

1 IN THE SUPREME COURT OF THE UNITED STATES

2 - - - - - X

3 VICTOR MOSELEY AND CATHY :

4 MOSELEY, DBA VICTOR'S LITTLE :

5      **SECRET,**      :

**6**                      Petitioner                      :

7 v. : No. 01-1015

8 V. SECRET CATALOGUE INC., :

9 ET AL. :

10 - - - - - X

11 Washington, D. C.

12 Tuesday, November 12, 2002

13                   The above-entitled matter came on for oral  
14 argument before the Supreme Court of the United States at  
15 11:05 a.m. ,

**16 APPEARANCES:**

17 JAMES R. HIGGINS, JR., ESQ., Louisville, Kentucky; on  
18 behalf of the Petitioner.

19     **LAWRENCE G. WALLACE, ESQ.**, Deputy Solicitor General,  
20             Department of Justice, Washington, D.C.; on behalf of  
21             the as United States, as amicus curiae, supporting  
22             the Petitioner.

23 WALTER E. DELLINGER, JR., Washington, D.C., on behalf of  
24 the Respondents.

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P R O C E E D I N G S

(11:05 a.m.)

CHIEF JUSTICE REHNQUIST: We'll hear argument  
next in Number 01-1015, Victor Moseley and Cathy Moseley  
doing business as Victor's Little Secret versus V. Secret  
Catalogue, Inc.

Mr. Higgins.

ORAL ARGUMENT OF JAMES R. HIGGINS, JR.

ON BEHALF OF THE PETITIONER

MR. HIGGINS: Mr. Chief Justice and may it  
please the Court, counsel:

We are here today to obtain a construction of  
the Federal Trademark Dilution Act, FTDA, that will keep  
Federal trademark law in its proper bounds. We submit  
that can be accomplished by choosing objective proof over  
supposition and inference to guide future FTDA cases.  
This case from the Sixth Circuit involves a non-identical,  
non-confusing trademark operating in the remote reaches of  
the economy that was nevertheless enjoined under the FTDA,  
and demonstrates the dangers of an unchecked FTDA.

QUESTION: You mean Tennessee is remote, or this  
particular business is?

(Laughter.)

QUESTION: Kentucky.

MR. HIGGINS: Your Honor, this case actually

1     came from Kentucky, and --

2                 QUESTION:  Oh, well, Kentucky --

3                 MR. HIGGINS:  -- I suppose that's even more

4     remote than Tennessee in some cases.

5                 (Laughter.)

6                 QUESTION:  Was there a Victoria's Secret in this

7     town?

8                 MR. HIGGINS:  There was not at the beginning of

9     this case.  The closest one was 60 miles away.

10                We say that the result --

11                QUESTION:  In Tennessee?

12                (Laughter.)

13                MR. HIGGINS:  We say that the result below is

14     contrary to the actual words that Congress used in the

15     FTDA, namely the plain words, causes dilution.  If this

16     result stands, the FTDA threatens to usher in an

17     anti-competitive expansion of trademark law into patent-

18     like realm

19                Perhaps the best example of that is the Second

20     Circuit's Nabisco decision, urged in part here by

21     respondents, which involved a goldfish-shaped cracker, and

22     it -- the court there applied the FTDA to grant

23     exclusionary rights in an unpatented, uncopyrighted design

24     of a product to enjoin a product that they said diluted.

25     That is contrary to this Court's two most recent decisions

1 involving Federal trademark law, the Wal-Mart decision and  
2 the TrafFix Devices decision.

3 QUESTION: Before you -- just would you spend  
4 one minute -- it would help me a lot if you explained to  
5 me what dilution is, and I'll be specific. It seems to me  
6 what you have here is a case of what's called tarnishment,  
7 and what tarnishment -- what I think of is this, is it  
8 like this, that -- that -- imagine some small shop wants  
9 to start a bug spray business. It's a funny example, but  
10 it comes from an actual case, and they decide to call  
11 themselves Bugwiser Bug Spray, and their slogan is, Where  
12 there's life, there's bugs, all right.

13 (Laughter.)

14 QUESTION: Now, Budweiser is not going to enter  
15 the bug spray business. Nobody thinks Budweiser, in fact,  
16 is the source of the bug spray, but Budweiser has an  
17 interest because the people who see this ad are going to  
18 think Budweiser, yuck, and they don't want people to think  
19 that. Now, is dilution encompassed? Does dilution  
20 encompass that, and my reason for thinking maybe it  
21 doesn't is, the words of the statute refer to  
22 distinctiveness of mark. They don't refer to tarnishment.  
23 But -- is it -- so I want some explanation of what  
24 dilution here refers to.

25 MR. HIGGINS: There's a lot of people who want

1 explanation of what dilution is, and their tarnishment  
2 aspect of dilution is part of the legislative history. It  
3 is not expressed in the words that Congress used to define  
4 dilution. Congress defined dilution as the lessening of  
5 the capacity of a famous mark to identify and distinguish  
6 the goods or services to which the famous mark --

7 QUESTION: But you believe --

8 QUESTION: Which wouldn't include tarnishment.  
9 Which wouldn't include tarnishment. I mean, it can still  
10 identify Budweiser beer very, very well.

11 MR. HIGGINS: Well, it could identify Budweiser  
12 beer, but the -- the -- our point about this case is that  
13 there needs to be objective evidence that consumers, in  
14 fact, identify the accused mark with the famous mark. In  
15 other words, we say that section 43(c)(1) of the FTDA in  
16 its words causes dilution, imposes a causal connection  
17 between the accused mark and the beneficiary.

18 QUESTION: All right, excuse me, before you go  
19 back to cause, which is your main point which I want to  
20 hear, I do -- I'm assuming now that for purposes of this  
21 case anyway, you concede that tarnishment is part. If you  
22 don't concede that, or even if you do, will you please  
23 explain as well what this -- what it is, what the injury  
24 is where you're talking about a lessening of capacity to  
25 identify and distinguish, what injury is that, if it is

1 not tarnishment?

2 MR. HIGGINS: Okay. The injury in a dilution  
3 case is focused, the courts agree, on the selling power of  
4 the famous mark and the way that the cases go is that  
5 everyone agrees that that selling power is the hook that  
6 the famous mark --

7 QUESTION: Okay, then please explain, putting  
8 tarnishment to the side -- there is no tarnishment,  
9 assume -- how does the fact that you have a tiny, totally  
10 separate product with the same name ever, ever hurt the  
11 selling power of the big famous name?

12 MR. HIGGINS: The question becomes, again, one  
13 of consumer perception. All of that is tied up into the  
14 gist of the FTDA. What is being protected is the selling  
15 power of the famous mark -- which the Fourth Circuit in  
16 Ringling Brothers referred to as the economic value of a  
17 trademark -- and I would agree with you, Justice Breyer,  
18 that if there is no injury there should be --

19 QUESTION: No, I don't understand conceptually  
20 how there ever could be an injury. I've got to understand  
21 that first, and the reason is, I can imagine an injury  
22 through tarnishment. I can imagine an injury where the  
23 big product, Kodak, intends to enter the small area, the  
24 Kodak -- whatever, monkey wrench -- and it is intending to  
25 enter and draw on the selling power of, everyone thinks

1 Kodak is good, so I can think of those two things, but  
2 where they don't intend to enter, where there's no  
3 tarnishment, what, in principle, is the harm that you say  
4 we have to show really exists? Unless I know what that is  
5 in principle, I can't tell if you're right.

