The Trademark Dilution Revision Act of 2006:
Facilitating Proof of Dilution for Truly Famous Marks

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On October 6, 2006, President Bush signed into law the Trademark Dilution Revision Act of 2006 ("TDRA" or the "Act").[1] The TDRA substantially revises the Federal Trademark Dilution Act ("FTDA") by overruling the U.S. Supreme Court's decision in *Moseley v. V. Secret Catalogue*,[2] which interpreted the FTDA to require proof of "actual dilution." In its place, the TDRA adopts the qualitatively different "likelihood of dilution" standard and also makes several other significant changes to the FTDA. Although the likelihood of dilution standard will facilitate proving dilution, the TDRA simultaneously narrows the universe of marks that will be eligible for dilution protection. For a mark to be "famous" under the TDRA, it 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."[3] No longer will niche geographic or market fame be sufficient to entitle a mark to dilution protection. But the TDRA makes clear that any mark that meets the statutory definition of fame, whether that mark is inherently distinctive or has acquired distinctiveness, is eligible for dilution protection,[4] thereby overruling the Second Circuit's idiosyncratic rule that only inherently distinctive marks are eligible for dilution protection.[5] Together these changes refine the federal statutory tort of dilution to bring it closer to its historical roots of protecting truly famous marks from diluting third-party uses. On the whole, the TDRA is more circumspect in awarding owners of truly famous marks the powerful right in gross that dilution protection represents.

I. The TDRA

A. *Moseley*

In *Moseley*, the U.S. Supreme Court held that a party claiming dilution of its famous mark must prove that the mark had actually been diluted. Despite the legislative history and intent behind the FTDA, the Supreme Court held that the "causes dilution" language of the FTDA required proof of "actual dilution," rather than "likelihood of dilution." Dicta in *Moseley* also suggested that dilution by tarnishment might not be covered by the statutory language of the FTDA.

The "actual dilution" requirement frustrated trademark owners who attempted to prevent the dilution of their famous marks. Under the actual dilution standard, an owner of a famous mark could protect its mark from dilution only after dilution had occurred, but not when such dilution was only likely to occur. This anomaly in the FTDA resulted in a three-year lobbying effort to enact the TDRA and expressly adopt the "likelihood of dilution" standard.

B. Likelihood of Dilution, Distinctiveness and Tarnishment

The TDRA revises Section 43(c)(1) to read as follows:

> 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, or competition, or of actual economic injury.[6]

Revised Section 43(c)(1) cures three problems with the FTDA: First, it expressly adopts the likelihood of dilution standard; second, it makes clear that marks that are inherently distinctive and ones that have acquired distinctiveness are both eligible for dilution protection if they are famous; and third, it clarifies that the federal dilution statute redresses both dilution by blurring and dilution by tarnishment.

II. Famous Marks Under the TDRA

Whether a mark is "famous" under the TDRA is defined in Section 43(c)(2)(A):

> "[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.[7]

This revised definition of a "famous" mark requires proof that a mark is widely recognized by the general consuming public throughout the United States, thereby restricting dilution protection to marks that are famous nationwide. This definition eliminates the doctrine of "niche" fame, which several courts applied to extend dilution protection to trademarks that were well known only in certain regions or industries.[8]

Section 43 (c)(2)(A) also provides that a court may consider "all relevant factors," including a non-exclusive list of factors, in determining whether a mark possesses the requisite degree of recognition that would entitle it to dilution protection. The non-exclusive factors enumerated in the statute consider:

> (1) the duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or by third parties;
> (2) the amount, volume, and geographic extent of sales of goods or services offered under the mark;
> (3) the extent of actual recognition of the mark; and
> (4) whether the mark is registered.[9]

The TDRA's "short list" of fame factors should simplify proving that a mark is famous, but will require proof of the geographic reach of advertising and publicity and the geographic

extent of sales under the mark. In proving fame, dilution plaintiffs should proffer evidence of the geographic extent of their advertising and promotional activities and their sales under the mark, and of unsolicited third-party references to the mark. Similarly, in assessing the extent of actual recognition of the mark, a plaintiff should be mindful of the extent to which its surveys or brand awareness studies reflect widespread geographic recognition. Of course, it remains to be seen how strictly courts will construe the requirement that, for a mark to be eligible for dilution protection, it must be widely recognized by the general consuming public of the United States. However this requirement is construed, the universe of marks eligible for dilution protection should be smaller after enactment of the TDRA.

