



universität
wien

MASTER THESIS

Titel der Master Thesis / Title of the Master's Thesis

„Dilution of a Trademark: European Union and United States Approach“

verfasst von / submitted by

Alina Shchetinina

angestrebter akademischer Grad / in partial fulfilment of the requirements for the degree of
Master of Laws (LL.M.)

Wien, 2018 / Vienna 2018

Studienkennzahl lt. Studienblatt /
Postgraduate programme code as it appears on
the student record sheet:

A 992 548

Universitätslehrgang lt. Studienblatt /
Postgraduate programme as it appears on
the student record sheet:

Europäisches und Internationales Wirtschaftsrecht /
European and International Business Law

Betreut von / Supervisor:

Dr. Roland Vogl, J.S.M

Table of content

INTRODUCTION	3
CHAPTER I.....	5
1. DILUTION LAWS	5
<i>1.1. Dilution laws in the United States</i>	<i>5</i>
<i>1.2. Dilution Laws in the European Union</i>	<i>6</i>
2. LIKELIHOOD OF DILUTION OR ACTUAL DILUTION IN THE EUROPEAN UNION AND UNITED STATES	7
CHAPTER II	11
2.1 THE SCOPE OF RENOWN	11
<i>2.1.1 International concept of well-known marks</i>	<i>11</i>
<i>2.1.2 Fame in the United States</i>	<i>15</i>
<i>2.1.3 Repute in the European Union</i>	<i>18</i>
<i>2.1.4 Relationship between famous mark, mark with reputation and the well-known mark....</i>	<i>20</i>
2.2 ASSESSMENT AND PROOF OF RENOWN	23
<i>2.2.1 Evidence in the United States</i>	<i>23</i>
<i>2.2.2 Evidence in the European Union.....</i>	<i>25</i>
CONCLUSION	27
CHAPTER III.....	28
3.1 USE OF THE MARK	29
<i>3.1.1 Similarity of marks in the EU and US.....</i>	<i>29</i>
<i>3.1.2 Association in the EU and US.....</i>	<i>32</i>
3.2 RISK OF INJURY	35
<i>3.2.1 Detriment to distinctiveness</i>	<i>36</i>
<i>3.2.3 Detriment to reputation</i>	<i>44</i>
<i>3.2.4 Unfair advantage of the distinctive character or reputation in the European Union.....</i>	<i>46</i>
3.3 FAIR USE EXCEPTION FROM LIABILITY	48
<i>3.3.1 United States</i>	<i>48</i>
<i>3.3.2 European Union</i>	<i>50</i>
CONCLUSION.....	53
BIBLIOGRAPHY	55

Introduction

Four hundred years ago trademark functions were limited to two: 1) to assign the goods to the owner or 2) to demonstrate the origin of the goods. As for the first function, trademarks were merely affixed to the goods so the owner could distinguish them from the other goods and claim an ownership over them in the event of 'shipwreck or piracy'. This mark did not indicate the source of production of the mark, but the 'merchants' who sell the products. Secondly, in some areas, trademarks were mandatory to determine the producer or the 'craftsman' of the goods and, in case of defects of the products, to 'trace' him and punish, as well as to prevent a counterfeit of foreign goods if it was against the 'monopoly of the gild'.¹

Nowadays, a trademark is no longer limited to the function of indicating a source of goods and services, it communicates the price and the quality to the customer and it also protects the goodwill of the customers of this mark and the investment made by its proprietor. Dilution in particular is aiming at protecting the investment made by a proprietor of the mark in advertisement of his mark and in developing the product.²

The word 'dilution' is borrowed from the Latin 'dilutus' in its past participle form from 'diluere'. The word contains two parts: 'dis' in a meaning of 'apart' and 'luere' determined as 'to wash'.³ The term dilution is described by Cambridge dictionary as 'to make a liquid weaker by mixing in something else'.⁴

The first time the term 'dilution' was used in relation to infringement of a trademark, can be traced back to 1927, when Frank Schechter published the article 'The Rational Basis Of Trademark Protection' in the Harvard Law Review based on examination of the concept of a trademark being diluted [verwässert - in German] established by a decision of a German Court ('the Landgericht Elberfeld') of 1924 in the *Odol* case. The Court found that the registration of a trademark 'Odol' for products in the steel industry was breaching the pre-existing rights of the proprietor of a well-known mark 'Odol' registered for mouthwash. The Court addressed the issue of protecting a selling power of a trademark, which could be

¹ Frank I. Schechter, 'The Rational Basis Of Trademark Protection' (1927) 40 Harvard Law Review 814.

² Mathias Strasser, 'The Rational Basis of Trademark Protection Revisited: Putting the Dilution Doctrine into Context' (2011) 10 Fordham Intellectual Property, Media and Entertainment Law Journal 379-386.

³ Online Etymology Dictionary, <www.etymonline.com/word/dilute> accessed on 19 January 2018.

⁴ Cambridge Dictionary <<https://dictionary.cambridge.org>> accessed 16 January 2018.

harmful by diluting the 'favorable prestige' of the mark. Schechter has recognized the function of 'selling power', which he believed could be weakened by use of the 'unique' marks for dissimilar goods.⁵

Since then, dilution as a legal concept has evolved in legal rights of a proprietor of a mark with renown⁶ to oppose registration or unauthorized use of the later mark that dilutes its renown or distinctiveness. This thesis will look into legal provisions and case law to indicate factors to prevail in a dilution claim in two different legal systems, namely the European Union and the United States.

⁵ Frank I. Schechter, 'The Rational Basis Of Trademark Protection' (1927) 40 Harvard Law Review 822, 825.

⁶ For the purposes of this paper the terms "marks with renown", "famous marks", "marks with repute" and "well-known marks" will be used interchangeably.

Chapter I

Legal context of trademark dilution

Famous marks were always attractive to third parties due the association that the public makes in regards of expectations of quality of goods and services proposed by this mark. Due to the ability of the mark to invoke such link, as well as the amount of investment in advertisement and in developing the product, the famous marks are more threatened by several types of injuries, which are based on brand damage, than the marks that do not have such recognition. To protect the marks with renown from being harmed by the third-party use, the national and international legislators have ensured additional rights for their proprietors to oppose registration of a similar or identical mark or to stop unauthorized third-party use.

This chapter will provide information on legal provisions that provide extra protection to reputed marks in form of dilution, and, in addition, it will determine which type of dilution is sufficient to prevail on an anti-dilution claim.

1. Dilution Laws

1.1. Dilution laws in the United States

For the first time the need to protect trademarks against actionable harm was recognized by the Lanham Act⁷. The federal protection did not go beyond likelihood of confusion, deception, or mistake in a marketplace, and, therefore, protection against blurring or tarnishment was excluded. The failure to provide protection against dilution has resulted in 27 states adopting dilution statutes starting from 1946.⁸ However, those laws were rarely invoked or resulted in a finding of liability.⁹

In 1996 President Clinton signed the Federal Trademark Dilution Act of 1995 (hereinafter FTDA), which created Section 43(c) of the Lanham Act. By doing this, the dilution doctrine

⁷ Trademark (Lanham) Act of 1946 (codified at 15 U.S. Code §1125) (15 U.S.C).

⁸ Miles J. Alexander and Michael K. Heilbronner, 'Dilution Under Section 43(C) Of The Lanham Act' (1996) 59 Law and Contemporary Problems 93.

⁹ Thomas J McCarthy, 'Dilution Of A Trademark: European And United States Law Compared' (2004) 94 Trademark Reporter 1166.

was implemented into the national law and, thus, the goodwill embodied in the distinctiveness and commercial magnetism of well-known marks was recognized.¹⁰

The FTDA defined dilution 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 other parties, or 2) likelihood of confusion, mistake or deception’. This was the first attempt to provide a legal definition of dilution. Later, with the adoption of Trademark Dilution Revision Act in 2006 (hereinafter TDRA)¹¹, this definition was eliminated. In the current legislation dilution is not defined. Nonetheless, the TDRA enriched the dilution theory with definitions of famous mark, dilution by blurring and dilution by tarnishment.

1.2. Dilution Laws in the European Union

A trademark in the European Union enjoys different level of protection depending on whether it is a national trademark or the European Union Trademark. There are two main legal instruments that regulate either one type or the other, namely the EU Directive 2008/95/EC to approximate the laws of the Member States relating to trademarks (which will be invalidated by the EUTMD 2015/2436 from the 15th January 2019) and the Regulation on the European Union trade mark¹². Even though both Directives are currently in force, for the convenience of the reader, the author will refer to the EUTMD 2015/2436¹³, as it is more recent and reflects the tendencies in trademark law.

Moreover, according to the Treaty on the Functioning of the European Union the European Union Court of Justice (hereinafter CJEU) has an obligation to interpret the laws in cases where the application of the law is unclear, providing harmonized application of trademark laws through the EU territory.¹⁴ There are 2 main sources of law that could be used to analyze dilution.

¹⁰ Miles J. Alexander and Michael K. Heilbronner, 'Dilution Under Section 43(C) Of The Lanham Act' (1996) 59 Law and Contemporary Problems 93-95.

¹¹ 15 U.S. Code, para 1125.

¹² Regulation (EU) 2017/1001 of 14 June 2017 on the European Union trade mark [2017] OJ L 154 (Reg on the EU trade mark).

¹³ Directive (EU) 2015/2436 of 16 December 2015 to approximate the laws of the Member States relating to trade marks [2015] OJ L 336 (Dir to approximate the laws of the Member States relating to trade marks)

¹⁴ Consolidated Version of the Treaty on the Functioning of the European Union [2012] OJ C 326.

Although the EU legislation does not provide the notion of dilution, in both EUTMD and EUTMR there is mention of the detriment to repute and distinctive character of the trademark, which was defined by the CJEU to constitute dilution.¹⁵ The EUTMD provides rights for the proprietor of the earlier mark to oppose a registration or to prevent use of similar or identical mark, if dilution of his mark occurs in the form of taking unfair advantage of, or detriment to the distinctive character or the repute of the mark. The same rights are conferred by the EUTMR.¹⁶

2. Likelihood of Dilution or actual dilution in the European Union and United States

The adoption of dilution laws has resulted in courts and scholars questioning when and whether dilution of a trademark should occur to invoke protection, meaning whether there is actual or likelihood of harm.

The difference between the actual and the likely dilution is the time when it occurs. With the actual dilution, a trademark proprietor must prove that the dilution has occurred in the past, in contrast to the likelihood of dilution, which gives a trademark owner a right to stop the possible dilution of his trademark, so called future harm. Moreover, in case of likelihood of dilution the court has to make a decision on how likely the later mark could have a dilutive effect on the earlier mark.¹⁷ Depending on the legislative approach, the evidence submitted to court could vary, as well as the threshold of protection for the trademark.

With the introduction of the FTDA in 1995 and its incorporation to the Lanham Act, the question of whether the dilution was actual or if it was sufficient to prove a likelihood of dilution was faced by the circuit courts. The precedents varied from state to state. The Fourth Circuit defined an actual dilution in its decision in the *Ringling Bros case*.¹⁸ However, the

¹⁵ Case C-408/01 *Adidas_Salomon AG v Fitnessworld Trading Ltd* [2003] ECLI:EU:C:2003:582.

¹⁶ Dir to approximate the laws of the Member States relating to trade marks, art. 5(3)(a) 10(2)(c); Reg on the EU trade mark art. 8(5) 9(2)(c).

¹⁷ Ilanah Simon, 'The Actual Dilution Requirement In The United States, United Kingdom And European Union: A Comparative Analysis' (2006) 12 Boston University Journal of Science & Technology Law 274-275.

¹⁸ *Ringling Bros Barnum & Bailey Combined Shows Inc v Higgins* 189 F.2d 865 (1951).

