



## Question Q214

**National Group:** United States

**Title:** Protection against the dilution of a trade mark

**Contributors:** David Hill (Co-Chair)  
Robert Sacoff (Co-Chair)  
David Kane  
Barry Cohen  
Neil Smith  
Scott Harlan

**Representative within Working Committee:** David Hill

**Date:** April 8, 2010

### Questions

#### I. Analysis of current law and case law

1. Do the laws of your country provide for protection against dilution of a trademark? If so, which laws?

Yes. The federal dilution law is the Trademark Dilution Revision Act of 2006 ("TDRA"). 15 U.S.C. § 1125(c). Most states in the U.S. also prohibit trademark dilution either under State statute or common law. The state statutes vary in certain respects, but the federal dilution provision is considered the most important statute because federal law permits broader geographical relief.

2. Is there a legal definition of dilution in your legislation or case law?

The TDRA defines two forms of dilution. "Dilution by blurring" is the "association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark." 15 U.S.C. § 1125(c)(2)(B).

"Dilution by tarnishment" is the "association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark." 15 U.S.C. § 1125(c)(2)(C).

- 3.1. Which trademarks are afforded protection against dilution? What are the eligibility criteria? (Please only briefly list the eligibility criteria here; more detailed explanations will be required below).

The TDRA protects trademarks which are “famous.” Fame is decided by courts after weighing the following non-exclusive four factors: the amount of advertising and/or promotion of the mark; the amount of sales under the mark; the amount of actual recognition of the mark; and whether the mark is registered on the principal register. 15 U.S.C. § 1125(c)(2)(A)(i)-(iv).

- 3.2. To be eligible for protection against dilution, does a mark need to be distinctive? If so, does the protection depend upon the mark being inherently distinctive or are marks that have acquired distinctiveness through use also protected?

Yes. Both inherently distinctive marks and marks that have acquired distinctiveness are protected. 15 U.S.C. § 1125(c)(1).

- 3.3.1 To be eligible for protection against dilution, does a mark need to have a reputation or be well-known or famous? If so, when does a mark have a reputation, when is it well-known or when is it famous? Are the factors mentioned in paragraph 15 and 22 above relevant for determining whether a mark has a reputation, is well known or famous? For what point in time does this have to be assessed?

The mark must be “famous.” Famous marks are those “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.” 15 U.S.C. § 1125(c)(2)(A).

Most or all of the factors listed in paragraphs 15 and 22 are found in the TDRA list of factors which are found at 15 U.S.C. § 1125(c)(2)(A)(i)-(iv).

Fame must be shown to exist on or prior to the date of first use (or other priority date, e.g., application filing) of the junior mark.

- 3.3.2 For a mark to have a reputation or to be considered well known or famous, must it meet a certain knowledge or recognition threshold? If so, what is that threshold? What percentage of population awareness is required? How widespread must the awareness be across the country? If a mark is well known or famous in one country, what effect, if any, does this have with regard to other countries?

The TDRA states that the mark must be “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.” 15 U.S.C. § 1125(c)(2)(A). The percentage threshold has not been established by statute or case law yet. The awareness must be nationwide. Fame outside of the U.S. is not evidence of fame within the U.S.

- 3.3.3 What is the relevant population in determining the knowledge, recognition or fame of the mark, the general public at large or the relevant sector of public? Is recognition or fame in a limited product market (“niche market”) sufficient?

The relevant population is the entire U.S. consuming public. Niche market fame was not adopted by the TDRA. See 15 U.S.C. § 1125(c)(2)(A).

- 3.4. To be eligible for protection against dilution, is it required that the mark has been used in, or that the mark has been registered or that an application for registration of the mark has been filed in the country where protection is being sought?

The mark must have been used in the U.S. Registration of the mark is a factor, but not a requirement, for protection against dilution. 15 U.S.C. § 1125(c)(2)(A)(iv). Registration or a pending application for registration, standing alone, does not make a mark eligible for protection against dilution.

- 3.5. Are there any other criteria a mark must comply with to be eligible for protection against dilution?

