I. Introduction:

A New U.S. Statute Protects Famous Marks from Non-Competing Uses

The federal trademark law of the United States is continually in the process of catching up with the trademark laws of the states, state and federal court decisions on unfair competition, and ultimately, with the behavior of commercial actors and consumers in the marketplace. A good example is the recently adopted U.S. Federal statute providing enhanced protection for “famous” trademarks beyond the protection afforded to trademarks generally. [fn1]

A fundamental principle of U.S. trademark law has always been that the legally protected right of the trademark owner is merely the right to enjoy its trade reputation and the goodwill which flows from it free from interference by others -- not a property right preventing others from using certain words or symbols. [fn2] During the half-century since the Trademark Act of 1946 (the Lanham Act) was passed, the standard for determining liability for trademark infringement as applied by the courts under the Federal trademark statute, state trademark statutes, and the common law alike has remained virtually unchanged: the likelihood that an appreciable number of ordinarily prudent purchasers would be misled, or simply confused, as to the source, sponsorship or affiliation of another’s goods or services. [fn3]

The “traditional trademark infringement rule” rested upon the long-held premise that the only legally relevant function of a trademark is to impart “information” which reduces consumer search costs as to the source or sponsorship of a product or service. [fn4] The purpose of trademark law is primarily to protect the consuming public -- not trademark owners. Courts refused to extend trademark protection to the consumer goodwill (demand) which was created through extensive, skillful, and costly advertising rather than merely provided by the consistency and quality of a product or service. [fn5] Put in another way, the law protected trademark owners to the extent that their marks functioned to provide accurate information guiding consumers to rational choices as to products and services; but the courts were unwilling to recognize persuasive advertising as an independent measure of what motivates the choices consumers actually make.
But times, consumer attitudes, and, ultimately, laws are changing. Mass media, telecommunications, and the growth of international transportation of goods and tourists have created conditions for the rise of the modern phenomenon of the “famous trademark.” [fn6] The policy behind creating special protection in the U.S. for “famous marks” is that commercial goodwill in the form of advertising value brings tangible benefits to U.S. consumers (not to mention its benefits to trademark owners!) by supporting a vigorous manufacturing and service economy. Corporate trademark owners do not just provide products and services, but also give jobs to American workers, pay corporate taxes and tariffs, fund pension plans, and sponsor popular television shows, a vigorous entertainment production industry, and global sports spectacles such as the Olympics, World Cup Football, Formula One races, etc.

Advertising plays a major role in consumer-oriented societies such as the United States. Yesterday’s consumer luxuries become tomorrow’s consumer necessities through advertising. [fn7] Consumers identify themselves by their loyalties to their favorite brands. An otherwise undistinguished person with enough spending money can become a MARLBORO cowboy, a ROLEX diver, a CHANEL model, a FERRARI driver or a HARD ROCK CAFE habitué. The advertising phenomenon and the consumer phenomenon support one another. The worldwide quest for economic growth through increased consumer consumption fuels the engine of mass advertising and the activities advertising supports. Owners of famous marks seek protection for “brand equity.”

Furthermore, given the strongly “pro-trademark” positions which the United States Trade Representative took in the recently concluded TRIPs negotiations and continues to take in bilateral negotiations with foreign trade officials, a failure of the United States to adopt strong and forward-looking protection for famous marks would have left it vulnerable to criticism from other countries for “preaching what it does not practice.” [fn8]

The final, and the most important, related development is the liberalization of consumer expectations as to the meaning of the terms “source, affiliation, or sponsorship” of a product or service. Mergers and acquisitions among trademark owners around the world are proliferating, and the merchandising and collateral licensing of trademark “properties” on apparel, toys, and a host of other consumer goods have become commonplace events. Consumers are aware that merchandised goods have “official sponsors.” Brand loyalty has come to be recognized as belonging to the brand owner, who has created it through advertising. [fn9]