Second Circuit took a different approach in the *Nabisco* case¹⁹, where it recognized the likelihood of dilution. The conflict of interpretation was finally resolved by the Supreme Court in *Victoria's Secret*²⁰, which favored the actual dilution requirement based on a textual analysis of the FTDA. The Court also stated that actual loss of profits or sales did not need to be proven without indicating the means of other evidence to establish actual dilution.²¹

Even though the Supreme Court in *Victoria's* decision established the actual dilution, the open question of whether this standard is applicable to both infringement and opposition cases were still open. In most cases, the applicant for a trademark did not begin to use it in the market, which made it difficult for the earlier trademark proprietor to oppose the registration on the ground of actual dilution caused to his mark. Therefore, opposition in this case was impossible, unless there was a use of identical or similar sign. Moreover, the decision of the Supreme Court referred to actual dilution by blurring without mentioning the tarnishment case.²² With leaving so many open questions, the US legislature revisited the anti-dilution law and proposed the Trademark Revision Act of 2006.

The Federal Trademark Revision Act was a response to the uncertainty of the actual dilution requirement set by the Supreme Court in the *Victoria's* case. Congress completely rewrote the Section 43(c) of the Lanham Act and introduced the likelihood of dilution standard for blurring cases. However, it left the dilution for tarnishment requirement aside.

The Lanham Act addresses 'dilution by tarnishment' as 'association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark'.²³ The wording 'harms the reputation' could be interpreted as if the requirement for actual dilution is still in place. In contrast, the definition of dilution by blurring indicates

¹⁹ *Nabisco Inc v PF Brands Inc* 191 F.3d (1999).

²⁰ *Victoria's Secret Catalogue Inc v Moseley* 537 U.S. 418 (2003).

²¹ Ilanah Simon, 'The Actual Dilution Requirement In The United States, United Kingdom And European Union: A Comparative Analysis' (2006) 12 Boston University Journal of Science & Technology Law <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=964234> accessed 20 December 2017.

²² *ibid.*

²³ 15 U.S.C., para 1125 (c) (2) (C).

that the court has to assess the circumstance of the case when the use of the mark ‘is likely to cause dilution by blurring’.²⁴

Whether the legislators meant that dilution by tarnishment should be used in analogy to the dilution by blurring, or simply lowered the protection against the dilution by tarnishment by introducing an actual dilution requirement, remains uncertain. Moreover, there is no clear standard for how likely the dilution should be to harm the reputed trademark in the future (should it be probable or only possible).²⁵ As Congress left room for interpretation to the courts, case law will fill in the gaps.

It seems likely the US, after evaluating practice of national courts, found likelihood of dilution as a more suitable standard for infringement claims. Some would claim, that the EU has taken the same approach²⁶, however, after providing the analysis, it remains unclear whether the likelihood of dilution is the only standard, which could be applied.

In order to estimate the standard for dilution in the EU, there is a need to analyze the legal provisions. The EUTMR, in article 8(5), which refers to rights to opposition, provides that the proprietor of the mark with the repute is entitled to oppose the registration of a similar or identical mark that ‘would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark’. It seems to provide us with a conclusion, that the legislators have addressed the future harm, which constitutes likelihood of confusion. This approach was taken by the EUCJ in *Intel v. Intelmark*, where the court has established that the proprietor of the mark does not need to show actual and present harm to its mark.²⁷

Unlike the conditional form in Article 8(5) EUTMR, Article 9(2)(c) EUTMR refers to an unauthorized use of a mark with repute that ‘takes unfair advantage of or is detrimental to’, which was treated by Advocate General Jacobs as an actual harm.²⁸ Thus, it seems that the

²⁴ Ilanah Simon, 'The Actual Dilution Requirement In The United States, United Kingdom And European Union: A Comparative Analysis' (2006) 12 Boston University Journal of Science & Technology Law
<https://papers.ssrn.com/sol3/papers.cfm?abstract_id=964234> accessed 20 December 2017.

²⁵ *ibid.*

²⁶ Charles Gielen, 'Trademark Dilution Under European Law' (2014) 104 The Trademark Reporter 716.

²⁷ Case C-252/07 *Intel Corporation Inc. v CPM United Kingdom Ltd.* [2008] ECLI:EU:C:2008:655, Opinion AG Sharpston, para 38.

²⁸ Case C-375/97 *General Motor Corporation v Yplon SA*, [1999] EU:C:1999:408, Opinion AG Jacobs, para 43.

EU has taken a dubious standard for assessing dilution in opposition and prevention of use without due cause of a reputed mark.

All in all, it could be concluded that the EU, when determining dilution standard, has distinguished between opposition and prevention rights of the proprietor of the mark with renown, while in the US, the line is drawn between the different types of infringements, where there is a clear likelihood of dilution for blurring and an absence of the standard for tarnishment.

Chapter II

Subject-matter of anti-dilution protection

The US and EU legislators recognized the need of enhanced legal protection for well-known trademarks by introducing anti-dilution laws. Clearly, to invoke such protection, a proprietor of a famous mark should prove that the mark meets the standard of fame. Based on the evidence of fame, a court establishes whether the mark qualifies for being well known, and proceeds further with determining whether the marks' reputation was harmed by the third-party use.

The scope of fame requirement is not universal, it varies nationally and internationally. In addition, the EU, the US and the International treaties refer to different terminology, namely marks with repute, famous marks and well-known marks accordingly. Thus, the famous marks that are registered or used in more than one jurisdiction are required to satisfy the criteria provided by law in order to enact it.

This chapter provides the analysis of definitions adopted by the treaties and studies the evidence to prove fame.

2.1 The scope of renown

2.1.1 International concept of well-known marks

Well-known marks enjoy special protection in the United States, who are members of the Paris Convention²⁹ and the TRIPS³⁰ Agreement. EU Member States are also party to the aforementioned treaties, therefore, their national laws, in order to be in compliance, should grant rights to proprietors of well-known marks, whether registered or not in the Member country, to refuse registration or use of confusingly similar trademarks for identical or similar

²⁹ Paris Convention for the Protection of Industrial Property [1967] 21 UST 1583, 828 UNTS 305 (Paris Convention).

³⁰ TRIPS: Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 U.N.T.S. 299, 33 I.L.M. 1197 (1994), art 16.2 (TRIPS).

goods.³¹ Those provisions serve as an exemption from national registration requirements regarding protection against likelihood of confusion in the area of identical or similar goods.³² This does not mean that the above-mentioned articles cannot be invoked in cases when the trademark is registered in the respective country. However, it would normally not go beyond the rights conferred by the national law concerning registration and use of the registered trademark. Therefore, there is no need to invoke article 6bis of the Paris Convention in cases where the trademark is registered.³³ Article 6bis does not, however, extend the protection to the non-similar goods, which makes it the protection against mere likelihood of confusion and not against dilution infringements, meaning the anti-dilution protection of well-known marks is not the part of the Paris Convention.³⁴ The TRIPS Agreement extended the protection to services³⁵ and to non-similar goods and services³⁶, with the latter introducing the protection against dilution³⁷.

Some scholars argue, that the TRIPS agreement does not provide dilution protection 'per se', since article 16(3) refers to the injury of the earlier mark caused by the 'use of that trademark in relation to those goods and services would indicate a connection between those goods and services and the owner of the registered mark'. The use of the word 'connection' instead of 'confusion' proposes protection alike dilution, however, the form of connection is between the goods or services and the proprietor of the mark resembles the likelihood of confusion, forasmuch as consumers believe that the goods or services come from one source. In contrary, in dilution cases the consumer does not need to be confused regarding the origin of goods or services. Therefore, it is believed that TRIPS extends protection against likelihood of confusion to dissimilar goods or services, but does not oblige signatories to provide dilution protection.³⁸

³¹ TRIPS, art 16(1).

³² Martin Senftleben, 'The Trademark Tower Of Babel Dilution Concepts In International, US And EC Trademark Law' (2009) 40 *International Review of Intellectual Property and Competition Law* 50.

³³ Denis Croze, 'Protection Of Well-Known Marks' (2000) 5 *Journal of Intellectual Property Rights* 139.

³⁴ M. A. Naser and T. M. Hammouri, 'The Notion Of Famous, Well-Known Trade Marks And Marks With Repute Compared' (2014) 9 *Journal of Intellectual Property Law & Practice* 313.

³⁵ TRIPS, art 16(2).

³⁶ *ibid* art 16(3).

³⁷ M. A. Naser and T. M. Hammouri, 'The Notion Of Famous, Well-Known Trade Marks And Marks With Repute Compared' (2014) 9 *Journal of Intellectual Property Law & Practice* 314.

³⁸ Ilanah Simon, 'Dilution In The US, Europe, And Beyond: International Obligations And Basic Definitions' (2006) 1 *Journal of Intellectual Property Law & Practice* 407.

In absence of 'hard international law' granting dilution protection, there is a 'soft law' that refers to it. The World Intellectual Property Organization has adopted Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks (hereinafter Joint Recommendation)³⁹, which extended the protection of well-known marks to dilution for similar and dissimilar goods or services.⁴⁰

The Paris Convention does not give an interpretation on what constitutes a well-known mark, leaving it to the national authorities to decide upon.⁴¹ On the other hand, the TRIPS Agreement states that in order to determine whether a trademark is well-known 'Members shall take account of the knowledge of the trademark in the relevant sector of the public, including knowledge in the Member concerned which has been obtained as a result of the promotion of the trademark'.⁴² The provision of the article has set two major standards for well-known trademarks protection: the knowledge of the relevant sector of the public and that the trademark is known through its promotion.⁴³ Limiting to the 'relevant sector of the public', lowered the bar to protection of well-known mark, since it should be known only to the audience of the trademark, while before TRIPS some Member countries had as a requirement to be recognized among the Member countries' consumers at large.⁴⁴ In order to understand what is meant by the 'relevant sector of the public', we need to look into the Joint Recommendation, which determines the following categories: actual and/or potential consumers, persons involved in channels of distribution, and business circles dealing with the type of goods and/or services to which the mark applies.⁴⁵ In order for the trademark to qualify as well known, it should be known at least in one of the above listed relevant sectors of the public in a Member State.⁴⁶

³⁹ Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks adopted by the Assembly of the Paris Union for the Protection of Industrial Property and World Intellectual Property Organization [1999] 833(E) (Joint Recommendation).

⁴⁰ Ilanah Simon, 'Dilution In The US, Europe, And Beyond: International Obligations And Basic Definitions' (2006) 1 Journal of Intellectual Property Law & Practice 407-409.

⁴¹ Paris Convention, art 6bis(1).

⁴² TRIPS, art 16(2).

⁴³ M. A. Naser and T. M. Hammouri, 'The Notion Of Famous, Well-Known Trade Marks And Marks With Repute Compared' (2014) 9 Journal of Intellectual Property Law & Practice 314.

⁴⁴ Leah Chan Grinvald, 'A Tale Of Two Theories Of Well-Known Marks' (2010) 13 Vanderbilt Journal of Entertainment and Technology Law 23 <<https://ssrn.com/abstract=1789097>> accessed 17 December 2017.

⁴⁵ Joint Recommendation, art 2(2).

⁴⁶ *ibid* art 2(2)(c).

As to the second standard, promotion of a well-known trademark is not limited to the internal advertising in a Member country, but also includes outside advertisement, also referred as ‘spillover advertising’ and it is attained through satellite, television, Internet or periodicals, which is considered sufficient for the determination of renown.⁴⁷

The Joint Recommendations provide with further factors to be considered by the competent authorities of the Member country while assessing the repute of the mark, such as: ‘

1. the degree of knowledge or recognition of the mark in the relevant sector of the public;
2. the duration, extent and geographical area of any use of the mark;
3. the duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation, at fairs or exhibitions, of the goods and/or services to which the mark applies;
4. the duration and geographical area of any registrations, and/or any applications for registration, of the mark, to the extent that they reflect use or recognition of the mark;
5. the record of successful enforcement of rights in the mark, in particular, the extent to which the mark was recognized as well known by competent authorities; the value associated with the mark.’⁴⁸

All the factors are of an ancillary and circumstantial character, and they are not considered to be pre-conditions to determination of fame. The relevance of the factors, when assessing whether the mark is well known, should be considered on a case-by-case basis. The national authorities are not discouraged from using additional factors, if needed, with a limitation to the following determinants:

- ‘(i) that the mark has been used in, or that the mark has been registered or that an application for registration of the mark has been filed in or in respect of, the Member State;
- (ii) that the mark is well known in, or that the mark has been registered or that an application or registration of the mark has been filed in or in respect of, any jurisdiction other than the Member State; or
- (iii) that the mark is well known by the public at large in the Member State.’⁴⁹

⁴⁷ Leah Chan Grinvald, 'A Tale Of Two Theories Of Well-Known Marks' (2010) 13 Vanderbilt Journal of Entertainment and Technology Law 23 <<https://ssrn.com/abstract=1789097>> accessed 17 December 2017.

