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

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ABSTRACT

In this paper I focus on some of the big names in the clothing and fashion industries and their attempts at policing their trademarks ith la suits in ol ing the Federal Trademark Dilution Act. Because trademarks pla such an important role in the alue of fashion and clothing line businesses, mainl as aluable propert ith potential to generate re enue, famous trademark holders turn to the federal dilution la s for protection. Ho e er, there is a histor of ambiguities in the federal anti-dilution statutes affording such protection.

The Federal Trademark Dilution Act (Act) hich as intended to create a uniform and consistent protection to trademark holders, after state anti-dilution statutes failed to do so, as not clear as to hat constituted a famous mark or hether the standard in pro ing harm as that the junior mark causes actual dilution or likelihood of dilution. These ambiguities caused a circuit split in the interpretation of the Act, leading to re isions and the enactment of the Trademark Dilution Re isions Act (TDRA). The TDRA established the standard for pro ing harm under the Act as a junior mark that causes a likelihood of dilution.

E en after the passage of the TDRA, the degree of similarit required bet een the famous mark and the allegedl diluting junior mark as not clearl defined. Courts ha e interpreted the TDRA to not require the famous mark and junior mark to be identical, et a threshold for the similarit as not addressed in the statute.

The Act and the TDRA ha e been critici ed for hea il fa oring major corporations o er small businesses b granting corporations a monopol o er the use of common ords and phrases. Man small

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and the Trademark Dilution Re isions Act of 2006 (TDRA) ere enacted to pro ide famous trademark o ners ith the protection the sought.[5] These statutes pro ide the courts ith (1) a frame ork for determining hether a mark is famous, (2) the standard of proof for harm to be pro en b the plaintiff, and (3) factors for the courts to consider in determining hether dilution has occurred.[6] Ambiguities in the FTDA led to inconsistent interpretations of its terms and a circuit-split among the courts.[7] E en after the enactment of the TDRA, hich as intended to correct the ambiguities in the FTDA, ne ambiguities arose as to the distincti eness of the famous mark.[8]

In this article, I illustrate some of the ambiguities in the courts' interpretations of the FTDA's terms such as famous mark, and the standard of proof required to establish harm in cases in ol ing famous trademarks in the fashion industr , including *Mosele . V Secret Catalogue*, decided b the United States Supreme Court. Next, I ill address the response to the *Mosele . V Secret Catalogue* decision and the calls for clarification of the ambiguities in the FTDA. A proposition for appl ing the higher standard of harm, actual dilution, in dilution b blurring claims and appl ing the lo er standard, likel to cause dilution, in dilution b tarnishment claims is noted.

I also explore the effects of the reform to the FTDA follo ing the *Mosele . V Secret Catalogue* decision, such as the lo er standard of proof of harm. I include a case stud of *Gucci America Inc. . Guess Inc.* here the court applied the actual dilution standard retroacti el to trademarks used in commerce before the reform. In addition, I co er some of the ambiguities in the TDRA, hich ere not resol ed ith the reform of the FTDA, such as the degree of similarit required bet een the famous senior mark and the allegedl diluting junior mark. I explore the comparati e anti-dilution state statute, the Ne York anti-dilution statute, and its differences from federal anti-dilution la .

5. *See* 15 U.S.C. 1125 (2012); Jennifer Hemerl , *The Secret of Our Success: The Sixth Circuit Interprets the Proof Requirement Under the Federal Trademark Dilution Act in V Secret Catalogue . Mosele* , 9 VILL. SPORTS & ENT. L.J. 321, 321 (2002); *see also* Beerline, *supra* note 1, at 512.