6 MR. HIGGINS: It -- it would show whether or not  
7 consumers would now identify a single mark with two  
8 different sources, and -- and that is the essence of what  
9 trademark dilution by the circuit court --

10 QUESTION: All right, and that is harmed  
11 because?

12 MR. HIGGINS: The theory is -- with which we  
13 don't totally agree -- the theory is that consumers are  
14 used to seeing only one Kodak, and now they see two, and  
15 the theory is that that is the -- among a number of  
16 metaphors, that is the first of a thousand cuts that will  
17 lead to harm

18 Now, our difficulty with that is that not every,  
19 even identical use of the same trademark ultimately leads  
20 to the dilution --

21 QUESTION: Well, do you say that actual  
22 confusion is relevant to the dilution analysis?

23 MR. HIGGINS: Actual confusion is primarily a --  
24 a Lanham Act infringement concept.

25 QUESTION: So it's not, in your view, relevant



1 to the dilution?

2 MR. HIGGINS: If there were actual confusion, it  
3 might be relevant, but this case --

4 QUESTION: In this case, the other -- the Lanham  
5 Act was thrown out, in effect.

6 MR. HIGGINS: That's the main point of this  
7 case, is that the Court has ruled as a matter of law that  
8 these accused marks by our clients are not going to lead  
9 to confusion. It is --

10 QUESTION: And you say that actual confusion  
11 doesn't matter, then, for purposes of this statute, the  
12 dilution statute, or it could?

13 MR. HIGGINS: I say that it could in some  
14 circumstances. It's not involved in this case at all.

15 QUESTION: All right, now --

16 QUESTION: You -- you -- go ahead.

17 QUESTION: Then what about actual economic harm?  
18 Is that a requirement, in your view, under this statute --

19 MR. HIGGINS: We think that --

20 QUESTION: -- for the plaintiff?

21 MR. HIGGINS: We think that the plaintiff in a  
22 dilution case needs to show objective proof of dilution,  
23 and that necessarily has an economic component with it.

24 QUESTION: Well, but the statute does not, in  
25 defining dilution, speak in terms of economic harm, does

1 it?

2 MR. HIGGINS: The statute does not mention  
3 economic harm per se, but it does say, the lessening of  
4 the capacity of the famous mark to identify and  
5 distinguish and, focusing on the selling power of the  
6 mark, we say the best evidence that would be adduced in a  
7 case of dilution is surveys of consumer perceptions of the  
8 impact of --

9 QUESTION: That's the best evidence. That's the  
10 best evidence, but let's go back to what is -- causes  
11 dilution? One can distinguish what the Patent and  
12 Trademark Office does. That is, it considers marks before  
13 they're in use, so one might say, oh, the distinction  
14 between causes dilution and likely to cause is, likely,  
15 you're looking at the thing before it's ever used. Once  
16 it's used, you're into the causes territory. That would  
17 be a nice clean line to say that all that it means, all  
18 that the difference in phraseology, causes dilution as  
19 opposed to likely to cause, is, did it have -- a causation  
20 case, you have to have a junior mark that's in use, so why  
21 isn't that a satisfactory line between what's -- what  
22 causes dilution as opposed to what is likely to cause  
23 dilution?

24 MR. HIGGINS: We think that is not a completely  
25 satisfactory distinction because of the language of the

1 statute that authorizes the Patent and Trademark Office to  
2 look at a mark before it begins.

3 QUESTION: Yes, well, that's likely to. They  
4 can't judge it, because it's not -- it's not in use.

5 MR. HIGGINS: And the statute actually says  
6 that. Section --

7 QUESTION: But I'm asking you, getting out of  
8 that territory, it can look at things before they're in  
9 use, and now that -- now the junior mark is in use, why  
10 isn't that enough to satisfy the dilution act?

11 MR. HIGGINS: Well, we would agree that the  
12 mark, the junior mark has to be in use, but we would not  
13 agree that just by merely using a mark that is  
14 semantically similar to the famous mark, that dilution  
15 will inevitably result, which is the position of the  
16 respondents here.

17 QUESTION: But the one thing I think you're  
18 asking for beyond Justice Ginsburg's example is, to take  
19 the Kodak wrench and the Kodak camera, you're asking for  
20 some proof that somebody heard the word Kodak and said,  
21 was it the camera or the wrench? -- and if that proof  
22 exists you've got your objective proof, and why do you  
23 have to go to the point of saying that -- proving that  
24 Kodak lost a sale as a result?

25 MR. HIGGINS: We don't suggest that we have to

1 prove that Kodak lost sales.

2 QUESTION: But you're -- you're asking for proof  
3 of some kind of --

4 QUESTION: That's the point of this, for  
5 heaven's sake.

6 QUESTION: -- of economic consequence, and --

7 MR. HIGGINS: We think --

8 QUESTION: -- I -- that's the point that I don't  
9 see. If I understand it, the dilution occurs when -- or  
10 that dilution is the process of lessening the capacity of  
11 Kodak to identify the camera rather than to identify the  
12 wrench. If -- if it is shown that that process has  
13 begun -- that it is occurring -- why do you -- what is the  
14 point of your argument that it has got to be carried  
15 forward to the point of an economic loss of some sort?

16 MR. HIGGINS: Well, first of all we believe that  
17 consumer surveys do have evidence of economic impact, and  
18 we don't say that economic damage is required. That takes  
19 our position too far. The actual question that is  
20 certified is whether the plaintiff must show objective  
21 evidence of harm to the economic value of the famous mark,  
22 not that it must show economic harm per se.

23 I realize that's subtle distinction --

24 QUESTION: Well, isn't there -- under the terms  
25 of the statute, isn't that shown simply by the fact that

1 the consumer stops for a second and says, is it the  
2 camera, or is it the wrench when the consumer hears the  
3 word, Kodak?

4 MR. HIGGINS: I don't --

5 QUESTION: What further proof of loss of -- what  
6 further economic proof is required to come within the  
7 statute?

8 MR. HIGGINS: That is not a complete economic  
9 proof. What we say is that not every, even identical use  
10 leads to dilution in the minds of consumers. Think of --  
11 as we put in our brief -- Delta Airlines, Delta Faucets.  
12 Think of Apple Records, Apple Computers.

13 QUESTION: Maybe because those are names that  
14 are generic, like apple.

15 MR. HIGGINS: Well then, how about Ford Motor  
16 Company and Ford Modeling Agency? You know, that's the  
17 same result.

18 QUESTION: How about Kodak Pianos?

19 MR. HIGGINS: Kodak Pianos is in the legislative  
20 history as --

21 QUESTION: Or Dupont Shoes, or Buick Aspirin?

22 MR. HIGGINS: All of those are identical marks,  
23 and we say that this case presents a non-identical mark.  
24 There are semantic differences and there are gender  
25 differences.

1                   QUESTION: Well, there is evidence -- or, at  
2     least, how did this all get started? Someone sees  
3     Victor's Secret and writes to Victoria's Secret and says,  
4     you want to stop these people, so we know that one  
5     consumer, although he wasn't confused, said, they're  
6     diluting your mark. Now, suppose you had 12 of those who  
7     said, yeah, I passed this shop, Victor's Secret, and I  
8     thought immediately of Victoria's Secret. Would that  
9     proof be sufficient and if not, why not?

