Broadened Theories of Confusion, and Dilution

Trademark & Unfair Competition
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Dilution

- Dilution is the lessening of the value of a trademark – i.e., in terms of the trademarks value to the owner in being able to sell goods.

Dilution

- Here we're talking about the dilution cause of action in federal law. Some identifiers that are used with it:
  - Federal Trademark Dilution Act of 1995 (FDTA)
    - The FDTA introduced the federal dilution action.
  - Lanham Act §43(c)
    - The FDTA added the dilution provision as subsection (c) to the §43.
  - 15 U.S.C. § 1125(c)
  - Trademark Dilution Revision Act of 2006
    - This made substantive changes and gives us today's §43(c).
- All of this may or may not apply to state dilution claims. When it comes to the states, who knows what you might find there in terms of dilution law.

Dilution under §43(c)

- Dilution causes of action *don't require a likelihood of confusion* as trademark infringement does. Thus, it's a way to sue in situations where confusion isn't likely at all.
- There's only two types of dilution (i.e., theories of how a mark's value is diluted). *What are they?*

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  Blurring – a lessening of the association between the mark and the particular source it represents

  Tarnishment – creating an association with the mark of something reputation-harming

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- **The mark must be famous – and famous in a general sense.**
- **First Amendment / fair use / "noncommercial use" exemptions:**
  - fair uses by another person other than as a designation of source for that person's own goods or services, including use in connection with helping consumers compare goods or services; or parodying, criticizing, or commenting upon the famous mark owner or the their goods/services
  - news reporting and news commentary
  - any noncommercial use of a mark (explained by the *MCA v. Mattel*)

Dilution under §43(c) – key points

- **Dilution causes of action *don't require a likelihood of confusion* as trademark infringement does.**
- **The mark must be famous – generally, not in a niche market – to be entitled to dilution protection**
- **The mark must be distinctive, but need not be inherently distinctive**
- **Federal registration of plaintiff's mark is not required (although it's favorable as a factor)**
- **Trade dress can be the plaintiff's mark alleged as diluted**
- **Only two kinds of dilution: blurring and tarnishment.**
- **Actual dilution is not required; a likelihood is enough.**

Broadened theories of confusion

Regular trademark infringement is based on a likelihood of confusion by a consumer as to the source of goods/services the consumer might purchase.

Other theories courts have accepted:

- Post-purchase confusion
  - confusion on the part of someone who's not the buyer who "simply sees the item after it has been purchased" *Au-To Gold v. VW*; also, *Hermes*
- Sponsorship or approval confusion
  - "is likely to cause confusion, or to cause mistake, or to deceive … as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities" §43(a)

Likelihood of confusion factors
(synthesized list)

- the strength of plaintiff's mark
- similarity between plaintiff's and defendant's marks
- the proximity of the products in the marketplace
- the likelihood that the senior user will bridge the gap by beginning to sell in the market of the defendant's product
- evidence of actual confusion
- the sophistication of consumers in the relevant market
- defendant's good faith (or lack thereof) in adopting its own mark
- the quality of the defendant's product

Consider whether regular likelihood of confusion, broadened theories of confusion, or dilution could benefit a plaintiff in these circumstances …

