

under the multidistrict litigation statute; but the transferee court still cannot retain the consolidated cases for determination of liability and punitive damages, which compromises the operation of the statute.

In this sense, then, the Lexecon fix, its freestanding merits aside, also functions as a technical correction for the recently enacted disaster litigation measure. H.R. 1038, in tandem with the now-codified disaster litigation provisions, will produce what was originally intended when legislation addressing this issue was first proposed, a fix to the Lexecon problem and a disaster litigation measure that really works.

I remind Members that H.R. 1038 is identical to H.R. 1768 from the 108th Congress, which passed the House by a rollcall vote of 418-0. In sum, this legislation speaks to process, fairness and judicial efficiency. It will not interfere with jury verdicts or compensation rates for litigators.

Mr. Speaker, I include for the RECORD a letter from the U.S. Judicial Conference stating their strong support for enactment of H.R. 1038. I urge my colleagues to join me in a bipartisan effort to support this bill.

JUDICIAL CONFERENCE  
OF THE UNITED STATES,  
Washington, DC, April 18, 2005.

Hon. F. JAMES SENSENBRENNER, JR.,  
Chairman, Committee on the Judiciary, House  
of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Judicial Conference of the United States strongly supports enactment of H.R. 1038, the "Multidistrict Litigation Restoration Act of 2005," which you introduced on March 2, 2005 and which was reported favorably by the House Judiciary Committee on March 17, 2005. H.R. 1038 will facilitate the resolution of claims by citizens and improve the administration of justice.

Currently, section 1407(a) of title 28, United States Code, the multidistrict litigation statute, authorizes the Judicial Panel on Multidistrict Litigation (the Judicial Panel) to transfer civil actions with common questions of fact that are pending in multiple federal judicial districts "to any district for coordinated or consolidated pretrial proceedings." It also requires the Judicial Panel to remand any such action to the district court in which the action was filed at or before the conclusion of such pretrial proceedings, unless the action is terminated before then in the transferee court.

Although the federal courts had for nearly 30 years followed the practice of allowing a transferee court to invoke the venue transfer provision (28 U.S.C. §1404(a)) and transfer the case to itself for trial purposes, the Supreme Court in *Lexecon, Inc. v. Milberg Weiss Bershad Hynes & Lerach*, 523 U.S. 26 (1998), held that such statutory authority did not exist. The Court noted that the proper venue for resolving the desirability of such self-transfer authority is the "the floor of Congress." 523 U.S. at 40.

Section 2 of H.R. 1038 responds to the Lexecon decision by amending 28 U.S.C. §1407 to allow a judge with a transferred case to retain it for trial or to transfer it to another district in the interest of justice and for the convenience of the parties and witnesses. This section also provides that any action transferred for trial must be remanded by the Judicial Panel to the district court from which it was transferred for the determination of compensatory damages, unless the

transferee court finds for the convenience of the parties and witnesses and in the interests of justice that the action should be retained for the determined of compensatory damages. As experience has shown, there is wisdom in permitting the judge who is familiar with the facts and parties and pretrial proceedings of a transferred case to retain the case for trial. Also, as with most federal civil actions, multidistrict litigation cases are typically resolved through settlement. Allowing the transferee judge to set a firm trial date promotes the resolution of these cases.

H.R. 1038 also seeks to make corrections to the Multiparty, Multiforum Trial Jurisdiction Act of 2002, which was enacted as section 11020 of the "21st Century Department of Justice Appropriations Authorization Act" (Pub. L. No. 107-273, 116 Stat. 1758; now codified in various sections in title 28, United States Code. See 2 U.S.C. §§1369, 1391, 1441, 1697, and 1785.)

The Judicial Conference appreciates your support of H.R. 1038. If you or your staff have any questions, please contact Mark W. Braswell or Karen Kremer, Counsel, Office of Legislative Affairs (202-502-1700).

Sincerely,

LEONIDAS RALPH MECHAM,

Secretary.

Mr. SENSENBRENNER. Mr. Speaker, I reserve the balance of my time.

Mr. BERMAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise to support House passage of H.R. 1038. At least five times over the past 6 or 7 years I have risen to support legislation virtually identical to H.R. 1038. Each time the legislation has stalled in the Senate.

