

Trademark Dilution

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Trademark dilution occurs when a third part uses a mark or trade name in commerce that is sufficiently similar to a famous mark such that it harms consumer perception of the famous mark. “Blurring” and “tarnishment” are the two types of harm that arise from dilution.

“Blurring” happens when a famous mark’s distinctiveness is harmed because it becomes or is likely to become associated with a similar mark or trade name. In other words, the third party’s mark weakens the consumer’s perception that the famous mark is connected to the plaintiff’s goods or services.

When deciding whether there has been dilution by blurring, courts must consider factors such as the degree of similarity, the degree of distinctiveness of the famous mark, the extent to which the owner of the famous mark engages in substantially exclusive use of the mark, how recognizable the famous mark is, the intent of the defendant to create an association with a famous mark, and the actual association between the allegedly diluting mark and the famous mark.

“Tarnishment” happens when the famous mark’s reputation is harmed through association with a similar mark or trade name. This generally applies when a defendant’s use of the mark is considered unsavory, or is connected to inferior products or services. For example, if someone sells T-shirts with racist cartoons on them under the mark “Amazon,” the use of “Amazon” on racist T-shirts might tarnish the reputation of the web-retailer Amazon.

Trademark Dilution Law

Trademark dilution is covered under some state laws and federal laws. The Federal Trademark Dilution Act of 1995 preempts the state laws. Under the Federal Trademark Dilution Act of 1995 (Dilution Act), a trademark owner need not prove a likelihood of confusion in order to protect the mark. Instead, the focus is on whether the distinctive quality is diluted. This means that a trademark owner can bring a dilution action even if the third party’s mark involves goods or services totally unrelated to the goods or services associated with the famous mark. In some cases, however, a plaintiff may allege both trademark infringement and trademark dilution causes of action.

Under the Dilution Act, only famous marks are protected against dilution. The factors to be considered in determining whether a mark at issue is famous are the duration and use of mark, the duration and extent of advertising for the mark, the geographic area in which the

mark has been used, the degree of recognition of the mark, the method by which the product was distributed and marketed, the use of the mark by third parties, and whether the mark was federally registered. Famous marks include “Kodak” and “Pepsi.”

Initially, after the Dilution Act was enacted, lower courts were split on the issue of whether a trademark owner needs to show actual injury to a mark’s economic value in order to obtain relief. After the Supreme Court held that a mark owner would have to show actual dilution, the Act was amended to clarify that a mark owner need not show actual dilution. The mark’s owner can simply show a likelihood of dilution. Therefore, if you receive a cease and desist letter alleging your commercial activity is diluting a famous mark, it is important to consult a trademark lawyer, even if you are sure that no actual economic injury has occurred.

In addition to attacking elements of a plaintiff’s claim, defenses to a federal dilution action include fair use, noncommercial use of a mark, all forms of news reporting or commentary, and parody. Only in cases of willful efforts to cause dilution or trade on a reputation are monetary damages, treble damages, or attorneys’ fees available. Usually, the remedy obtained in a successful suit is an injunction against any further dilution.

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