⁴⁸ Joint Recommendation, art 2(1)(b).

Thus, regardless of a trademarks' registration or use, it could enjoy a status of well-known mark and extended protection in the Member State. To provide an example, in the 1990s, McDonald's Corporation won the case⁵⁰ against a local infringer in South Africa, who used without permission McDonald's trademarks, including 'Big Mac' and golden arches, despite the fact that the well-known trademark was not used or registered in the area. McDonald's invoked the right to prevent third-party use conferred by the Paris Convention, since a South African Statute had a reference to the international treaty. McDonald's at that time did not have any restaurants in the area, however, recognition among the population sufficed to establish fame.⁵¹

The Joint Recommendations are not binding on the Member countries. They merely provide guidelines for the countries to determine what constitutes a well-known mark.⁵² The Recommendations can, however, have a mandatory effect in case a WTO Member includes its provisions as a part of a bilateral agreement with another WTO Member, which, hence, creates a binding effect for signatories towards each other and automatically extends to the other WTO Members due to the principle of the most favored nation.⁵³ The absence of a clear definition of well-known marks and precise standards for their protection leaves it to the discretion of the countries to decide upon it in the national legislation.⁵⁴

2.1.2 Fame in the United States

The US anti-dilution legislation does not refer to 'well-known marks', but to 'famous marks'. The TDRA distinguished dilution as 'lessening the capacity of a 'famous mark' to identify or distinguish goods or services'.⁵⁵ Thus, the main element to invoke dilution is the fame of a mark. Initially the FTDA provided a list of factors for the courts to consider when

⁴⁹ *ibid* art 2(1), 2(3).

⁵⁰ *McDonald's Corporation v Joburgers Drive-Inn Restaurant* 547/95 (1996) Supreme Court of South Africa.

⁵¹ Keola R. Whittaker, 'Trademark Dilution In A Global Age' (2014) 27 *University of Pennsylvania Journal of International Law* 922-923.

⁵² M. A. Naser and T. M. Hammouri, 'The Notion Of Famous, Well-Known Trade Marks And Marks With Repute Compared' (2014) 9 *Journal of Intellectual Property Law & Practice* 314.

⁵³ TRIPS, art 4.

⁵⁴ M. A. Naser and T. M. Hammouri, 'The Notion Of Famous, Well-Known Trade Marks And Marks With Repute Compared' (2014) 9 *Journal of Intellectual Property Law & Practice* 314.

⁵⁵ 15 U.S.C., para 1125 (c)(1).

determining whether the mark is ‘famous’ within a meaning of the §1125(c)(1), 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;
- H. and whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.’⁵⁶

Item (F) demonstrates the niche fame within the trading areas and channels of trade used by mark owners, which allowed their marks to be famous even if they are unknown outside the trade or region.⁵⁷ It has been criticized as providing unjustifiably broad protection to this class of trademarks and to almost absolutely disregard the role of consumers in forming fame of a mark, since the article focuses only on efforts made by the proprietor of the mark to make the mark famous,⁵⁸ which was eliminated by the TDRA in 2006.

The TDRA embodies a new standard of fame, where a mark, in order to be recognized as famous, should be ‘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’.⁵⁹ This standard set a high bar for the trademark to be qualified as famous. The marks that are recognized by the public only in a specialized segment or geographic region of the USA are out of the scope of protection. The Congress limited the anti-dilution protection to a very few deserving marks,⁶⁰

⁵⁶ 15 U.S.C., para 1125(c)(1).

⁵⁷ Xuan-Thao Nguyen, 'Requiring Proof Of National Fame In Trademark Law' (2011) 33 Cardozo Law Review 116.

⁵⁸ M. A. Naser and T. M. Hammouri, 'The Notion Of Famous, Well-Known Trade Marks And Marks With Repute Compared' (2014) 9 Journal of Intellectual Property Law & Practice 315.

⁵⁹ 15 U.S.C., para 1125 (2) (A).

⁶⁰ Xuan-Thao Nguyen, 'Requiring Proof Of National Fame In Trademark Law' (2011) 33 Cardozo Law Review 116.

so called ‘A-List Brands’.⁶¹ Additionally, the protection does not go beyond the marks that are famous outside of the US territory.⁶²

Further, the criteria to define a ‘famous mark’ of the FTDA were changed by the TDRA to the following: ‘

- A. the duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties;
- B. the amount, volume, and geographic extent of sales of goods or services offered under the mark;
- C. the extent of actual recognition of the mark;
- D. whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register’.⁶³

The factors did not change significantly in comparison to the FTDA, they were simplified and combined, except for the requirement for the inherent and acquired distinctiveness, which was excluded by the TDRA based on different approach by the appellate circuits.⁶⁴

The language used by the provisions of the FTDA and the TDRA, ‘the courts *may* consider factors’, indicates that the determination of whether the mark is famous is left at the discretion of the courts on a case-by-case basis, as well as, the wording ‘may consider such as, but not limited to’ and ‘may consider all relevant factors, including the following’ leaves the lists of factors non-exhaustive.⁶⁵

Even though the TDRA has provided the factors to establish fame, the question of what constitutes ‘widely recognized by the general consuming public’ is still open. After analyzing case law, one can make a conclusion that courts have taken the approach to recognize the

⁶¹ M. A. Naser and T. M. Hammouri, 'The Notion Of Famous, Well-Known Trade Marks And Marks With Repute Compared' (2014) 9 Journal of Intellectual Property Law & Practice 315.

⁶² Xuan-Thao Nguyen, 'Requiring Proof Of National Fame In Trademark Law' (2011) 33 Cardozo Law Review 111.

⁶³ 15 U.S.C., para 1125(2) (A).

⁶⁴ Xuan-Thao Nguyen, 'Requiring Proof Of National Fame In Trademark Law' (2011) 33 Cardozo Law Review 115.

⁶⁵ M. A. Naser and T. M. Hammouri, 'The Notion Of Famous, Well-Known Trade Marks And Marks With Repute Compared' (2014) 9 Journal of Intellectual Property Law & Practice 315.

mark as famous, when more than 70% of the general consuming public identifies it as a source of one plaintiff's goods and services.⁶⁶

Another key point to remember is, that the standard for fame refers only to dilution cases. The US case law developed also the other standard for fame, which constitutes one of the thirteen DuPont factors⁶⁷ used to evaluate the likelihood of confusion. A famous mark in case of likelihood of confusion is one that has 'extensive public recognition and renown'.⁶⁸ Therefore, it does not require to be recognized by the general consuming public in the U.S. and, therefore, the standard to prove fame in case of likelihood of confusion is much lower.

2.1.3 Repute in the European Union

So far it was established that the standard for a 'well-known' mark differs significantly from the standard for a 'famous' mark due to a different approach in the level of recognition among public. The EU legislation adds the third standard of protection for marks with renown, namely protection for marks with reputation.

The EUTMD and the EUTMR provide anti-dilution protection for a trademark, which 'has a reputation in the Member State'⁶⁹. The further explanation on what constitutes 'reputation' within the EU could be found in case law. The CJEU provides, that reputation is a 'knowledge threshold', which is considered to be reached when the earlier mark is known by a significant part of the public concerned by the products or services covered by that trademark within the substantial part of the Member State.⁷⁰ 'Significant part of the public' is defined as either the public at large or a more specialized public, for example traders in a specific sector, depending on the product or service marketed.⁷¹ By limiting an outreach of a mark to a specialized public consisting only of the customers of the goods or services, the CJEU has taken an approach of a 'niche fame'⁷² and has matched the scope of the

⁶⁶ Xuan-Thao Nguyen, 'Requiring Proof Of National Fame In Trademark Law' (2011) 33 Cardozo Law Review 132.

⁶⁷ *E I. DuPont DeNemours Co* 467 F.2d 1357, 1361 C.C.P.A. (1973), s 2.

⁶⁸ *Bose Corp v QSC Audio Prods Inc* 293 F.3d 1367, 1371 (2002).

⁶⁹ Reg on the EU trade mark, art 5(2); Dir to approximate the laws of the Member States relating to trade marks art 5(3)(a).

⁷⁰ Case C-375/97 *General Motor Corporation v Yplon SA*, [1999] EU:C:1999:408, paras 26-28.

⁷¹ *ibid* para 24.

⁷² Thomas J McCarthy, 'Dilution Of A Trademark: European And United States Law Compared' (2004) 94 Trademark Reporter 1173-1174.

internationally recognized ‘well-known mark’ as used in Article 6bis of the Paris Convention and the TRIPS Agreement.⁷³

The geographical scope of a trademark reputation seems also to further prove that EU has taken a ‘niche fame market’ approach, since the reputed mark should be known within a substantial part of the Member State.⁷⁴ However, there is a need to differentiate between the national/regional mark and the EU trademark. In *General Motors v. Yplon* the CJEU established that in order for a mark to be recognized as the national/regional mark with reputation, it should be known within the substantial territory of a Member State and cannot be required to enjoy the reputation throughout the whole territory of a Member State. The exception from the rule concerns Benelux countries, which share a uniform trademark system, where the Benelux territory is to be treated as one Member State and, therefore, the reputation in a substantial part of one Benelux state is sufficient.⁷⁵ As for the EU trademarks, the CJEU took a slightly different approach. In *Pago v. Tirol Milch* the CJEU concluded, that a EU mark should be known in a substantial part of the European Union with the territory of the Member State in question to be sufficient to constitute a substantial part of the EU territory.⁷⁶ Advocate General Sharpston came to a conclusion, that ‘what constitutes a substantial part of the EU for that purpose is not dependent on national boundaries but must be determined by an assessment of all the relevant circumstances of the case, taking account, in particular, of (i) the public concerned by the products or services covered by the trade mark and the proportion of that public which knows of the mark and (ii) the importance of the area in which the reputation exists, as defined by factors such as its geographical extent, population and economic significance’.⁷⁷ On merits of this decision, it could be concluded the geographical scope of a reputation of the EU trademark has to be assessed on a case-by-case basis and leaves its interpretation to national courts.

In addition to assessment of the relevant sector of the public and geographical scope of the marks’ repute, the court will also determine whether the mark has renown in connection to the

⁷³ Charles Gielen, 'Trademark Dilution Under European Law' (2014) 104 The Trademark Reporter 703.

⁷⁴ Thomas J McCarthy, 'Dilution Of A Trademark: European And United States Law Compared' (2004) 94 Trademark Reporter 1174.

⁷⁵ Charles Gielen, 'Trademark Dilution Under European Law' (2014) 104 The Trademark Reporter 703.

⁷⁶ Case C-301/07 *PAGO International GmbH v Tirolmilch registrierte Genossenschaft mbH* [2009]

EU:C:2009:611, para 30.

⁷⁷ Case C-301/07 *PAGO International GmbH v Tirolmilch registrierte Genossenschaft mbH* [2009]

EU:C:2009:611, Opinion AG Sharpston, para 41.

goods and services it is registered for and for which it claims to have it. In case the reputed mark is registered for a wide variety of goods and services that aim at attracting different types of customers, the repute of the mark should be estimated separately for each category of goods. Thus, if the mark has only ‘partial reputation’, which covers some but not all the goods and services it is registered for, the dilution could be invoked in regards to those goods and services.⁷⁸

2.1.4 Relationship between famous mark, mark with reputation and the well-known mark

The Paris Convention and the TRIPS Agreement oblige signatories to provide a special regime for protection of well-known marks. As we already established, the international legal regime for well-known marks differs from the national ones. The Member countries included the protection for well-known marks to their legal systems, but, additionally to that, developed concepts of dilution protection that does not coincide with the international. Therefore, there is a need to determine how the international and national regimes coexist, and in which cases the international rules apply.

