

## Second Circuit Holds that Identical Marks Give Rise to Presumption of Actual Dilution

By Brian B. Darville

In *Savin Corporation v. The Savin Group*, 391 F.3d 439, 73 USPQ2d 1273 (2d Cir. Dec. 10, 2004), the United States Court of Appeals for the Second Circuit adopted a presumption of actual dilution where the trademarks at issue are identical, but emphasized that determining whether marks are identical for purposes of a dilution claim is a complex, context and media-specific, factually intensive issue.

In *Savin*, the Court reversed the district court's grant of summary judgment for the defendants on the plaintiff's dilution claims under the Federal Trademark Dilution Act ("FTDA"), 15 U.S.C. § 1125(c) and the New York anti-dilution statute, New York General Business Law § 360-1. The Second Circuit held that the plaintiff had created a general issue of material fact as to actual dilution of its SAVIN mark as required by the FTDA, *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 433 (2003), and that the New York anti-dilution statute did not require proof of actual dilution. Rather, a mere likelihood of dilution would suffice for the state anti-dilution claim.

Several aspects of the Second Circuit's analysis of the federal dilution claim are noteworthy. In discussing the required element of fame, the Court emphasized that dilution is only available for the small universe of truly famous marks. The Court suggested:

[W]here it is possible for a district court to determine in the first instance the issue of the famousness of a senior mark, the court would be well advised to do so. In deed, this will often obviate the costly litigation of potentially much thornier issues, such as whether actual blurring or tarnishing of the senior mark has in fact occurred or, as in the instant case, whether a junior and senior mark that are each used in varying ways in different contexts and media are in fact "identical" for purposes of the FTDA.

391 F.3d at 450. Applying its requirement that general, as opposed to niche market, fame is required for a FTDA claim, *TCPIP Holding Co. v. Harr Communications, Inc.*, 244 F.3d 88, 99 (2d Cir. 2001), the Second Circuit agreed that the plaintiff had shown "more than a mere scintilla of evidence" of fame, which was sufficient to create a question of fact precluding summary judgment on the element of fame.

The Second Circuit likewise agreed that the plaintiff's marks were entitled to a presumption of inherent distinctiveness by virtue of their incontestability. 391 F.3d at 451 (citing *Sporty's Farm L.L.C. v. Sportman's Mkt.*, 202 F.3d 489, 497 (2d Cir. 2000)). The Court rejected defendant's argument that plaintiff's SAVIN marks, a surname, were merely descriptive. The Court reasoned that the marks were not, as a matter of law, merely descriptive, because "savin" is a defined term in the dictionary (with several

meanings relating to evergreens of the genus *Juniperus*) and it was possible for a fact finder to conclude that the marks possess a sufficient degree of distinctiveness to sustain a finding of dilution.

Turning to the issue of evidence of actual dilution, the Court quoted *Mosely*, where the Supreme Court stated “direct evidence of dilution such as consumer surveys will not be necessary if actual dilution can reliably be proved through circumstantial evidence – the obvious case is one where the junior and senior marks are identical.” 537 U.S. at 434. Construing this language, the Second Circuit held:

“We interpret *Mosely* to mean that where a plaintiff who owns a famous senior mark can show the commercial use of an identical junior mark, such a showing constitutes circumstantial evidence of the actual-dilution element of an FTDA claim.”

391 F.3d at 452. As an example the Court stated that where a store owner loses a 7-Eleven franchise, but continues to use the famous 7-Eleven mark, it thereby violates the FTDA and may be enjoined from using the mark. *Id* at 452-53 (citing *7-Eleven, Inc. v. McEvoy*, 300 F. Supp. 2d 352, 357 (D. Md. 2004)). The Court emphasized, however, “that for the presumption of dilution to apply, the marks must be identical.” 391 F.3d at 453.

In other words, a mere similarity in the marks – even a close similarity – will not suffice to establish per se evidence of actual dilution. Further, “where the marks at issue are not identical, the mere fact that consumers mentally associate the junior user’s mark with a famous mark is not sufficient to establish actionable dilution.” *Mosely*, 537 U.S. at 433.

391 F.3d at 453. The Second Circuit reasoned that strictly enforcing the identity requirement is consistent with the purposes of the FTDA and Second Circuit precedent that the class of parties protected by the FTDA is narrow indeed. *Id*.

The Second Circuit then observed that whether marks are “identical” will be a context- and/or media-specific, factually intensive issue.

For instance, marks that are textually identical may appear very different from one another (e.g., in terms of font, size, color, etc.) where they are used in the form of dissimilar corporate logos, either in traditional media or on the Internet. Depending on the circumstances, this may or may not determine the outcome of the identity analysis. Similarly, marks that are textually identical may be pronounced differently, which also could be relevant under the circumstances, such as, for example, where the marks are used in radio advertising. Indeed, the need for careful and exacting analysis of the identity issue highlights the basis for our emphasis on the famousness factor as a more expeditious avenue of resolution, given the

case law in this Circuit limiting application of the FTDA to only the most famous of marks.

*Id.*

Turning to the case at bar, the Court observed that marks at issue might be identical in some contexts (such as domain names) and merely to very similar in others (such as in stylized graphics on webpages). *Id.* at 453-54. Because the district court's analysis that the parties' competing SAVIN marks were identical was ambiguous, the Second Circuit remanded the issue of the identity of the marks to the district court for clarification and specific findings as to whether the junior and senior marks were identical. The Court cautioned that "although the differences between the marks noted by the court in the infringement context may be inconsequential in that context, such differences may indeed be relevant in the analysis of the dilution issue." *Id.* at 454. It observed that the fact that the parties' use of the marks in domain names differed – [www.savin.com](http://www.savin.com) v. [www.thesavingroup.com](http://www.thesavingroup.com) – may be relevant. *Id.* The Court emphasized that "it is the identity of the marks themselves that is germane in the dilution context, and the modifying of the mark – by adding one or more generic descriptors to the mark in a website address, for example – will not necessarily defeat a showing that the marks themselves are identical in specific contexts." *Id.*

The Court reversed the district court's grant of summary judgment for the defendant on the FTDA claim and remanded the case for further proceedings. It also reversed the district court's holding that the New York General Business Law § 360-1 required proof of actual dilution, because a plaintiff asserting a state law dilution claim merely need prove a likelihood of dilution. The Court affirmed the district court's grant of summary judgment for the defendants on the plaintiff's trademark infringement claim.

The court's opinion in *Savin* applies the presumption of dilution where the marks involved are identical. However, assessing whether two competing marks are identical becomes a more complex issue under the court's analysis. The *Savin* decision also underscores the Second Circuit's rigorous application of the FTDA to only truly famous marks.

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