10                  MR. HIGGINS: We say it is not sufficient,  
11     because the -- but that is essentially the analysis that  
12     the Sixth Circuit put in there. The Sixth Circuit said at  
13     page 27a of the petition, the appendix to the petition,  
14     that they are focusing on what a consumer is, quote,  
15     "likely automatically to think," unquote, and then link  
16     that to the famous mark.

17                  QUESTION: And what's your answer? What's  
18     your --

19                  MR. HIGGINS: What our position is, that that  
20     requires a court to guess whether the association that the  
21     consumer thinks of is --

22                  QUESTION: What do you want? What do you want  
23     in place of that?

24                  MR. HIGGINS: What we would like --

25                  QUESTION: What do you want the plaintiff to

1 show?

2 MR. HIGGINS: We want the plaintiff to show that  
3 there is objective proof of consumer perceptions that it  
4 causes dilution, exactly what the statute says.

5 QUESTION: I don't know -- what does that mean,  
6 of consumer perceptions that causes dilution? Objective  
7 proof that a particular consumer, when he saw Victoria's  
8 Little Secret -- or Victor's Little Secret -- had in mind,  
9 gee, you know, that's like Victoria's Secret. Is that  
10 enough?

11 MR. HIGGINS: No, that's not enough. That's --

12 QUESTION: What is enough? What is enough?  
13 What does dilution consist of?

14 MR. HIGGINS: Dilution consists of a  
15 consumer's -- the -- general consumers, not a single  
16 consumer, but general consumer perception that there used  
17 to be one Victoria's Secret and now, in their minds, there  
18 are at least two.

19 QUESTION: Well, how many consumers do you need?  
20 You say one isn't enough, and you say general consumer  
21 perception. I mean, if you had 20 people would that be  
22 enough?

23 MR. HIGGINS: Well, the -- the record and the  
24 briefs reveal some articles by trademark scholars who  
25 discussed --

1                   QUESTION: Yes, but I was asking you a  
2 particular question. Would 20 be enough?

3                   MR. HIGGINS: I don't think so, Your Honor. You  
4 know, this -- we live in an age when consumer surveys,  
5 voter surveys, public opinion surveys are done over a  
6 weekend, and in this situation that is the kind of survey  
7 that we would suggest.

8                   QUESTION: And what do you ask these consumers?  
9 How many Kodaks are there? Is that what you want to ask  
10 them?

11                  MR. HIGGINS: No, Your Honor.

12                  QUESTION: What?

13                  MR. HIGGINS: You ask them the scientifically  
14 designed question.

15                  QUESTION: Which is?

16                  MR. HIGGINS: Which is, you know, do you think  
17 of another famous mark, and do you believe -- as the law  
18 review article suggests -- do you believe such things as  
19 whether or not the new entrant had to get permission from  
20 the famous mark in order to market this product.

21                  QUESTION: Well, that -- most consumers wouldn't  
22 even understand that question.

23                  (Laughter.)

24                  MR. HIGGINS: And that's -- that's part of our  
25 point, Your Honor. If --



1                   QUESTION: This sounds like a lawyer's dream  
2                   (Laughter.)  
3                   QUESTION: But it seems to me that the owner of  
4 the senior mark is entitled to more protection than that.  
5 I -- I just want to make clear, you do not contest that  
6 tarnishment is a -- a basis for the respondent to prevail  
7 in this case?  
8                   MR. HIGGINS: We do not.  
9                   QUESTION: All right.  
10                  MR. HIGGINS: As -- per se. What we say is that  
11 there is --  
12                  QUESTION: I -- I don't know why you need  
13 sophisticated, so-called sophisticated polls to determine  
14 whether there's tarnishment.  
15                  MR. HIGGINS: Because, remember, this case is a  
16 statute that is wholly different than the common law. It  
17 has no common law antecedent. It is granting property  
18 rights through Congress' action under the alleged use of  
19 the Commerce Clause, and we say those property rights that  
20 are being granted by this statute create rights that go  
21 well beyond any trade area --  
22                  QUESTION: It's not just beyond, I would have  
23 thought that -- you don't make a point of it, so I might  
24 be wrong -- there's a pretty significant speech  
25 interest on -- on your side of the case. That is, if this

1 statute gets out of hand, advertising is part of --  
2 whether we like it or not -- our children's, anyway, daily  
3 communications, and all of a sudden, if there's no real  
4 harm you're going to cut off what people can say in  
5 commercial contexts.

6 Now, you don't make much a point of that, so  
7 don't let me put words in your mouth. Explain it to me.

8 (Laughter.)

9 MR. HIGGINS: We did mention that in our briefs,  
10 but the primary people who are positing that position here  
11 are the amici, who represent the public interest, and the  
12 main point about this FTDA is that, other than bumping up  
13 against the First Amendment, there really isn't a public  
14 interest that is being expressed or applied here.

15 QUESTION: Well, why -- why isn't there a public  
16 interest in not having some organization like yours simply  
17 copy another person's name?

18 MR. HIGGINS: Well, we -- if there is that  
19 situation, then that would be a case of trademark  
20 infringement or copyright infringement. This case does  
21 not involve -- this case does not involve --

22 QUESTION: No, Congress has gone further here  
23 and said you can't simply copy someone else's name. Now,  
24 you say there's no -- maybe Congress shouldn't have done  
25 it, maybe it hasn't done it, but to say there's no public

1 interest at all on that side doesn't make much sense to  
2 me. I mean, you -- you don't come -- your client doesn't  
3 come off well in this case.

4 MR. HIGGINS: Well, there is a public interest,  
5 but that is addressed primarily on the free speech aspect  
6 of things. We would agree with that. The problem with  
7 this case is that it requires courts to speculate whether  
8 the beginning of a semantically similar mark is going to  
9 inevitably lead to dilution, and that's contrary to the  
10 words that Congress used.

11 QUESTION: You started off saying dilution,  
12 you -- to show dilution, you had to show economic harm.  
13 That I can understand. You produce evidence that -- of  
14 some economic harm. That is now not your position. I  
15 don't understand what your position is. If it is not a  
16 showing of economic harm, you know, the -- the mark is  
17 worth so much less than it was, what precisely do you want  
18 to show? I truly don't understand.

19 MR. HIGGINS: We do say there is an economic  
20 component, through the proof that we suggest be required  
21 under the causal relationship that is necessary, and  
22 the -- we don't abandon the economic --

23 QUESTION: Okay, fine, what else do you demand?  
24 What is it that you do demand. This --

25 MR. HIGGINS: We --

1                   QUESTION: I don't understand what it is that  
2 you do demand. What?

3                   MR. HIGGINS: We do demand that the plaintiffs  
4 show that our mark is harming theirs in a dilution way,  
5 that it does lessen the capacity of that mark to identify  
6 and distinguish its goods or services, and that's best  
7 done by consumer surveys.

8                   Your Honor, if I may reserve the balance of my  
9 time.

10                  QUESTION: Very well. Very well, Mr. Higgins.

11                  Mr. Wallace, we'll hear from you.

12                  Mr. Wallace, our records reflect that this is  
13 your 157th argument before the Court in the 34 years you  
14 have been an attorney in the Office of the Solicitor  
15 General. Some years ago, you eclipsed the 20th Century  
16 record of 140 arguments. I understand that you will soon  
17 retire from Government service, so on behalf of the Court  
18 I extend to you our appreciation for your many years of  
19 quality advocacy and dedicated service in the Solicitor's  
20 Office -- Solicitor General's Office -- on behalf of the  
21 United States. That doesn't mean we're going to rule in  
22 your favor.

23                  (Laughter.)