6. *See* Beerline, *8((e96 8ome)e96 8ote96 8o (c)-0.)e96 8on5(e)-133.6(r)2 T d6(r)2 T r1(e)-14a(r)2 T le96 8o DcLa(r)2 T .2(*

Ne t, I turn to the ramifications of federal trademark la on small business rights and protection of trademarks held b small businesses. I e plore ho the FTDA and the TDRA fa or major corporations b granting such corporations a monopol o er the use of certain ords and phrases as e ident in the

A. Interpretations of the Requirement of Famouse Mark

While the definition of a famous mark, and dilution b blurring, and the remed a ailable to a plaintiff in a dilution claim appear to be clear from the FTDA, the histor of the courts' interpretations of the Act ha e been some hat ambiguous.[22] Courts ha e determined that a prima facie claim for trademark dilution under the FTDA includes four elements: (1) the plaintiff's trademark must be famous; [(2)] the defendant must use the plaintiff's trademark commerciall ; [(3)] the defendant must ha e begun using the plaintiff's trademark after it became famous; and [(4)] the defendant's use of the mark must dilute the plaintiff's mark.[23] Because of the rer.1(o)i5(t)-15(e r)-8m5(t)et5(t) t.5(ca)-1t5(t) te(t)(t) t(t)if

distincti e and et be completel unkno n.[38] Therefore, fame and distincti eness should be different considerations.[39] Appl ing the for the courts to consider in determining if a mark is famous, the current statute sets forth four factors, in addition to all relevant factors, that the court may consider.[47] The four factors are:

> (i) [t]he duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties. (ii) The amount, volume, and geographic extent of sales of goods or service offered under the mark. (iii) The extent of actual recognition of the mark. (iv) Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.[48]

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

B. Interpretations of the Standard of Proof of Harm to a Famous named Victor’s Little Secret.[53] An arm colonel ho sa the no elt store originall named as Victor’s Secret as an effort to use the Victoria’s Secret trademark to promote un holesome merchandise[,] sent a cop of an ad ertisement to Victoria’s Secret trademark o ner.[54] The Court of Appeals held that Victoria’s Secret ould pre ail in a dilution claim not because a consumer ould expect to find Victoria’s Secret merchandise in the store Victor’s Little Secret, but because a consumer ould automaticall associate Victor’s Little Secret ith the famous store b associating the un holesome products ith the famous mark.[55]

Commentators on the Court of Appeals decision noted that this interpretation as consistent ith prior dilution b blurring case la and a consensus among the circuit courts’ application of the likelihood of dilution standard to dilution cases as ell as the legislati e intent of the FTDA.[56] The Supreme Court ho e er disagreed.[57] The Court ackno ledged that the FTDA’s legislati e histor implicates that the statute’s purpose is to protect famous trademarks from later uses that blur the mark’s distincti eness or tarnish or disparate it, e en absent a likelihood of confusion.[58] Referring to the language in the FTDA, the Court interpreted the Act as pro iding relief if the use of another mark or trade name *causes dilution* name Victor's Little Secret on the alue of the famous mark.[62] Also, regarding the arm colonel ho sa the ad ertisement for the store Victor's Secret, the Court recogni ed that hile he as offended b the ad ertisement and made a mental association bet een the famous mark and the store, it did not change his impression about the famous mark.[63] In essence, there as no e idence that there as a lessening of the capacit of the ['Victoria's Secret'] mark to identif and distinguish goods or ser ices sold in Vict drk.

causes of action under the FTDA.[70] In a dilution b tarnishment cause of action, courts recogni e the gra it and immediate injur to famous marks caused b the use of the mark b a junior user in conte ts of se ual acti it or obscenit .[71] Ho e er, in a dilution b blurring cause of action, although the injur is equal to the injur in tarnishment, allo ing a lo er standard of proof, ould ield a highl undesirable result o ners of famous marks holding a monopol o er the use of marks and ser ices.[72] The proposition as for the courts to appl the actual harm standard for dilution b blurring cases along ith the rele ant factors set out in the FTDA.[73]

