that registration of mark in Internet domain names diluted those marks).
683 was a key point of dispute. Further, the testimony from Professor Lemley, the INTA President Anne Gundelfinger, and me at the hearing also demonstrated quite clearly that the explicit intent of the "designation of source" requirement in H.R. 683 was to require trademark use by the defendant, and that AIPLA opposed the language for that very reason. For example, Professor Lemley's written testimony stated that the original bill would have made what he characterized as "four changes in the existing legal rules," including the following:

H.R. 683 expressly adopts the requirement that the defendant use a mark as a "designation of source." This is a familiar requirement from traditional trademark law, where it is sometimes called the "trademark use" requirement. Adding it to the dilution statute provides an important safeguard against the use of the law to attack free speech or legitimate competition. Only where the defendant uses the famous mark as a mark - as a means of identifying their own goods - are the risks of dilution present.

Thus, Professor Lemley recognized that H.R. 683 was attempting to add (not merely maintain) a trademark use requirement to the dilution statute, and that the means for accomplishing this goal was the "designation of source" language and not the "use of a mark or trade name" language carried forward from the FTDA.

Similarly, my testimony (on behalf of AIPLA) and Ms. Gundelfinger's (on behalf of INTA), as well as a statement submitted on the day of the hearing by Susan Montgomery (on behalf of the ABA IPL), specifically debated the "designation of source" requirement in H.R. 683. For example, my written statement argued that the requirement should be removed because it would eliminate from the statute's reach "three important misuses of a famous mark,"

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26. In fact, Professor Lemley and I exchanged copies of our testimony a few days prior to the hearing and had a discussion focusing on this very language. I sent him an email on February 14, 2005 observing that "it looks like our primary area of disagreement is on the designation of source requirement." He replied that same day stating, "That is indeed an area of disagreement, but it is a central one - I would not support the bill with this provision removed because I think it would be capable of significant mischief." E-mail from Mark A. Lemley, Professor, Stanford Law School, to William G. Barber, Managing Partner, Pirkey Barber (Feb. 14, 2005) (on file with author). Ironically, Professor Lemley's and Professor Dogan's article not only appears to support the statute despite the removal of this "designation of source" provision, but argues that this amendment somehow supports a trademark use requirement. Dogan & Lemley, *Trademark Use, supra* note 3, at 553.

27. See infra text accompanying notes 28-32.

namely: "(1) domain name uses that do not fall under the Anti-Cybersquatting Consumer Protection Act; (2) tarnishing uses that are not 'designation[s] of source for the [user's] goods or services'; and (3) generic misuses." We devoted several pages of AIPLA's statement elaborating on these problems. Similarly, Ms. Montgomery's statement says:

Certain types of uses (in addition to fair uses) would be undesirably and unnecessarily exempted from the statute. For example, use of a famous mark as a domain name and obscene uses seemingly would not qualify as designations of source and thus not fall within the statute's scope. Use by a defendant of a famous mark as a generic term would seem to be quintessential dilution, yet would not fall within the statute.

Ms. Gundelfinger's statement joins the debate, acknowledging that "[s]ome have questioned whether the 'designation of source' requirement narrows protection against dilution too much or imposes too great a burden of proof on plaintiffs," and presenting INTA's position on those points.

E. Amendments Following the Hearing

As clear as it was that the designation of source requirement in the original bill would have (and was intended to have) imposed a trademark use requirement, it was equally clear to all those involved that the intent in removing that language after the hearing was to eliminate that requirement.

Shortly after the hearing, on February 23, 2005, the House IP Subcommittee staff hosted a discussion/negotiation session regarding H.R. 683 with representatives of AIPLA, INTA, and ACLU. At that meeting, AIPLA, INTA, and ACLU agreed to a mark-up of H.R. 683. Among other things, this mark-up (1) deleted the requirement in Section 43(c)(1) that the defendant's use be "as a 'designation of source' for his or her own goods or services," and (2) added an
exclusion protecting "[f]air use of a famous mark by another person, other than as a designation of source for the person's goods or services, including for purposes of identifying and parodying, criticizing, or commenting upon the famous mark owner or its goods or services." This agreement was confirmed in a joint letter from INTA and AIPLA to Chairman Smith and Ranking Member Howard Berman dated February 28, 2005. IPO also supported these amendments in a letter submitted March 2, 2005, stating, "The proposed amendments to H.R. 683 would (a) delete the requirement that a person must use a famous mark as a 'designation of source' before this use can be deemed a 'diluting' use and (b) strengthen the fair use exemption for famous marks used in parody or commentary." Both of these amendments (among others) were then made at the House IP Subcommittee's mark-up on March 3, 2005, and the House Judiciary Committee approved the Subcommittee's amendments on March 9, 2005.