But these trends have not been recognized consistently or
uniformly by U.S. courts in trademark cases.[fn10] The U.S.
Federal court system has 94 districts and thirteen regional
appellate circuits. The U.S. Supreme Court only rarely accepts a
trademark case. While some federal courts have become quite
sophisticated about what constitutes “confusion” in the
marketplace under the unfair competition provision of the
trademark law and have enjoined a second comer from using a mark
where the goods at first blush appear to be non-competing.[fn12]
others continue to hold to the “traditional rule” that without a
clear finding of likelihood of confusion among purchasers, there
can be no infringement -- even where it is clear that the second
comer is free-riding off the reputation of the senior user.[fn11]

In the wake of this disarray in the courts, the “trademark
dilution doctrine” began to be accepted by some state
legislatures. [fn13] Over the past 40 years or so, state
legislatures adopted a patchwork of different statutes protecting
trademarks against “dilution” -- the tarnishment or whittling away
of the drawing power of a strong trademark. At present one-half
the states (25 states) have a statutory provision protecting a
distinctive mark from use on non-competing goods and one-half do
not. This lack of uniformity complicates the free movement of
goods and services in our national economy. This provided the
final impetus for adding protection of famous marks to the Federal
trademark law.

The trademark dilution doctrine that there is injury to the
trademark owner from the “blurring” of the distinctiveness of a
mark, divorced completely from any finding of confusion as to
source, sponsorship, quality, or association has been strongly
criticized as an “unobservable phenomenon” which is “conceptually
inscrutable.”[fn14] The theory of trademark dilution by use on
non-competing goods arose at a time when courts applied the
“traditional trademark rule” uniformly and consistently held that
there could be no trademark infringement without direct
competition. But the modern trends mentioned above validate
trademark dilution as a theory of protection for famous
trademarks, allowing courts to consider different kinds of
evidence from what was traditionally used to determine trademark
infringement, and to make a finding of dilution regardless of the
presence or absence of confusion. Under this more modern
reasoning, “trademark dilution” is merely another name for
“infringement of a famous mark.”

The challenge of protecting “famous marks” is two-fold.
Given the fact that all trademark rights are territorial, how does
“fame” in one territorial jurisdiction affect a determination of
“fame” in another? And second, how far does the penumbra of
protection reach beyond the traditional rule requiring confusion
as to source of goods and services? Part II discusses protection
in the United States of well-known marks under the Paris
II. U.S. Compliance with Paris Convention Articles 6bis and 10bis

And Protection of Marks which are “Well-known in the United States” but not “Famous”

In a very familiar and much criticized decision, the Person’s v. Christman case, the U.S. Court of Appeals for the Federal Circuit in Washington D.C. (which reviews the administrative trademark decisions of the Trademark Office but not trademark decisions of the Federal courts) upheld the registration of the mark PERSON’S by a U.S. citizen in a cancellation proceeding brought by a Japanese company which used the mark first in Japan. The U.S. citizen, Christman, travelled to Japan and visited a Person’s Co. retail clothing store, then returned to the United States and began producing clothing based upon the Japanese company’s designs, attached the PERSON’S mark on labels and even copied the Japanese company’s globe logo. Christman subsequently registered the trademark PERSON’S in the United States Patent and Trademark Office. The appellate court affirmed the Trademark Trial and Appeals Board (TTAB) findings that even though Christman had knowledge of the Japanese company’s mark and slavishly copied it, at the time of his adoption of the mark in the United States the Japanese company did not have use or reputation in the United States. There was no finding that Christman had knowledge of the Japanese company’s intent to enter the U.S. market in the future. Therefore, according to the appeals court, the holding that the U.S. registrant had not adopted the mark PERSON’S in bad faith was correct and the U.S. second comer was entitled to the registration.

The court also held that it was “well settled” that an administrative tribunal in the Trademark Office “cannot adjudicate unfair competition issues in a cancellation proceeding” and did not have competence to apply Articles 6bis or 10bis of the Paris Convention directly. In conclusion, the appellate court repeated the “traditional trademark infringement rule” as follows:

“The Supreme Court of the United States [has] determined that ‘there is no such thing as property in a trademark except as a right appurtenant to an established business or trade in connection with which the mark is employed...[I]ts function is simply to designate the goods as the product of a particular trader and to protect his goodwill against the sale of another’s product as his; and it is not the subject of property except in connection with an existing business.’
“In the present case, appellant failed to secure protection for its mark through use in U.S. commerce; therefore, no established business or product line was in place from which trademark rights could arise. Christman was the first to use the mark in U.S. commerce. This first use was not tainted with bad faith by Christman’s mere knowledge of appellant’s prior foreign use, so the Board’s conclusion on the issue of priority was correct.”