This bill has a very narrow purpose and effect. It overturns the 1998 Lexecon decision of the Supreme Court. That decision held that a multidistrict litigation transferred to a Federal court for pretrial proceedings cannot be retained by that court for trial purpose. In so holding, the Lexecon decision upset decades of practice by the multidistrict litigation panel and Federal district courts. The Lexecon decision also increases the cost and complexity of such multidistrict litigations by requiring courts other than the transferee court which has overseen the discovery and other pretrial proceedings to conduct a trial.

The provisions of this bill overturn Lexecon in a carefully calibrated manner. While the bill allows a transferee court to retain a case for a trial on liability issues and, when appropriate, on punitive damages, it creates a presumption that the trial of compensatory damages will be remanded to the transferor court. In so doing, the bill is careful to overturn the Lexecon decision without expanding the power previously exercised by transferee courts. More importantly, the presumption regarding the trial of compensatory damages ensures that plaintiffs will not be unduly burdened in pursuit of their claims.

In addition, this bill makes technical and conforming corrections to the provisions in the 2002 Department of Justice authorization measure relating to the consolidation of mass tort cases. While not universally endorsed, most

Democratic members of the Committee on the Judiciary have supported this piece of legislation each time it is submitted for consideration, and I ask my colleagues to once again vote for H.R. 1038.

Mr. Speaker, I reserve the balance of my time.

Mr. SENSENBRENNER. Mr. Speaker, I yield 1 minute to the gentleman from Texas (Mr. SMITH).

Mr. SMITH of Texas. Mr. Speaker, I will not repeat the chairman's description of the bill's contents, but I would note that his bill is identical to the text of the legislation we passed in the last Congress by a vote of 418-0.

H.R. 1038 helps the Multidistrict Litigation Panel discharge its responsibilities by streamlining the adjudication of complex, multidistrict cases in a manner that is fair to all litigants.

Mr. CONYERS. Mr. Speaker, I have supported this legislation in the past because I am told it will improve the ability of Federal courts to handle complex multidistrict litigation arising from a common set of facts.

But I do have some reservations about this bill. When Congress enacted the Multidistrict Litigation, MDL, statute 35 years ago, its purpose was not to impose an unfair burden on plaintiffs and their families. Congress made plain its insistence on preserving the ability of individual plaintiffs to have their eventual day in court in a Federal district courthouse reasonably close to their home.

I want to make sure we continue to strike the right balance between emphasizing judicial economy and efficiency and preserving fundamental fairness during the critical trial phase. With this underlying goal in mind, I support this legislation. However, I hope the bill will continue to improve as it moves through the Senate and into Conference.

Mr. BERMAN. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. SENSENBRENNER. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Wisconsin (Mr. SENSENBRENNER) that the House suspend the rules and pass the bill, H.R. 1038.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

#### TRADEMARK DILUTION REVISION ACT OF 2005

Mr. SENSENBRENNER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 683) to amend the Trademark Act of 1946 with respect to dilution by blurring or tarnishment, as amended.

The Clerk read as follows:

H.R. 683

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

#### SECTION 1. SHORT TITLE.

(a) SHORT TITLE.—This Act may be cited as the "Trademark Dilution Revision Act of 2005".

(b) REFERENCES.—Any reference in this Act to the Trademark Act of 1946 shall be a reference to the Act entitled “An Act to provide for the registration and protection of trademarks used in commerce, to carry out the provisions of certain international conventions, and for other purposes”, approved July 5, 1946 (15 U.S.C. 1051 et seq.).

**SEC. 2. DILUTION BY BLURRING; DILUTION BY TARNISHMENT.**

Section 43 of the Trademark Act of 1946 (15 U.S.C. 1125) is amended—

(1) by striking subsection (c) and inserting the following:

“(c) DILUTION BY BLURRING; DILUTION BY TARNISHMENT.—

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

“(2) DEFINITIONS.—(A) For purposes of paragraph (1), a mark is famous if it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark’s owner. In determining whether a mark possesses the requisite degree of recognition, the court may consider all relevant factors, including the following:

“(i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties.

“(ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark.

“(iii) The extent of actual recognition of the mark.

“(B) For purposes of paragraph (1), ‘dilution by blurring’ is association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark. In determining whether a mark or trade name is likely to cause dilution by blurring, the court may consider all relevant factors, including the following:

“(i) The degree of similarity between the mark or trade name and the famous mark.

