Class 18: Trademark Dilution
Class Outline

• Dilution
  • Uniqueness
  • Blurring
  • Tarnishment
• Elements of Dilution
• “Fame” in Dilution
Dilution – Lanham Act §43(c)

“…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.”
Brief History of Dilution

• 1927: Frank Schechter Article
• 1947: Massachusetts State Dilution Law
• 1964: INTA Model Dilution Law
• 1995: Federal Trademark Dilution Act (FTDA)
• 2003: Moseley v. Victoria’s Secret [must show actual dilution]
• 2006: Trademark Dilution Revision Act (TDRA) aka Lanham Act §43(c) [must show likelihood of dilution]
Dilution post-TDRA

I. Revised §43(c) provides that:
   • owner of mark that is **famous** to the general consuming public of the US shall be entitled to
   • an injunction against another mark that
   • is **likely to cause dilution** by (a) blurring or by (b) tarnishment of the mark

II. §43(c)(3) provides exceptions for fair use, including parody, description, and comparative advertising; for news reporting; and for any noncommercial use
3 types of dilution:

1. **Dilution of Uniqueness**: Damage to a brand’s uniqueness from other brands. This is what Prof. Schechter was referring to – this is brand differentiation. This is NOT what LA 43(c) protects!

2. **Dilution by Blurring**: Damage to the ability of a brand to “conjure up a particular product category”; asks whether the existence of the junior marks causes consumers to “think for a moment” before recognizing the senior user’s mark as pertaining to the senior user’s product(s).

3. **Dilution by Tarnishment**: Damage to the positive associations tied to a trademark.
To make a claim for dilution (by blurring or tarnishment),

P must show:

1. Mark in question is both famous & distinctive; and
2. D began using the mark AFTER it was famous & distinctive; and
3. the similarity between D’s mark and the famous mark gives rise to an association between the marks; and
4. that association is likely to impair the distinctiveness of P’s famous mark, or likely to harm its reputation.
“Fame”

LA 43(c)(2)(A): In order to qualify for dilution (by blurring or tarnishment), a mark must be “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.”

* Mark had to have become famous BEFORE the allegedly diluting use.
“Dilution isn’t confusion; quite the contrary”
Infringement v. Dilution

These two products have similar names so they probably come from the same source.

Although these two products have similar names, I know they come from two different sources that just happen to use the same name.

Confused Consumer

“Diluted” (not to be confused with deluded) Consumer
More thoughts from the “diluted lady”…

So when I used to hear that trademark I only thought of one single company, but now when I hear it, I know that there are two companies. However, without context, I don’t know which is being referenced.

[Sigh] The meaning of the trademark is not as precise in my mind as it used to be. It has lost some of its distinctiveness and has become blurred.
Dilution by blurring under the TDRA:

Association arising from similarity between a mark and a famous mark that impairs the distinctiveness of the famous mark.
TDRA Fame Factors

• Duration, extent and reach of advertising and publicity
• Amount, volume and extent of sales
• Extent of actual recognition
• Whether the mark is registered

Now let’s apply these factors…
Some Marks Found Famous Under TDRA

- AUDI for motor vehicles
- BURBERRY for wearing apparel
- NIKE for athletic footwear
- PEPSI for soft drinks
- STARBUCKS for coffee
- VISA for credit cards

Applying the factors, do you agree?
Some Marks Held NOT Famous Under TDRA

• BIO-SAFE for septic system cleaners
• TOP for loose tobacco
• CHARLOTTE for women’s accessories
• . . . . and

for the University of Texas

Agree or disagree?
TDRA Blurring Factors

• Degree of similarity between marks

• Degree of inherent or acquired distinctiveness of plaintiff’s mark

• Extent to which plaintiff’s use is substantially exclusive

• Degree of recognition of the famous mark

• Whether the defendant intend to create an association with the famous mark

• Any actual association between the marks
TDRA Affirmative Defenses

• Fair use, other than as a trademark, including comparative advertising, parody or criticism

• News reporting and news commentary

• Non-commercial use
Comparative Advertising
SILLY WHOPPER, THAT'S A BIG MAC BOX.
MILLER LITE HAS MORE TASTE THAN BUD LIGHT.
HOW DO YOU LIKE YOUR CHICKEN NOODLE:

With MSG?

Or without?
I’m a PC.

I’m a Mac.
Is this Comparative Advertising?

Best social medium: Twitter or beer?

Get to the bottom of it.
The Black Bear Micro Roastery

Charbucks Blend

You wanted it dark ... you've got it dark!

Whole bean gourmet coffee
Roasted & Air Quenched in Center Tuftonboro, New Hampshire
Net weight 8 ounces / 227 grams
Charbucks Blend

Roasted to the extreme ...
... for those who like the extreme.
This is the one that started the lawsuit.

Whole Bean

Net Weight: 8 ounces / 227 grams
Starbucks overturns two traditional assumptions:

**TRADITIONAL VIEW -- FTDA**

1. Marks had to be virtually identical for a blurring claim
2. Goods had to be totally unrelated

**STARBUCKS -- TDRA**

1. Marks need only be similar (though not substantially so, and this is only one factor)
2. Goods can be directly competitive
Coffee

Free Shipping
On Orders Over $50

All Coffee Origin Blends Espresso Decaf Collector Cans Coffee Club Featured

Charbucks

16 oz. Bag

Smoky with a deep dark chocolate undertone; our darkest roast. An homage to the great coffee houses of the 90’s.

$14

[Please choose your option ...]

Add to Cart
BERETTA M9
9MM
A 1993 Chevy Beretta GT
Tarnishment

• Dilution by tarnishment is association arising from the similarity between a mark or a trade name and a famous mark that harms the reputation of the famous mark

• Many cases tend to involve a defendant using the mark on sexually suggestive products or products associated with illegal drugs

• Could also involve use of a luxury mark on shoddy goods
EVERYONE ON THE TEAM SCORES WHEN HER POM-POMS FLY!

DEBBIE DOES DALLAS

starring BANMI WOODS with MISTY WINTER • PAT ALLURE • ROBYN BYRD • RIKKI O’NEAL
ARCADIA LAKE • PAULA HEAD • GEORGETTE SANDERS • RICHARD BALLA

Produced & Directed by JIM CLARK • Director of Photography BILLY BUDD
Written by MARIA MINESTRA • Production Supervisor DEXTER EAGLE

VIVID COLOR FOR LADIES AND GENTLEMEN OVER 21 YEARS
Dilution Remedies

Under the Lanham Act, the ordinary remedy for dilution is an injunction.

If P can show that D “willfully intended to trade on the recognition of a famous mark,” monetary damages or profits are also available.
Dilution at the PTO

• Not a ground for ex parte refusal to register

• However, can be the basis for filing an opposition under section 13
Dilution Review

- Eligibility for protection ("famousness" requirement) – 2006 revisions preclude "niche fame"
- Scope of protection – 2006 revisions make "likelihood" actionable, and include both blurring and tarnishment
- Remedies – injunctive relief only unless a showing of willfulness; then can get damages, destruction of goods
- Examination -- Examiners will not refuse to register because of dilution – dilution will only be considered in opposition or cancellation proceedings -- §2(f).