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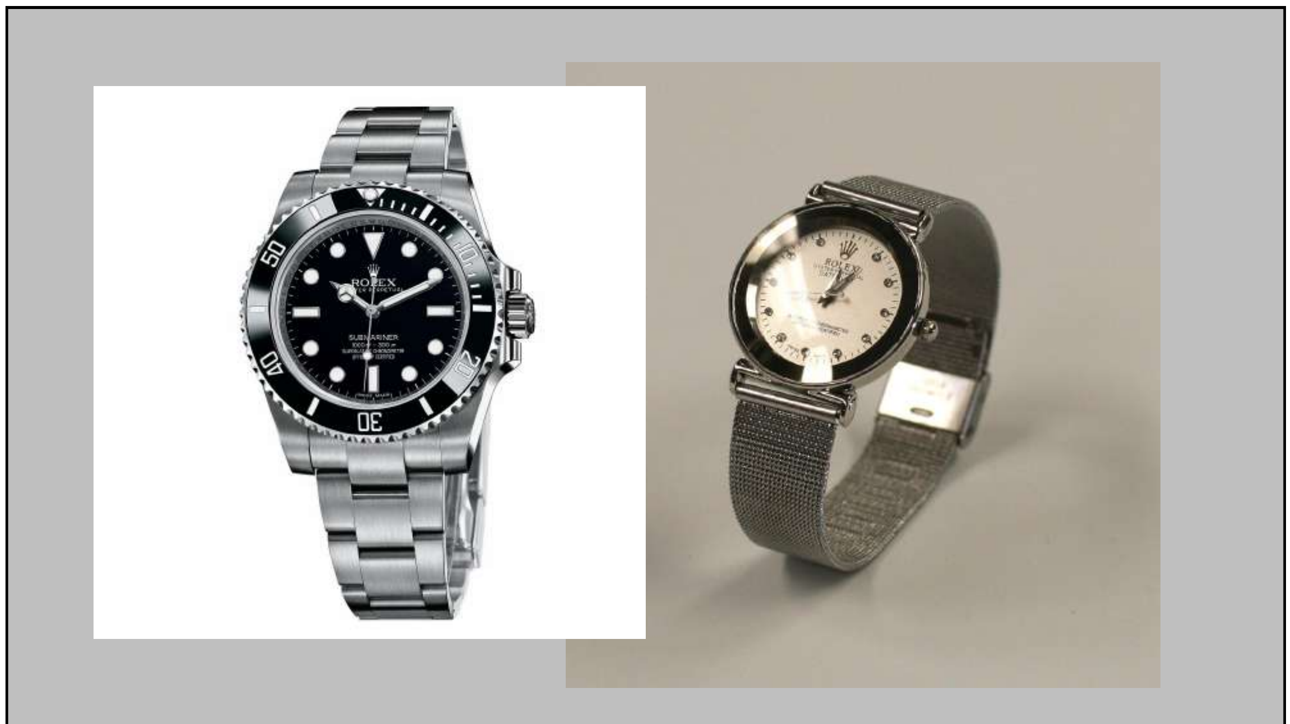
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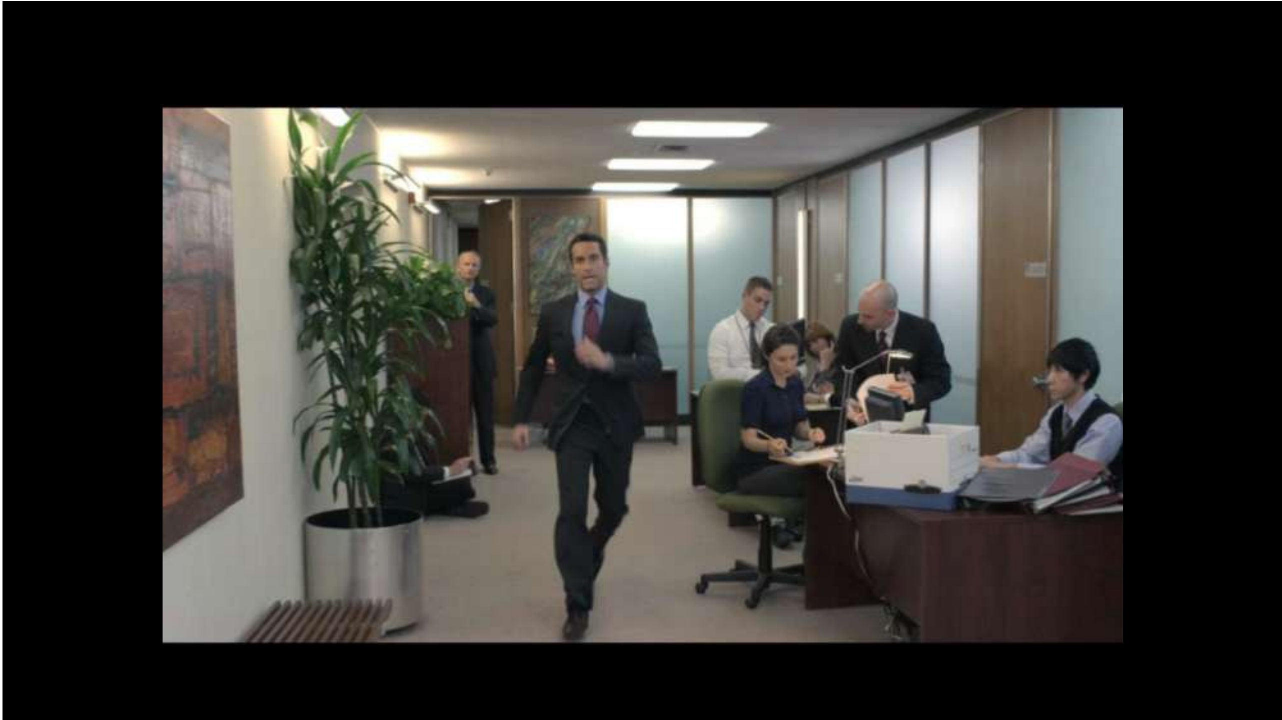

MERA

Ferrari prevailed in using litgation to end Mera’s business.

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Huh? Who could possibly be confused about buying a hyperexpensive car based on the overall shape?

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This shows how courts are often willing to stretch trademark doctrine in a way that becomes entirely divorced from its roots in protecting indications of source.

In a similar litigation against another firm, the court offered that some people might think "the mark's owner sponsored or otherwise approved the use of the trademark [design]." Ultimately, the court fixated on"the [defendant's] intent of deriving benefit from the reputation of Ferrari," even (astoundingly) saying, "When a mark is chosen with the intent of deriving benefit from the reputation of the senior user, then that fact alone may show confusing similarity." *Ferrari SPA Esercizio Fabriche v. Roberts*, (E.D. Tenn. 1990)