Article 6bis of the Paris Convention provides protection against registration of a later mark, which could create confusion with the earlier mark well known in the country, but not registered there. This regime is established within the EU in article 8(2)(c) of EUTMR with reference to article 6bis and refers to similar or identical goods and services. The opposition rights for a registered earlier mark with repute go beyond the similar goods and services and constitute anti-dilution protection as in article 8(5) EUTMR. Therefore, the requirement of registration draws a line between application of article 8(2)(c) and 8(5) EUTMR. Consequently, the non-registered well-known trademarks are not protected against registration of a later mark for dissimilar goods and services under the EUTMR. In case the well-known mark is registered as the EU trademark, it enjoys the protection against dilution only if it meets the criteria set for the mark with reputation.⁷⁹ Even though article 16(3) of the TRIPS Agreement extends the scope of the article 6bis of the Paris Convention to dissimilar

⁷⁸ Guidelines on Trade Marks with Reputation, para 3.1.2.3.

⁷⁹ Guidelines for Examination in the Office, Part C, Opposition of 01 October 2017 on Trade Marks with Reputation, Article 8(5) EUTMR [2017] (Guidelines on Trade Marks with Reputation), para 2.1.2.

goods and services, there is a condition that such mark should be registered, which makes the EUTMR consistent with the international requirements.⁸⁰

Even though the definitions of ‘well-known mark’ as provided in the article 6bis of the Paris Convention and the ‘mark with reputation’ as in the EU legislation refer to different legal concepts, there is an overlap between them. The threshold to prove that a mark is well known or has a reputation is practically the same, since there is a requirement to establish the knowledge of the relevant public in the member state concerned, which constitutes ‘niche fame’. Therefore, it is not unusual that the well-known mark will qualify for the criteria to be recognized as a mark with reputation.⁸¹

On the other hand, in the US the famous marks and the well-known marks have a different standard of recognition among the public, which puts a higher burden of proof for a proprietor of the US famous mark in case of infringement in comparison to a proprietor of a foreign well-known mark. So the question arises, whether the courts treat differently the foreign well-known mark and the famous national mark in case of infringement and which laws are applicable in case such infringement occurs.

The US as a signatory to the Paris Convention and the TRIPS Agreement fulfills its obligation to provide protection for well-known marks that have been either: (1) used in the United States and registered on the Principal Register or (2) used in the United States without registration but with protection as a common law trademark under section 43(a) of the Lanham Act. However, the US fails to provide legal ground to protect the marks that are neither registered nor used commercially in light of the TRIPS Agreement and the Joint Recommendation, even though the latter is legally binding for the US after signing a bilateral trade agreement with Singapore. Consequently, the US should provide the same treatment to all the WTO members and extend their protection for the well-known marks.⁸²

⁸⁰ Case T-150/04 *Milhens GmbH & Co. KG v European Union Intellectual Property Office* [2007] ECLI:EU:T:2007:214, para 60.

⁸¹ Guidelines on Trade Marks with Reputation 2.1.2.

⁸² Lee Ann Lockridge, 'Honoring International Obligations In U.S. Trademark Law: How The Lanham Act Protects Well-Known Foreign Marks (And Why The Second Circuit Was Wrong)' (2010) 84 *St. John's Law Review* 1358, 1361-1362.

Even though the Lanham Act does not provide a legal basis for protection of well-known marks that were not in use within the territory of the US, the legal precedent shows that well-known marks could enjoy such protection. The US trademark law is driven by the principle of territoriality, which refers to the fact that ‘priority of trademark rights in the US depends solely upon priority of use in the United States, not on priority of use anywhere in the world’, whereas ‘earlier use in another country usually just does not count’. The 9th Circuit Court, however, recognized, that there is a ‘famous mark’ exception to a principle of territoriality, which allows well-known foreign marks to enjoy protection in the US despite the fact that the mark was not previously used.⁸³

Furthermore, the 9th Circuit Court in *Grupo Gigante* case decided, that in order to invoke a protection for a well-known mark, a proprietor should provide the evidence that a *substantial* percentage of consumers in the relevant American market is familiar with the foreign mark, where the relevant market is defined as ‘the geographic area where the defendant uses the alleged infringing mark’. To establish whether the mark is well known, the court should take into consideration ‘such factors as the intentional copying of the mark by the defendant, and whether customers of the American firm are likely to think they are patronizing the same firm that uses the mark in another country’.⁸⁴

As it seems, the proprietor of a ‘well-known mark’ has higher chances to invoke dilution protection in comparison to the owner of a ‘famous mark’. Nonetheless, the International protection of ‘well-known mark’ does not go beyond the rights conferred by the Paris Convention and the TRIPS Agreement and is fully dependent on the adoption of these treaties by the respected countries. As the matter of law, the Lanham Act does not provide non-used and unregistered ‘well-known marks’ with dilution protection, however, some Circuit Courts have granted equal protection to national and international marks with renown.

All in all, the US courts use the international standard to determine whether the mark is ‘well-known’ within the meaning of the Paris Convention and the TRIPS Agreement, while the famous US marks have to provide much higher evidence of renown. By contrast, the ‘well-known marks’ and the EU ‘marks with repute’ require the same standard of proof, making

⁸³ *Grupo Gigante SA DE CV v Dallo Co Inc* 391 F.3d 1088 (2004), paras 2-3.

⁸⁴ *Grupo Gigante SA DE CV v Dallo Co Inc* 391 F.3d 1088 (2004), para 9.

definitions in most cases interchangeable, but a ‘well-known mark’ without a registration in EU is not entitled for anti-dilution protection.

2.2 Assessment and proof of renown

The US and EU courts determine a renown of the mark based on the evidence provided. In both countries a trademark proprietor has a burden to prove the fame of the mark in order to invoke anti-dilution protection. The means of proof are not listed in law, but they could be found in the decisions of courts.

2.2.1 Evidence in the United States

Fame for dilution ‘requires widespread recognition by the general public’ and a proprietor of famous mark must show that, ‘when the general public encounters the mark in almost any context, it associates the term, at least initially, with the mark’s owner’.⁸⁵ The courts deciding on a case-by-case basis also use the factors listed in 15 U.S.C. §1125(c), such as: ‘

- (i) the duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties;
- (ii) the amount, volume, and geographic extent of sales of goods or services offered under the mark;
- (iii) the extent of actual recognition of the mark;
- (iv) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.’

Therefore, a proprietor of a mark has to collect all the evidence and present it to court to support a claim that the mark in question is famous.

To prove that the mark has extensive advertising and use, the court should assess quantitative and qualitative evidences on a case-by-case basis. The length of advertisement does not necessarily mean that the mark is recognized by the public. As an example, in some cases, even though the mark was used or promoted for a long time, it could still not be considered as

⁸⁵ *Toro Co. v. ToroHead Inc.*, 61 USPQ.2d 1164 (2001) TTAB para 14.

famous, whereas, a mark might become famous ‘overnight’ due to smart advertisement campaign. Unsuccessful advertisement, even if prolific, may not prove fame, but the consumer survey that shows a positive response to a limited advertising could serve as a strong evidence of fame.⁸⁶

In most cases, courts have established fame of a mark based primarily on the first two factors: the extent and the amount of use of the mark and sales. Therefore, marks such as Pepsi, Starbucks, Tiffany, Hot Wheels and the Adidas three-striped design were recognized by the court merely based on evidence of vast sales and major expenditures on advertising.⁸⁷

The other way to prove that the mark met the fame requirement is for the plaintiff to provide a consumer survey, which could serve as a direct evidence of whether the mark is recognized by the public. However, mere survey evidence does not suffice to prove the claim, and other means of proof should be taken to account additionally to the survey.⁸⁸

In the case *Nike v. Nikepal* the Court revised all the factors in order to establish the fame of the Nike mark. The Court found that Nike satisfied the first criterion by promoting its brand through various channels, like television, radio, print media, and billboard placements; as well as, by spending in excess of a billion dollars for promotion. With regards to the second factor, Nike showed that sales of the company reached the billion per year level. To meet the third factor, Nike showed publications in various surveys and articles, in addition to being named among top brands in the US and the world. Furthermore, Nike was registered on the PTO principle register, which satisfies the last factor of the list. Accordingly, after evaluating all the factors, the Court has concluded that Nike is famous under the Lanham Act.⁸⁹

However, not all the recognized marks reach a high threshold of being widely recognized by the general consuming public. The *Coach Services, Inc. v. Triumph Learning LLC* case shows that even though the Coach brand for a wide variety of ‘accessible luxury’ products, including

⁸⁶ Miles J. Alexander and Michael K. Heilbronner, 'Dilution Under Section 43(C) Of The Lanham Act' (1996) 59 Law and Contemporary Problems 108.

⁸⁷ Paul C. Llewellyn, 'Trademark Dilution Revisions: Proof Of Fame, Dilution' (2008) 240 New York Law Journal <<http://udel.edu/~pollack/Acct350/Handouts/trademark%20Dilution%202006.pdf>> accessed 17 December 2017.

⁸⁸ Xuan-Thao Nguyen, 'Requiring Proof Of National Fame In Trademark Law' (2011) 33 Cardozo Law Review 132.

⁸⁹ *Nike Inc v Nikepal International Inc* 2:05cv1468 GEB JFM (2007) E D Cal.

handbags, luggage and accessories is recognized among Americans, it fails to provide evidence that it became a 'household name'. In this case, the TTAB first dismissed the opposition of the Coach Service against the registration of the defendants' mark Coach for the test preparation educational materials that was later appealed to the Federal Circuit Court. The Court came to the conclusion, that evidence of brand awareness that were provided were '*of dubious probative value*', since Coach failed to explain how the study was conducted, as well as, it showed a high awareness among women ages 13-24, which does not constitute knowledge within nation. Nonetheless, the Court admitted, that the evidence was sufficient to establish fame for likelihood of confusion using the DuPont factors, but not a dilution.⁹⁰

2.2.2 Evidence in the European Union

To establish that a national or EU mark is reputed, the mark should enjoy reputation among a significant part of the trademark consumers in the substantial part of the EU or the Member State. The CJEU does not provide either the exact percentage of the relevant public that should be taken into consideration or the geographical extent of reputation, but states that it should be decided upon taking into consideration the circumstances of the main proceedings.⁹¹

In examining whether the condition of reputation is fulfilled, the national court, as well as European Union Intellectual Property Office (hereinafter 'EUIPO'), must take into consideration all the relevant facts of the case, in particular, the market share held by the trademark, the intensity, geographical extent and duration of its use, and the size of the investment made by the undertaking in promoting it.⁹² Additionally, the EUIPO Guidelines provide with extra factors that could be assessed, such as: record of successful enforcement; number of registrations; certifications and awards; and the value associated with the mark.⁹³

The opponent must submit the evidence to the Office for the opposition cases or to the Court in case of infringement. The evidence must be clear and convincing, in the sense that the

⁹⁰ *Coach Services Inc v Triumph Learning LLC* 668 F.3d 1356, 1375 (2012), s C(2).

⁹¹ Case C-301/07 *PAGO International GmbH v Tirolmilch registrierte Genossenschaft mbH* [2009]

EU:C:2009:611; C-375/97 *General Motor Corporation v Yplon SA*, [1999] EU:C:1999:408.

⁹² Case C-375/97 *General Motor Corporation v Yplon SA*, [1999] EU:C:1999:408, para 27.