24                  ORAL ARGUMENT OF LAWRENCE G. WALLACE

25                  ON BEHALF OF THE UNITED STATES, AS AMICUS CURIAE,

1 SUPPORTING THE PETITIONER

2 MR. WALLACE: Thank you very much, Mr. Chief  
3 Justice, and may it please the Court:

4 What constitutes dilution, other than the  
5 abstraction of the statutory definition perhaps is  
6 reflected a bit in the examples we've given of consumer  
7 surveys that might be used to produce evidence in a case  
8 of this nature. If consumers were asked what products do  
9 you associate with the name Victoria's Secret, and those  
10 who were aware of Victor's Little Secret answered it  
11 substantially differently and included items found only in  
12 that store and not in Victoria's Secret stores, or what  
13 attributes do you associate with Victoria's Secret, and  
14 those aware of Victor's Secret were more apt to say  
15 tasteless rather than tasteful, which would -- might be  
16 the response from those familiar with Victoria's Secret.

17 QUESTION: What if the answer was simply, I'm  
18 not sure any more? Would that show that dilution had  
19 occurred?

20 MR. WALLACE: It -- it might. All of these -- I  
21 mean, we don't take the position that a consumer survey is  
22 necessary in order to prove a case in the first place, but  
23 I think the way a survey would be designed and what the  
24 answers would show is illustrative of what constitutes  
25 dilution.

1                   QUESTION: But you -- you would get that answer  
2 from a consumer if you asked them about the word, Delta,  
3 what products do you associate with the word, Delta, and  
4 the consumer would say, airplanes, or air -- you know, air  
5 travel and faucets, and there wouldn't be any dilution  
6 there, would there?

7                   MR. WALLACE: Not unless their -- a conclusion  
8 could be drawn based on other factors that --

9                   QUESTION: Right.

10                  MR. WALLACE: -- a mark had established a  
11 certain distinctiveness that is associated only with the  
12 particular mark, and now that is being blurred.

13                  QUESTION: Well, I believe -- are you saying  
14 that the Delta example is only good now, and that when the  
15 person who made Delta Faucets first came out with a faucet  
16 that he called Delta, or Delta Airline -- I don't know who  
17 came first -- the chicken or the egg, the airline or the  
18 faucet. Whoever had the name first, are you saying that  
19 when somebody used the name Delta that the senior user of  
20 Delta could have excluded the faucet-maker from -- from  
21 Delta?

22                  MR. WALLACE: Only under the Federal dilution  
23 statute of '95 if the mark is a famous mark, and in the  
24 Toro case that we cite, the --

25                  QUESTION: So I can't even have Delta Peanuts?

1 Once Delta is famous, just for air travel, I can't use  
2 Delta for anything else? That would automatically violate  
3 the Federal statute?

4 MR. WALLACE: Well, not automatically, but if --

5 QUESTION: All you have to do is find a consumer  
6 who knows of Delta Peanuts and says, you know, what do you  
7 associate the name Delta with, and he says, airlines and  
8 peanuts?

9 MR. WALLACE: Well, that would involve an exact  
10 replication of the mark, which are the only examples given  
11 in the House report or in the legislative history, such as  
12 Kodak Pianos. Most of the cases, however, are about  
13 similar marks rather than exact replications, and those  
14 are much more problematical to ascertain whether there is  
15 the kind of effect we're -- the act is concerned with.

16 QUESTION: Mr. Wallace, at least in some of the  
17 circuits, I'm not sure in the cases of this Court, correct  
18 me if I'm wrong, I thought that in trademark infringement  
19 cases, that the circuit court said that they have certain  
20 de novo authority. Historical facts are clearly  
21 erroneous, but the conclusions that you draw from the  
22 historical facts give them certain powers of de novo  
23 review. That's the prevailing rule in many of the  
24 circuits, is it not --

25 MR. WALLACE: Yes.

1                   QUESTION: -- in infringement cases, and  
2 shouldn't that same rule be applied here? I mean, judges  
3 have the capacity in the trademark area, I should think,  
4 to know what dilution is or is not if we have certain  
5 historical facts. I don't know why you need to survey.  
6 The Bugwiser-Budweiser example. I mean, you don't have to  
7 be too tricky a judge to figure out that this is very  
8 harmful.

9                   MR. WALLACE: It is very difficult. We don't  
10 say that a survey is needed. There are other factors that  
11 are looked to, including --

12                  QUESTION: Mr. Wallace, may I ask you something  
13 to clarify the Government's position on this? As I've  
14 been listening to the argument, Mr. Higgins says you look  
15 to see, he said, if before you thought there was one  
16 Victoria's Secret, now you thought there were two. He's  
17 suggesting that the association -- it's not what you think  
18 of when you see Victor's Secret. When you see Victor's  
19 Secret, of course you're going to think of Victoria's, but  
20 what counts is, when you think of Victoria's Secret, do  
21 you think of Victor's. That's -- that's what dilution is,  
22 and if it's the latter, then it's -- those are two very  
23 different things, aren't they?

24                  MR. WALLACE: Yes. Dilution is about dilution  
25 of the famous mark and its capacity to distinguish the



1 particular goods or services, but we think the court of  
2 appeals was wrong in saying that mere mental association  
3 of the two marks by consumers automatically results in  
4 dilution.

5 QUESTION: But the court of appeals was going  
6 on, when you think of Victor's you think of Victoria's.  
7 I'm asking you, is the right question -- is the necessary  
8 question of the customers -- when you think of Victoria's,  
9 do you think of Victor?

10 MR. WALLACE: I think the -- the question is not  
11 do you think of Victor's, but when you think of  
12 Victoria's, do you think of more than what Victoria's  
13 Secret --

14 QUESTION: Right.

15 MR. WALLACE: -- itself has as its merchandise  
16 and image. Is their name now associated with a different  
17 type of product that may change their renown or cachet  
18 with customers.

19 QUESTION: Is there -- what is the extra -- I'm  
20 not -- if you're finished with that question, I'd like  
21 to -- which I think there's a lot to. Is -- what is  
22 particularly the harm? Is it just that the customer  
23 thinks -- either customer -- thinks of the other even if  
24 there's no specific tarnishment, and there's no general  
25 tarnishment? That is, people associate Buick with a good

1 car, and we can measure whether that's identical before  
2 and identical after, and it is, so there's no general  
3 tarnishment, there's no bug example tarnishment, there's  
4 nothing but the fact that on Justice Ginsburg's question,  
5 both sides say yes.

6 Now, is that harm under this statute? Is that  
7 dilution, or isn't it?

8 MR. WALLACE: We don't believe that in itself  
9 constitutes dilution if there is none of the damage to the  
10 ability of the mark. The --

11 QUESTION: All right, so -- so the ability of  
12 the mark consists either of my bug example, or some  
13 general weakening of the goodness that inheres in the  
14 name. Anything else?

15 MR. WALLACE: Well, yes -- no, I think --

16 QUESTION: No, okay --

17 MR. WALLACE: I think the Fourth --

18 QUESTION: The answer's no.

19 MR. WALLACE: The Fourth Circuit case of  
20 Ringling Brothers was very illustrative. People might  
21 associate Utah's use of Greatest Snow on Earth with  
22 Ringling Brothers' use of Greatest Show on Earth, but if  
23 they keep the two distinct in their minds, even though  
24 they recognize that it's a play on the same words, but  
25 they think the two trademarks refer to different products

1 and services, then there -- no harm is done to Ringling  
2 Brothers as the Fourth Circuit held, and the Fourth  
3 Circuit even suggested that perhaps they even benefit from  
4 having people think additionally of their mark. That's a  
5 question on which the Patent and Trademark Office has not  
6 taken a view, but the harm has to be that consumers are --  
7 are diminished in their capacity to recognize the mark  
8 that is the famous mark that's being protected.