In the House Report on H.R. 683, Representative Berman submitted a statement that specifically discussed the agreement between AIPLA, INTA, and ACLU on these amendments:

[A]n amendment was adopted in Subcommittee to address the First Amendment and free speech issues that were raised at the hearing. The ACLU voiced concerns about the possibility that critics could be stifled by the threat of an injunction for mere likelihood of tarnishment. Furthermore, they were concerned with the balance between the rights of trademark holders and the First Amendment. ACLU joined with INTA and AIPLA in crafting a separate exemption from a dilution cause of action for parody, comment and criticism.

Finally, different intellectual property owners voiced disagreement at the hearing regarding the designation of source language in the bill. After some negotiation between the parties, the conflict has been resolved, and both AIPLA and INTA support the bill. I believe this legislation strikes the delicate balance between protection of property rights and encouragement of

one of the changes I (on behalf of AIPLA) proposed at the hearing. See Dogan & Lemley, Trademark Use, supra note 3, at 553.

35. Id. at 56 (Bill introduced by Mr. Smith of Texas) (emphasis added).
36. Id. at 53-58.
37. Id. at 59 (letter from J. Jeffrey Hawley, President, IPO).
39. Id. at 6, 27-35.
healthy competition. I urge my colleagues to support this bill with the amendment.\textsuperscript{40}

There is simply no doubt what the intent and effect of these companion amendments were. First, particularly in light of the debate among INTA, AIPLA, ABA IPL, and even Professor Lemley leading up to the House IP Subcommittee hearing, the undeniable purpose of removing the "designation of source" language from Section 43(c)(1) was to eliminate the trademark use requirement that Professor Lemley and INTA so staunchly advocated,\textsuperscript{41} and AIPLA and ABA IPL so vigorously opposed.\textsuperscript{42}

Second, and perhaps even more telling from a strict statutory construction standpoint, a new exclusion was introduced that requires a defendant asserting fair use to prove (among other things) that it is \textit{not} making a trademark use.\textsuperscript{43} If all non-trademark uses are immune from challenge under the TDRA in the first place, as Professors Lemley and Dogan claim, this exclusion would be superfluous.\textsuperscript{44}

\textsuperscript{40} See Hearing on H.R. 683, supra note 23, at 25 (statement of Hon. Howard L. Berman, Rep. in Congress from the State of Cal., and Ranking Member, Subcomm. on Courts, the Internet, and Intellectual Property).

\textsuperscript{41} Id. at 18-21 (testimony of Mark A. Lemley, Professor of Law, Stanford University); id. at 6-17 (testimony of Anne Gundelfinger, President, INTA).

\textsuperscript{42} Id. at 21-24 (testimony William G. Barber, Partner, Fulbright and Jaworski, LLP, on behalf of AIPLA); id. at 60-62 (statement of Susan B. Montgomery, Vice Chair, ABA section of Intellectual Property Law).

\textsuperscript{43} Louis Vuitton Malletier v. Haute Diggety Dog, LLC, 507 F.3d 252, 266 (4th Cir. 2007). ("[P]arody is not automatically a complete defense to a claim of dilution by blurring where the defendant uses the parody as its own designation of source, i.e., \textit{as a trademark}").