The proposition of appl ing the actual harm standard as contrasted ith commentators ho foresa the call for clarification of the statute.[74] It as pointed out that despite the Supreme Court's holding that causation of dilution is required under the FTDA, Justice Ste ens' opinion noted that in some instances (at least in ol ing identical marks), causation could be inferred ithout direct e idence, therefore negating the necessit of consumer sur e s to pro e actual dilution.[75] And although the plaintiff must pro e causation, he does not need to pro e actual loss of sales or profit.[76] Commentators noted that although the conceptual outlines of the theor of dilution b blurring as ell understood, it is more difficult to pro e dilution b blurring practicall or to e en understand ho to collect proof of actual dilution.[77] As stated simpl b Justice Ste art regarding pornograph , it appears that e *can* define dilution but do not kno it hen e see it.[78] The practical ramifications of the Victoria's Secret holding as to the standard allo ed commentators to predict that there ould be calls to clarif the FTDA b amending the statute to set out a likelihood of dilution standard.[79] The calls for clarification ere reali ed hen trademark o ners ho ere unhapp ith the Court's decision in *Mosele . V Secret Catalogue* pushed

70. *Id.*

71. *Id.* at 1229.

72. *Id.* at 1227.

73. *Id.* at 1215.

74. Jonathan Moskin, *Victoria's Big Secret: Whither Dilution Under the Federal Dilution Act?*, 93 TRADEMARK REP. 842, 844 (2003).

75. Mosele . V Secret Catalogue, 123 S. Ct. 1115, 1124 (2003); Moskin, *supra* note 74, at 842 n.8.

76. Moskin, *supra* note 74, at 843.

77. *Id.*

78. *Id.*

79. *Id.* at 844.

for reform in the FTDA leading to the enactment of the Trademark Dilution Re isions Act of 2006 (TDRA).[80]

Yet, prior to the reform, another famous trademark holder ith a dilution claim took a competitor to court.[81] In 2004, Pla bo Enterprises filed suit against a je elr seller alleging dilution of its trademark term Pla bo and the accompan ing rabbit head.[82] The defendant je elr store sold se eral pieces of je elr either in the e act shape, or ith a likeness of the pla bo rabbit head design on its ebsite, hich the Pla bo mark holder alleged as diluting the Pla bo trademark.[83] In anal ing the factors to determine hether dilution b blurring occurred, th the statute to clarif that the standard for dilution b blurring is if the use of a junior mark is likel to cause dilution rather than *actual* dilution.[89] The amendment as noted in a subsequent case, *Le i Strauss & Co . Abercrombie & Fitch Trading Co.* as a ne , more comprehensi e federal dilution and not merel surgical linguistic changes. [90]

With the lo er standard of proof, the TDRA trademark o ners ha e a 'po erful tool' at their disposal to protect the use of their trademarks ith an immediate remed , an injunction, e en before the harm occurs.[91] Such a remed becomes highl important in the entertainment and fashion industries to enjoin junior marks from 'pigg backing' on famous and established trademarks to promote products in the pornograph and the adult entertainment industries.[92]

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ho diligentl police their trademarks, et as critics point out, the change does not allo breathing space for companies ith less famous trademarks as an resemblance in their trademarks to famous trademarks ill likel ensue trademark litigation. Additionall , lea ing too much discretion to judges in determining hether uses of trademarks b smaller scale businesses ill likel cause dilution of famous marks ill ine itabl result in inconsistent decisions.

A. Clarification of the Degree of Similarit Bet een a Famous Mark and a Diluting Mark

Despite concerns of ambiguities in the TDRA, the lo er

FTDA also does not define the threshold of similarit .[112]

A commentator noted that before the TDRA as enacted, Congress as urged to focus on addressing the degree of similarit that ould be a threshold issue in a claim for dilution.[113] The proposition b itness Jonathan Moskin as for Congress to limit the scope of protection to identical trademarks or marks that are essentiall indistinguishable from the registered marks.[114] This a ,

