Issue 11 January/February 2008
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World Trademark Review

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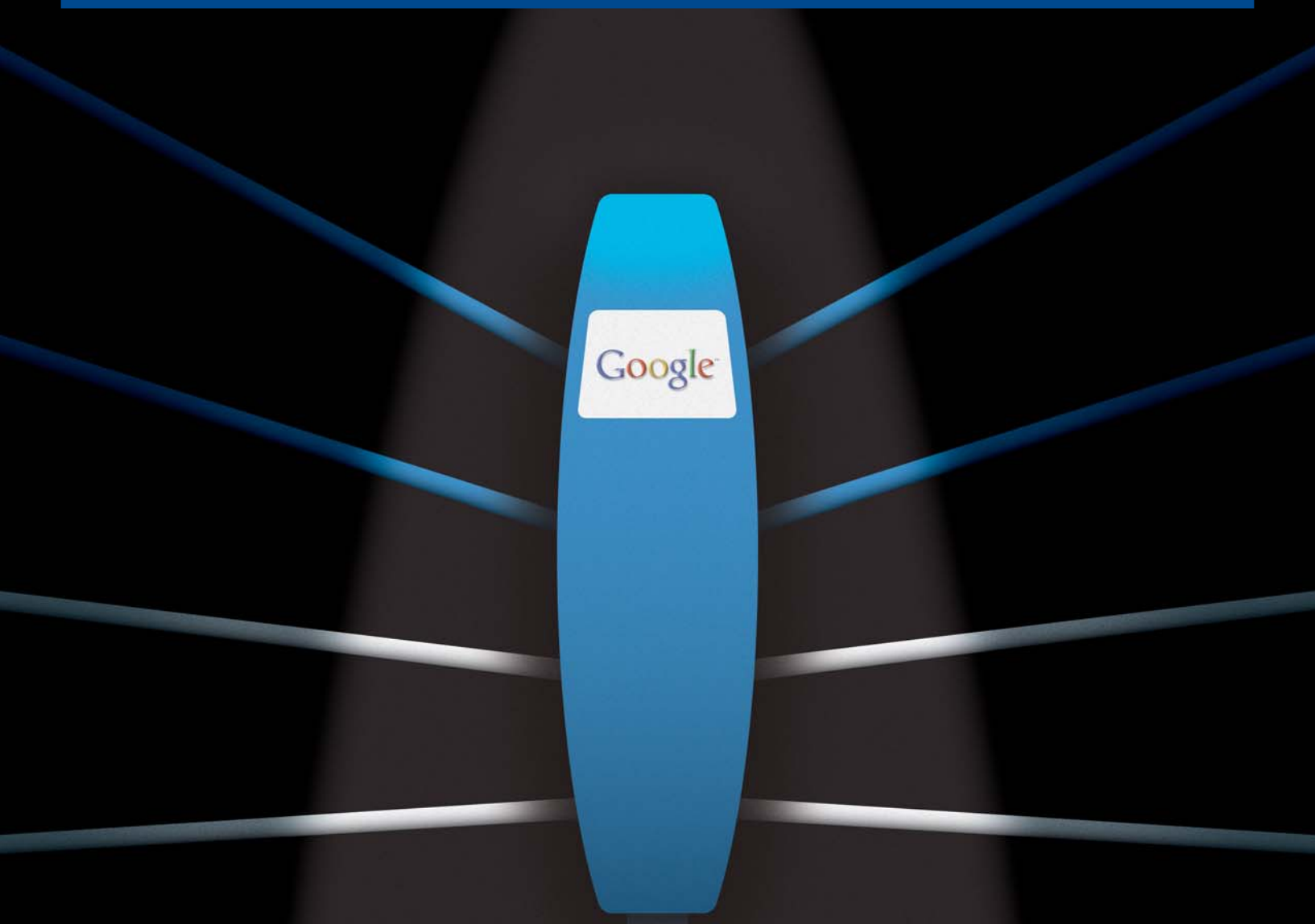