9 QUESTION: That's -- but that's confusion. I  
10 mean, if -- if there's confusion, you don't need this new  
11 law. I thought that it was the case that if you come out  
12 with a Kodak Piano, even if nobody in the world thinks  
13 that Kodak, the photography company has anything to do  
14 with Kodak Piano, the mark has nonetheless been  
15 diminished. Isn't that right?

16 MR. WALLACE: That's true, at least when it's an  
17 identical mark, or one that's so confusingly similar --

18 QUESTION: But that goes to the very point  
19 you've just been talking about, and contradicts what  
20 you've said. It doesn't matter whether there's any  
21 confusion or not, you can't use Kodak.

22 MR. WALLACE: There -- there has to be confusion  
23 as to the mark, rather than as to the source of the  
24 product.

25 QUESTION: Thank you, Mr. Wallace.

1                   We'll hear argument from you now, Mr. Dellinger.

2                   ORAL ARGUMENT OF WALTER E. DELLINGER, JR.

3                   ON BEHALF OF THE RESPONDENTS

4                   MR. DELLINGER: Mr. Chief Justice, and may it  
5                   please the Court:

6                   The question on which the Court granted  
7                   certiorari was whether the plaintiff must demonstrate that  
8                   it has already suffered economic injury as a precondition  
9                   to any and all relief under the 1996 act. The text of the  
10                  act answers that question, and answers it no. There's  
11                  simply no such requirement included in the statute.

12                  QUESTION: Well, it -- I mean, that's to some  
13                  extent a play on words. It depends on what you mean, has  
14                  actually suffered economic injury. What your opposing  
15                  counsel says now is that all he means by, has actually  
16                  suffered economic injury, is, has suffered dilution, has  
17                  actually suffered dilution of the mark, which, of course,  
18                  entails economic injury. If the mark is diluted, the mark  
19                  was worth a lot, and it's now diluted, there's economic  
20                  injury. Now --

21                  MR. DELLINGER: Justice Scalia, we agree that  
22                  the act requires a showing of actual, present dilution,  
23                  and that such a showing was, in fact, made below. What is  
24                  dilution? A number of you have asked that question. It's  
25                  best understood in light of the fact that this is a very

1 narrow statute that only protects a few very famous marks.  
2 I do not think, for example, Justice Scalia, that Delta  
3 would qualify as a famous mark because it has been used so  
4 often in other third party uses. The --

5 QUESTION: But what about the first time it was  
6 used either for -- what is it, the airline, and what's --  
7 faucets? Whichever came first. What about the first time  
8 it was used for the second product?

9 MR. DELLINGER: Then it would not suffer the  
10 disqualification that would come as to what is present --

11 QUESTION: Yes.

12 MR. DELLINGER: -- about proliferating uses.  
13 Whether it would otherwise satisfy that would remain to be  
14 seen. I think that the Court can, and the courts can  
15 narrow the application of this statute by taking very  
16 seriously the requirement that it has to be a truly famous  
17 mark that has.

18 Take the example that was given to the House --

19 QUESTION: Well, let's -- and keep it so I can  
20 understand it. Let's assume the first use was Delta  
21 Airlines. Everybody recognizes Delta Airlines. Somebody  
22 starts advertising Delta Faucets. Was Delta Airlines  
23 famous enough --

24 MR. DELLINGER: I don't know --

25 QUESTION: -- on your criterion?

1                   MR. DELLINGER: -- on those facts. I'd have to  
2 know whether, if -- as it is today, yes, I would think if  
3 it --

4                   QUESTION: All right. Let's assume it's famous  
5 enough. The ads start going out in the magazines for  
6 Delta Faucets. There is no proof that Delta Airlines has  
7 suffered any tangible damage at this point, but there is  
8 proof, let's assume from a survey of magazine readers,  
9 that when they see the word, Delta, standing by itself,  
10 they're not sure who the source of the product is. Is  
11 that dilution?

12                  MR. DELLINGER: If they're not sure who's the  
13 source of the product, it may be infringement, and the  
14 reason I resist the use of Delta is that a lot goes into a  
15 determination of whether -- as it did in this case -- as  
16 to whether a mark has those special qualities that mean  
17 that the second or junior user and the third, fourth, and  
18 fifth are lessening its capacity to communicate these very  
19 distinctive ideas.

20                  The example used in the House report was  
21 Tiffany's, for example. We all know that if another  
22 jewelry store starts as Tiffany's you've got an  
23 infringement claim, because consumers would be confused,  
24 but as the House was told, what about a Tiffany's  
25 Restaurant, and that means that Tiffany's used to stand

1 for one thing, it now stands for two, but here's the  
2 absolute heart of the matter, where the FDA comes into  
3 play.

4 QUESTION: That was bad? I mean, you see, I am  
5 so far behind understanding you that I don't know whether  
6 you have just asserted that that's obviously bad. I think  
7 you have. Tiffany's Restaurant is bad.

8 MR. DELLINGER: Yes.

9 QUESTION: Okay.

10 MR. DELLINGER: I have, and --

11 (Laughter.)

12 QUESTION: And the difference between Tiffany's  
13 Restaurants and Delta Faucets is what?

14 MR. DELLINGER: There may be no difference. I'm  
15 assuming that both -- if you assume that both Delta and  
16 Tiffany's are famous marks.

17 QUESTION: Okay.

18 MR. DELLINGER: But here's why Delta Faucets and  
19 Tiffany's -- if the original marks are famous -- both  
20 constitute the harm of dilution. Dilution --

21 QUESTION: You mean, just using the name?

22 MR. DELLINGER: Just using the name --

23 QUESTION: Is likelihood of dilution enough?

24 MR. DELLINGER: No, not under the act, and --

25 and nor is just using the name enough, nor is just

1 semantic similarity. You have to make out the statutory  
2 proof that it actually --

3 QUESTION: That it causes dilution for  
4 everybody --

5 MR. DELLINGER: It causes dilution, and  
6 dilution --

7 QUESTION: Is expressed --

8 MR. DELLINGER: It's creating a mental  
9 association. Similarity is not enough. But take an  
10 example that shows how critically important stopping the  
11 first use is. If you can have a Tiffany's Restaurant,  
12 then you can also have a Tiffany Shoe Store, a Tiffany Pet  
13 Store. Very soon Tiffany's no longer --

14 QUESTION: Where will it all end?

15 MR. DELLINGER: Where will it all end?

16 (Laughter.)

17 MR. DELLINGER: That is exactly --

18 QUESTION: Well, so what? So what? I mean, I  
19 don't say so what facetiously. I say so what to get you  
20 to identify the harm specifically that that's likely to  
21 bring about to the first owner.

22 MR. DELLINGER: Exactly. The -- what Congress  
23 saw as the harm, Justice Breyer, for truly famous marks,  
24 to quote from the House report itself, is that dilution  
25 applies when the unauthorized use of the famous mark



1 reduces the public's perception that the mark signifies  
2 something unique, singular, or particular, so that  
3 Rolls-Royce, which once stood for one thing, once it's on  
4 100 products or 1,000 products no longer identifies and  
5 distinguishes --

6 QUESTION: No longer identifies one thing. It  
7 now identifies a thousand things, and that, of course, is  
8 true by definition, and what I'm trying to get at is, why  
9 is that bad?