⁹³ Guidelines on Trade Marks with Reputation, para 3.1.3.7.

opponent must clearly establish all the facts necessary to safely conclude that the mark is known by a significant part of the public.⁹⁴ It is recommended that the opponent submits evidence of official character from an independent, reliable and well-informed source of the information, rather than information deriving directly from the opponent itself.⁹⁵

The Guidelines propose the following means to prove reputation of the marks with repute (art.8(5) EUTMR) or the well-known marks (art.8(2)(c)): ‘

1. sworn or affirmed statements
2. decisions of Courts or Administrative authorities
3. decisions of the Office
4. opinion polls and market surveys
5. audits and inspections
6. certifications and awards
7. articles in the press or in specialized publications
8. annual reports on economic results and company profiles
9. invoices and other commercial documents
10. advertising and promotional material.’⁹⁶

The Guidelines emphasize, that the most suitable means of evidence to determine the degree of knowledge of the mark, the market share it has, or the position it occupies in the market in relation to competitors’ goods are the opinion polls is the market survey. However, the credibility of the opinion rolls and the market surveys will be checked on whether it has been conducted by an independent and recognized research institute or company, in order to determine the reliability of: ‘

1. the source of the evidence;
2. the number and profile (sex, age, occupation and background) of the interviewees;
3. the method and circumstances under which the survey was carried out and the complete list of questions included in the questionnaire;
4. or whether the percentage reflected in the survey corresponds to the total amount of persons questioned or only to those who actually replied’.⁹⁷

⁹⁴ ibid para 3.1.4.

⁹⁵ ibid para 3.1.4.3.

⁹⁶ ibid para 3.1.4.4.

⁹⁷ Guidelines on Trade Marks with Reputation, para 3.1.4.4.

If the above-mentioned indicators are absent, the results of the opinion polls or the market surveys will not, in principle, be sufficient on their own to support a finding of reputation.⁹⁸

Conclusion

The analysis of the scope of notions of renown leads us to the conclusion that we could draw a line between the level of recognition required for ‘well-known marks’ and ‘famous marks’. The International standard has a tendency to the ‘niche market’ recognition, which allows higher amount of marks to invoke International protection. On the contrary, the US seems to grant protection against dilution to a very limited group of marks, whose renown requires a higher level of recognition in comparison to ‘well-known marks’. The EU tends to mirror the International standard by introducing the recognition among customers of the goods and services covered by the mark. However, not in every case will a ‘well-known mark’ obtain the status of a ‘mark with repute’ and visa versa.

The US and EU courts establish whether or not the marks’ recognition is sufficient for the particular standard on a case-by-case basis, leaving the burden of proof to show that a mark has a sufficient level of renown on a proprietor of the renowned mark. The means of proof depend on the factors provided by law, and could include surveys, evidence of sales, of investments on advertisement and of media coverage, opinion polls, etc. As soon as a mark is determined as having renown, the EU and US courts proceed with further estimation of whether the mark was diluted.

⁹⁸ *ibid* para 3.1.4.4.

Chapter III

Testing for dilution

After determining that the mark has renown, a court proceeds with testing whether the detriment to a mark in form of blurring, tarnishment or free-riding has occurred or is likely to occur. The US and EU legislators and courts have established a set of rules that have to be abided and the elements that should be present to prevail on the dilution claim.

The US law provides an injunctive relief to the owner of a famous mark in case another party, who starts the usage of the famous trademark in commerce in a way that it is likely to cause dilution of it.⁹⁹ The Supreme Court has ruled on the factors that have to be established to invoke the anti-dilution protection: (1) the senior mark is famous; (2) the defendant is making use of the junior mark in commerce; (3) defendant's use of the junior mark began after the senior mark became famous; and (4) a likelihood of dilution.¹⁰⁰

In order to invoke articles 8(5) and 9(1)(c) EUTMR, two sets of conditions must be fulfilled. Firstly, the proprietor should show that there are two similar or identical marks, the earlier mark with a reputation and the usage of the later mark is without due cause. Secondly, there are consequences of the unauthorized use: unfair advantage or detriment to the distinctive character or repute of the earlier mark. In case both sets of conditions are complied with, the protection against anti-dilution could be invoked.¹⁰¹

Therefore, after a careful examination we can constitute that the US and EU courts have the same approach, which requires assessment whether the use of the famous mark is without legal ground and as a consequence of such use there is an injury to the famous mark.

This chapter will provide analysis of the factors that are required to prove dilution, will draw a line between blurring, tarnishment and free-riding, as well as, it will indicate the fair use exceptions from liability.

⁹⁹ 15 U.S.C., para 1125 (C)(1).

¹⁰⁰ *Coach Services Inc v Triumph Learning LLC* 668 F.3d 1356, 1375 (2012) para C.

¹⁰¹ C-252/07 *Intel Corporation Inc. v CPM United Kingdom Ltd.* [2008] ECLI:EU:C:2008:655, Opinion AG Sharpston, para 40.

3.1 Use of the mark

Dilution laws are designed to prevent an unauthorized third-party use of a sign that is identical to or similar with the renowned mark. The proprietor of a later mark is liable for such use if the level of similarity is so high, that it ‘triggers’ a ‘mental’ association between the earlier renowned mark and the later mark, which results in weakening the ability of the mark to be a ‘unique identifier’ of the goods and services for which it was registered. Instead, the public links the origin of goods and services with another source.¹⁰²

In case of absence of association or similarity between the marks, the protection against detriment of marks renown or distinctiveness cannot be granted. Therefore, there is a need to assess the use of the mark in terms of these two elements, which serve as precondition for estimation of the harm caused by such use.

3.1.1 Similarity of marks in the EU and US

3.1.1.1 Similarity of marks in the European Union

The proprietor of the mark, whether it is the EU or a national trademark, is entitled to oppose the registration or to prevent use of the trademark in case the marks are identical or similar to his/hers mark.¹⁰³

The law¹⁰⁴ indicates that in cases of likelihood of confusion and dilution the proprietor of the mark should show the degree of similarity between the marks. Thus, the question arises, whether there is a difference in standards used to assess similarity for the confusion and dilution cases.

The similarity of the marks is a precondition to articles 9(1)(b) and 9(1)(c) of the CMTR in cases of usage of the mark and to articles 8(1)(b) and 8(5) EUTMR in cases of opposition.¹⁰⁵ Advocate General Jacobs has established, that after establishing the similarity of the marks,

¹⁰² Miles J. Alexander and Michael K. Heilbronner, 'Dilution Under Section 43(C) Of The Lanham Act' (1996) 59 Law and Contemporary Problems 102.

¹⁰³ Reg on the EU trade mark, arts 8(5) 9(1) (C); Dir to approximate the laws of the Member States relating to trade marks, arts 5(3)(a), 10(2) (c).

¹⁰⁴ Reg on the EU trade mark, arts 8(1)(b) 8(5) 9(1)(b) 9(1) (c) ; Dir to approximate the laws of the Member States relating to trade marks, arts 5(1)(b) 5(3)(a) 10(2)(b) 10(2)(c).

¹⁰⁵ Case C-552/09 P *Ferrero SpA v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* [2011]ECLI:EU:C:2011:177, para 24.

the further conditions for the application of above mentioned provisions is imposed, in particular articles 8(5) and 9(1)(c) apply where the use of the sign without due cause would take unfair advantage of, or is detrimental to, the distinctive character or the repute of the mark, while provisions of the article 8(1)(b) and 9(1)(b) apply where, because of the identity or similarity, there exists a likelihood of confusion on the part of the public.¹⁰⁶

The test provided by the articles 8(5) and 9(1)(c) differs from that of confusion, since it refers to different type of harm, and that test is appropriate to the specific purpose of the provision, which is to protect marks with a reputation.¹⁰⁷ Therefore, the CJEU has established, that articles of the EUTMR, which permit the proprietor of a trade mark with a reputation to prohibit the use without due cause of signs identical with or similar to his mark, do not require proof of likelihood of confusion, even where there is no similarity between the goods in question.¹⁰⁸

The requirement of similarity, as a precondition to both likelihood of confusion and dilution, requires the existence, in particular, of elements of visual, aural or conceptual similarity.¹⁰⁹ However, the required degree of similarity differs, since the existence of the likelihood of confusion is not necessary to invoke anti-dilution protection, but rather it is sufficient to show that the relevant section of public makes a connection between the earlier and the later marks, or ‘establishes a link’, between the two, even though it does not confuse them.¹¹⁰ Consequently, the types of injury referred in articles 8(5) and 9(1)(c) require a lesser degree of similarity between the marks in question in comparison to likelihood of confusion.¹¹¹

All in all, the application of articles related to likelihood of confusion and dilution require to establish the similarity between the earlier and the later mark, where if the proprietor of the earlier mark fails to show any similarity, the court would not further assess the other conditions as of whether there is a confusion or detriment of the repute of the marks.

¹⁰⁶ Case C-408/01 *Adidas_Salomon AG v Fitnessworld Trading Ltd* [2003] ECLI:EU:C:2003:582, Opinion AG Jacobs, para 42.

¹⁰⁷ Case C-251/95 *Sabel BV v Puma AG, Rudolf Dassler Sport* [1997] ECLI:EU:C:1997:528, Opinion AG Jacobs, para 48.

¹⁰⁸ Case C-251/95 *Sabel BV v Puma AG, Rudolf Dassler Sport* [1997] ECLI:EU:C:1997:528, para 20.

¹⁰⁹ Case C-408/01 *Adidas_Salomon AG v Fitnessworld Trading Ltd* [2003] ECLI:EU:C:2003:582, para 28.

¹¹⁰ *ibid* 29.

¹¹¹ Case C-552/09 P *Ferrero SpA v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* [2011]ECLI:EU:C:2011:177, para 53.

Nevertheless, if such similarity was found, the examiner will check whether the degree of similarity is sufficient to invoke either of the articles.¹¹²

3.1.1.2 Similarity of marks in the United States

The definition of the ‘dilution by blurring’ contains a requirement of the ‘association arising from the similarity’ between the marks.¹¹³ The Trademark Trial and Appeal Board (hereinafter TTAB) has found, that the Congress did not require an association arising from the ‘substantial similarity’, ‘identity’ or ‘near identity’ of the marks in question. Instead, by introducing the word ‘similarity’, it framed a lower standard in comparison to the FTDA.¹¹⁴

To evaluate a degree of similarity between the marks is a substantial factor to establish dilution. The marks should be of such similarity that the consumer creates an association between the famous mark and the later mark. In this case the later mark could reduce the distinctiveness of the earlier mark.¹¹⁵

When assessing the similarity or dissimilarity of the marks, the court or the board uses the same analysis as for establishing similarity or dissimilarity in case of likelihood of confusion¹¹⁶ and is based on the analysis of the consumers’ overall impression, the context in which the marks are displayed and the circumstances that could cause confusion among anticipated purchasers. Marks are considered similar in case of the similarity of the appearance, sound and connotation.¹¹⁷ In addition, the Court found that the mark should be examined in its integrity, words and design, with the exception to some circumstances when one feature of the mark is more significant than the other, which allows courts to give more value to the outweighing feature in assessing the commercial impression created by the mark. Despite the fact that the marks at issue are identical or nearly identical, the differences in connotation could prevail over visual and phonetic similarity.¹¹⁸

¹¹² Guidelines on Trade Marks with Reputation, para 3.2.1.

¹¹³ 15 U.S.C., para 1125 c(2).

¹¹⁴ *Nike Inc v Peter Maher Patricia Hoyt Maher* 91188789 (2011) TTAB 33.

¹¹⁵ *Nabisco Inc v PF Brands Inc* 191 F.3d (1999), para 218.

¹¹⁶ *Nike Inc v Peter Maher Patricia Hoyt Maher* 91188789 (2011) TTAB 34.

¹¹⁷ *New York City Triathlon LLC v NYC Triathlon Club Inc* 704 F. Supp. 2d 305 (2010), para 2.

¹¹⁸ *Coach Services Inc v Triumph Learning LLC* 668 F.3d 1356, 1375 (2012), para B(2).

3.1.2 Association in the EU and US

Trademark dilution could be explained from the perspective of ‘associative network theory’, which refers to the biological features of human memory. The memory is comprised from ‘nodes’, which contain concepts, connected by links.¹¹⁹ A node contains, for example, brand image¹²⁰ or the ‘target product category’¹²¹, which, when activated, triggers associations.¹²² Nike, for instance, occupies one node, which is linked to other nodes like ‘a swoosh design’, a ‘slogan ‘Just do it!’’, ‘athletic shoes’ or ‘quality perception’. When one of the nodes is triggered, the whole Nike ‘network is activated’.¹²³

To explain it in different terms, if a person thought about the brand and product that is produced under this brand synchronically, the mental association could be created between them. The next time, when the person thinks of either, the other element is coming to mind. For instance, when the person thinks of ‘Nike’ it connects the brand name to the category of sports’ clothes and visa versa. That is why association plays an important role in a dilution theory.