There are no other factors not already discussed to be eligible for protection, but as noted above, the statutory factors are not exclusive and a court would consider other facts and circumstances if it deems them to be relevant to the issues of distinctiveness and fame.

- 3.6. Is eligibility for protection against dilution a matter of law or an issue of fact? Who bears the burden of proof regarding the eligibility criteria? How does one prove that a mark meets the eligibility criteria? Are sales and advertising figures sufficient or is survey evidence required? Which evidential standard must this proof satisfy?

Fame is an issue of fact. The party asserting ownership of a famous mark bears the burden of proving it is famous, typically with evidence of extensive sales, advertising, promotion both by that party and third parties, actual recognition of the mark through survey evidence, and proof of registration. The evidential standard is preponderance of the evidence.

- 3.7. Is there any registry of eligible marks in your country? If so, what is the evidentiary value of registration? Can it be challenged in litigation?

No.

4. Does your law require the existence of a ‘mental association’ or ‘link’ between the earlier trademark and the later trademark? If so, in which circumstances does a ‘mental association’ or ‘link’ between the earlier trademark and the later trademark exist? Are the factors mentioned in paragraph 27 and 28 above relevant for assessing the existence of such a ‘mental association’ or ‘link’? Are there other factors to take into account? Is the assessment of a link a question of fact (so

something that can be established by market surveys), or is it a question of law to be established by the courts or authorities on the basis of such factors?

The existence of a mental association or link between the earlier trademark and later trademark is a factor to be considered in the federal likelihood-of-dilution by blurring analysis, but not a requirement. 15 U.S.C. § 1125(c)(2)(B)(vi). It is not an enumerated factor or requirement in the federal likelihood-of-dilution by tarnishment analysis. 15 U.S.C. § 1125(c)(2)(C). A mental association or link occurs when a potential consumer thinks of both the earlier famous mark and the later mark when he or she sees the latter because of the similarity between the two marks. There are no specific factors enumerated by the TDRA when considering the actual association factor.

5. Does such 'mental association' or 'link' between the earlier trademark and the later trademark automatically result in detriment to the earlier trademark's repute or distinctive character? Or does detriment have to be proved over and above the existence of a 'mental association' or 'link'?

No, it is only one of six factors in the likelihood-of-dilution by blurring analysis, and not a factor or requirement in the likelihood-of-dilution by tarnishment analysis. Detriment has to be proved over and above the existence of a mental association or link.

6. Are the same factors taken into consideration to assess the existence of detriment as those already discussed for the link? Are there additional ones?

No - there are no factors taken into consideration to assess the existence of detriment (blurring or tarnishment).

7. Must actual dilution be proved or is a showing of likelihood of dilution sufficient? Whose burden of proof is it? How does one prove dilution or likelihood of dilution? Does detriment require evidence of a change in the economic behaviour of the average consumer or that such change in behaviour is likely? If so, what is a change in the economic behaviour of the average consumer? Is reduced willingness to buy goods sold under the earlier mark a change in the economic behaviour? How do you prove a change in the economic behaviour of the average consumer or likelihood of such change in behaviour?

Actual dilution does not need to be proved, as a showing of likelihood of dilution is sufficient, but it is a factor to be weighed in favor of dilution. See U.S.C. §§ 1125(c)(1); (2)(B)(vi). The party asserting dilution has the burden of proof. A party proves likelihood of dilution by showing the factors in the Statute. The factors taken into consideration for dilution by blurring are: (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; and (vi) Any actual

association between the mark or trade name and the famous mark. 15 U.S.C. § 1125(c)(2)(B)(i)-(vi). There are no specific factors taken into consideration for dilution by tarnishment. See 15 U.S.C. § 1125(c)(2)(C). Detriment does not require evidence of a change in the economic behavior of the average consumer or that such change in behavior is likely, but if such evidence is available, it would be considered by the court.

8. What is the extent of protection afforded to marks which are eligible for dilution protection? May the owner of the earlier trademark object

- to the registration of a later trademark?
- to the actual use of a later trademark?
- in respect of dissimilar goods only or also in respect of similar goods?

