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New Law Strengthens Federal Trademark Protection for “Famous” Marks

President Bush recently signed into law the Trademark Dilution Revision Act of 2006 (“TDRA”). The TDRA is welcome news for owners of famous trademarks. It amends and replaces the provisions of the Federal Trademark Dilution Act of 1996 (the “1996 Act”), and negates the United States Supreme Court’s holding in *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003), which had severely weakened the protections provided under the 1996 Act. Now, in no uncertain terms, the TDRA lowers the standard of proof for obtaining injunctive relief from “actual dilution,” which is what the Supreme Court required in *Moseley*, to a “likelihood of dilution,” and it makes clear what types of dilution claims are actionable.

While the TDRA no doubt strengthens federal trademark protection for famous marks, the TDRA is limited in its scope and will not apply to most trademarks owners. Also, litigation is expensive, so even owners of famous marks may be reluctant to take advantage of the protections afforded under the TDRA. However, aside from the TDRA, there are practical and cost-effective steps that every trademark owner can take to protect its marks against dilution and avoid inviting a dilution claim from a third party. Here are some pointers about what protections the TDRA offers and other measures trademark owners can take to protect themselves.

What is dilution?

Dilution provides trademark owners with an additional theory of relief beyond traditional trademark infringement. The unauthorized use of a mark on competing or related goods and services traditionally is actionable as a trademark infringement claim if the mark and its use causes a “likelihood of confusion” among consumers about the source of those goods and services. Dilution provides additional protection against the use of a mark that weakens or “whittles away” the commercial value of an established mark even in the absence of any likelihood of confusion.

What strategies can trademark owners follow to protect their marks from dilution?

In selecting a mark, choose marks that are strong and distinctive and avoid marks that are composed of words commonly used in your business or that are highly descriptive of characteristics of the related product or service. The more fanciful or arbitrary the mark is (e.g., KODAK, EXXON, APPLE for computers), the easier it will be to protect and enforce the mark against use by others.

Regularly policing use of your marks will also help to eliminate dilution. There are practical and cost-effective ways to monitor your mark. Monitoring can be done by searching the Internet, eBay, competitor websites, the United States Patent and Trademark Office, and other resources where dilution and misappropriation of your marks typically begin. Coupled with monitoring, employing enforcement techniques such as cease and desist letters, and taking advantage of domain name dispute arbitrations, service provider take-down mechanisms, and mediation can effectively prevent or lessen dilution of your marks without resorting to a lawsuit at the outset.

What strategies can trademark owners follow to avoid defending a dilution claim?

The primary way to avoid having to defend against a dilution claim is to complete a comprehensive search prior to adopting a mark. An effective availability search should determine whether your adoption of a particular mark is likely to infringe another’s rights, and it also can be used to assess whether use of the mark is likely to invite a dilution claim. In addition to assisting you with a search, an experienced trademark practitioner also can assist you in the use of particular terms in promotional literature, on packaging, and in other legally permissible ways, such as fair use and comparative advertising.

Who can assert a dilution claim under the TDRA?

If non-litigation strategies fail, a claim for dilution could be brought under the TDRA. A federal dilu-

tion claim is not a viable cause of action for every trademark owner and is applicable only in cases where the plaintiff's mark is "famous" as defined under the statute. Under the TDRA, 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."

What types of dilution claims can be asserted?

The TDRA defines two ways in which dilution may occur: dilution by blurring and dilution by tarnishment.

Dilution by blurring: Dilution by blurring is defined as the "association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark." For example, the use of DUPONT shoes, BUICK aspirin, or KODAK pianos could be actionable under the TDRA.

Dilution by tarnishment: Dilution by tarnishment is defined as the "association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark."

For example, the use of a mark in connection with unwholesome or low quality goods or services could be actionable under the TDRA.

What remedies are available?

The owner of a famous mark may obtain injunctive relief against another person who uses a mark in commerce that is likely to cause dilution of the famous mark by blurring or tarnishment, regardless of the presence or absence of actual or likely confusion, competition, or actual economic injury. Additional remedies may be obtained, including damages and attorneys' fees, if the person against whom an injunction is sought used the mark in commerce after the date of enactment of the TDRA, willfully intended to trade on the recognition of the famous mark, or willfully intended to harm the reputation of the famous mark.

What defenses are available to a dilution claim?

The TDRA provides fair use defenses for comparative advertising, and for parodying, criticizing, and commenting upon the owner of a famous mark and the owner's goods and services. The TDRA also exempts from liability all forms of news reporting and news commentary and any noncommercial use of a mark.

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