III. Proving Dilution

The Act defines dilution by blurring as "association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark."[10] "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."[11]

Section 43(c)(2)(B) provides guidance on proving dilution by blurring:

> 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.[12]

This non-exclusive list of factors should facilitate proving dilution by blurring. These factors are ones which trademark owners and their counsel have applied historically in both infringement and dilution contexts. Stated more simply, these factors consider: (i) the similarity of the marks; (ii) the distinctiveness of the famous mark; (iii) the famous mark owners' substantially exclusive use of its mark versus third party uses of that mark; (iv) consumer recognition of the famous mark (presumably measured directly by surveys or indirectly by evidence of commercial impressions of the mark generated through various marketing, promotional and advertising activities); (v) the defendant's intent; and (vi) any actual association between the marks at issue.

Presumably, when all relevant factors are considered (including ones that may not be listed above) and weigh in favor of a finding of likelihood of dilution by blurring, a likelihood of dilution should be found. Under the TDRA, these factors, taken together, should stand as a

surrogate for assessing when the allegedly diluting mark is likely to impair the distinctiveness of the famous mark, and therefore, is likely to dilute the famous mark by blurring. When consideration of "all relevant factors" substantially favors the plaintiff, a court can properly infer dilution by blurring.

Under the FTDA post-*Moseley*, the use of an identical mark on unrelated goods or services gave rise to a presumption of actual dilution.[13] Logically, the use of identical or substantially identical marks should give rise to a presumption of likelihood of dilution under the revised statute. Certainly, reliance on such a rebuttable presumption should remain one means of proving dilution, when the presumption is not rebutted by competent evidence.

In a post-TDRA opinion of a pre-TDRA judgment, the Sixth Circuit affirmed a judgment of actual dilution holding that the defendant's use of Audi's famous *Audi* trademarks on goods and services on the defendant's website was, standing alone, sufficient proof of actual dilution under *Moseley.*[14] This decision, however, applied the actual dilution standard of the FTDA, not the likelihood of dilution standard adopted by the TDRA.

Although it defines dilution by tarnishment, the TDRA does not set forth a non-exclusive list of factors for a court to assess in determining whether dilution by tarnishment is likely. Plainly, though, all or substantially all of the nonexclusive factors for assessing dilution by blurring should apply in assessing a likelihood of dilution by tarnishment.

Of course, tarnishment adds the additional element that the association between the marks at issue "harms the reputation of the famous mark."[15] Tarnishment occurs when the plaintiff's trademark through the allegedly diluting use is associated with products of low quality or is portrayed in a negative context.[16] "The sine qua non of tarnishment is a finding that plaintiff's mark will suffer negative associations through defendant's use."[17]

Under the "likelihood of dilution" standard, a plaintiff seeking to prove dilution by tarnishment should proffer evidence germane to the dilution by blurring factors together with evidence that the defendant's mark is likely to harm the reputation of the plaintiff's famous mark. Such evidence could consist of associating the plaintiff's mark with low quality products, with products antithetical to the products the plaintiff provides (i.e., vitamins versus cigarettes), with unwholesome ideas and activities (i.e., pornography), etc. The broad statutory definition of tarnishment provides several avenues for proving how the reputation of a plaintiff's famous mark may be harmed.

IV. Miscellaneous Provisions

A. Monetary Relief

The TDRA provides that the owner of a famous mark may, in certain circumstances, recover profits, damages, and costs where willful dilution is proven. Pursuant to Section 43(c)(5)(B)(i) and (ii), such monetary relief is available when the trademark owner can show that the defendant "willfully intended to trade on the recognition of the famous mark," or "willfully intended to harm the reputation of the famous mark."[18] However, these monetary remedies

under the TDRA are available only if the allegedly diluting mark was first used in commerce after the date of enactment of the TDRA, *viz.*, after October 6, 2006.[19] Although the TDRA is effective immediately to pending dilution cases seeking injunctive relief, the monetary remedies under the Act will not be available to pending dilution cases where the allegedly diluting mark was in use in commerce before October 6, 2006.[20]

