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New law boosts famous trademark protections

Owners of famous trademarks have received added protections against dilution of their famous marks as a result of the recently enacted Trademark Dilution Revision Act of 2006 (TDRA). This new federal statute, among other things, allows owners of famous trademarks, such as “Google” or “Starbucks,” to obtain an injunction preventing the use of other marks that are “likely to cause dilution,” without proving actual economic harm to the famous mark. As a result, the TDRA strengthens protections for owners of famous marks and creates potential pitfalls for owners of nonfamous trademarks and trade names.



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Under traditional trademark law, owners of trademarks are protected from infringement due to a likelihood of confusion — typically when someone uses a similar mark for similar goods and services. This rule, however, does not cover the situation where a similar mark is used for dissimilar goods or services, such as Google shoes or Starbucks investment services. While not technically prohibited under trademark law prior to 1995, trademark owners complained that such uses cause their marks to be less distinguishable in the marketplace (known as “blurring”), and, in

some cases, disparaged their famous marks by associating them with undesirable or poor quality goods or services (known as “tarnishing”).

In 1995, Congress passed the Federal Trademark Dilution Act (FTDA) to protect against such dilution caused by blurring or tarnishing of famous marks. Courts soon were split on whether the FTDA required proof of actual injury to the economic value of a famous mark in order to provide protection for the famous mark. This issue was resolved in 2003, when the U.S. Supreme Court interpreted the FTDA to require a showing of actual dilution, rather than a likelihood of dilution, by proof of actual injury to the economic value of the trademark.

The TDRA was enacted in response to the decision, and clarifies trademark dilution law in several important respects. The act eliminates the requirement of actual economic injury before a court can award injunctive relief and allows for injunctive relief in favor of a famous mark when use of another mark “is likely to cause dilution by blurring or dilution by tarnishment of the famous mark.” The TDRA also provides clearer definitions of what constitutes a famous trademark, dilution by blurring, and dilution by tarnishment.

In particular, the definition of what constitutes a famous mark is important in that it sets a high bar for trademark owners. The new law states that a mark is famous only if it is “widely recognized by the average consumer as a designation of source for the owner’s goods or services.” Relevant factors include the duration,

extent and geographic reach of advertising and publicity for the mark; the extent of sales of goods or services offered under the mark; the extent of actual recognition of the mark; and whether the mark is registered with the U.S. Patent and Trademark Office.

In addition to defining what constitutes dilution, the new law also defines what is not dilution — for example, any “fair use” of a famous mark for comparative advertising, parody or criticism, all forms of news reporting and commentary, and any noncommercial use of a mark.

The enactment of the TDRA has important implications for both owners of famous and non-famous trademarks alike. While the TDRA narrows what constitutes a famous mark, it provides stronger protection for truly famous trademarks. Owners of such marks need only prove that the nonfamous mark dilutes their famous trademark.

The TDRA also affects owners of nonfamous marks. For example, owners of trademarks or trade names similar to famous trademarks need to be more careful that their trademarks/trade names do not dilute a famous mark. If they arguably do, a famous owner may very well be able to get a court to enjoin the use of that name.

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