When the ‘target product category’ node is triggered by a trademark that is used by both: the ‘original’ proprietor of the brand name and the ‘later user’ of it, it causes the weakening of the ‘strength and uniqueness’ of mental association between the trademark and the ‘original’ goods and services.¹²⁴ This type of harm is protected under the dilution theory.

3.1.2.1 European Union

As was established above, the first step in dilution cases is to establish similarity between the earlier and the later marks. Secondly, the court assesses whether the established similarity

¹¹⁹ Deven R Desai, Ioannis Lianos and Spencer Weber Waller, *Brands, Competition Law And IP Law* (Cambridge University Press 2015) 212.

¹²⁰ *ibid.*

¹²¹ Maureen Morrin, Jonathan Lee, Greg M. Allenby, ‘Determinants of Trademark Dilution’ (2006) 33 *Journal of Consumer Research* 249.

¹²² Deven R Desai, Ioannis Lianos and Spencer Weber Waller, *Brands, Competition Law And IP Law* (Cambridge University Press 2015) 212.

¹²³ Jerre B. Swan, ‘Dilution Redefined for the year 2002’ (2002) 92 *Trademark Reporter* 607-608.

¹²⁴ Maureen Morrin, Jonathan Lee, Greg M. Allenby, ‘Determinants of Trademark Dilution’ (2006) 33 *Journal of Consumer Research* 248-249.

creates a link or association between the marks in the mind of relevant public without creating confusion between the marks. And, lastly, the court will assess the risk of injury.¹²⁵

The court, when assessing the existence of association, takes a global approach by considering all the factors relevant the circumstances of the case.¹²⁶ Those factors include: ‘

1. the degree of similarity between the conflicting marks;
2. the nature of the goods or services for which the conflicting marks were registered;
3. the strength of the earlier mark’s reputation;
4. the degree of the earlier mark’s distinctive character, whether inherent or acquired through use;
5. the existence of the likelihood of confusion on the part of the public.’¹²⁷

The list of factors is not exhaustive, the court may consider some of the factors, while excluding the others.¹²⁸

The first factor refers to the similarity of marks at issue. The EUCJ established, that the level of association between the marks is directly connected with the degree of similarity. The more similar the marks are, the more likely the public will associate the later and the earlier mark. The mere similarity is not sufficient to establish a link.¹²⁹

As for the second factor, the court should look at the ‘degree of closeness or dissimilarity’ between the goods and services for which marks at issue were registered and to determine the relevant public.¹³⁰ The EUCJ emphasized, that in case the relevant public of the goods and services provided by both marks overlaps to some extent, the link could not automatically be established. The goods and services provided could be so dissimilar, that there is a very little chance that the mental association will arise.¹³¹

¹²⁵ Guidelines on Trade Marks with Reputation, para 3.3.

¹²⁶ Case C-408/01 *Adidas_Salomon AG v Fitnessworld Trading Ltd* [2003] ECLI:EU:C:2003:582, para 30.

¹²⁷ Case C-252/07 *Intel Corporation Inc. v CPM United Kingdom Ltd.* [2008] ECLI:EU:C:2008:655, para 42.

¹²⁸ Guidelines on Trade Marks with Reputation, para 3.3.

¹²⁹ Case C-252/07 *Intel Corporation Inc. v CPM United Kingdom Ltd.* [2008] ECLI:EU:C:2008:655, para 44.

¹³⁰ *ibid* 42.

¹³¹ *ibid* 49.

The strength of the reputation of the mark has a direct effect on recognition among the public. The stronger the reputation of the earlier mark, which goes beyond the target audience of a trademark, the higher the chance that the relevant public will make an association between the marks in question, even if the public is wholly distinct from the target audience.¹³²

In regards to the distinctive character the EUCJ has established that ‘in assessing whether it is highly distinctive, the national court must make an overall assessment of the greater or lesser capacity of the mark to identify the goods or services for which it has been registered as coming from a particular undertaking, and thus to distinguish those goods or services from those of other undertakings’.¹³³ Thus, the distinctive character of the mark constitutes the strength of the link between a trademark proprietor and its products, which reflects a trademark’s ‘capacity to distinguish’.¹³⁴

When assessing the distinctive character of the trademark to establish the link between the marks, the Court found that the stronger the distinctive character of the mark, whether acquired through use or inherit, the more likely the association can be drawn between the earlier and the later mark.¹³⁵

Advocate General Sharpston has drawn attention to the fact that the mere likelihood of existence of the link is not sufficient for the dilution cases. The Courts require the current existence of a link, which is, however, in a case of application for registration of a later mark, could be impossible to be proven.¹³⁶ Besides, even though establishing the link is necessary to proceed with the dilution cases, such a link by itself does not automatically indicate that the infringement has occurred or would occur.¹³⁷

¹³² *ibid* 52.

¹³³ Case C-342/97 *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV*. [1999] ECLI:EU:C:1999:323, para 22.

¹³⁴ Martin Senftleben, 'The Trademark Tower Of Babel Dilution Concepts In International, US And EC Trademark Law' (2009) 40 *International Review of Intellectual Property and Competition Law* 65.

¹³⁵ Case C-252/07 *Intel Corporation Inc. v CPM United Kingdom Ltd*. [2008] ECLI:EU:C:2008:655, para 54.

¹³⁶ Case C-252/07 *Intel Corporation Inc. v CPM United Kingdom Ltd*. [2008] ECLI:EU:C:2008:655, Opinion AG Sharpstone, para 52.

¹³⁷ *ibid* 43.

3.1.2.2 United States

In the *Nike v Peter Maher* the United States Patent and Trademark Office (hereinafter USPTO) has established that mere similarity between the earlier and the later mark is not by itself sufficient to prove that the use of the later mark is likely to cause dilution. There is a need to establish whether there is an association arising from similarity and whether such similarity is likely to detriment distinctiveness and fame of the mark. To distinguish the association, the USPTO suggests the criteria used to determine dilution by blurring, as in §1125(c)(2) of the Lanham Act:¹³⁸

- ‘(i) the degree of similarity between the mark or trade name and the famous mark;
- (ii) the degree of inherent or acquired distinctiveness of the famous mark;
- (iii) the extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark;
- (iv) the degree of recognition of the famous mark;
- (v) whether the user of the mark or trade name intended to create an association with the famous mark;
- (vi) any actual association between the mark or trade name and the famous mark.’¹³⁹

Due to the fact that the assessment of the mental link between the earlier and the later mark mirrors at its full the assessment of dilution by blurring, the author finds it more convenient to provide the evaluation of all the aforementioned elements in the section 2 Chapter III of the following paper, which focuses entirely on the risk of such injury.

3.2 Risk of injury

For the application of the EUTMR¹⁴⁰ and the Lanham Act¹⁴¹ it is not enough that the ‘mark with reputation’ or the ‘famous mark’ is similar or identical to the later mark, but there should be harm or a potential harm connected with use of the renowned mark. The third, and the

¹³⁸ *Nike Inc v Peter Maher Patricia Hoyt Maher* 91188789 (2011) TTAB 25-26.

¹³⁹ 15 U.S.C., para 1125 (c)(2).

¹⁴⁰ Reg on the EU trade mark, arts 8(5) 9(1)(c).

¹⁴¹ 15 U.S.C., para 1125 (c) 2.

final, assessment whether there is a dilution of a trademark, concerns the assessment of the consequences caused to the mark by unauthorized use.

Advocate General Jacobs has distinguished four types of unauthorized use of the earlier mark in the EU: use which takes unfair advantage of the mark's distinctive character, use which takes unfair advantage of its repute, use which is detrimental to the mark's distinctive character and use which is detrimental to its repute.¹⁴² However, the experts of the EUIPO in the EUIPO guidelines, after analyzing case law, have merged two kinds of unfair advantage into one, which, thus, indicates that there are only 3 types of injuries.¹⁴³

The Advocate General has clarified in his findings that the detriment to the distinctive character of the trademark is generally referred to as dilution by blurring, the detriment to repute constitutes tarnishment and unfair advantage to the repute and distinctiveness indicates free-riding.¹⁴⁴

As in the EU, the infringement to a famous mark includes dilution by blurring and by tarnishment. However, the US law does not refer to the last type of injury, meaning free-riding, and does not recognize it as dilution.

Since the nature of injuries is different, the assessment of them will be provided separately.

3.2.1 Detriment to distinctiveness

Detriment to the distinctive character of the earlier mark, also referred to as ‘dilution’, ‘whittling away’, or ‘blurring’, is caused when the marks ability to identify goods or services for which it is registered and used as coming from the proprietor of the mark is weakened, since use of the later mark leads to dispersion of the identity and hold upon the public mind of the earlier mark. That is notably the case when the earlier mark, which used to arouse immediate association with the goods and services for which it is registered, is no longer capable of doing so.¹⁴⁵

¹⁴² Case C-408/01 *Adidas_Salomon AG v Fitnessworld Trading Ltd* [2003] ECLI:EU:C:2003:582, Opinion AG Jacobs, para 36.

¹⁴³ Guidelines on Trade Marks with Reputation, para 3.4.3.

¹⁴⁴ Case C-408/01 *Adidas_Salomon AG v Fitnessworld Trading Ltd* [2003] ECLI:EU:C:2003:582, Opinion AG Jacobs, paras 37-39.

¹⁴⁵ Case C-252/07 *Intel Corporation Inc. v CPM United Kingdom Ltd.* [2008] ECLI:EU:C:2008:655, para 29.

For the first time the concept of detriment to the distinctive character was developed in the work of Frank I. Schechter 'The Rational Basis of Trademark Protection' based on the famous *Odol* decision of the Benelux Court. Schechter described this as 'the gradual whittling away or dispersion of the identity and hold upon the public mind of the mark or name by its use upon noncompeting goods' and believed that 'the more distinctive or unique the mark, the deeper is its impress upon the public consciousness, and the greater its need for protection against vitiation or dissociation from the particular product in connection with which it has been used'.¹⁴⁶ He strongly believed, that if to allow protection only for the arbitrary or fanciful marks in connection to registered goods or services, such marks will 'be lost in the commonplace words of the language, despite the originality and ingenuity in their contrivance, and the vast expenditures in advertising them' and will lose their uniqueness and, thus, selling power. As examples, he provides usage of the marks such as 'Kodak' for bathtubs and cakes, 'Mazda' for cameras and shoes, or 'Ritz-Carlton' for coffee¹⁴⁷ with further statement, that 'if you allow Rolls Royce restaurants and Rolls Royce cafeterias, and Rolls Royce pants, and Rolls Royce candy, in 10 years you will not have the Rolls Royce mark any more'.¹⁴⁸

Nowadays, the concept of the protection of the mark with renown went beyond the arbitrary or fanciful marks, allowing the suggestive and descriptive marks to enjoy anti-dilution protection.

In addition, the unique character of the earlier mark, described by Schechter, is no longer a requirement to establish detriment to distinctiveness, however, at least the acquired distinctive character in the EU or so called 'acquired a secondary meaning' in the US is required.¹⁴⁹

3.2.1.1 United States

The Lanham act provides a clear definition on what constitutes detriment to distinctiveness of the mark, which is referred to as 'dilution by blurring', and means 'association arising from

¹⁴⁶ Frank I. Schechter, 'The Rational Basis Of Trademark Protection' (1927) 40 Harvard Law Review 825.

¹⁴⁷ *ibid* 830.

¹⁴⁸ Case C-408/01 *Adidas_Salomon AG v Fitnessworld Trading Ltd* [2003] ECLI:EU:C:2003:582, Opinion AG Jacobs, para 37.