\textsuperscript{44} The quote Professors Lemley and Dogan extract out of context from Chairman Smith's statement in no way supports their interpretation of the amendments to the bill. See Dogan & Lemley, supra note 3, at 553. Indeed, this statement was made at the February 17, 2005 hearing, \textit{before} the IP Subcommittee amended the bill. When Chairman Smith said in that statement that the bill did not break new ground and "represents a clarification of what Congress meant when it passed the dilution statute almost a decade ago", Hearing on H.R. 683, supra note 23, at 2, he was talking about the likelihood of dilution (as opposed to actual dilution) standard. This is apparent from Rep. Berman's response where he said, "[t]he likelihood of dilution standard would no longer unfairly require the senior user to wait until injury occurs before bringing suit, and I think the Chairman is right. This is probably the standard Congress had initially intended." Id. at 4. It is also apparent from colloquy between Chairman Smith and witnesses at the previous IP Subcommittee hearing on April 22, 2004, where the Chairman specifically asked the panelists whether they agreed with his understanding that the original Congressional intent was for a likelihood of dilution standard. See Hearing to Amend the FDPA, supra note 16, at 48. Three of the four witnesses agreed. Id. at 48-49.

Similarly, Professor Lemley's and Professor Dogan's assertion that "the House did not intend to drop any trademark use requirement and \textit{therefore} to expand dilution law dramatically to permit suits against dictionaries, parodists, and a host of others who are not using the plaintiff's mark to sell anything" is a straw man. Dogan & Lemley, supra note 3, at 553 (emphasis added). Of course Congress did not intend to expand dilution law in that way, but
III. MEANING OF THE PHRASE "USE OF A MARK OR TRADE NAME" IN THE TDRA

One point on which I agree with Professors Lemley and Dogan is that the phrase "use of a mark or trade name" in the TDRA refers to what the defendant (not the plaintiff) is using. They may also be correct that this distinction is clearer in the TDRA than it was in the FTDA, but this clarification had absolutely nothing to do with the attempt to add a trademark use requirement to the TDRA. As discussed above, that was solely and expressly the intent of the "designation of source" language that was removed from the bill.

So what is the proper interpretation of the phrase "mark or trade name" in the TDRA? The statute proscribes "use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark." Thus, the relevant question is whether the thing the defendant is using is "a mark or trade name." The TDRA does not say it has to be the defendant's mark however - only "a mark." (Stated another way, the statute does not require "use as a mark or trade name," but rather "use of a mark or trade name"). If the defendant is using the plaintiff's mark (or what would be perceived as the plaintiff's mark), it is "a mark" and should qualify under this language from the TDRA regardless of whether the defendant is using the mark to identify its own goods or services. That is the only reasonable interpretation in light of the legislative history of the act, which quite clearly removed any requirement that the defendant be using the accused mark or trade name as a designation of source for its own goods or services.

IV. CONCLUSION

Professor Lemley's and Professor Dogan's argument that the TDRA incorporates a trademark use requirement simply does not withstand scrutiny. The language in the TDRA they rely upon for this conclusion (use of a "mark or trade name") was merely carried...
forward from the FTDA (arguably in a less restrictive form), and even they concede that at least some courts construing the FTDA did not impose a trademark use requirement.\textsuperscript{48} Indeed, in its original proposal to amend the FTDA, INTA criticized this precise language, and said it was critical to explicitly require in the new statute that the defendant use the challenged mark or trade name "as a designation of source of the person's goods or services," i.e. as a trademark.\textsuperscript{49} The intent and consequences of this explicit requirement in INTA's proposal were openly debated in Congress.\textsuperscript{50} Following this debate, the participants reached a compromise that removed the trademark use requirement, and replaced it with a fair use provision protecting legitimate parody, criticism, and commentary provided that the defendant does not make trademark use of the plaintiff's mark.\textsuperscript{51} Thus, the very language that Professor Lemley and INTA argued to Congress was needed in the bill to engraft a trademark use requirement into dilution claims was specifically removed, and at the same time a new exclusion was added to exempt only certain types of non-trademark uses.\textsuperscript{52} In light of this history, there is no credible argument that the TDRA as enacted requires trademark use by the defendant.

\textsuperscript{48} Dogan & Lemley, supra note 3, at 546.

\textsuperscript{49} Hearing on H.R. 683, supra note 23, at 7 (statement of Anne Gundelfinger, President, INTA).

\textsuperscript{50} See supra notes 27-32 and accompanying text.

\textsuperscript{51} 15 U.S.C.A § 1125(c)(3)(A) (West Supp. 2007). See also supra notes 34-35 and accompanying text.

\textsuperscript{52} See supra notes 34-35 and accompanying text.