10 MR. DELLINGER: Congress determined that that  
11 was bad because --

12 QUESTION: Just automatically? Oh, no, go  
13 ahead. Why?

14 MR. DELLINGER: Congress determined that that  
15 was bad to the extent that the mark no longer stood for  
16 something singular or particular, no longer conveyed --

17 QUESTION: Then again, that's just another way  
18 of repeating the same thing, and the reason that I think  
19 it's important is, perhaps we can survive with only having  
20 one Tiffany's, but let's think of some slogans out of my  
21 youth, you know. It floats. 99 and 44/100th percent  
22 pure. The beforehand lotion, whatever that meant. I'm  
23 just repeating slogans from old radio programs, and the  
24 reason that I'm doing it is because I want you to see  
25 immediately, as soon as you depart from a word like

1 Tiffany's, which is totally arbitrary or fanciful, and you  
2 get into actual advertising slogans, you will tie up free  
3 speech in lawsuits like mad, and that's what's worrying  
4 me.

5 MR. DELLINGER: No, I do not -- it is not at all  
6 the case. Congress made it clear that safe harbors were  
7 to extend a wide --

8 QUESTION: Yes, the safe harbor is fair use.

9 MR. DELLINGER: And it --

10 QUESTION: Fair use, and that's what's again  
11 worrying me, because those two words, fair use to me spell  
12 lawyers, lawsuits, uncertainty and confusion.

13 MR. DELLINGER: If you lose distinctiveness,  
14 what you lose is the selling power of the mark.  
15 Rolls-Royce stands for something important. It conveys  
16 something that consumers -- it signals to consumers.  
17 Rolls-Royce is very careful about what products it  
18 allows to --

19 QUESTION: Chevrolet doesn't matter. You can  
20 use Chevrolet, because that's --

21 (Laughter.)

22 QUESTION: Is that right? Or Edsel, even  
23 easier -- yes.

24 (Laughter.)

25 MR. DELLINGER: Justice Scalia, it is -- when

1 you look at whether a mark is famous -- and in this case,  
2 it's simply not contested. This is a mark that comes in  
3 behind Levi's and ahead of Rolex on the -- on the list,  
4 but when you contest that, you do look at a number of  
5 factors, so you can't stand here and pick out any one, and  
6 that's a -- that's an important gatekeeping function to  
7 narrow this statute.

8 Now --

9 QUESTION: When you say it signifies something  
10 distinctive, you don't mean that Buick signifies cars, you  
11 don't mean that Tiffany's signifies jewelry, you don't  
12 mean that Rolls-Royce signifies sedans, right?

13 MR. DELLINGER: Not just that, but a certain  
14 mark and quality and kind of product is exemplified, and  
15 that's what makes a mark famous. It gives it this.

16 Now, if -- we know that these marks have value.  
17 When -- when companies are acquired, often as much as  
18 four-fifths of the value may go to use that name. That is  
19 something quite valuable, Justice Breyer, and its value is  
20 going to be lost --

21 QUESTION: Fine. Why not --

22 MR. DELLINGER: -- if there are a thousand  
23 different ones.

24 QUESTION: Why not require some proof of that?  
25 That is, some proof that this mark -- which not only

1 identifies a wonderful car, but now has come to stand for  
2 wonderfulness in general -- some proof that because  
3 somebody's using it on a tricycle, that people think it's  
4 a little less wonderful.

5 Now, that's not -- that's hard to prove one way  
6 or the other, but not -- I mean, requires some reason for  
7 thinking that.

8 QUESTION: So Pepsodent would lose, or, you  
9 know, just some -- some product --

10 MR. DELLINGER: Yes. Yes.

11 QUESTION: That's just a -- you know, it's an  
12 ordinary product. How can you have an absolutely  
13 wonderful toothpaste?

14 QUESTION: Oh, no, you can. You can.

15 QUESTION: There's no Tiffany of toothpastes,  
16 right?

17 (Laughter.)

18 MR. DELLINGER: There is no --

19 QUESTION: So we're only talking about  
20 Tiffany's, Rolls-Royce, a couple of other really, really  
21 quality names. Is that what the statute was directed at?

22 MR. DELLINGER: I believe that is the case,  
23 Justice Scalia, that --

24 QUESTION: But you don't differentiate between  
25 Cadillac and Chevrolet, do you? Chevrolet would have just

1 much cachet --

2 MR. DELLINGER: No, I think they would be on  
3 similar footing, and Chevrolet has its own kind of appeal.  
4 It appeals to -- for those of us who live in NASCAR  
5 country, there is sometimes a more appealing image to  
6 Chevrolet than to Cadillac. I don't mean to make value  
7 judgments.

8 QUESTION: Well, Mr. Dellinger, why isn't it  
9 useful to think in terms of whether there's proof of some  
10 diminution of value of the mark?

11 MR. DELLINGER: That is a very good question,  
12 and that is Justice Breyer's question for --

13 QUESTION: Yes.

14 MR. DELLINGER: We believe that obviously the  
15 mark does suffer in value if you make out the finding of  
16 dilution. The Fourth Circuit would require you show  
17 actual --

18 QUESTION: Well, you -- you wouldn't think we  
19 should just presume a diminution in value, would you,  
20 because the mark is similar?

21 MR. DELLINGER: No, but what you -- what you  
22 presume is that the economic injury that you're talking of  
23 may not be identifiable -- often would not be  
24 identifiable -- until it's too late to rectify the harm  
25 that has been done. If you think of -- we usually use as

1 examples where there is one other competing user.

2           What faces the sort of in-house intellectual  
3 property counsel for a company with a famous mark is that  
4 there are users popping up all over the country all of the  
5 time, so that if the first user, say Victor's Little  
6 Secret, exists in Elizabethtown, Kentucky, and if you  
7 can't show that that alone produces the kind of harm  
8 you're looking -- or that your question would imply one  
9 might be looking for -- how can you stop the second, the  
10 third, the 500th use?

11           At what point -- there's no privilege for the  
12 first user, so that by the -- here's what would happen.  
13 By the time you could show economic damage to the harm,  
14 first of all as a matter of law you might have lost the  
15 status as a famous mark because there are all those users  
16 out there.

17           Secondly, the -- it is not clear why you would  
18 prohibit the 500th user of the mark, the 500th different  
19 kind of store when you allowed the first 499 to go on, so  
20 that -- you ask the question of whether, at present, this  
21 use lessens the capacity of that mark to identify and  
22 distinguish.

23           QUESTION: Focusing on the present, suppose I'm  
24 a trial judge, and this case comes to me in the pretrial  
25 conference stage, and I say, you know, it does seem to me

1 that this second -- this junior user is going to tarnish  
2 the image of -- of the senior user. Is that all I need to  
3 say, and then I -- what do I put down when I write an  
4 opinion so that the circuit court can review my thinking?  
5 I mean, what -- what do I put down?

6 MR. DELLINGER: Well, I think this case is a  
7 very good example, because you have a court which goes  
8 through a list of factors to reach a conclusion. The  
9 opinion is rather short, but that's because the conclusion  
10 in this case is so close to being a core example of the  
11 statute. They -- they mention the fact that it's a very  
12 distinctive mark, the degree of similarity, the proximity  
13 of the product lines helping to create that association,  
14 the shared customers -- 39,000 catalogues distributed in  
15 Elizabethtown. The suggestion is there are some --

16 QUESTION: 39,000 in Elizabethtown?

17 MR. DELLINGER: Yes. There are 39,000  
18 Victoria's Secret catalogues distributed in Elizabethtown,  
19 Kentucky in 1998.