B. Appl ing the Actual Dilution Standard Retroacti el

E en after the passage of the TDRA, hich offered famous mark holders protection after sho ing a likelihood of dilution, the actual dilution standard is applied b courts retroacti el to marks used in commerce before October 6, 2006.[119] In 2012, the global fashion compan Gucci America Inc. brought a dilution claim against Guess?, Inc. alleging Guess?, Inc. attempted to Gucci-f their product line ith their Quattro G Pattern on beige background on their handbags.[120] Despite Gucci submitting an e pert sur e sho ing a t el e percent le el of association bet een the tremendousl successful Gucci trademark and the Quattro G pattern, the District Court for the Southern District of Ne York held that that Gucci had no e idence of actual dilution of its mark b Guess' use of the Quattro G pattern hich as used in commerce before October 6, 2006 hen anal ed under the actual dilution standard.[121] Yet, the Court concluded that the Quattro G Pattern in the bro n/beige color a s is likel to cause dilution b blurring ith respect to Gucci's Diamond Motif Trade Dress.[122]

Gi en the success of the Gucci trademark, the Court noted the differences in design and consumer group perceptions bet een Guess and Gucci products.[123] The Guess st le uses ibrant colors, embellishments like rhinestones and e aggerated fabric to uniquel brand its products, hile Gucci communicates that their consumers are members of an e clusi e club, of ealth indi iduals ho ear their products regularl as ell as the aspirational ounger and less ealth consumers.[124]

has continuousl used the NAVAJO name trademarks ith man products, including clothing and je elr and has registered 86 of its trademarks using the NAVAJO name.[126] The argued the NAVAJO mark is inherentl distincti e and that consumers immediatel associate the mark ith Na ajo Nation.[127]

Na ajo Nation claimed that Urban Outfitters began using the names Na aho and Na ajo in their clothing line of t ent or more products that e oked ‘the Na ajo Nation’s tribal patterns, including geometric prints and designs fashioned to mimic and resemble Na ajo Indian-made patterned clothing, je elr and accessories[,] and selling the products in their retail stores and on their ebsite.[128] Essentiall , the Na ajo Nation claimed that b using the NAVAJO name to promote its Na ajo Collection, Urban Outfitters made it er likel that consumers ill no longer belie e that the Na ajo name is a unique and inherentl distincti e mark.[129] The parties disputed hether the NAVAJO mark is inherentl distincti e and therefore famous, or is at best a generic descripti e term for a particular t pe of design and st le of clothing as it identifies a class of products regardless of the source.[130]

Specificall , Na ajo Nation alleged that Urban Outfitters’ use of the NAVAJO name to sell omen’s undergarments diluted the Na ajo Nation’s good ill as Urban Outfitter’s products ere derogator , scandalous, and contrar to the nation’s principles against alcohol consumption.[131] Furthermore, the misspelling of Na ajo as Na aho as also allegedl scandalous and derogator .[132] Finding no authorit for the proposition that misspelling a mark is scandalous, the district court limited the Na ajo Nation’s dilution b tarnishment claim based on the relati e qualit of the parties’ products, but decided the allegations ere sufficient to state a dilution b blurring claim.[133]

126. *Id.* at 1153.
127. *Id.*
128. *Id.* at 1154.
129. *Id.*
130. *Id.* at 1166 69.
131. *Id.* at 1154-55.
132. *Id.* at 1155.
133. *Id.* at 1168-69 (the Na ajo Nation allege[d] a theor of dilution b tarnishment based on [Urban Outfitters’] marketing and retailing of products of significantl lo er qualit than the Na ajo Nation’s o n products.).

