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HRO Alert

GREATER PROTECTION AGAINST DILUTION OF FAMOUS MARKS

On Friday, October 6, 2006, the Trademark Dilution Revision Act of 2006 (the "Act") became law, thereby strengthening the protection of famous marks from uses that blur their distinctiveness or tarnish their reputation.

The Act is in direct response to the Supreme Court's 2003 ruling in *Moseley v. V Secret*, which placed a high bar by mandating that owners of famous marks had to prove "actual dilution" in order for their famous marks to be protected from "blurring" their distinctive character or "tarnishment" through the detrimental use by parties unaffiliated with the marks' owners. This decision was criticized since it weakened protection of famous marks.

In response, the Act broadens the reach of the anti-dilution statute by providing owners of famous marks greater protection by setting an expansive "likelihood of dilution" standard, replacing the "actual dilution" requirement announced in *Mosley*. Under the Act, an owner of a famous mark or trade name can obtain injunctive relief to prevent uses of the mark or name in commerce "that is likely to cause dilution by blurring or dilution by tarnishment, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury." The Act further strengthens protection of famous marks by providing that dilution by blurring or by tarnishment are grounds for opposition and cancelation of federal trademark or service mark registrations.

"Famous marks" are defined in the Act as those that are widely recognized by the general consuming public as a designation of the source of the goods or services of the mark's owner. When determining whether a mark is "famous," courts may consider all relevant factors including: (1) the duration, extent, and geographic reach of advertising and publicity of the mark; (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 was registered on the principal register.

The Act clarifies how dilution can be caused by blurring. It says: "Dilution by blurring is association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark." Blurring occurs when there are so many uses of a famous mark that the original source is no longer obvious.

Tarnishment, where famous marks are weakened through unsavory or unflattering associations, is also defined by the Act. "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."

The Act also sets forth certain defenses to dilution claims which should apply when the challenged use is not as a designation of product source, but it is a descriptive use or a use intended as parody, commentary or criticism, and when the challenged use is non-commercial. Further, under the Act, a valid federal trademark registration becomes a complete bar to a dilution claim.

While the Act addresses some key issues and is intended to broaden protection against dilution of famous marks, unfortunately the Act does not provide any substantial help on nagging problems regarding fame. For example, some marks are very famous in a particular industry but not famous throughout the country. Some marks are very famous locally but not nationally. The Act does not provide any additional guidance on these threshold issues.

It remains to be seen what constitutes good evidence of a "likelihood of dilution." By this Act, Congress has directed the courts to move from a fairly simple and easily understood standard to one that is broader but indefinite and will most likely involve expensive survey and other subjective evidence. We will see an expanding role for experts to speculate on what they think is a "likelihood of dilution." It also remains to be seen what will constitute "tarnishment" under the Act. Some suspect that the Act will encounter opposition based on "free speech" under the First Amendment.

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