“(ii) The degree of inherent or acquired distinctiveness of the famous mark.

“(iii) The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark.

“(iv) The degree of recognition of the famous mark.

“(v) Whether the user of the mark or trade name intended to create an association with the famous mark.

“(vi) Any actual association between the mark or trade name and the famous mark.

“(C) For purposes of paragraph (1), ‘dilution by tarnishment’ is association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.

“(3) EXCLUSIONS.—The following shall not be actionable as dilution by blurring or dilution by tarnishment under this subsection:

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

“(B) Fair use of a famous mark by another person, other than as a designation of source for the person’s goods or services, including for purposes of identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.

“(C) All forms of news reporting and news commentary.

“(4) ADDITIONAL REMEDIES.—In an action brought under this subsection, the owner of the

famous mark shall be entitled only to injunctive relief as set forth in section 34, except that, if—

“(A) the person against whom the injunction is sought did not use in commerce, prior to the date of the enactment of the Trademark Dilution Revision Act of 2005, the mark or trade name that is likely to cause dilution by blurring or dilution by tarnishment, and

“(B) in a claim arising under this subsection—

“(i) by reason of dilution by blurring, the person against whom the injunction is sought willfully intended to trade on the recognition of the famous mark, or

“(ii) by reason of dilution by tarnishment, the person against whom the injunction is sought willfully intended to harm the reputation of the famous mark,

the owner of the famous mark shall also be entitled to the remedies set forth in sections 35(a) and 36, subject to the discretion of the court and the principles of equity.

“(5) OWNERSHIP OF VALID REGISTRATION A COMPLETE BAR TO ACTION.—The ownership by a person of a valid registration under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register under this Act shall be a complete bar to an action against that person, with respect to that mark, that is brought by another person under the common law or a statute of a State and that seeks to prevent dilution by blurring or dilution by tarnishment, or that asserts any claim of actual or likely damage or harm to the distinctiveness or reputation of a mark, label, or form of advertisement.”; and

(2) in subsection (d)(1)(B)(i)(IX), by striking “(c)(1) of section 43” and inserting “(c)”.

**SEC. 3. CONFORMING AMENDMENTS.**

(a) MARKS REGISTRABLE ON THE PRINCIPAL REGISTER.—Section 2(f) of the Trademark Act of 1946 (15 U.S.C. 1052(f)) is amended—

(1) by striking the last two sentences; and

(2) by adding at the end the following: “A mark which would be likely to cause dilution by blurring or dilution by tarnishment under section 43(c), may be refused registration only pursuant to a proceeding brought under section 13. A registration for a mark which would be likely to cause dilution by blurring or dilution by tarnishment under section 43(c), may be canceled pursuant to a proceeding brought under either section 14 or section 24.”

(b) OPPOSITION.—Section 13(a) of the Trademark Act of 1946 (15 U.S.C. 1063(a)) is amended in the first sentence by striking “as a result of dilution” and inserting “the registration of any mark which would be likely to cause dilution by blurring or dilution by tarnishment”.

(c) CANCELLATION.—Section 14 of the Trademark Act of 1946 (15 U.S.C. 1064) is amended, in the matter preceding paragraph (1)—

(1) by striking “, including as a result of dilution under section 43(c).”; and

(2) by inserting “(A) for which the constructive use date is after the date on which the petitioner’s mark became famous and which would be likely to cause dilution by blurring or dilution by tarnishment under section 43(c), or (B) on grounds other than dilution by blurring or dilution by tarnishment” after “February 20, 1905”.

(d) MARKS FOR THE SUPPLEMENTAL REGISTER.—The second sentence of section 24 of the Trademark Act of 1946 (15 U.S.C. 1092) is amended to read as follows: “Whenever any person believes that such person is or will be damaged by the registration of a mark on the supplemental register—

“(1) for which the effective filing date is after the date on which such person’s mark became famous and which would be likely to cause dilution by blurring or dilution by tarnishment under section 43(c), or

“(2) on grounds other than dilution by blurring or dilution by tarnishment,

such person may at any time, upon payment of the prescribed fee and the filing of a petition stating the ground therefor, apply to the Director to cancel such registration.”.