IV. COMPARISON TO ANALOGOUS STATE ANTI-DILUTION LAW

While big names in the fashion and clothing line industries turn to the federal anti-dilution statutes for protection, businesses in the fashion industr did not al a s turn e clusi el to federal la . Prior to the FTDA,   hen dilution first became a cause of action under federal la   in 1995, legislatures of indi idual states promulgated statutes for protection from dilution of marks.[134] A minimum of t ent -se en states had anti-dilution statutes based on the Model State Trademark Bill,   hich pro ided for injuncti e relief based on the ‘[l]ikelihood of injur to business reputation or of dilution of the distincti e qualit of a mark. . . not ithstanding the absence of competition bet een the parties or the absence of confusion as to the source of goods or ser ices.’[135] Yet, ith onl a handful of cases o er a span of si t -fi e ears finding liabilit absent a sho ing of actual dilution, the statutes ere considered ineffecti e,[136] and inadequate for safeguarding the substantial in estment of famous mark holders.[137] The FTDA as passed ith the hope of creating a uniform federal statute to remed the ineffecti e state statutes.[138] But hat did the state statutes reall look like and ho did courts appl them before the passage of the FTDA? Ne York’s anti-dilution statute, for instance, required that the plaintiff demonstrate hat the court belie ed to be fi e necessar elements: (1) consumer confusion; (2) defendant’s intent to trade on plaintiff’s mark; (3) likelihood of injur to the plaintiff’s business reputation or dilution of its mark or the distincti eness of its mark; (4) direct competition; (5) the inferior qualit of defendant’s competition.[139]

mark, it did not get protection under the state statute because it chose an alread diluted mark that as strongl associated ith S l ester Stalone and SLY Maga ine should ha e kno n that consumers might associate Sl ith the actor and his men's maga ine, rather than ith omen's fashion.[151]

V. ANTI-DILUTION LEGISLATION AND SMALL BUSINESS RIGHTS

While ambiguous court interpretations of the FTDA's fame requirements, standard of proof of harm to a famous mark, and the degree of similarit bet een an allegedl diluting mark and a famous mark elicited a legislati e respons

star ith the business.[165] According to the court, fame in onl one state goes strongl against meriting protection from dilution under federal la .[166] In addition, there are too man businesses that use the name Star and the e istence of federal registrations of the e act stand a chance hen it comes to being protected from dilution under federal la .

B. Trademark La 's Infatuation ith Fame E plained

Trademark la 's long histor of infatuation ith fame ma stem from an e er-e isting infatuation of fame b the general public. Headlines and media images depicting famous mo ie stars, models, athletes, and politicians con e the notion that being famous or being kno n, or talked about b man people is a highl desirable achie ement.[173] The beginning of the fame requirement dates back to 1987 hen the United States Trademark Association proposed to amend the Lanham Act to include a pro ision for federal dilution protection for famous, registered marks.[174] The United States Trademark Association also drafted the 1964 and 1992 ersions of the Model State Trademark Bill for protecting famous trademarks.[175] Just as fame for celebrities fades ith time, famous trademarks ma either diminish or completel disappear from the public ie if substantial effort is not applied in maintaining their fame.[176] The question of hat le el of fame is required to meet the fame requirement in order to be entitled to the protections of the federal anti-dilution la , ho e er, remains problematic for the courts.[177]

Se eral cases highlight the courts' difficult in difficult in determining hether a mark is famous after the passage of the TDRA in 2006. In *Pet Silk Inc., . Jackson*, the plaintiff held a trademark named PET SILK and sold its pet grooming products both online and in pet suppl retail stores through fift distributors.[178] In a trademark dilution and likelihood of confusion suit against the defendant distributor after the defendant continued to sell PET SILK products, the court concluded that PET SILK is a famous mark because it achie ed name recognition in the pet suppl and dog

173. Xuan-Thao Ngu en, *Fame La : Requiring Proof of National Fame in Trademark La* , 33 CORDOZO L. REV. 89, 89 90 (2011).

174. *Id.* at 91, n.17.

175. *See* Model State Trademark Bill (1964) *reprinted in* J. THOMAS MCCARTHY, 3 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION 22:8 (4th ed. 2004) [hereinafter MCCARTHY]; Model State Trademark Bill 13 (1992) *reprinted in* 3 *McCarth* 22:9 (4th ed. 2004).

