Dilution – possible types or theories of harm

Type	"Tiffany" example (famous mark for a jewelry store) [example described in a recent 7th circuit case]	Other Example(s)
Blurring	"Tiffany" for an upscale restaurant	Goldfish  Dupont shoes, Buick aspirin tablets, Schlitz varnish, Kodak pianos, Bulova gowns
Tarnishment	"Tiffany" for a "restaurant" that is actually a "striptease joint"	John Deere  Snuggles  Victoria's Secret

Dilution – § 43(c) – remedies for dilution of famous marks (Act of 2006)

(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.

(iv) Whether the mark was registered . . . on the principal register.

Dilution (Trademark Dilution Revision Act of 2006)

(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) Any fair use, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person's own goods or services, including use in connection with--

(i) advertising or promotion that permits consumers to compare goods or services; or

(ii) identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.

(B) All forms of news reporting and news commentary.

(C) Any noncommercial use of a mark.

I. What is Trademark Dilution?

- Frank Schechter
  - Frank Schechter, The Rational Basis of Trademark Protection, 40 Harv. L. Rev. 813 (1927)
  - Frank Schechter, The Historical Foundations of the Law Relating to Trade-Marks (1925)
- Limitations of the confusion as to source cause of action
  - "[I]f there is no competition, there can be no unfair competition," Carroll v. Duluth Superior Milling Co., 232 F. 675, 681–82 (8th Cir. 1916).
  - "In each instance the defendant was not actually diverting custom from the plaintiff, and where the courts conceded the absence of diversion of custom they were obliged to resort to an exceedingly laborious spelling out of other injury to the plaintiff in order to support their decrees." Schechter, Rational Basis, at 825.

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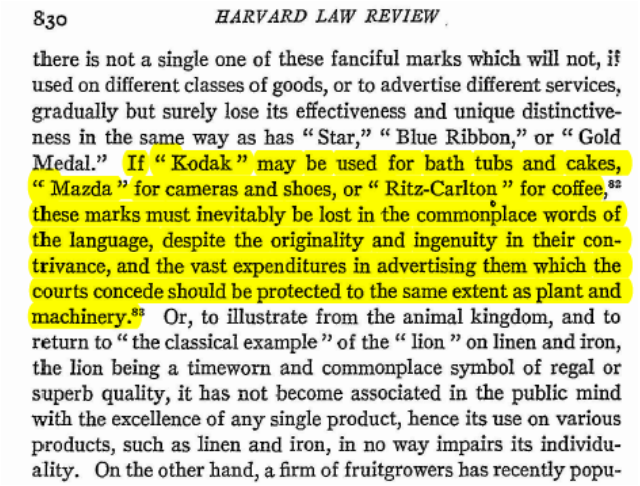

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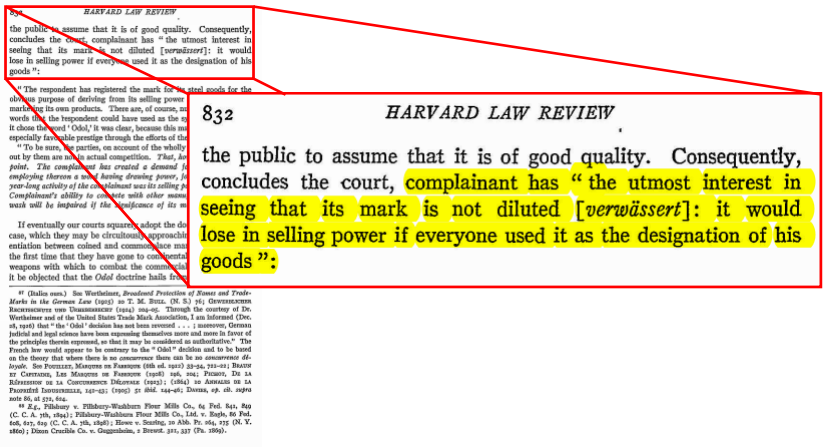
there is not a single one of these fanciful marks which will not, if used on different classes of goods, or to advertise different services, gradually but surely lose its effectiveness and unique distinctiveness in the same way as has "Star," "Blue Ribbon," or "Gold Medal." If "Kodak" may be used for bath tubs and cakes, "Mazda" for cameras and shoes, or "Ritz-Carlton" for coffee,[82] these marks must inevitably be lost in the commonplace words of the language, despite the originality and ingenuity in their contrivance, and the vast expenditures in advertising them which the courts concede should be protected to the same extent as plant and machinery.[83] Or, to illustrate from the animal kingdom, and to return to "the classical example" of the "lion" on linen and iron, the lion being a timeworn and commonplace symbol of regal or superb quality, it has not become associated in the public mind with the excellence of any single product, hence its use on various products, such as linen and iron, in no way impairs its individuality. On the other hand, a firm of fruitgrowers has recently popu-

I. What is Trademark Dilution?

- Importance of advertising function of mark
  - The 1924 "Odol" mouthwash decision, Landesgericht Elberfeld



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the public to assume that it is of good quality. Consequently, concludes the court, complainant has "the utmost interest in seeing that its mark is not diluted [*verwässert*]: it would lose in selling power if everyone used it as the designation of his goods":

I. What is Trademark Dilution?

- Schechter's view of the vagaries of consumer-perception basis for liability
  - "Any theory of trade-mark protection which . . . does not focus the protective function of the court upon the good-will of the owner of the trade-mark, inevitably renders such owner dependent for protection, not so much upon the normal agencies for the creation of goodwill, such as the excellence of his product and the appeal of his advertising, as upon the judicial estimate of the state of the public mind. This psychological element is in any event at best an uncertain factor, and 'the so-called ordinary purchaser changes his mental qualities with every judge.'" Schechter, Historical Foundations, at 166
- Problem solved with highly formal test: (1) Does the plaintiff's mark merit heightened protection? (2) Are the marks similar?