(e) DEFINITIONS.—Section 45 of the Trademark Act of 1946 (15 U.S.C. 1127) is amended by striking the definition relating to “dilution”.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Wisconsin (Mr. SENSENBRENNER) and the gentleman from California (Mr. BERMAN) each will control 20 minutes.

The Chair recognizes the gentleman from Wisconsin (Mr. SENSENBRENNER).

□ 1500

GENERAL LEAVE

Mr. SENSENBRENNER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 683 currently under consideration.

The SPEAKER pro tempore (Mr. ISSA). Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. SENSENBRENNER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the foundation of trademark law is that certain words, images, and logos convey meaningful information to the public, including the source, quality, and goodwill of a product or service. Unfortunately, there are those in both commercial and non-commercial settings who would seize upon the popularity of a trademark for their own purposes and at the expense of the rightful owner and the public. Dilution refers to conduct that lessens the distinctiveness and value of a mark. This conduct can debase the value of a famous mark and mislead the consuming public.

A 2003 Supreme Court decision, *Moseley v. V Secret Catalogue, Inc.*, compelled the House Committee on the Judiciary’s Subcommittee on Courts and Intellectual Property, during the last Congress, to review the Federal Trademark Dilution Act and a committee print to amend it. The contents of the bill before us, H.R. 683, were largely culled from that committee print.

H.R. 683 does not establish new precedent or break new ground. Rather, the bill represents a clarification of what Congress meant when it passed the dilution statute a decade ago. Enactment of this bill is necessary because it will eliminate confusion on key dilution issues that have increased litigation and resulted in uncertainty among the regional circuits.

The primary components of H.R. 683 include the following: one, subject to the principles of equity, the owner of a famous distinctive mark is entitled to an injunction against any person who commences use in commerce a mark that is likely to cause dilution by blurring or tarnishment.

Second, a mark may be “famous” only if it is widely recognized by the general consuming public in the United States as a source designation of the goods or services of the mark’s owner.

Third, in determining whether a mark is famous, a court is permitted to

consider “all relevant factors” in addition to prescribed conditions set forth in the print, including the duration, extent, and geographic reach of advertising and publicity of the mark.

Fourth, H.R. 683 clarifies the definition of dilution by blurring, as well as by tarnishment.

Fifth, the bill enumerates specific defenses to a dilution action: comparative commercial advertising or promotion to identify competing goods; all forms of news reporting and news commentary; and traditional fair uses pertaining to parody, criticism, and commentary.

Sixth and finally, other than an action based on dilution by blurring, the owner of a famous mark is only entitled to injunctive relief under H.R. 683 if the defendant willfully intended to trade on the famous mark’s recognition; or in an action based on dilution by tarnishment, the defendant willfully intended to trade on the famous mark’s reputation.

In either case, the owner may seek damages, costs, and attorneys’ fees as well as the destruction of the infringing articles under separate Lanham Act provisions.

In sum, this bill will provide greater guidance for courts when they adjudicate dilution cases and businesses that use trademarks. It is a good complement to the dilution statute that received more than 2 years of subcommittee process.

Mr. Speaker, I urge Members to support this legislation.

Mr. Speaker, I reserve the balance of my time.

Mr. BERMAN. Mr. Speaker, I yield myself such time as I may consume.

I rise in support of House passage of H.R. 683. This bill makes important changes designed to protect famous trademark owners against the use of similar marks that might harm a company’s reputation or confuse consumers. It also manages to balance trademark law with first amendment concerns.

In 1995, the Federal Trademark Dilution Act was passed in order to “protect famous trademarks from subsequent uses that blur the distinctiveness of the mark or tarnish or disparage it.” The purpose of the act was to bring uniformity and consistency to the protection of famous marks, a goal that had been complicated by differing State dilution laws.

However, since 1995, a significant split had developed among the courts in the interpretation of key elements of the dilution act. The Supreme Court eventually took a step to resolve the controversy in its recent decision in *Moseley v. V Secret Catalogue, the Victoria’s Secret case*, where it interpreted the words “cause dilution” in the act to require a demonstration of actual dilution.