176. Ngu en, *supra* note 173, at 90.

177. *Id.* at 93.

178. Pet Silk, Inc. . Jackson, 481 F. Supp. 2d 824, 825426 (S.D. Te . 2007).

C. State Anti-Dilution Laws Offering Protection Without a Stringent "FAME" Requirement

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

> [l]ikelihood of injury to business reputation or of dilution of the distinctive quality of a mark registered under this Act, or a mark valid at common law, or a trade name valid at common law, shall be a ground for injunctive relief notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services.[188]

As of 2007, fourteen states adopted the 1964 version, including Alabama, California, Delaware, Florida, Georgia, Louisiana, Maine, Massachusetts, Missouri, New Hampshire, New York, Oregon, Rhode Island, and Texas.[189] The problem with not having a fame

The 1992 ersion of the Model Bill reflects federal anti-dilution la more closel b stating that another's use of a mark commencing after the o ner's mark becomes famous, hich causes dilution of the distincti e qualit of the o ner's mark is subject to an injunction.[191] Just like the TDRA, the 1992 Model Bill considers se en factors, including the degree of distincti eness, duration and e tent of use, geographical e tent of the trading areas, channels of trade, degree of recognition and e tent the mark is used in the same or similar manner b third parties, in determining hether a mark is famous.[192] Ho e er, the 1992 Model Bill considers these factors in determining fame onl ithin a state, making it less burdensome than its federal counterpart.[193]

Yet e en hen state anti-dilution la s appear to offer the perfect solution, federal courts ignore the important distinction bet een federal and state legislation as it relates to the fame requirement, therefore lea ing no remed for small business o ners.[194] State anti-dilution statutes, as mentioned, ha e onl promulgated a handful of cases o er a span of si t -fi e ears in hich liabilit as found ithout a sho ing of actual dilution.[195]

VI. OBSTACLES IN ENFORCING

Kodak or Buick can qualif for antidilution protection.[198] With a lo er threshold of fame, state la s modeled either after the 1964 or the 1992 Model Bills appear to be the perfect a enue for smaller

bet een the t o teams as superficial.[219] The performance team's mark, although inherentl distincti e, as not strong commerciall because the performance team did not ad ertise its trademark directl to consumers.[220]

Cases such as *Harlem Wi ards Ent. Basketball, Inc. . NBA Props., Inc.* demonstrate that in instances here the junior user is a ealthier, more po erful compan that achie es greater commercial strength after marketing its product than the senior user, the odds are against the less po erful senior user in pre ailing on the commercial strength factor and finding relief under the re erse confusion doctrine.[221] Small businesses falling under the categor of less po erful senior users are t picall on a limited budget and ithout satisf ing the commercial strength and inherent distincti eness factors, are unlikel to pre ail on a re erse confusion claim.

VIII. FEDERAL TRADEMARK REGISTRATION AND SMALL BUSINESSES

Benefits of federal registration of a trademark on the principal register include prima facie e idence of the mark's alidit , the registration's alidit , alidit of o nership and continued use of the trademark,[222] an incontestable status after fi e ears of continued use of the trademark,[223] and the abilit to bring suit in a federal district court.[224] To obtain federal registration, a business must satisf se eral requirements, including a sho ing b the trademark o ner either (1) use in interstate commerce or (2) a bona fide intent to use the mark in interstate commerce.[225] Man small businesses ma not meet the requirement of sho ing use or intent to use in interstate commerce. Small businesses ith a limited budget simpl o erlook registration of their trademark on the principal register as a costl legal formalit .[226]

219. *Id*

Federal courts ha e interpreted use in interstate commerce broadl . Use in interstate commerce includes e en minimal interstate commerce or intrastate commerce that affects interstate or foreign commerce. As long as the trademark is used in connection ith ser ices rendered to customers tra eling across state boundaries [i]t is not required that such ser ices be rendered in more than one state to satisf the use in commerce requirement.[227] Such interpretations allo more fle ibilit for small businesses to sho use of their trademark in interstate commerce, ho e er critics point out