¹⁴⁹ C-252/07 *Intel Corporation Inc. v CPM United Kingdom Ltd.* [2008] ECLI:EU:C:2008:655, para 72; *Abercrombie Fitch Co v Hunting World Inc* 537 F.2d 4 (1976).

the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark’.¹⁵⁰

In determining whether a mark or trade name is likely to cause dilution by blurring, the court may consider all relevant factors, including the following:

- ‘(i) the degree of similarity between the mark or trade name and the famous mark;
- (ii) the degree of inherent or acquired distinctiveness of the famous mark;
- (iii) the extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark;
- (iv) the degree of recognition of the famous mark;
- (v) whether the user of the mark or trade name intended to create an association with the famous mark;
- (vi) any actual association between the mark or trade name and the famous mark.’¹⁵¹

From the wording of the article it could be understood that not all the factors should be taken into consideration. This opinion is supported by the federal court in case *Louis Vuitton v Haute Diggity Dog*, where the court stated: ‘not every factor will be relevant in every case, and not every blurring claim will require extensive discussion of the factors. But a trial court must offer a sufficient indication of which factors it has found persuasive and explain why they are persuasive so that the court's decision can be reviewed’.¹⁵² Moreover, the court has added that the list of factors is not exhaustive or mandatory, it serves as a guide catalog.¹⁵³

The degree of inherent or acquired distinctiveness of the famous mark

The factors that relate to the degree of distinctiveness, exclusive use and recognition concern the features of the famous mark and are independent from the use of the earlier mark.¹⁵⁴

The US Court has established distinctiveness to be the standard for the marks to be entitled to protection. The classic approach is the more distinctive the mark is, the higher probability that

¹⁵⁰ 15 U.S.C., para 1125 (c) (2).

¹⁵¹ *ibid.*

¹⁵² *Louis Vuitton Malletier S A v Haute Diggity Dog LLC* 507 F.3d 252 (2007) US App, s III (A).

¹⁵³ *Rosetta Stone Ltd v Google Inc* 676 F.3d 144 (2012) 4th Cir, s II para (a)(1).

¹⁵⁴ *Starbucks Corp v Wolfe's Borough Coffee Inc* 736 F.3d 198 (2013) 2d Cir, s D at 212.

it will be granted such protection. The marks can be classified by order of increasing distinctiveness to: (1) generic; (2) descriptive; (3) suggestive; (4) arbitrary; or (5) fanciful, where the latter 3 categories are considered to be inherently distinctive due to their essential nature to identify a particular source of a product. The descriptive mark could enjoy the protection only in case the mark has acquired a secondary meaning, which happens when there is evidence that the mark triggers in the mind of the public consumer a single source of origin, whether the source is anonymous or not, or when the mark is registered. Generic marks, however, do not enjoy trademark protection.¹⁵⁵

The Court, when deciding on the fact whether the mark has obtained a secondary meaning, assesses the following criteria: (1) advertising expenditures; (2) sales success; (3) unsolicited media coverage of the product; (4) attempts to plagiarize the mark; (5) the length and exclusivity of the mark's use; and (6) consumer studies linking the name to a source.¹⁵⁶

The trademark distinctiveness has a dual function. Firstly, it is a statutory element to qualify for protection. Secondly, the degree of distinctiveness of the earlier famous mark has a direct correlation with the effect that later marks' use could cause: the more distinctive the mark is, the greater protection it gets. In contrast, the weaker the distinctive character of the mark, the harder it is for the proprietor of the famous mark to prove dilution, especially if the products and services are dissimilar.¹⁵⁷

The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark

This factor relates to the third-party use of identical or highly-similar marks. If there is a great number of third parties using a similar sign, it could be an obstacle to invoke dilution since the likelihood that the additional use of the other third party could render the distinctiveness of a famous mark is quite low.¹⁵⁸ The mark could be so diluted by such use, that it becomes weak and commonplace, which results in its incapability to be diluted.¹⁵⁹ The probability to

¹⁵⁵ *New York City Triathlon LLC v NYC Triathlon Club Inc* 704 F. Supp. 2d 305 (2010), para 2.

¹⁵⁶ *ibid* para 2 (A).

¹⁵⁷ *Nabisco Inc v PF Brands Inc* 191 F.3d (1999) para 217.

¹⁵⁸ Marcus H. H. Luepke, 'Taking Unfair Advantage or diluting a famous mark- a 20/20 perspective on the blurred differences between U.S. and E.U. dilution law' (2008) 98 Trademark Reporter 801.

¹⁵⁹ Miles J. Alexander and Michael K. Heilbronner, 'Dilution Under Section 43(C) Of The Lanham Act' (1996) 59 Law and Contemporary Problems 113-114.

succeed in dilution cases is higher, if the lesser third-party use of the famous mark is shown.¹⁶⁰

Based on assessment of this factor provided in the Opposition case *Nike v Peter Maher*, the Board requires proving that the proprietor of the mark actively enforces his right to the famous mark. The mark should be used for the goods and services it was registered for and mainly by the proprietor of the mark. The Board found the evidence of not permitting the use of Nike mark by the 3rd parties regardless of the underlying purpose of the requested use sufficient to indicate exclusivity of use of Nike by its proprietor. The claim that the 3rd party registered similar marks have a very limited value when establishing exclusivity of use, since they give no information on the fact of use of those marks or the manner of any such use. Without proving the 3rd parties use of the registered mark similar to the famous mark, the fact that the use has influenced the perception of the public is not possible to constitute.¹⁶¹ However, the evidence of the 3rd party registration could be used by the court to establish whether the famous mark has a commonly registered element with a suggestive meaning. If it is the case, the court may establish that by adding another elements to the commonly registered element the later mark as a whole is distinguishable from the famous mark.¹⁶²

The degree of recognition of the famous mark

The board has established, that the most important in determining fame is to evaluate the degree of public recognition of the mark as the source of the goods and services in relation to which it is used.¹⁶³ It is up to the Court to establish on a case-by-case basis the degree of recognition, which is sufficient to prove the dilution claim based on the evidence provided by the party, which include, but not limited to: articles from mass media and surveys.¹⁶⁴

¹⁶⁰ Marcus H. H. Luepke, 'Taking Unfair Advantage or diluting a famous mark- a 20/20 perspective on the blurred differences between U.S. and E.U. dilution law' (2008) 98 Trademark Reporter 801.

¹⁶¹ *Nike Inc v Peter Maher Patricia Hoyt Maher* 91188789 (2011) TTAB 27.

¹⁶² *Restaurants Inc v Morrison Inc* 23 USPQ2d (1991) TTAB.

¹⁶³ *Nike Inc v Peter Maher Patricia Hoyt Maher* 91188789 (2011) TTAB 16.

¹⁶⁴ See s 2.2.1.

Whether the user of the mark or trade name intended to create an association with the famous mark.

When assessing this factor the court needs to establish whether the user had intent to link of his mark with the famous mark, thus assessing whether the use was in bad faith.¹⁶⁵

3.2.1.2 European Union

In the absence of a clear definition provided in the EU law, there is a need to refer to the case law. The wording of the Article 8(5) and 9(1)(c) of the EUTMR ‘would be/is detrimental to the distinctive character of earlier reputed mark’ indicates that the object of protection is the distinctiveness of the earlier reputed mark.¹⁶⁶ As was discussed above the distinctive character of the mark links the goods/services for which it has been registered with the proprietor of the mark, which allows consumers to connect the goods or services to the source of their origin. Therefore, detriment to the distinctive character of the earlier mark must be assessed by reference to the relevant public, which, in this case, constitutes average consumers of the goods and services for which the mark is registered, who are reasonably well informed and reasonably observant and circumspect.¹⁶⁷

The above-mentioned articles refer to 2 elements that should be present to have dilution of the earlier reputed mark: the use and that such use would cause or causes detriment to the distinctive character. The first use of a similar mark in a distinct market does not necessarily dilute the identity or distinctiveness of the earlier mark, but, it could, over time, result in doing so, since the first use may trigger further acts of use by different operators. This is so called ‘avalanche effect’.¹⁶⁸ The first use may, circumstantially, be sufficient to induce actual and present detriment to the distinctive character of the earlier mark or to give rise to a serious likelihood of future detriment.¹⁶⁹ However, the first use, in case of opposition to registration, may never occur, therefore, the Office analyzes whether hypothetical first use of the later mark could cause detriment to the earlier mark based on the circumstances provided by the

¹⁶⁵ Marcus H. H. Luepke, ‘Taking Unfair Advantage or diluting a famous mark- a 20/20 perspective on the blurred differences between U.S. and E.U. dilution law’ (2008) 98 Trademark Reporter 802.

¹⁶⁶ Guidelines on Trade Marks with Reputation, para 3.4.3.2.

¹⁶⁷ Case C-252/07 *Intel Corporation Inc. v CPM United Kingdom Ltd.* [2008] ECLI:EU:C:2008:655, para 35.

¹⁶⁸ Guidelines on Trade Marks with Reputation, para 3.4.3.2.

¹⁶⁹ C-252/07 *Intel Corporation Inc. v CPM United Kingdom Ltd.* [2008] ECLI:EU:C:2008:655, para 75.

opponent. The burden of proof to show the actual or likelihood harm that could be triggered by the unauthorized use is on the opponent.¹⁷⁰

The EUCJ has established, that in case the proprietor of the earlier mark wants to enjoy the protection of the article 8(5) EUTMR he must provide proof that the use of the later mark ‘would be detrimental to the distinctive character of the earlier trade mark’. Thus, the harm to the earlier mark is only potential and not actual. Moreover, the Court has stressed that in case of a risk of such harm, the proprietor of the earlier mark cannot be required to wait for it to occur in order to be able to prohibit that use.¹⁷¹ Even though, the EUTMR and the CJEU case law does not required to prove actual harm to the mark, the Court has established that there should be the serious risk of such detriment, which could be proven by the evidence that proves likelihood of detriment based on an analysis of the probabilities and by taking account of the normal practice in the relevant commercial sector as well as all the other circumstances of the case’.¹⁷² However, to invoke article 9(1)(c), the legislator has required actual harm to the mark by using the wording ‘is detrimental to the distinctive character of the earlier mark’. The Court, as the evidence that the use of the later mark is or would be detrimental to the distinctive character of the earlier mark, requires evidence of change in the economic behavior of the average consumer of the goods or services for which the earlier mark was registered consequent on the use of the later mark, or a serious likelihood that such a change will occur in the future.¹⁷³ The Court has further established that the concept of the ‘change in the economic behavior of the average consumer’ lays down an objective condition, which cannot be deduced solely from subjective elements such as consumers’ perceptions. For the court it is not sufficient to establish the existence of detriment or a risk of detriment to the distinctive character based on the mere fact that consumers acknowledge the presence of a new similar mark to an earlier mark.¹⁷⁴ Therefore, there are 2 self-determining criteria that must be proven by the proprietor of the earlier mark and analyzed by the Court or the Office: ‘

- 1) The blurring of the reputed mark’s image and identity in the relevant public’s apprehension (subjective criteria)

¹⁷⁰ Guidelines on Trade Marks with Reputation, para 3.4.3.2.

¹⁷¹ C-252/07 *Intel Corporation Inc. v CPM United Kingdom Ltd.* [2008] ECLI:EU:C:2008:655, paras 37- 38.

¹⁷² Case C-383/12 P *Environmental Manufacturing LLP v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* [2013] ECLI:EU:C:2013:741 paras 42,43.

¹⁷³ C-252/07 *Intel Corporation Inc. v CPM United Kingdom Ltd.* [2008] ECLI:EU:C:2008:655, para 77.

¹⁷⁴ Case C-383/12 P *Environmental Manufacturing LLP v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* [2013] ECLI:EU:C:2013:741 para 37.

