

Congress Passes Trademark Dilution Revision Act of 2006

On September 25, 2006, Congress passed the *Trademark Dilution Revision Act of 2006* (H.R. 683) (the “Act”). The bill, which is expected to be signed by President George W. Bush sometime in October 2006, marks an important shift in the statutory protection available to famous marks. The Act gives owners of famous marks significantly greater ability to protect them from uses that blur their distinctiveness or tarnish their reputation.

The product of a committee of experts formed by the International Trademark Association (INTA), the Act sets out to resolve the splits in the federal circuits regarding the current dilution statute and its protection of famous marks. The Act also serves as a response to the Supreme Court ruling in *Moseley v. V Secret*, in which the Court held that the Federal Trademark Dilution Act (FTDA) required proof of actual dilution, rather than a likelihood of dilution. *See Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 433 (2003).

Once the Act goes into effect, owners of famous marks that are inherently distinctive or have acquired distinctiveness will only be required to show a likelihood of dilution by blurring or tarnishment to obtain an injunction against anyone who uses in commerce an allegedly diluting mark. Under the Act, a mark is considered famous if it 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.” Contrary to the holding in *Moseley*, an owner of a famous mark may obtain an injunction under the Act regardless of whether it has, in fact, shown actual or likely confusion or economic injury.

The Act also clarifies when the two different types of dilution have occurred. Dilution by blurring occurs when an association between a mark or trade name and a famous mark impairs the distinctiveness of the famous mark. The Act provides that in deciding whether dilution by blurring is likely to occur, the court may consider all relevant factors, including: (1) the degree of similarity; (2) the degree of inherent or acquired distinctiveness of the famous mark; (3) the extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark; (4) the degree of recognition of the famous mark; (5) whether the user of the mark or trade name intended to create an association with the famous mark; and (6) any actual association between the mark or trade name and the famous mark. Dilution by tarnishment occurs when the similarity of a mark or trade name and famous mark creates an association that harms the reputation of the famous mark.

Under the statute, any fair use of a famous mark is excluded from liability for dilution by blurring or tarnishment. Fair use in trademark law (not to be confused with the copyright doctrine of fair use) includes use in connection with advertising or promotion that permits consumers to compare goods or services; identifying and parodying, criticizing, or commenting upon the famous mark, its owner or the goods or services it identifies, all forms of news reporting and commentary; and any non-commercial use. Further, the Act states that the ownership of a valid federal registration by a defendant over an allegedly diluting mark is a complete defense to an action for dilution, actual or likely under State or common law.

In addition, protection against trade dress dilution under the Act is only available to trade dress that is famous independently of any underlying trademark. The Act

requires anyone who claims dilution of trade dress not registered in the principal trademark register to prove that: (1) the claimed trade dress, taken as a whole, is not functional and is famous; and (2) if the claimed trade dress includes any mark or marks registered on the principal register, the unregistered matter, taken as a whole, is famous separate and apart from any fame of such registered marks.

Finally, the Act provides that owners of famous marks are entitled to injunctive relief irrespective of whether the diluting activity began prior to enactment of the new law. Monetary damages, and the remedy of destruction of infringing goods, however, are only available in cases where the infringer: (1) first used the mark or trade name in commerce after the date of enactment of the Act; and (2) willfully intended to trade on the recognition, or harm the reputation, of the famous mark.

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