As a result of this decision, trademark holders are now required to wait until the injury happens before bringing suit. Victims of dilution have as-

serted that the injury caused by dilution constitutes the gradual diminution or whittling away at the value of the famous mark. They analogize the effects of dilution to 100 bee stings, where significant injury is caused by the cumulative effect, not just by one.

Section 2(c)(1) of this bill addresses this problem by changing the standard to “likelihood of dilution.” By lowering the standard, proof of actual harm would no longer be a prerequisite to injunctive relief, and therefore extensive damage cannot be done before relief can be sought. Furthermore, the bill includes a clear reference to dilution by tarnishment. This allows the trademark owner to protect his mark from associations which harm the reputation of the famous trademark. The bill narrows the reach of a dilution cause of action. It tightens the definition of fame by providing a specific list of factors, and eliminates the protection for marks that are famous only in niche markets.

While not universally supported, this bill has now garnered the support of the ACLU for accommodating its first amendment concerns. In section 2(c)(3), the bill addresses the balance between the rights of trademark holders and the first amendment by providing an exemption for purposes of identifying and parodying, criticizing or commenting on the famous mark. The trade groups representing intellectual property owners, AIPLA, INTA and IPO, have all endorsed this bill.

H.R. 683 achieves an important balance in the protection of intellectual property. I encourage my colleagues to support it.

Mr. Speaker, I reserve the balance of my time.

Mr. SENSENBRENNER. Mr. Speaker, I yield 4 minutes to the gentleman from Texas (Mr. SMITH).

Mr. SMITH of Texas. Mr. Speaker, I thank the chairman of the Committee on the Judiciary for yielding me this time.

Mr. Speaker, trademark law is relevant to the life of every consumer in America. Trademarks give customers assurance that the goods or services they are buying are what customers think they are. If a customer has purchased items in the past from a particular company that bears a specific mark or logo, the customer has an impression, favorable or not, of that company and the goods or services it produces. So trademark law empowers consumers by giving them information that is often critical to their purchasing decisions.

Dilution alters the public perception of a trademarked product or service by diminishing its uniqueness over time.

The idea of protecting famous trademarks from dilution surfaced in the 1920s. Since then, roughly half of the States have enacted dilution statutes while Congress passed the Federal Trademark Dilution Act nearly a decade ago.

As the gentleman from Wisconsin noted, the Federal dilution statute is

being amended for two main reasons. First, a 2003 Supreme Court decision involving *Victoria’s Secret* ruled that the standard of harm in dilution cases is actual harm. Based on testimony taken at our two Intellectual Property Subcommittee hearings, this is contrary to what Congress intended when it passed the dilution statute and is at odds with the concept of dilution. Diluting needs to be stopped at the outset because actual damage can only be proven over time, after which the good will of a mark cannot be restored.

Second, the regional circuits have split as to the meaning of what constitutes a famous mark, distinctiveness, blurring and tarnishment. The bill more distinctly defines these terms. This will clarify rights and eliminate unnecessary litigation, an outcome that especially benefits small businesses that cannot afford to have a misunderstanding of what is permissible under the Federal dilution statute.

Finally, amendments developed at the subcommittee level will more clearly protect traditional first amendment uses, such as parody and criticism. These amendments provide balance to the law by strengthening traditional fair-use defenses.

Mr. Speaker, in sum, H.R. 683 clarifies a muddled legal landscape and enables the Federal Trademark Dilution Act to operate as Congress intended.

Mr. BERMAN. Mr. Speaker, I yield back the balance of my time.

Mr. SENSENBRENNER. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. BISHOP of Utah). The question is on the motion offered by the gentleman from Wisconsin (Mr. SENSENBRENNER) that the House suspend the rules and pass the bill, H.R. 683, as amended.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds of those present have voted in the affirmative.

Mr. SENSENBRENNER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair’s prior announcement, further proceedings on this motion will be postponed.

#### PROVIDING FOR APPOINTMENT OF SHIRLEY ANN JACKSON TO BOARD OF REGENTS OF SMITHSONIAN INSTITUTION

Mr. NEY. Mr. Speaker, I move to suspend the rules and pass the joint resolution (H.J. Res. 19) providing for the appointment of Shirley Ann Jackson as a citizen regent of the Board of Regents of the Smithsonian Institution.

The Clerk read as follows:

H.J. RES. 19

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That in accordance with section 5581 of the Revised Statutes of the*