As if the assertion of the “traditional rule” were not adequate, the court added in dicta that the purpose of trademark law is not necessarily protection of the trademark owner.

“It goes without saying that the underlying policy upon which [the function of a trademark] is grounded is the protection of the public in its purchase of a service or product.”

It also added

“[I]n the present case, appellant Person’s Co. relies on its use of the mark in Japan in attempt to support its claim of priority in the United States. Such foreign use has no effect on U.S. commerce and cannot form the basis for a holding that appellant has priority here. The concept of territoriality is basic to trademark law; trademark rights exist in each country solely according to that country’s statutory scheme.”

The Person’s decision was narrow, but probably correct under the U.S. law prevailing at the time. The Japanese company probably should have filed a civil action in the Federal district court reviewing the case de novo instead of appealing the decision of the Trademark Trial and Appeal Board directly to the court of appeals.[fn18] Federal district court judges in the U.S. have broad equity powers not held by administrative trial judges in the Trademark Office. The courts have had no trouble finding the Paris Convention self-executing in the U.S. and directly applying its provisions to protect foreign trademark owners’ rights in actions against U.S. citizens who adopt marks in the U.S. which foreclose a foreign user’s expansion into the United States.[fn19]

Under Article 16.1 of the GATT TRIPs Agreement, where an identical sign is used for identical goods and services, a likelihood of confusion is to be presumed. A recent commentator has suggested that in the case where a plaintiff has established that it has a well-known mark or that the similarity between its mark and a defendant’s mark is “substantial”, the burden of proof should likewise shift to the defendant to explain such knowledge.
or similarity and to justify the coincidence, and that an inference of likelihood of confusion is appropriate if the defendant cannot come up with an adequate explanation.[fn20] In the Person’s situation mentioned above, a U.S. court, having found that Christman had knowledge of mark of a prior user in Japan and substantially copied it for similar or identical goods, could have inferred that he had a “bad faith” intention to foreclose expansion by the prior user in the United States, or that the mark was “well-known” in the international business circles in the United States in which Christman travelled, for the purposes of applying Article 6bis. The court of appeals reviewing the TTAB decision merely reasserted the territorial principle of U.S. trademark law. Since the TTAB found explicitly that the PERSON’S mark was not well-known in Japan at the time Christman adopted the mark in the United States, Article 6bis did not apply; and although Article 10 might have, the tribunal did not have competence to apply it.

For non-famous foreign marks which are found to be well-known in the U.S. (“known to a substantial segment of the relevant public in the sense of being associated with the particular goods & services”), Article 6bis and Article 10 of the Paris Convention can be applied by the U.S. courts, but the instances where they have done so are rare. In contrast, the new U.S. legislation protecting famous marks nowhere mentions that the mark must be famous in the United States (although it is hard to imagine that a famous mark wouldn’t be), nor does it even require that mark be registered in the U.S in order to be receive famous mark protection.[fn21] Even without a U.S. registration, a U.S. court may enjoin third-party uses of a famous mark on competing or related goods, and also on non-competing goods as well.

III. How will Liability for Dilution of a Famous Mark Under the new U.S. Trademark Law be Established?

Prior to the new law protecting famous marks, the owner of any trademark had to show that consumers would believe that the defendant’s goods or services were from the same source as the plaintiff’s.[fn22] Alternatively, under the unfair competition provisions of the trademark law, there it was necessary to show that the defendant’s actions were likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection or association of the defendant’s goods or services with those of the plaintiff.[fn23] The first alternative was impossible where the goods or services were found to be non-competing, no matter how famous was the mark; the second was not applied uniformly by the courts, as discussed above.

