

The Law of Anti-Dilution – Past and Future



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Trademark Dilution

- Traditional trademark infringement
 - Part of law of Unfair Competition
 - Codified in Lanham Act (1946)
 - Prohibits use of trademarks, trade names, and trade dress that is “likely to cause confusion
 - Protects consumers from being misled and protects producers from unfair practices



Trademark Dilution

- Generally not a product of “common law”
- Not motivated by interest in protecting consumers
- Frank Schechter – 1927 law review article: “preservation of the uniqueness of a trademark should constitute the only rational basis for its protection.”
- 40 Harv. L. Rev. 813, 831



Development of State Laws

Massachusetts enacted first state statute in 1947:

“Likelihood of injury to business reputation or of dilution of the distinctive quality of a trade name or trade-mark shall be a ground for injunctive relief in cases of trade-mark infringement or unfair competition notwithstanding the absence of competition between the parties or of confusion as to the source of goods or services.”



Further Developments

- Applied to both “tarnishment” and blurring”
- At least 25 states passed similar laws in next 38 years
- Federal Trademark Dilution Act (FTDA)
 - 1996
 - Amendment to Section 43 of Lanham Act



FTDA

- Established factors that determine whether a mark is “distinctive and famous”
- Defined the term “dilution” as “the lessening of the capacity of a famous mark to identify and distinguish goods or services”



Remedies under FTDA

- Injunction “against commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark....”
- Injunction only unless “willfully intended to trade on the owners reputation or to cause dilution of the famous mark.”



FTDA

- Ownership of a valid Federal Registration by defendant is a complete bar to action under common law or State statute for dilution.
- Exceptions for fair use in comparative advertising, noncommercial use, news reporting.



Definition of Dilution (FTDA)

- “the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of:
 - (1) competition between the owner of the famous mark and other parties, or
 - (2) likelihood of confusion, mistake, or deception.



Prior Cases

■ Split among Courts of Appeal

- Fourth Circuit: Ringling Brothers found that proof of dilution under FTDA requires proof of “an actual, consummated harm”
- Second Circuit: Nabisco case found that proof of “actual dilution” was not required.
 - “Likelihood” of dilution is sufficient.



Actual Dilution – Victoria’s Secret

- Supreme Court relied on expressed language of Statute:
 - “causes dilution”
 - Definition of dilution – “lessening of the capacity”
- Contrast with State Statutes (“likelihood”)
- Blurring is not a necessary consequence of mental association



Trademark Dilution Revision Act

- Signed and effective on October 6, 2006
- Overruled “actual dilution” standard
- Clarified that “inherent distinctiveness” is not a requirement
- Clarified that Tarnishment is covered
- Simplified factors for determining “fame”



Elements of Claim

- Mark is “Distinctive”
- Mark is “Famous”
- Defendant’s use began after mark became famous
- Defendant’s use is “likely to cause dilution by blurring or dilution by tarnishment”



Distinctiveness

- Distinctive, *inherently* or through *acquired distinctiveness*
- Traditional Rules Apply
 - Word marks – spectrum of distinctiveness
 - Trade Dress
 - Product design/color – secondary meaning required



Distinctiveness

- Proof of secondary meaning
 - Length of time
 - Extent of sales
 - Extent of advertising
 - Publicity
 - Market Research
 - Litigation Surveys
 - Intentional Copying



Fame

- “widely recognized by the general consuming public of the United States”
- Factors:
 - Duration, extent and geographic reach of advertising and publicity
 - Amount, volume, and geographic extent of sales
 - Extent of actual recognition (brand awareness)
 - Registration



Fame

- Fame before defendant's use commenced
 - Historical market research studies
 - Prior sales, advertising, publicity



Dilution by Blurring

■ Definition

- “association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark”



Dilution by Blurring

■ Factors

- Degree of similarity between marks
- Degree of inherent or acquired distinctiveness
- Extent of “substantially exclusive use”
- Degree of recognition
- Defendant’s intent to create association
- Actual Association



Dilution by Blurring

■ Similarity of marks

- Courts likely to continue to require *substantial* similarity (more than confusing similarity)
- Marks seen as “essentially the same” (McCarthy)
- Mimicking plaintiff’s logo or trade dress
- Distinctiveness/uniqueness of common elements



Dilution by Blurring

■ Strategies:

- Defendant's strategy: Evidence of third-party uses
- Plaintiff's counter-strategy: minimize extent/impact of any third-party uses

■ Actual Association

- Anecdotal evidence
- Litigation surveys



Unregistered Trade Dress

- Nonfunctionality
 - Trademark Owner's Burden
- Separate fame for unregistered matter
 - If trade dress includes registered mark(s), trademark owner must prove that “the unregistered matter, taken as a whole, is famous separate and apart from any fame of such registered marks”



Defenses

- Fair Use
- Comparative Advertising
- Parody, Criticism, Commentary
- All forms of news reporting and news commentary
- Any noncommercial use of a mark



Remedies

- Injunction (subject to principles of equity)
- Monetary Damages
 - Only if defendant's use began after 10/6/06
 - Intent must be willful
 - Subject to discretion of court and principles of equity



State Dilution Claims

- Preempted when defendant has valid federal registration
- 13 states have “likelihood of dilution” standard; 25 states use “causes dilution” language
- Other state law claims



Thank you!

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