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Protection of famous marks under new dilution act

US federal trademark law was amended on October 6 2006 by the Trademark Dilution Revision Act. Rulings under the new law trickled in during 2007, of which the most noteworthy is the decision of the US Court of Appeals for the Fourth Circuit in a commercial parody case involving Louis Vuitton

The Trademark Dilution Revision Act 2006 (TDRA), which amends the Federal Trademark Dilution Act (FTDA), came into force on October 6 2006. Under the new act, protection is extended not only to marks that are inherently distinctive, but also to those that have acquired distinctiveness. Furthermore, only a *likelihood* of dilution is required: actual dilution is not necessary. On the other hand, dilution protection is limited to a mark that 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.

In assessing fame, Section 2(2)(A) of the TDRA specifies that courts may consider "all relevant factors, including" the following:

> "(i)The duration, extent and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties.
> (ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark.
> (iii) The extent of actual recognition of the mark.
> (iv) Whether the mark was registered under the Act of March 3 1881, the Act of February 20 1905, or on the principal register."

Two types of dilution are recognized: dilution by blurring and dilution by tarnishment. Thus, the TDRA provides a clearer definition of 'dilution' compared to the former law, which described 'dilution' as "the lessening of the capacity of a famous mark to identify and distinguish goods or services".

'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". In determining whether a mark has been blurred, Section 2(2)(B) of the act directs that courts 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."

For tarnishment, the act does not provide a list of factors, but simply defines it 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".

Conforming amendments are included to allow for oppositions against trademark applications and cancellation actions against federal registrations.

Specific defences (called 'exclusions') are included:

> "(A) 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 –
> (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.
> (B) All forms of news reporting and news commentary.
> (C) Any non-commercial use of a mark."

The act limits the available remedies to only injunctive relief unless:

> "(A) the mark or trade name that is likely to cause dilution by blurring or dilution by tarnishment was first used in commerce by the person against whom the injunction is sought after the date of enactment of the Trademark Dilution Revision Act of 2006 ... ; and
> (B) in a claim arising under this subsection -
> (i) by reason of dilution by blurring, the person against whom the injunction is sought wilfully intended to trade on the recognition of the famous mark; or
> (ii) by reason of dilution by tarnishment, the person against whom the injunction is sought wilfully intended to harm the reputation of the famous mark."

Monetary awards under this provision are subject to the discretion of the court and the principles of equity.

Case law

No niche fame: Consistent with the act, the District Court of the Central District of California confirmed that niche fame is insufficient to confer protection on a mark (*Milbank Tweed Hadley & McCloy LLP v Milbank Holding Corp* CV 06-187-RGK, 82 USPQ2d 1583, 1588 (CD Cal 2007)). Also, the Southern District of New York court has stated that the new definition of 'fame' under the TDRA has not altered the established requirement in the US Court of Appeals for the Second Circuit that a mark be broadly famous. It held that the Second Circuit's requirement that "the senior mark [must] be truly famous before a court will afford the owner of the mark the vast protections of the

FTDA" remains unchanged by the TDRA's reconfiguration of the fame factors to reject both 'niche' fame and the requirement of inherent distinctiveness (*Dan-Foam and Tempur-Pedic Inc v Brand Named Beds LLC* 500 F Supp 2d 296, 307 n90 (SDNY 2007)).

Retroactivity: In *adidas America Inc v Payless Shoesource Inc* CV 01-1655-KI, 2007 US Dist LEXIS 94192 at 68-69 (D Oregon 2007), the parties agreed that the TDRA's relaxed "likelihood of dilution" standard applied retroactively to adidas America Inc's claims for injunctive relief, while the FTDA governed adidas's claims for monetary damages because Payless's allegedly unlawful actions began before the enactment of the TDRA.