Famous marks will now receive special treatment different from that accorded to non-famous marks uniformly throughout the U.S. Under the new law, the required showings are [1] valid
ownership of a “famous” mark and [2] commercial use in commerce of a mark which causes dilution of the famous mark.[fn24]

III.1. Proving that the mark is “famous” and is validly owned

Only the owner of the famous mark may bring suit under the statute. The statute provides that a mark, to be protected, must be “distinctive and famous”. “Distinctive” refers to the requirements for registration -- that is, that the mark must not be generic or merely descriptive; and, because ownership rights derive from use in commerce, the mark must have been used continuously in commerce by the plaintiff prior to use by another. In essence, a famous mark must be “registerable” on the Principal Register, although it need not be registered in fact.[fn25] It is highly unlikely, if not impossible, that a famous mark would be unregistrable; however, the original draft of the statute included a specific distinctiveness requirement.

The statute sets forth the criteria for determining whether a mark is famous. A non-inclusive list of factors (A-H) is included in the statute. The “strength of the mark” is an important factor familiar to the courts in proving ordinary trademark infringement. The list of factors for proving the fame of a mark are similar to the factors employed in determining the strength of the mark in likelihood of confusion cases, and includes: the degree of inherent or acquired distinctiveness of the mark; the duration and extent of use of the mark in connection with the goods or services with which the mark is used; the duration and extent of advertising and publicity of the mark; the geographical extent of the trading area in which the mark is used; the channels of trade for the goods or services with which the mark is used; the degree of recognition of the mark in the trading areas and channels of trade used by the marks’ owner and the person against whom the injunction is sought; the nature and extent of use of the same or similar marks by third parties; and whether the mark was registered.

A persistent question will be how marks which are famous outside the U.S. will be treated by the U.S. courts. Unlike similar statutes in some other countries, the new U.S. law does not take into account the number or nature of international registrations of a mark.[fn26] For owners of famous marks outside the U.S., it should be emphasized that factors such as the number and nature of international registrations may be considered by the court in addition to the statutory criteria.

III.2 What evidence will be presented to prove the fame of a mark?
Courts regularly resort to circumstantial evidence in the form of proof of sales, advertising, and market penetration. In a number of cases, a court has taken judicial notice that a mark is so strong as to be famous. Among the explicitly listed factors are the degree of inherent or acquired distinctiveness of the mark, the duration and extent of use of the mark in connection with the goods or services with which the mark is used, the duration and extent of advertising and publicity of the mark, the geographical extent of the trading area in which the mark is used, the channels of trade for the goods or services with which the mark is used, the degree of recognition of the mark in the trading areas and channels of trade used by the marks' owner and the person against whom the injunction is sought, the nature and extent of use of the same or similar marks by third parties; and whether the mark was registered in the U.S. There is no reference to the number of jurisdictions internationally in which a mark is registered, although a court could (and probably will) consider that as a factor. Leaving the decision on whether a mark is famous to a court of law rather than establishing a “Super-Trademark Register” has the advantage of allowing for the facts of the particular case to determine whether a government agency such as the trademark office which has limited fact-finding capabilities.

2. Proving injury to the famous mark by the other’s use

Unlike the state dilution statutes in the U.S. which require a showing of “likelihood of dilution or damage to business reputation, the new federal statute requires a showing that the use “causes dilution” of the distinctive quality of the mark. Assuming the court finds a mark famous, how is injury to be proven? Should a presumption similar to that set forth in Article 16.1 of TRIPs be applied in the case of use of a mark identical to a famous mark on non-competing goods? What is the other’s mark is not identical? Some predictions can be made.

a. Fanciful, Arbitrary or “Coined” Famous Marks The U.S. Congressional committee report says that “the use of DUPONT shoes [sic], BUICK aspirin, and KODAK pianos would be actionable.” The report goes on to explain that:

“The protection of marks from dilution differs from the protection accorded marks from trademark infringement. Dilution does not rely upon the standard test of infringement, that is, likelihood of confusion, deception or mistake. Rather, it applies when the unauthorized use of a famous mark sires the public’s perception that the mark signifies something unique, singular or
particular....Dilution is an injury that differs materially from that arising out of the orthodox confusion. Even in the absence of confusion, the potency of a mark may be debilitated by another’s use. This is the essence of dilution. Confusion leads to immediate injury, while dilution is an infection which if allowed to spread, will inevitably destroy the advertising value of the mark.”[fn29]

