

## UNIT 16

### Today

A brief digression about  
First Amendment Law  
Rights of Publicity

CB 689-714: Intro to Dilution  
Lanham Act § 43(c), (15 U.S.C. § 1124(c), 15 U.S.C. § 1127)

Regular TM law e.g. infringement is about protecting a mark from someone else using it on the same goods, or very similar goods.

Dilution is about protecting a mark from use in DIFFERENT goods

- likelihood of confusion ISN'T necessary
- harm is "a loss of distinctiveness"
  - \* blurring
  - \* tarnishment (older idea)

Split on how strong the distinctiveness of mark has to be to raise right to anti-dilution.

*Allied* majority requires strong distinctiveness; dissent would require only weak, or none.

"Dilution sounds not in deceit (like infringement/trade ID unfair competition), but in trespass" [692]

How to stop dilution from eating the language? [694]

- suggestions include limiting it to coined and invented marks
- or include only very. famous marks
- but, how about 'well-known' marks?

'Traditional' dilution lacks the balancing imposed by the use of *Polaroid* factors - in 'traditional' dilution you don't ask if P is in danger in any way...just ask about similarity.

Note that recent *Victor's Secret* case holds that federal law requires evidence of actual damage, not just speculation. In this it's narrower that state anti-dilution laws tend to be.

### **15 U.S.C. §1125(c) [LANHAM ACT §43(c)] [enacted 1995]**

(c)(1) The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark becomes famous and causes dilution of the distinctive quality of the mark, and to obtain such other relief as is provided in this subsection. In determining whether a mark is distinctive and

famous, a court may consider factors such as, but not limited to –

- (A) the degree of inherent or acquired distinctiveness of the mark;
- (B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;
- (C) the duration and extent of advertising and publicity of the mark;
- (D) the geographical extent of the trading area in which the mark is used;
- (E) the channels of trade for the goods or services with which the mark is used;
- (F) the degree of recognition of the mark in the trading areas and channels of trade of the mark's owner and the person against whom the injunction is sought;
- (G) the nature and extent of use of the same or similar marks by third parties; and
- (H) the existence of a registration under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

(2) In an action brought under this subsection, the owner of a famous mark shall be entitled only to injunctive relief unless the person against whom the injunction is sought willfully intended to trade on the owner's reputation or to cause dilution of the famous mark. If such willful intent is proven, the owner of a famous mark shall also be entitled to the remedies set forth in sections 35(a) and 36, subject to the discretion of the court and the principles of equity.

(3) The ownership by a person of a valid registration under the Act of March 3, 1881 or the Act of February 20, 1905 or on the principal register shall be a complete bar to an action against that person, with respect to that mark, that is brought by another person under the common law or statute of a State and that seeks to prevent dilution of the distinctiveness of a mark, label, or form of advertisement.

- (4) The following shall **not** be actionable under this section:
  - (A) **Fair use** of a famous mark by another person in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark.
  - (B) **Noncommercial use** of a mark.
  - (C) All forms of **news** reporting and news commentary.

## 15 U.S.C. §1127 [LANHAM ACT §45]

The term "dilution" means the lessening of the capacity of a famous mark to identify and distinguish goods or services regardless of the presence or absence of –

- (1) competition between the owner of the famous mark and other parties, or
- (2) likelihood of confusion, mistake, or deception.

[697]

2. Does the inclusion of protection against dilution in the federal statute cure the problem of "checkerboard jurisprudence" under state law? Are state statutes pre-empted under the federal provision? *See* §43(c)(3).

In other words, state law is pre-empted only for those D's with federal registrations. The

statute leaves open application of state law to D's with CL rights, or none. And, of course, P's with federal registrations can choose their forum unless D also has a federal registration.

**RINGLING BROS.-BARNUM & BAILEY COMBINED SHOWS, INC. v.  
CELOZZI-ETTELSON CHEVROLET, INC.**

855 F.2d 480 (7th Cir. 1988)

[698]

Ringling Bros.-Barnum & Bailey Combined Shows, Inc., owners of the trademark "The Greatest Show on Earth," obtained a preliminary injunction prohibiting Celozzi-Ettelson Chevrolet, Inc., an Illinois car dealership, from using the slogan "**The Greatest Used Car Show on Earth.**" On appeal, Celozzi-Ettelson challenges the injunction as improper under the Illinois Anti-Dilution Act, challenges the Anti-Dilution Act as preempted by federal trademark law, and challenges the district court's finding that Ringling Bros. would suffer irreparable harm if a preliminary injunction was not issued. We reject each of Celozzi-Ettelson's challenges and affirm.