20 QUESTION: What's the population of  
21 Elizabethtown?

22 (Laughter.)

23 MR. DELLINGER: That is a good question, but  
24 I -- four, he says, but I think that's his guess. We  
25 don't know. I --

1 (Laughter.)

2 MR. DELLINGER: I -- I -- think it is

3 substantial. Now, once you have these other uses out

4 there, particularly if it's a --

5 QUESTION: So what do I -- would this be

6 appropriate for a summary -- would you urge me to take

7 this on summary judgment? I --

8 MR. DELLINGER: Absolutely, just as I think you

9 could, Justice Kennedy --

10 QUESTION: All I need to know is the number of

11 catalogues, how well-known the mark is, and that's it?

12 MR. DELLINGER: What you have to --

13 QUESTION: And then my own judgment as to what

14 tarnishment is?

15 MR. DELLINGER: No, because here you have --

16 here you have an actual association. What you have in

17 this case, for example, that the judge relies upon, is not

18 a survey. It's proved by actual consumers.

19 QUESTION: Well, but suppose right here, to take

20 this case, that the people who go to Victor's who have

21 ever heard of it honestly do not believe the less in any

22 respect whatsoever of Victoria's Little Secret, and the

23 people who use Victoria's Little -- I mean, why should

24 they? -- and the people who use -- go to Victoria's Little

25 Secret have never heard of Victor's, so you -- why -- why



1     suppose they come in and show that?

2                 QUESTION:   You're confusing the marks.

3                 QUESTION:   Now, why -- I understand you're

4     confusing the marks. No, you're not confusing the marks.

5     No. I'm -- he's saying I'm confusing the marks.

6                 (Laughter.)

7                 QUESTION:   But I -- did I have it backwards?

8                 QUESTION:   Yes, you did.

9                 QUESTION:   Not Little -- all right. The people

10    who go -- no, the customers of Victor's do associate

11    Victor's with Victoria, but they think nonetheless of

12    Victoria. They might even think more of Victoria. I

13    don't know what they think, but it's not negative in any

14    respect, and the people who go to Victoria's, to use

15    Justice Ginsburg's example, don't care, or don't know, or

16    they've never heard of Victor's, so although there is --

17    in a subset of people -- an association of the name, there

18    is no harm of any sort whatsoever, and they will prove

19    that. Should they not have the opportunity to prove it?

20                 MR. DELLINGER: Justice Breyer, Congress simply

21    did not agree that no harm has been done when the famous

22    mark loses its singularity, and remember, if there can be

23    one store under Victoria's -- under Victor's Little Secret

24    in Elizabethtown, Kentucky, there can be a thousand

25    opening the Monday after Superbowl Sunday.

1                   QUESTION: So then in your view, anyone who  
2 starts going around for a commercial reason and using the  
3 two words, it floats -- it floats -- where they want  
4 people to think of Ivory Soap, they are open to a lawsuit,  
5 and they have to rely on a fair use defense, or are there  
6 other defenses?

7                   MR. DELLINGER: The --

8                   QUESTION: Is my example wrong?

9                   MR. DELLINGER: Well, it's -- your example is  
10 that there is a -- you're suggesting a mere mental  
11 association. I'm not sure your --

12                  QUESTION: Well, in a commercial context -- in a  
13 commercial context where people are polled --

14                  MR. DELLINGER: Secondly, I am not -- by no  
15 means -- it would take a lot to persuade me that it floats  
16 is a truly famous mark deserving of this protection, but  
17 Congress believed that the harm is that if you have a  
18 mark, and Congress identified marks like Buick Aspirin,  
19 but if you -- the very harm Congress sought to prevent is,  
20 when a mark stands for one thing -- this narrow set of  
21 truly famous marks -- and you have replicating uses, it is  
22 no longer going to stand for anything in your mind, and  
23 Congress believed, and the market reflects, that that is a  
24 true loss.

25                  Now, if you wait to try to -- to where you could

1 show, as the Fourth Circuit would require, an actual  
2 revenue loss, you can't unring the bell, particularly with  
3 tarnishment. If someone opened up --

4 QUESTION: Mr. Dellinger, can I just clarify,  
5 then, it doesn't make any difference that this particular  
6 shop happens to sell sex toys. It could just as well --  
7 Victor's Secret could sell men's underwear and your  
8 argument would still be the same, am I right? So we get  
9 out the tawdriness or the disparagement or the  
10 tarnishment. It's just -- it's a store, it sells  
11 underwear, men's underwear, and it's got the label,  
12 Victor's Secret.

13 MR. DELLINGER: Justice Ginsburg, I don't  
14 entirely agree with that. We do believe that the dilution  
15 of the Victoria's Secret name through blurring would be  
16 sufficient, but in this case, you don't have to rely upon  
17 that, because the court below did find that there was  
18 tarnishment when a name not only ceases to stand for one  
19 thing, but is associated --

20 QUESTION: But how does tarnishment fit the  
21 language of the statute? That's what --

22 QUESTION: Yes, I'd like to know that, too. I  
23 don't see how tarnishment -- you know --

24 QUESTION: Does that lessen the capacity of the  
25 mark to identify --

1                   MR. DELLINGER: Yes, it does, and the --

2                   QUESTION: I thought it just changed the  
3 reaction to the mark, rather than lessening -- I mean, you  
4 know, you have an unfavorable reaction, rather than not  
5 knowing what you're talking about.

6                   MR. DELLINGER: Let me just quote you from the  
7 treatise, one sentence from the McCarthy treatise. One of  
8 the classic functions of a trademark is to signify that  
9 all goods and services sold under the mark are of equal  
10 quality, or of a special quality. That is part of  
11 identifying and distinguishing a mark. It -- the capacity  
12 is lessened. It lessens the capacity to identify and  
13 distinguish a particular mark when that mark is tarnished  
14 by what the trial court found some customers would find to  
15 be an unsavory association.

16                  QUESTION: I don't understand -- you can say it,  
17 but I don't understand it. I can still identify and  
18 distinguish Victoria's Secret, but I just think less of  
19 it.

20                  MR. DELLINGER: Well, --

21                  QUESTION: It -- it doesn't -- any -- it isn't  
22 any less identifiable.

23                  MR. DELLINGER: Justice Scalia, I think you're  
24 misstating the statute.

25                  QUESTION: Okay.

1                   MR. DELLINGER: It's not whether you can  
2 identify and distinguish. It's whether the mark's --  
3                   QUESTION: Yes.  
4                   MR. DELLINGER: -- capacity to identify and  
5 distinguish is lessened, and if it no longer stands in  
6 one's mind --  
7                   QUESTION: I'll take that.  
8                   MR. DELLINGER: If it no longer stands in one's  
9 mind, or in the mind and the public perception for the  
10 same connotation of quality as it did before the  
11 association with the unsavory image, its capacity to  
12 identify and distinguish that quality has lessened, but  
13 moreover --  
14                  QUESTION: But you have to add the word quality  
15 to the statute.  
16                  QUESTION: Yes.  
17                  QUESTION: The statute doesn't contain that  
18 word.  
19                  MR. DELLINGER: The statute uses dilution,  
20 Justice Stevens, as a term of art, and nothing could be  
21 clearer than that Congress thought that term of art,  
22 dilution, encompassed both blurring and tarnishment, as I  
23 think --  
24                  QUESTION: Well --  
25                  MR. DELLINGER: I may not persuade Justice

1     Scalia --

2                   QUESTION:  Nothing could be clearer than that  
3     Congress adopted a definition of what -- of what dilution  
4     consists of and, to my mind, that definition does not at  
5     all cover disparaging the other product.