B. Federal Registration as a Bar to State Law Dilution Claims

The TDRA incorporates an additional provision providing that the ownership of a federal registration prevents others from bringing state law dilution claims against that registered mark under state law. Following a similar provision in the FTDA, Section 43(c)(6) provides, in pertinent part:

> The ownership by a person of a valid registration . . . shall be a complete bar to an action against that person, with respect to that mark, that--
> (A)(i) is brought by another person under the common law or a statute of a State; and (ii) seeks to prevent dilution by blurring or dilution by tarnishment; or
> (B) asserts any claim of actual or likely damage or harm to the distinctiveness or reputation of a mark, label, or form of advertisement.[21]

C. Dilution as a Basis for *Ex Parte* Proceedings

The TDRA also includes conforming amendments to Section 13(a) and 14 of the Trademark Act to clarify that the likelihood of dilution standard will apply in *ex parte* opposition and cancellation proceedings, respectively, before the Trademark Trial and Appeal Board, which include dilution by blurring and tarnishment claims.[22]

D. Unregistered Trade Dress

Unregistered trade dress is also eligible for dilution protection under the TDRA. Section 43(c)(4) of the TDRA unequivocally provides dilution protection for unregistered, yet famous, trade dress. Section 43(c)(4)(B) provides that if the subject trade dress includes a federally registered trademark, the owner must demonstrate that the unregistered elements, as a whole, are famous, separate and apart from the fame of the registered mark.[23] Of course, as recognized by the court in *Herman Miller, Inc. v. A. Studio S.R.L.*, federally registered trade dress is presumed valid and, when "famous," can be protected from diluting third party-uses.[24]

E. Statutory Defenses to Dilution

The TDRA, like the FTDA, insulates free speech, parody, comparative advertising and fair use from a dilution challenge. The TDRA expressly insulates from dilution claims "all forms of news reporting and new commentary," "any noncommercial use of a mark" and trademark fair use.[25] Similarly, Section 43(c)(3)(A) provides that the following shall not be actionable as dilution by blurring or dilution by tarnishment:

> 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--
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> (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.[26]

The statutory exclusion of "facilitation of fair use" was included in the final language at the request of Internet service providers (ISPs) to insulate them from dilution claims where the ISPs merely facilitate fair use activities of their users.

In *Louis Vuitton Malletier S.A.*, the court confirmed that parody of a famous mark remains a powerful defense to a dilution claim.[27] Louis Vuitton, the famous haute couture manufacturer of luxury consumer goods, including luggage and handbags, sued Haute Diggity Dog, a company that markets plush stuffed toys and beds for dogs under names that parody the products of other companies. Louis Vuitton asserted various trademark theories including that Haute Diggity Dog's use of the mark, *Chewy Vuitton*, for dog-related products diluted the plaintiff's famous *Louis Vuitton* mark by blurring and by tarnishment. The district court granted summary judgment to Haute Diggity Dog on the dilution claims reasoning that the *Chewy Vuitton* mark – an obvious parody – was not likely to dilute by blurring the plaintiff's famous mark because a successful parody depends on the continued association of the famous mark with its true owner and the *Louis Vuitton* mark would continue to be associated with the plaintiff. Similarly, the court granted summary judgment to the defendant on the dilution by tarnishment claim because there was no evidence that the products sold under the *Chewy Vuitton* mark were of inferior quality.[28]

The noncommercial use exception was recently applied in *Best Western Int'l, Inc. v. John Doe, et al.*[29] The district court dismissed Best Western's claims against one of the defendants on the grounds that his allegedly defamatory statements posted on an Internet website were noncommercial uses of Best Western's famous mark. Best Western failed to allege that its mark had been used in connection with the sale of goods or services, that defendants earned revenue from their Internet activities, or that the Internet website directs visitors to Best Western's competitors.[30]

V. Conclusion

The TDRA's revisions to the federal dilution statute resolve the core problem raised by the Supreme Court's decision in *Moseley* by adopting the likelihood of dilution standard. The TDRA's simultaneous limitation of famous marks to those that are widely recognized throughout the United States narrows the universe of marks that are eligible for dilution protection. The Act also clarifies that any mark that is "famous," regardless of whether that mark is inherently distinctive or has acquired distinctiveness, should be entitled to dilution protection. On balance, the TDRA should facilitate proof of dilution by blurring and dilution by tarnishment, but only for "famous" marks that are recognized throughout the nation. The revised statute brings the federal

dilution act closer to its original intent of protecting truly famous marks from diluting third party uses.

