

## **RATNERPRESTIA TRADEMARK LAW UPDATE: TRADEMARK DILUTION REVISION ACT SIGNED INTO LAW**

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The Trademark Dilution Revision Act of 2006 immediately took effect upon President George W. Bush's signature on Friday, October 6, 2006. This legislation, drafted in response to the Supreme Court's decision in *Moseley v. V Secret* and to resolve a split in the circuits relating to dilution standard, provides trademark owners with enhanced rights and remedies to stop dilution of their famous marks by blurring or tarnishment. Dilution by blurring occurs when the association arising out of the similarity between the dilutive mark and the famous mark impairs the distinctiveness of the famous mark. Dilution by tarnishment occurs when the association that arises out of the similarity between the dilutive mark and the famous mark harms the reputation of the famous mark.

The Act clarifies that a trademark owner can enjoin the use by another of his famous mark if such use is *likely to cause* dilution by blurring or by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, competition, or actual economic injury. This is a change to the standard set by Supreme Court in *Moseley*, under which a showing of actual dilution (i.e. actual harm to the ability of the famous mark to function as a source identifier) was required. The Act also explicitly provides for likelihood of dilution by blurring or tarnishment as a basis for opposing an application to federally register or canceling the federal registration of a mark.

The Act also clarifies that a mark is 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." This overturns caselaw in certain circuits that had found dilution associated with a showing of only "niche fame" -- fame among consumers in a certain market segment.

The Act retains exclusions for all forms of news reporting and news commentary, noncommercial use, and fair use of a famous mark other than as an indicator of source for the person's own goods, including nominative or descriptive fair use in permissible comparative advertising or in conjunction with parody or criticism of the famous mark owner or its goods and services, all of which are non-actionable under the Act. Earlier versions of the bill reportedly omitted these exclusions, sparking concern among commentators.

The Act also now addresses dilution of unregistered trade dress, clarifying that the person who asserts trade dress dilution has the burden of proving that the claimed trade dress, taken as a whole, is famous and not functional, and that, if the claimed unregistered trade dress includes any registered mark or marks, the unregistered matter is famous separate and apart from any fame of the registered marks.

In addition to injunctive relief that was the sole remedy for dilution previously, for willful dilution commencing after the effective date of the Act, the Act now provides for the owner of a famous mark to be entitled to profits, damages, costs, attorneys fees, treble damages, and/or destruction of the dilutive articles, subject to the principles of equity and the court's discretion.

As a result of these changes in the law, trademark owners can now not only stop dilution of a famous mark before that dilution compromises the effectiveness or reputation of the mark, but also can wield more potent remedies to discourage dilution and recoup damages.

For more information on how the new dilution standard may affect you or your trademarks, please contact Rex Donnelly or John McGlynn at RatnerPrestia's Wilmington Trademark Center.