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

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

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

241. *Trademark Bullies*, *supra* note 239, at 628–29.
242. *Small Business IP*, *supra* note 154, at 1501.
243. *Trademark Bullies*, *supra* note 239, at 629.
244. *Id.*
245. *Small Business IP*, *supra* note 154, at 1496.
246. Wilcox, *supra* note 235, at 28.
247. *Id.*
248. *Trademark Bullies*, *supra* note 239, at 628.

large corporations conduct actual anal sis of the alleged infringement or hether cease and desist letters are used as an intimidation tactic.[249] Ho e er, it is clear that large corporations that regularl issue cease and desist notices to smaller businesses ha e earned the name trademark bullies for their standard cease and desist notices.[250]

X. TRADEMARK LAW: ANTI-COMPETITIVE M

state anti-dilution statues as requiring a likelihood of confusion.[257]

Critics argue that the misguided labeling of intellectual propert rights as monopolies, the misinterpretations of state anti-dilution statutes, and the fame requirement of the federal la are hat contribute to dilution monopol phobia of the hatred of monopol .[258] B its definition, a monopol requires control that permits domination of . . . the market in a business . . . for controlling prices . . . achie ed through an exclusi e legal pri ilege.[259] While trademarks, cop rights, and patent rights, hich exclude others from use, contain a monopolistic element, the fail the anti-competiti e monopol definition because the are intended to promote competition rather than restrict trade.[260] The argument is that exclusi e right to a trademark encourages in estment in qualit , good ill, and ad ertising of a trademark and is therefore not a monopol in the common anti-competiti e sense of the term monopol .[261] Ho e er, such an argument is fla ed, because unlike patent and cop right, trademark la does not ha e the purpose of additional incenti e in its requirements for protection.[262] Trademark la grants a particular indi idual rights to an intangible mark including the right to exclude others from using the mark. Although trademark la allo s others to create their o n mark, the cost of introducing a competing product is increased hen there is a prohibition on using another indi idual's mark.[263] Trademark la encourages consumers to identif the source of products in the market and ensures that consumers ha e a choice as to the products purchased.[264] Ho e er, a choice does not necessaril equate to competition.[265]

A monopol o er a trademark exists hen there is onl a single producer in a distinct product market.[266] A producer holding a idel recogni ed trademark becomes a monopolist hen it increases the price on its goods, and hen consumers are not illing to

257. *Id.* at 657 58.
258. *Id.* at 658 63.
259. WEBSTER'S THIRD NEW INT'L DICTIONARY 1463 (1986).
260. Rose, *supra* note 251, at 667 68.
261. *Id.* at 671.

to be identical before the senior user can be protected from dilution under the TDRA.[274]

marks that ha e achie ed niche fame.

Currentl , hen small businesses resort to alternati e a enues, such as claims under state anti-dilution la s and re erse confusion claims, inconsistent and incorrect court interpretations of the standards for such claims lea e small businesses ithout relief. Additionall , the financial obstacles in an intent-to-use application to obtain federal trademark registration are burdensome for small businesses ith limited budgets. As a result, protections under federal trademark la are reser ed for o ners of er prominent and highl famous marks. Ackno ledging that federal trademark la has a monopolistic element that in some cases pre ents competition bet een major corporations and their less po erful counterparts is progressi e, ho e er, legislati e change is needed in remo ing roadblocks pre enting small businesses form enjo ing the benefits of federal trademark la . The change in fa or of less idel recogni ed marks ould encourage fair competition and the gro th of the numerous small businesses in the countr . Essentiall , the change ould promulgate a shift from the limited monopolies approach o er the use of marks and ser ices b po erful corporations to encouraging small business success.