[1] Pub. L. No. 109-312, 120 Stat. 1730 (amending 15 U.S.C. § 1125(c) (1946)).
[2] *Moseley v. V. Secret Catalogue*, 537 U.S. 418 (2003).
[3] 15 U.S.C. § 1125(c)(2)(A)(1).
[4] 15 U.S.C. § 1125(c)(1).
[5] *TCPIP Holding Co., Inc. v. Haar Comm. Inc.*, 244 F.3d 88 (2d Cir. 2001); *New York Stock Exchange, Inc. v. New York, New York Hotel LLC*, 293 F.3d 550 (2d Cir. 2002).
[6] 15 U.S.C. § 1125(c)(1) (emphasis added).
[7] 15 U.S.C. § 1125(c)(2)(A) (emphasis added).
[8] *See, e.g., Syndicate Sales, Inc. v. Hampshire Paper Corp*., 192 F.3d 633 (7th Cir. 1999); *Times Mirror Magazine, Inc. v. Las Vegas Sports News, LLC*, 212 F.3d 157 (3d Cir. 2000) *cert. denied*, 531 U.S. 1071 (2001); *Advantage Rent-A-Car, Inc. v. Enterprise Rent-A-Car, Co*., 238 F.3d 378 (5th Cir. 2001); *Thane Int'l, Inc. v. Trek Bicycle Corp*., 305 F.3d 894 (9th Cir. 2002).
[9] 15 U.S.C. § 1125(c)(2)(A).
[10] 15 U.S.C. § 1125(c)(2)(B).
[11] 15 U.S.C. § 1125(c)(2)(C).
[12] 15 U.S.C. § 1125(c)(2)(B).
[13] *See e.g., Savin Corp. v. Savin Group*, 391 F.3d 439 (2d Cir. 2004).
[14] *Audi AG et al. v. Bob D'Amato, d/b/a Quattro Enthusiasts*, Case No. 05-2359, 2006 U.S. App. LEXIS 29127 (6th Cir. Nov. 27, 2006) (applying pre-TDRA actual dilution standard).
[15] 15 U.S.C. § 1125(c)(2)(C).
[16] *See Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, Case No. 1:06cv321(JCC), 2006 U.S. Dist. LEXIS 80575 (E.D.Va. Nov. 3, 2006) (citing *Deere & Co. v. MTD Prods.* 41 F.3d 39, 43 (2d Cir. 1994)).
[17] *Hormel Foods Corp. v. Jim Henson Prods.*, 73 F.3d 497 (2d Cir. 1996).
[18] 15 U.S.C. § 1125(c)(5)(B)(i) and (ii).
[19] 15 U.S.C. § 1125(c)(5)(A).
[20] *Id*.; *see also, Louis Vuitton Malletier, supra*, n. 16, Slip op. at *20-21 (determining that TDRA injunctive provisions apply to pending proceeding).
[21] 15 U.S.C. § 1125(c)(6).
[22] 15 U.S.C. §§ 1063(a) and 1064.
[23] 15 U.S.C. § 1125(c)(4)(B).
[24] 79 USPQ2d 1905 (W.D. Mich. 2006) (holding that the FTDA protects famous marks that have acquired distinctiveness, including product configuration trade dress).
[25] 15 U.S.C. § 1125(c)(3)(B) and (C).
[26] 15 U.S.C. § 1125(c)(3)(A).
[27] *Louis Vuitton Malletier*, *supra*, n. 16, Slip op. at *21 to *25.
[28] *Id*.
[29] Case No. CV-06-1537-PHX-DGC, 2006 U.S. Dist. LEXIS 77942 (D. Az. October 24, 2006).
[30] *Id*., Slip op. at *7-8 (citing 15 U.S.C. § 1125(c)(3) and *Bosley Med. Inst., Inc. v. Kremer*, 403 F.3d 672 (9th Cir. 2005)).