From the examples in the House Report, it is easy to see that the statute is focused on the use of a mark identical to a fanciful famous mark on clearly non-competing goods. But what about marks which are not identical but merely similar to the famous mark? And what about where the goods are potentially competing? In one of the first decisions brought under the statute.[fn30] the Federal District Court in Nevada issued a Temporary Restraining Order on January 24, 1996 and the parties stipulated to a permanent injunction two weeks later barring the use of HOLOROID on cameras which produce “instant” holograms. Clearly, the products are so close as to be competing goods. The marks are not identical; however, the defendant’s mark HOLOROID “rhymes” with the plaintiff’s admittedly famous mark POLAROID. And both marks are completely fanciful. Although there was no reported opinion setting forth the reasoning of the court’s decision, such reasoning is easy to discern. Even in the absence of confusion, allowing the use of HOLOROID could trigger others to adopt marks such as SOLAROID or BOLAROID, so that the famous mark would become just one of a number of similar fanciful marks. This is clearly actionable as dilution even though the goods are potentially competing; and the injury is different. It is likely in such cases that the court will presume that the defendant’s adoption of a mark similar to the plaintiff’s famous mark will result in injury, whether the goods are competing or not.

But what if the defendant’s mark, while similar to the famous fanciful mark in some respects, has another, perhaps suggestive meaning connected to the goods? Taking the above example, suppose the defendant adopted the mark COLO-RHOID for a hemorrhoid medication? Can POLAROID claim dilution? Or suppose the defendant adopts KODIAK for ice cream bars (named after the chilly island in Alaska). Is that an injury to KODAK? RELAX may be actionable for watches as “substantially similar” to ROLEX on identical goods (even though the watches are not counterfeit); but what if the goods are not “RELAX watches” but “RELAX sunglasses?” A presumption of injury should not lie in such cases.

b. Merely Suggestive Famous Marks, or Famous Marks which are not coined, But have great commercial strength (Secondary Meaning)

From several cases brought under the state statutes and the
new federal statute, we may sketch out the parameters of a federal famous mark infringement case. In a 1988 case, the federal appeals court in Chicago found the mark “THE GREATEST SHOW ON EARTH” to be a famous mark belonging to Ringling Brothers Circus organization.[fn30] While the words are all common ones and the expression, though distinctive, is commonplace, a defendant car dealership clearly attempted to ride on the reputation of the circus, including the use of big circus-style letters in its showroom decorations. Where the famous mark is suggestive or merely descriptive with strong secondary meaning, a showing of tarnishment or free-riding will probably be necessary to prove injury, and no presumption of injury from mere adoption of a famous mark should lie unless the mark is fanciful. Thus, in the well-known case of the owner of LEXIS for legal research services, which attempted to bar the adoption of LEXUS for luxury automobiles, the court, having found that the mark LEXIS was strong only within a narrow marked and suggestive of the services rather than coined, further found that there was no tarnishment of the former mark by the latter, nor was there any attempt of the auto manufacturer to ride on the reputation of the plaintiff.[fn31] By contrast, in a recent case brought under the federal law, a toy company which had the famous mark CANDYLAND for a children’s game was successful in preventing the use of the Internet address CANDYLAND.COM for pornographic photographs in an “adult playground.”[fn32] Undoubtedly, the tarnishment of the playful image of the children’s game factored strongly in the decision.

III.3 Defenses to Liability

Adoption of a damagingly similar trademark before the famous mark became famous is not actionable by the owner of the famous mark. Furthermore, Section 43(c)(4) sets forth the following three statutory defenses:

(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 the mark.

(C) All forms of news reporting and news commentary.