The owner of an earlier famous trademark may oppose registration, and object to actual use in respect of dissimilar goods and similar goods of a later trademark. The usual dilution case involves dissimilar goods, as use in conjunction with similar goods would probably be within the infringement standards.

9. What are the legal remedies? May the owner of the earlier trademark file an opposition and/or a cancellation action? May he ask for injunctive relief or preliminary injunctive relief? Does your trademark office refuse the registration of a later trademark on grounds of likelihood of dilution?

The owner of an earlier famous trademark may file an opposition or cancellation action. See 15 U.S.C. §§ 1063(a); 1064. The owner of an earlier famous trademark may ask a court for injunctive and preliminary injunctive relief. 15 U.S.C. § 1125(c)(1); (5). The US Patent and Trademark Office will refuse the registration of a later trademark on grounds of likelihood of dilution. Other legal remedies are the recovery of profits, damages, and a destruction order, but only if defendant willfully intended to trade on, or tarnish, the reputation of the famous mark with a mark that was first used in commerce October 6, 2006. See 15 U.S.C. § 1125(c)(5).

## **II. Proposals for adoption of uniform rules**

1. Which trademarks should be eligible for protection against dilution? What should the eligibility criteria be? Should recognition or fame in a limited product market (“niche market”) be sufficient?

Marks that are both distinctive and famous should be protected against dilution. The distinctiveness requirement may be satisfied either by inherent distinctiveness or acquired distinctiveness. The following factors should be considered for determining whether a mark is famous: (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; and (v) any other facts or circumstances that may bear on the fame and distinctiveness of the mark.

Niche market fame should not be sufficient for protection from dilution. Allowing niche fame protection could distort and/or displace traditional likelihood-of-confusion claims by allowing a dilution claim against marks in the same market. Dilution claims should remain only for marks that are famous nationwide.

2. Should it be a criteria for being eligible for dilution protection that the mark has been used in, or that the mark has been registered or that an application for registration of the mark has been filed in the country?

In-country use should be necessary for dilution protection even if the mark has become well-known in one or more other countries covered by the Paris Convention.

3. Should there be a registry of eligible marks? If so, what should the evidentiary value of registration be? Should it be possible to challenge it in litigation?

There should not be a registry of famous marks due to the potential for local bias and the bureaucratic short-sightedness by the agency in charge of the registry that could negatively affect ensuing litigation in courts.

4. Should the existence of a 'mental association' or 'link' between the earlier trademark and the later trademark be an independent requirement for a trademark dilution claim?

A mental association or link between the earlier trademark and the later trademark should not be an independent requirement for a trademark dilution claim, but should be considered as one of the factors in the determination of likely dilution.

5. Should detriment to the distinctive character or reputation of the earlier mark require evidence of a change in the economic behavior of the average consumer or that such change in behavior is likely?

Plaintiff should not be required to show either evidence of a change in economic behavior of the average consumer or that such change in behavior is likely. Such evidence is rarely available because it generally is unconscious or unreported. Moreover, dilution is a preventative measure. However, evidence of a change or likelihood of a change in economic behavior, if it exists, should be considered along with other factors in a likelihood-of-dilution analysis.

6. What should the remedies be for dilution of a mark?

Damages and injunctive relief should be available for all dilution claims, and not just willful dilution. However, mitigation of damages should also be available, where appropriate, such as in cases of good-faith adoption and/or registration of a new mark.

## **Summary**

The United States has a detailed anti-dilution federal statute that protects nationwide famous and distinctive marks from dilution by blurring and dilution by tarnishment. The federal statute employs multi-factor tests to determine fame and likely dilution, and provides for injunctive relief against all dilution and monetary remedies against willful dilution. This type of multi-factor approach to determine eligibility and likely dilution is appropriate, including but not requiring mental association and changes in economic behavior, with damages available for willful and non-willful dilution. A national registry of famous marks is not generally advisable as it might limit famous mark owners from obtaining relief in a full court or opposition proceeding. Marks that have become well-known under the Paris Convention should not be granted protection from dilution in countries where they have not been used or registered.