Illinois Anti-Dilution Act permits the owner of a mark to obtain an injunction enjoining the use by another of a similar mark "**if there exists a likelihood ... of dilution of the distinctive quality of the mark, ... notwithstanding the absence of competition between the parties or of confusion as to the source of goods or services.**"

Celozzi-Ettelson's final argument ... is that **because there is no finding of likelihood of confusion, Ringling Bros.' reputation cannot be tarnished and its mark cannot be blurred.** While acknowledging that a likelihood of confusion is not a requisite for a finding of dilution, Celozzi-Ettelson nevertheless concludes that without a likelihood of confusion Ringling Bros. can suffer no legal damages from defendant's use of the phrase "The Greatest Used Car Show on Earth."

... First, it is nonsensical to argue that although a likelihood of confusion is not necessary to establish the existence of dilution, it is necessary to obtain an injunction preventing further dilution. Second, the underlying premise of the anti-dilution doctrine is that unlike the immediate, and often measurable, injury caused by confusion, "**dilution is an infection which, if allowed to spread, will inevitably destroy the advertising value of the mark.**" Thus the very nature of dilution, insidiously gnawing away at the value of a mark, makes the injury "remarkably difficult to convert into damages." *Hyatt*, 736 F.2d at 1158. **The lack of confusion that Celozzi-Ettelson argues as a factor negating damages is actually a factor establishing the unquantifiable, and thus irreparable, nature of the injury. ...**

Finally, by its nature, the injury caused by dilution will almost always be irreparable. ... The mental image would be blurred, at least to anyone who had dealt with the other products or seen their advertising. "It is the same dissonance that would be produced by selling cat food under the name 'Romanoff,' or baby carriages under the name 'Aston Martin.'" This dissonance constitutes irreparable harm that cannot be measured and can only be prevented through an injunction. ....

**MEAD DATA CENTRAL, INC. v. TOYOTA MOTOR SALES, U.S.A., INC.**  
875 F.2d 1026 (2d Cir. 1989)

[701]

LEXIS sued LEXUS. It won at DCT, but loses here.

LEXIS is strong -- in a limited market. ("well known"?)  
LEXIS is a word only mark, no design

LEXUS adopted in good faith, has some design elements.

Issue: must marks be IDENTICAL for dilution? Statute seem to suggest so, but court decisions look for "substantial similarity". This case reiterates that, "We hold only that the marks must be "very" or "substantially" similar and that, absent such similarity, there can be no viable claim of dilution"

**Issue: what's similar?** spellings? pronunciations? WHOSE pronunciations? (here, since LEXUS is too new, it's the appellate court judges'?)

No claim of tarnishment. Issue is blurring.

Held, no danger of blurring b/c LEXIS is specialist item; no danger of mental association of LEXUS with LEXIS.

This mental association may be created where the plaintiff's mark is very famous and therefore has a distinctive quality for a significant percentage of the defendant's market. However, if a mark circulates only in a limited market, it is unlikely to be associated generally with the mark for a dissimilar product circulating elsewhere. As discussed above, such distinctiveness as LEXIS possesses is limited to the narrow market of attorneys and accountants. Moreover, the process which LEXIS represents is widely disparate from the product represented by LEXUS. For the general public, LEXIS has no distinctive quality that LEX\*US will dilute.

What about 'reverse dilution' aspect ( that junior user will overwhelm senior user)? Court relies on 'sophistication' of attorneys. Sounds silly. But in fact - has there been any blurring? Probably not.

NB. Sweet's six-part test for 'blurring':  
look at

- (1) similarity of the marks,
- (2) similarity of the products covered by the marks,
- (3) sophistication of consumers,
- (4) predatory intent,
- (5) renown of the senior mark, and
- (6) renown of the junior mark.

Q: Why shouldn't dilution protect against a smaller mark being 'overwhelmed' by a junior more famous one?

**DEERE & CO. v. MTD PRODUCTS, INC.** 41 F.3d 39 (2d Cir. 1994) [707]

Issue is use of an altered and animated form of Deere's (static) jumping deer mark -- 'poking fun at a competitor's trademark' --

Is it dilution when you use (altered) form of P's mark *to refer to P*?

Q: Is the holding that *effective* satire is not OK? (i.e. the worse you made the TM look, while still referring to the TM owner, the more it is *blurring*? If so it's an odd blurring, which is usually about lessening distinctiveness not creating negative mental associations.]

Or is the holding restricted to effective nastiness by competitors [shades of 'unfair competition'? but why is this 'unfair'?)

**Hormel Foods v. Jim Henson Prod.** (CA 2 1998) [712]

No infringement of SPAM mark by Spa'am Muppet.

Note discussion of tarnishment on p.713

Note distinction from Deere: there the mark referred to P; here it doesn't. There there was no blurring, but there was 'association of unfavorable qualities' with the mark. But Spa'am is just too nice...

Note the very educational questions on page 714.