In a society such as the U.S. where the traditions of free speech are vigorous, it is probable that the scope of the statutory defenses to injury to a famous mark will be hotly litigated.[fn 33] For example, can the owner of a famous mark stop a competitor from “poking fun” at the famous trademark in advertising? A court decision in the U.S. Court of Appeals in New York found that alteration of a competitor’s trademark for
purposes of poking fun can be enjoined, if the purpose of the advertisement is merely to “sell products” and if there is “tarnishment” of the plaintiff’s mark.[fn34]

The scope of “noncommercial use” under Section 43(c)(4)(B) will also be hotly litigated. Publications are generally given heightened protection against trademark and unfair competition charges.[fn35] A recent court case explicitly applied the defense of noncommercial use to the publication of a “satire” of the famous children’s rhyming book series, DR. SEUSS, which was entitled DR. JUICE, and narrated the O.J. Simpson murder case in rhymed couplets.[fn36]

IV. Conclusion

The new U.S. statute protecting famous marks is a recognition that famous trademarks, at least, play an expanded role in our consumer society, and that the owners of such marks should be encouraged to expend time, effort and money to create unique “brand identities” for their products and services.***

Footnotes

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[fn5] Smith v. Chanel, Inc., 402 F.2d 562 (9th Cir. 1968) The court refused to prohibit a cheap knock-off perfume from comparing itself to the famous
perfume Chanel No. 5, saying “A large expenditure of money does not in itself create legally protectible rights. [Chanel is] not entitled to monopolize the public’s desire for the unpatented product, even though [Chanel itself] created that desire at great effort and expense.”

[fn6] It is no coincidence that in-flight magazine advertising aboard airlines is sometimes used to determine whether a mark is well-known or famous. The term “famous mark” refers only to marks which are commercially strong across a broad spectrum of consumers -- not to marks which may be “famous” but only in a narrowly circumscribed “relevant market.” see Mead Data Central v. Toyota Motor Sales, Inc. 875 F.2d 1026 (2.Cir. 1989) where the mark LEXIS was found not to be strong enough to be protected by a New York state “trademark dilution” statute, because, among other reasons, the “relevant market” in which it was famous (lawyers and accountants) was too narrow.

[fn7] “Lifestyles... shape demand. Today, only a small fraction of consumption in wealthy nations (or communities) is actually for basic survival; most is for pleasure and to express one’s standing in society.” Wernick et. al., “Materialization and Dematerialization”, Daedalus: Journal of the American Academy of Arts and Sciences (Summer 1996) 171, 185

[fn8] Introducing the Dilution Act of 1995, Senator Hatch said, “Foreign countries are reluctant to change their laws to protect famous U.S. marks if the United States does not afford special protection for such marks.” Congressional Record 29 December 1995

[fn9] This is recognized by most courts in the U.S. See, e.g., Boston Professional Hockey Ass’n v. Dallas Cap and Emblem 510 F.2d 1004 (5th Cir. 1975). The U.S. Court of Appeals for the 9th Circuit, located in California, is an egregious exception. see International Order of Job’s Daughters v. Lindeburg & Co. 633 F.2d 912 (9th Cir. 1980), see also New Kids on the Block v. News America Publishing 971 F.2d 302 (9th Cir. 1992), where the court said that although the music group, the New Kids, “have a limited property right in their name, [but] that right does not entitle them to control their fans’ use of their own money.”

[fn10] See e.g., Sands, Taylor & Wood v. Quaker Oats Co., 34 F.3d 1340 (7th Cir. 1994), where the court held that the measure of damages in a trademark infringement suit may be fashioned to create incentives to the parties to negotiate trademark licenses for the payment of considerable royalties

[fn11] s 15 U.S. Code Section 1125(a) proscribes “use in commerce of any word, term, name, symbol, or device...” which is likely to cause confusion “as to ...affiliation, connection, or association of [one] person with another or as to the origin, sponsorship or approval of goods, services or commercial activities of [another] person” see Steinweg v. Steinway, 523 F.2d 1331 (2d Cir. 1975) (in suit between piano makers, even though customers may know the difference between the products, the public may subliminally associate the
names, thereby causing confusion)

[fn12] Anheuser-Busch v. L&L Wings, Inc. 962 F.2d 316 8th Cir. 1992) an illustration of the defendant’s “parody” of the Budweiser Beer can on a T-shirt is appended to this article.

