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BUSINESS NOTES
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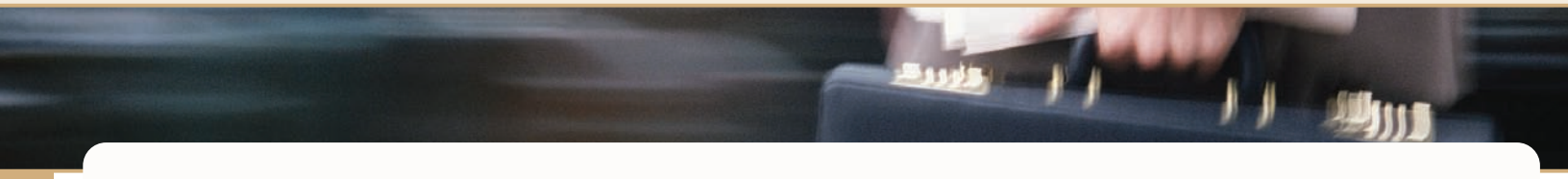

# PRESIDENT BUSH SIGNS TRADEMARK REVISION ACT OF 2006

The Dilution Statute was enacted as part of the Lanham Act in 1996. The Dilution Statute provides in 15 U.S.C. §1125(c) that the owner of a famous mark shall be entitled to an injunction against another person's commercial use in commerce of a mark or trade name, if such use causes dilution of the distinctive quality of the mark and to obtain such other relief as provided in this subsection. The courts have been wrestling with the meaning of the terms in the Statute since that time.

On October 6, 2006, President Bush signed the Trademark Dilution Act of 2006. The Act further refines the applicability of the Statute and clarifies many of the legal issues. Many of the provisions of the Act are important to note.

First, the Act re-titles the cause of action to be for Dilution by Blurring and Dilution by Tarnishment. Presumably, this eliminates the possibility of another basis for claiming trademark dilution. Blurring is defined as an association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark. Tarnishment is defined as an association that harms the famous mark's reputation.

The most significant change is overturning the Supreme Court's decision in *Mosely v. Secret Catalogue, Inc.*, 537 U.S. 418 (2003). In that case, the Supreme Court concluded that the statute requires a showing of actual dilution instead of likelihood of dilution. The Act changes the standard to one of likelihood of dilution.

The Act also provides factors for considering whether there is a likelihood of blurring including the degree of similarity, degree of inherent or acquired distinctiveness of the famous mark, extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark, degree of recognition of the famous mark, whether the user of the mark intended to create an association with the famous mark, and any actual association between the mark and famous mark.

In order to have a claim pursuant to this Act, the mark must be famous. The Act now defines the term "famous mark" to mean one that it is "widely recognized by the general consuming public of the United States." Presumably, this means the mark must be famous beyond some simple narrow sub-community or niche market, but instead must be famous in the general consuming public.

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Damages are now available as a remedy under the Act if the mark was first used in commerce after the date of enactment of the Act and the defendant intended to trade on the recognition of the famous mark or to harm the reputation of the famous mark. It is unclear how the court will assess damages.

The Act also includes a fair use defense other than as a designation of source for the person's own goods and services. The defense can be asserted for use in connection with comparative advertising, parody, criticism and comment. Additionally, the ownership of a valid trademark registration is a complete bar to an action (a) under common law or statute of a state and seeks to prevent dilution by blurring or tarnishment, or (b) asserts a claim of actual or likely damage or harm to the distinctiveness or reputation of a mark. This is an additional benefit to obtaining a federal registration of a trademark.

We will see how the courts interpret the new provisions supplied by the Act.

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