Parody: The most interesting decision thus far is perhaps the opinion of the Fourth Circuit in *Louis Vuitton Malletier SA v Haute Diggity Dog* 507 F3d 252, 84 USPQ2d (BNA) 1969, 2007 US App LEXIS 26334 (4th Cir 2007) discussing the relevance of parody in trademark dilution cases.

This case was brought by Louis Vuitton Malletier SA – the owner of marks such as LOUIS VUITTON, a stylized monogram of 'LV' and a monogram design consisting of repetitions of the LV mark along with other designs. The original LOUIS VUITTON, LV and monogram canvas marks have been used continuously since 1896. Louis Vuitton filed suit against Haute Diggity Dog in 2002, alleging trademark infringement, trademark dilution, copyright infringement, and related statutory and common law violations.

Haute Diggity Dog is a manufacturer of various products for pets, including plush chew toys for dogs. Its products are sold primarily through pet stores and parody famous trademarks of luxury products. These include Chewnel No 5 (CHANEL NO 5), Furcedes (MERCEDES), Jimmy Chew (JIMMY CHOO), Dog Perignonn (DOM PERIGNON), Sniffany & Co (TIFFANY & CO), and Dogior (DIOR). The shape and design of these products loosely imitate the goods of the targeted brand. The particular products at issue were chew toys in the form of small imitations of handbags labelled 'Chewy Vuiton' (LOUIS VUITTON).

The Fourth Circuit affirmed the lower court's decision – in Haute Diggity Dog's favour – on cross-motions for summary judgment: "[T]he district court concluded that Haute Diggity Dog's 'Chewy Vuiton' dog toys were successful parodies of Louis Vuitton Malletier's trademarks, designs, and products, and on that basis, entered judgment in favour of Haute Diggity Dog on all of [Louis Vuitton's] claims." On the dilution claim, the appellate court rejected the lower court's analysis, but nevertheless found in favour of Haute Diggity Dog.

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The Fourth Circuit found undisputed the first three elements out of the four necessary in a dilution claim under the TDRA, namely:

"(1) that the plaintiff owns a famous mark that is distinctive;
(2) that the defendant has commenced using a mark in commerce that allegedly is diluting the famous mark;
(3) that a similarity between the defendant's mark and the famous mark gives rise to an association between the marks; and
(4) that the association is likely to impair the distinctiveness of the famous mark or likely to harm the reputation of the famous mark."

Consequently, the issue for the court was "whether the association between Haute Diggity Dog's marks and [Louis Vuitton's] marks is likely to impair the distinctiveness of [Louis Vuitton's] famous marks".

Fair use is a complete defence under the TDRA, and parody is specifically mentioned in the act as a type of fair use. However, in examining Haute Diggity Dog's parody defence, the court stated that "parody is not automatically a complete defence to a claim of dilution by blurring where the defendant uses the parody as its own designation of source (ie, *as a trademark*)."

Thus, the court rejected Louis Vuitton's argument that "[w]hen a defendant uses an imitation of a famous mark in connection with related goods, a claim of parody cannot preclude liability for dilution". The court also found no viable proof of tarnishment, and so its discussion of dilution concentrated on the claim of dilution by blurring and the significance of parody. The court noted that "while a parody intentionally creates an association with the famous mark in order to be a parody, it also intentionally communicates, if it is successful, that it is *not* the famous mark, but rather a satire of the famous mark". In concluding that Haute Diggity Dog's 'Chewy Vuiton' toys are "a successful parody" that do not "blur the distinctiveness of the famous mark as a unique identifier of its source", the court noted how the Chewy Vuiton products simultaneously mimic the famous mark and communicate that they are a satire.

By virtue of the fame of Louis Vuitton's mark, the court imposed upon it "an increased burden to demonstrate that the distinctiveness of its famous marks is likely to be impaired by a successful parody". According to the court, where a famous mark is particularly strong and distinctive, it becomes more likely that a parody will not impair the distinctiveness of the mark. WTR