6                   MR. DELLINGER:  Well, it -- Congress thought  
7     otherwise.  The House report says that the definition --

8                   QUESTION:  The House committee thought  
9     otherwise.

10                  MR. DELLINGER:  Yes.

11                  QUESTION:  What Congress thought was the  
12     definition that Congress adopted.

13                  MR. DELLINGER:  And the definition of lessening  
14     the capacity encompasses that, but in any event, since  
15     blurring is still present, this is thought to be an easy  
16     case by the courts below, for -- for good reason.  If you  
17     imagine hundreds of different users of the Victor's Little  
18     Secret mark, the uniqueness, the quality, the public's  
19     perception is going to be lessened.

20                  Congress further -- to go back to a question  
21     asked by Justice Breyer -- made it absolutely clear that  
22     it wanted the safe harbors read as broadly as possible to  
23     ensure that there was no restriction on First Amendment  
24     rights, so the courts are warmly invited to create as  
25     large a safe harbor for parody.  This is a case in which

1 we have blurring, we have tarnishment, which is a near  
2 subset of blurring, but the courts below looked at the  
3 direct customer testimony.

4 Colonel Baker, the Judge Advocate -- Staff Judge  
5 Advocate at Fort Knox -- looks at a Victor's Little Secret  
6 ad in the base newspaper and writes off to Victoria's  
7 Secret and says, they're using your name in an unfavorable  
8 way. His -- his deposition testimony remarks --

9 QUESTION: Well, he was concerned about the  
10 tarnishment aspect, and I still have to -- I would like  
11 you to comment on the -- on Justice Ginsburg's example,  
12 too, would it diminish the capacity of the Victoria's  
13 Secret mark to identify its line of goods if some --  
14 somebody thought they also sold men's pajamas?

15 MR. DELLINGER: Yes. Someone else, I think you  
16 well -- you begin to have the elements of the proof of  
17 dilution when you show that someone is using the same --  
18 or a name which reaches mental association because of a  
19 number of factors. You have the elements of dilution.  
20 You might not yet have, as you have proof in this case, of  
21 a really lessened capacity to identify and distinguish.

22 Now, another -- the -- nobody sought to  
23 introduce a survey in this case. I would trust Federal  
24 judges more than sociology graduate students to make this  
25 kind of determination, and nobody sought to bring before

1 this Court a fact-bound determination of whether all of  
2 the judges below were correct when they found that there  
3 was a strong association, and beyond that, that the use of  
4 the Victor's Little Secret mark to sell the kinds of goods  
5 it sells, which some customers find unsavory, and which  
6 Mr. Moseley himself testified some members of the public  
7 find -- at least -- extremely offensive, that that has the  
8 effect of lessening the capacity of a Victoria's Secret  
9 mark to identify and distinguish those famous goods and --  
10 and products, and that's --

11 QUESTION: But the blurring, then, that you're  
12 describing now has no quality component to it? That only  
13 comes when you get to the subset?

14 MR. DELLINGER: That is correct.

15 QUESTION: Okay.

16 MR. DELLINGER: It -- it only affects the fact  
17 that it doesn't -- no longer singularly stands for  
18 anything, that if Rolls-Royce were on 100 different  
19 products, it would no longer -- it would no longer mean  
20 anything, and would no longer -- they might as well call  
21 their car a Yugo if it's used on products hither and yon.

22 Tarnishment is a particular good example of why  
23 the lessening itself needs to be remedied, because once  
24 you've tarnished a product, it's hard to unring that bell  
25 in the public's mind, if someone had a national program



1                   QUESTION: Of course, if you're dealing with  
2   Rolls-Royce, I suppose virtually any blurring is also  
3   going to be tarnishment, which you don't necessarily have  
4   even in other famous marks.

5                   MR. DELLINGER: Tarnishment has generally been  
6   restricted so far in the case law to more unsavory  
7   associations, sex, drugs, and matters of that kind. This  
8   is an act which is more limited than its critics suggest.  
9   They -- of course, whether it was a bad policy was a  
10   matter that should have been addressed to Congress, but it  
11   can be limited to a few very famous marks.

12                  A safe harbor is read broadly. People can use  
13   the term, Victoria's Secret, for any purpose they want in  
14   parody and commentary, on the steps of the courthouse.  
15   They just can't make this one use of it, that is a  
16   commercial use in commerce that lessens the capacity of  
17   that mark to carry out its function that Congress so  
18   clearly had in mind when it passed the Federal Trademark  
19   Dilution Act.

20                  That's why I think the courts below saw this,  
21   like Buick Aspirin and Kodak Shoes, as a core paradigm  
22   example of precisely what the statute was designed to  
23   prohibit, and why none of the --

24                  QUESTION: So, Mr. Dellinger --

25                  MR. DELLINGER: None of the most interesting

1 questions arise.

2 QUESTION: -- is proof, then, submission? If  
3 you've got a very famous, distinctive mark, and you've got  
4 a -- a very similar use. You have those two things, and  
5 then you get a few colonels to say yes, when they think of  
6 the junior mark they think of the senior, is that enough  
7 proof?

8 MR. DELLINGER: It is in this case, Justice  
9 Ginsburg, where the sufficiency of that I think was really  
10 not challenged.

11 QUESTION: Thank you, Mr. Dellinger.

12 Mr. Higgins, you have 2 minutes remaining.

13 REBUTTAL ARGUMENT OF JAMES R. HIGGINS, JR.

14 ON BEHALF OF THE PETITIONER

15 MR. HIGGINS: Mr. Justice, and may it please the  
16 Court:

17 There's no evidence in this case that Colonel  
18 Baker was ever in petitioner's store, and his particular  
19 affidavit was challenged and disregarded by the trial  
20 court. What we have here is a choice between two  
21 standards to interpret the FTDA. Our choice is grounded  
22 in the actual use, words that Congress used, and the  
23 respondent's position is grounded in the academic theory  
24 of dilution which we say is way ahead of the law.

25 Our standard is objective and predictable.

1    Theirs is subjective, unpredictable, invites the courts to  
2    substitute its own judgment for consumer perceptions.  
3    It's consistent with almost nothing. Our standard focuses  
4    on measurable consumer perception. Theirs focuses at the  
5    beginning on semantic similarity, and a presumption that  
6    dilution follows from that. Our standard merely puts the  
7    famous mark owner to their proof to show that Congress'  
8    words, the lessening of the capacity, has been established  
9    as a matter of proof. They should not get a national  
10   injunction without that.

11                    Our standard keeps trademark law in its proper  
12   bounds. Their standard merely rewards the achievement of  
13   fame. Our standard, if applied in this case, should  
14   result in this Court reversing the injunction and  
15   directing that the petitioners be allowed to use Victor's  
16   given name in their business.

17                    Thank you.

18                    CHIEF JUSTICE REHNQUIST: Thank you,  
19   Mr. Higgins.

20                    The case is submitted.

21                    (Whereupon, at 12:06 p.m., the case in the  
22   above-entitled matter was submitted.)

23

24

25