I. What is Trademark Dilution?

- Current antidilution theory of harm
  - Search costs explanation:

"A trademark seeks to economize on information costs by providing a compact, memorable and unambiguous identifier of a product or service. The economy is less when, because the trademark has other associations, a person seeing it must think for a moment before recognizing it as the mark of the product or service."

Richard Posner, When Is Parody Fair Use?, 21 J. Legal Studies 67, 75 (1992).

Peterson, Smith, & Zerillo, Trademark Dilution and the Practice of Marketing, 27 J. Acad. Marketing Sci. 255 (1999)

- "Brand dominance": the probability that a brand will be recalled given its category as a retrieval cue
  - Trucks? → Ford
  - Watches? → Rolex
- "Brand typicality": the probability that a category will be recalled given the brand name as a retrieval cue
  - Ford? → Trucks, cars
  - Nike? → Automobiles
  - Virgin? → ?
- Simonson: blurring is "typicality dilution" (see Alexander Simonson, *How and When Do Trademarks Dilute: A Behavioral Framework to Judge 'Likelihood' of Dilution*, 83 Trademark Reporter 149-74 (1993))

I. What is Trademark Dilution?

- History of Antidilution Cause of Action in the U.S.
  - 1946: Lanham Act
    - Contained no antidilution provision
  - 1947: Massachusetts enacts first state antidilution statutory provision
    - Currently 38 states provide for statutory antidilution protection, including New York, California, and Illinois
  - 1995: Federal Trademark Dilution Act
  - 2006: Trademark Dilution Revision Act

38 states with antidilution laws

- Alabama
- Alaska
- Arkansas
- Arizona
- California
- Connecticut
- Delaware
- Florida
- Georgia
- Hawaii
- Idaho
- Illinois
- Iowa
- Kansas
- Louisiana
- Maine
- Massachusetts
- Minnesota
- Mississippi
- Missouri
- Montana
- Nebraska
- New Hampshire
- New Jersey
- New Mexico
- New York
- Oregon
- Pennsylvania
- Rhode Island
- South Carolina
- Tennessee
- Texas
- Utah
- Washington
- West Virginia
- Wyoming

I. What is Trademark Dilution?

- Moseley v. V Secret Catalogue, Inc., 537 U.S. 418 (2003)
  - reads actual dilution standard into FTDA
  - questions whether tarnishment is covered by FTDA

II. The 2006 Trademark Dilution Revision Act

- Major reforms
  - Pro-plaintiff
    - establishes likelihood of dilution standard
    - provides that non-inherently distinctive marks may qualify for protection
    - explicitly states that blurring and tarnishment are forms of dilution
  - Pro-defendant
    - rejects doctrine of "niche fame"
    - expands scope of exclusions
  - Neutral
    - reconfigures fame factors
    - sets forth factors for determining blurring

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II. The 2006 Trademark Dilution Revision Act

- Elements of a blurring claim
  - Section 43(c)(2)(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."
  - Plaintiff must show:
    1. association
    2. that arises from the similarity
    3. between the defendant's mark and the plaintiff's famous mark (must plaintiff show defendant's use as a mark?)
    4. that impairs the distinctiveness of the famous mark

- Elements of a blurring claim

  Section 43(c)(2)(B): "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"

Louis Vuitton Malletier v. Haute Diggity Dog, 507 F.3d 252, 264-65 (4th Cir. 2007)

[10, 11] Thus, to state a dilution claim under the TDRA, a plaintiff must show:

(1) that the plaintiff owns a famous mark that is distinctive;

(2) that the defendant has commenced using a mark in commerce that allegedly is diluting the famous mark;

(3) that a similarity between the defendant's mark and the famous mark gives rise to an association between the marks; and

(4) that the association is likely to impair the distinctiveness of the famous mark or likely to harm the reputation of the famous mark.

Coach Servs., Inc. v. Triumph Learning LLC (Fed. Cir. 2012)

- Fame
- All relevant factors, including:
  - (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.
  - (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.

Nike, Inc. v. Nikepal Int'l, Inc., 2007 WL 2782030 (E.D. Cal. 2007)

- The trademark blurring cause of action
  - Mark must be "famous" to qualify; four factors
  - Six blurring factors
    - Similarity factor
- Can a defendant be liable both for confusion and for blurring?
- Examples
  - Federal Exp. Corp. v. Federal Espresso, Inc., 201 F.3d 168 (2d Cir. 2000) (The marks must be "very" or "substantially similar" – a holding subsequently overruled. Affirmed denial of preliminary injunction based in part on holding that the challenged FEDERAL ESPRESSO was not sufficiently similar to FEDERAL EXPRESS.).
  - National Pork Board and National Pork Producers Council v. Supreme Lobster and Seafood Company, 96 USPQ2d 1479 (TTAB 2010) [precedential] ("The Other Red Meat" for fresh and frozen salmon dilutes "The Other White Meat" for pork)