[fn13] The State of Massachusetts adopted the first trademark dilution statute in 1948. “Trademark dilution” is defined by the new U.S. federal statute as “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 another person or [2] likelihood of confusion, mistake, or deception.” UNITED STATES CODE, TITLE 15. COMMERCE AND TRADE, CHAPTER 22--TRADEMARKS, SUBCHAPTER III--GENERAL PROVISIONS, section 1127. (Lanham Act Section 45).


[fn15] Person’s v. Christman 900 F.2d 1565 (Fed. Cir. 1990)

[fn16] Article 6bis does not apply to the Person’s situation anyway since the court had found that the mark was not well-known in the United States (or even in Japan) when Christman registered the mark in the United States. The case reaffirms that trademark officials may be the “competent authority” for the purposes of determining whether a mark is “well-known” under Article 6bis, but clearly have no competence to enjoin the use of a trademark in the U.S. or establish liability for unfair competition. Those powers belong not to government officials in the Trademark Office, but to the courts.

[fn17] Section 21 of the Lanham Act gives the aggrieved party a choice of appealing to the Federal Circuit, which considers the issues only as presented in the Trademark Office, Section 21(a), or alternatively, bringing a civil action de novo in the District Court, which “may adjudge ...that a registration involved should be cancelled, or other such matter as the issues in the proceeding require, as the facts of the case may appear.” Section 21(b)


[fn20] registration in the U.S. is one of the factors to be considered in determining whether a mark is distinctive and famous. Section 43(c)(1)(H)

[fn21] UNITED STATES CODE, TITLE 15. COMMERCE AND TRADE, CHAPTER 22--TRADEMARKS, SUBCHAPTER III--GENERAL PROVISIONS, section 1114. (Lanham Act Section 32)

(1) Any person who shall, without the consent of the registrant--

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive, shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) of this section, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive.

[fn22] UNITED STATES CODE, TITLE 15. COMMERCE AND TRADE, CHAPTER 22--TRADEMARKS, SUBCHAPTER III--GENERAL PROVISIONS

s 1125(a)(1) (Lanham Act Section 43(a) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which--

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.
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 has become 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 used by the marks' 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) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

The legislation originally provided that only famous marks which were registered would be protected. The requirement that a famous mark be registered was removed in the House of Representatives.

Compare Section 3(d), implementing regulations of Article 67 of the Industrial Property Code of Brazil, see do Amaral “Famous Marks: The Brazilian Case” 83 Trademark Reporter 394, 398 (1993)


ibid.

[fn30] Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Celozzi-Ettelson Chevrolet, Inc. 855 F.2d 480 (7th Cir. 1988u)


[fn32] Other famous marks, including AVON, McDONALD’S, and WINDOWS95, have been used on the Internet by unauthorized third parties. All three defendants ceased using the names after court actions or negotiated settlements.

[fn33] The defense of news reporting and commentary is similar to the limitations in Section 32(2) of the Lanham Act Title 15 U.S.Code Section 1114(2), against trademark infringement liability against printers and publishers of a newspaper, magazine, or other similar periodical or in an electronic communication, and it is not likely that trademark owners are likely to prevail against news organizations or publications on trademark dilution grounds.

[fn34] Deere & Co. v. MTD Products, Inc. 41 F.3d 39 (2d Cir. 1994) The court stated that a competitor’s marks can be used in comparative advertising “as long as the mark is not altered.” Satirists selling no product or non-competitors may “poke fun” at trademarks for expressive purposes, but competitors may not alter a mark “simply to sell products.” The court leaves unexamined the extent to which sophisticated comparative advertisements must be expressive rather than merely informational in order to be effective. see Cinotti, “‘Fair Use’ of Comparative Advertising under the 1995 Federal Dilution Act’”, 37 IDEA: The Journal of Law and Technology (forthcoming 1996)

[fn35] in at least one federal circuit, the dilution statute does not even apply against a parody, clearly marked as such, within a magazine, because publications are, in and of themselves, “noncommercial.” see L.L.Bean v. Drake Publishers, Inc. 811 F.2d 26 (1st Cir. 1987), where the maker of an outdoor and recreation clothing catalog was unable to stop a popular magazine from posing models nude and in provocative poses. An advertisement in a magazine might be treated less delicately.


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