

Trademark Dilution Law Changes

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On October 6, 2006, President Bush signed into law the Trademark Dilution Revision Act of 2006. This amendment is widely regarded as a response to the U.S. Supreme Court's decision in the well-publicized *Victoria's Secret* case. It will now be easier for trademark owners to combat those who trade upon the renown and goodwill of well-known trademarks.

Prior to 1996, trademark owners faced dilemmas under federal trademark law. What recourse would a trademark owner have if its brand for, say, cereals, was used by another company with spark plugs? Consumers might never mistake the brands or companies because of the distance between the products, making it impossible to satisfy the "likelihood of confusion" standard required for a trademark infringement claim. However, the famous brand's strength and uniqueness could be slowly diluted as multiple companies used similar brands in different parts of the nation's economy. Additionally, what could the owner of a trademark for pre-school education products do to stop a porn website from utilizing a similar brand name in a fashion which would never cause consumer confusion but which would severely tarnish the brand or the company's business simply because of the association of the brand with the activity.

For decades, trademark owners relied primarily upon common law protections against trademark dilution. Congress then enacted the Federal Dilution Act of 1995 in an attempt to provide nationwide and more uniform protection against trademark dilution. Unfortunately for those seeking clarity, the language used in the statute varied from the well-known standard for trademark infringement, and federal courts quickly came to divergent opinions about how to interpret the statute. The fight turned upon whether a trademark owner was required to prove a "likelihood of dilution" or "actual dilution" under the statute. If the statute was read to require proof of "actual dilution," then it was almost impossible for a very famous brand owner to prove actual dilution. After all, would consumers be unable to recognize the source of the Nike or Coca-Cola brands simply because medical equipment is sold under a similar name.

The split came to a head in the "Victoria Secret" case, *Moseley v. V. Secret Catalogue, Inc.*, 537 U.S. 418 (2003). Based upon a strict interpretation and literal reading of the statute, the Supreme Court found that in order for Victoria's Secret to prevail against the adult novelty store named "Victor's Little Secret," the famous retailer had to prove actual dilution.

The Trademark Dilution Revision Act of 2006 responds to that decision and enhances the federal statute against dilution in two major ways. First, it junks the requirement of proving actual dilution in favor of the "likelihood of dilution" standard. The statute states:

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. H.R. 683 § 2

Second, the statute defines two distinct forms of dilution – dilution by tarnishment and dilution by blurring.

Dilution by blurring is defined as an “association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark.” *Id.*

Dilution by tarnishment is defined as an “association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.” *Id.*

If the trademark owner proves dilution, it could possibly be awarded an injunction, damages, the defendant's profits, attorneys fees and more.

The federal dilution statute will likely remain the subject of litigation and interpretation as the owners of famous trademarks utilize it to try to protect their rights against those who poach on their brands. The law also has other provisions not discussed in this article.

If you have questions regarding the above, please contact attorney David Sar.