2) The change in the economic behavior of this public (objective criteria).¹⁷⁵

Even though the ‘uniqueness’ of the mark is not essential to prove the detriment to the distinctive character of the mark, the Court has determined that the ‘more unique’ the earlier mark is, the greater the chance that the use of the contested mark could cause such detriment.¹⁷⁶ Certainly, due to the exclusive character of the mark, the consumers associate the mark with the single source of origin, which makes it easier to prove the detriment to the distinctiveness. If the same sign is used for multiple products and services, the average consumer might not have an immediate link with any of the goods it is registered for, which leaves little or no room for dilution.¹⁷⁷ The Court states: ‘[H]owever, the risk of dilution appears, in principle, to be lower if the earlier mark consists of a term which, because of a meaning inherent in it, is very common and frequently used, irrespective of the earlier mark consisting of the term at issue. In such a case, reuse of the term in question by the mark applied for is less likely to result in a dilution of the earlier mark’.¹⁷⁸ As an example, the Court refers to the findings of the *SPA-Finders*, where there was established that the notion ‘spa’ is often used to indicate ‘the Belgian town of Spa and the Belgian racing circuit of Spa-Francorchamps or, in general, places for hydrotherapy such as hammams or saunas’ with further noting that there is a little risk, that the other mark containing the word element ‘spa’ could be detrimental to the mark ‘SPA’.¹⁷⁹ Thus, the marks’ suggestive characteristics would rather invoke the association not to the sources of origin of the product, but the specific ascribed feature of the product.¹⁸⁰ Therefore, the proprietor of the later mark, in case of opposition to registration of his mark or prohibition of use of it, could successfully prove that there is no likelihood of dilution based on the fact, that the mark or the element of the mark are used by different undertakings or contain a commonly used word, since in this case the risk of the attractiveness of the earlier mark being diluted is quite low if the mark is particularly not unique.¹⁸¹

¹⁷⁵ Guidelines on Trade Marks with Reputation, para 3.4.3.2.

¹⁷⁶ C-252/07 *Intel Corporation Inc. v CPM United Kingdom Ltd.* [2008] ECLI:EU:C:2008:655, para 74.

¹⁷⁷ Guidelines on Trade Marks with Reputation, para 3.4.3.2.

¹⁷⁸ Case T-215/03 *Sigla v OHIM - Elleni Holding VIPs* [2007] ECLI:EU:T:2007:93, para 38.

¹⁷⁹ Case T-67/04 *Spa Monopole, compagnie fermière de Spa SA/NV v OHIM* [2005] ECLI:EU:T:2005:179, para 44.

¹⁸⁰ Guidelines on Trade Marks with Reputation, para 3.4.3.2.

¹⁸¹ Guidelines on Trade Marks with Reputation, para 3.4.3.2.

3.2.3 Detriment to reputation

3.2.3.1 United States

The US legislator has established that dilution by tarnishment is ‘association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark’.¹⁸²

Tarnishment invokes customers’ antipathy for the famous mark due to the association with the trademark that sells goods or services of poor quality or lack of repute or that is portrayed in offensive or unsavory way, although the goods are unrelated.¹⁸³

Tarnishment is most likely caused by the use of a famous mark in relation to unseemly concepts, such as pornography, violence, drugs or other illegal activities. As example of such a connection, the Court has found dilution by tarnishment in *PepsiCo v Wholesale*, where a defendant used the famous marks Pepsi and Mountain Dew on original PepsiCo bottles, cans and canisters to create safe like devices with hidden compartments. The court has based the decision on possible confusion between the marks, that could have resulted in accusing PepsiCo for damaging features of the product, such as: association of safes with concealing illegal drugs, such modification of the bottles, cans or canisters that could injure the consumers and influence the quality of the product inside.¹⁸⁴

There are also other examples of tarnishment that do not invoke association with the above mentioned categories. The most common way to tarnish the mark is to create a parody on it.¹⁸⁵ The trademark Cabbage Patch Kids was determined as tarnished by the mark Garbage Pail Kids, which ‘would disparage the wholesome image plaintiff attempts to present for its products’.¹⁸⁶ ‘Cabbage Patch Kids were defined as lovable and adoptable; Garbage Pail Kids, as a purported parody on the ‘cute doll’ syndrome, were hateful and disgusting.’¹⁸⁷ This parody has changed the perception of the earlier famous marks’ customers, who were children of 8 years old and older, due to the ‘peer pressure’ and resulted in loss of revenues of the

¹⁸² 15 U.S.C., para 1125 (c).

¹⁸³ *Rosetta Stone Ltd v Google Inc* 676 F.3d 144 (2012) 4th Cir, s VI.

¹⁸⁴ Marcus H. H. Luepke, ‘Taking Unfair Advantage or diluting a famous mark- a 20/20 perspective on the blurred differences between U.S. and E.U. dilution law’ (2008) 98 Trademark Reporter 800.

¹⁸⁵ Courtland L. Reichman, ‘State and Federal Trademark Dilution’ (1998) 17 Franchise Law Journal 113.

¹⁸⁶ *Original Appalachian Artworks Inc v Topps Chewing Gum Inc* 642 F. Supp. 1031 (1986), s I(C).

¹⁸⁷ Jerre B. Swan, ‘Dilution Redefined for the year 2002’ (2002) 92 Trademark Reporter 622.

Cabbage Patch Kids roughly estimated of \$50 million and raise in sales of Garbage Pail Kids cards with over \$70 million.¹⁸⁸

3.2.3.1 European Union

The second type of injury under articles 8(5) and 9(1)(c) of the EUTMR is the detriment to the repute of the earlier mark, which is also referred to as tarnishment or degradation. The first time this notion was brought by the Benelux Court of Justice in the famous *Claeryn v. Klarein* decision, and it was attributed to a situation in which by making an association between the earlier and the later mark, the power of attraction to such a mark is influenced. The Court found that the mark 'Klarein' for a liquid detergent has tarnished the mark 'Claeryn' for a Dutch gin, since, due to similarity of the two marks, the consumers might think of detergent when drinking 'Claeryn' gin.¹⁸⁹ Thus, the dilution by tarnishment occurs when the unauthorized use of the earlier mark is likely to depreciate the image or the prestige of the reputed mark.¹⁹⁰

Tarnishment appears to be a step beyond blurring, since the mark is not only weakened but actually diminished by the association that consumer makes with the later mark.¹⁹¹ The later mark is likely to detriment the reputation of the earlier mark when the goods or services offered by the proprietor of the later mark have a characteristic or a quality, which negatively affects the image of the mark.¹⁹² The EUIPO Guidelines refer to the following cases of tarnishment: 'when the mark is reproduced in an obscene, degrading or inappropriate context, or in a context that is not inherently unpleasant but that proves to be incompatible with a particular image the earlier mark has acquired in the eyes of the public, due to the promotional efforts of its owner'.¹⁹³

The assessment of tarnishment goes beyond establishing the connection in the mind of relevant public between the marks, the Court or the Office needs a proof that such association

¹⁸⁸ *ibid.*

¹⁸⁹ Case C-408/01 *Adidas_Salomon AG v Fitnessworld Trading Ltd* [2003] ECLI:EU:C:2003:582, Opinion AG Jacobs, para 38.

¹⁹⁰ Guidelines on Trade Marks with Reputation, para 3.4.3.3.

¹⁹¹ C-252/07 *Intel Corporation Inc. v CPM United Kingdom Ltd.* [2008] ECLI:EU:C:2008:655, Opinion AG Sharpston, para 79.

¹⁹² Case C-487/07 *L'Oréal SA v Bellure NV* [2009] ECLI:EU:C:2009:378, para 40.

¹⁹³ Guidelines on Trade Marks with Reputation, para 3.4.3.3.

has a negative or detrimental effect on the earlier mark.¹⁹⁴ The relevant public constitutes, as in case with blurring, the average reasonably well informed and reasonably observant and circumspect consumers of the goods and services for which that mark is registered.¹⁹⁵

The Office draws attention that the argument of the poor quality of the goods or services and opponents' inability to control quality of such goods or services, per se, is not sufficient to show detriment. Further on, assessing the quality of the dissimilar goods or services is not feasible, especially if the later mark has never been in use, due to the difference in categories the marks were registered for, as well as, to its subjective character. However, in case of inferior quality of the goods and services of the later mark that arouses the link to the earlier mark, the proprietor of the earlier mark could seek protection against unfair advantage of the repute or distinctive character or detriment to its distinctiveness.¹⁹⁶

As for the case law, tarnishment was established in *Kappa* for sports clothing and footwear v. *Kappa* for tobacco products, cigarettes, cigars etc., where Court has established that since smoking is considered to be an unhealthy habit, the sign Kappa for cigarettes is likely to cause negative mental association with the image of a healthy lifestyle of the earlier mark *Kappa*.¹⁹⁷

3.2.4 Unfair advantage of the distinctive character or reputation in the European Union

As was stated above, this concept is not recognized as dilution in the US, thus, this paragraph primarily focuses on the detriment of the distinctive character of the reputed mark in the EU.

The concept of taking unfair advantage of the distinctive character or reputation, or as referred to as 'parasitism' or 'free-riding',¹⁹⁸ relates to the cases of 'exploitation and free-riding on the coattails of a famous mark or an attempt to trade upon its reputation'.¹⁹⁹ Meaning, that the proprietor of a later mark profits from attractiveness of the earlier marks' repute, image, prestige and the advertising value by attaching identical or similar mark on its goods or services. By the means of free-riding on the repute and distinctiveness, the

¹⁹⁴ *ibid* para 3.4.3.3.

¹⁹⁵ C-252/07 *Intel Corporation Inc. v CPM United Kingdom Ltd.* [2008] ECLI:EU:C:2008:655, para 35.

¹⁹⁶ Guidelines on Trade Marks with Reputation, para 3.4.3.3.

¹⁹⁷ *ibid*.

¹⁹⁸ Case C-487/07 *L'Oréal SA v Bellure NV* [2009] ECLI:EU:C:2009:378 para 41.

¹⁹⁹ Case C-408/01 *Adidas_Salomon AG v Fitnessworld Trading Ltd* [2003] ECLI:EU:C:2003:582, Opinion AG Jacobs, para 39.

proprietor of a similar or identical mark parasites on the investment of the opponent in promoting and building-up goodwill for its mark in order to stimulate the sales²⁰⁰ ‘without paying any financial compensation and without being required to make efforts of his own in that regard’.²⁰¹ To give an example, the Rolls Royce mark could stop the manufacturer of Rolls Royce whisky from free-riding on the reputation of Rolls Royce mark for the sake of promoting his brand.²⁰²

The concept of free-riding refers to the advantage taken by transferring the image of the mark or its characteristics by the third party as a result of use of the identical or similar sign, but not to the detriment caused it. Therefore, for free-riding cases the likelihood of confusion or a likelihood of detriment to the distinctive character of the mark is not required.²⁰³

In order to conclude that the sign takes unfair advantage of the distinctiveness or repute of the mark, the court will take an overall assessment of the circumstances of the case, as well as will check whether there is an association between the marks.²⁰⁴ The association between the marks in questions should be such as to increase the performance of the later mark in commerce. As evidence to prove the advantage of the later mark the proprietor of the reputed mark can provide the consumer survey with indications of boosting effect of the later mark as a result of existence of the earlier mark.²⁰⁵

The EUIPO guidelines suggest that in the following circumstances the later mark could free-ride on the coat-tails of the reputed mark: ‘

1. where the earlier mark possesses a strong reputation or a very strong (inherent) distinctive character;
2. where the degree of similarity between the marks at issue is high;
3. where there is a special connection between the goods or services, which allows for some of the qualities of the opponent’s goods/services to be attributed to those of applicant;

²⁰⁰ Guidelines on Trade Marks with Reputation, para 3.4.3.1.

²⁰¹ Case C-487/07 *L’Oréal SA v Bellure NV* [2009] ECLI:EU:C:2009:378 para 49.

²⁰² Case C-408/01 *Adidas_Salomon AG v Fitnessworld Trading Ltd* [2003] ECLI:EU:C:2003:582, Opinion AG Jacobs, para 39.

²⁰³ Case C-487/07 *L’Oréal SA v Bellure NV* [2009] ECLI:EU:C:2009:378 paras 41, 50.

²⁰⁴ C-252/07 *Intel Corporation Inc. v CPM United Kingdom Ltd.* [2008] ECLI:EU:C:2008:655, para 36.

²⁰⁵ C-252/07 *Intel Corporation Inc. v CPM United Kingdom Ltd.* [2008] ECLI:EU:C:2008:655, Opinion AG Sharpstone, paras 66-67.

4. where, in a view of special attractiveness and prestige, the earlier mark may be exploited even outside its natural market sector.’²⁰⁶

Due to the fact that the intentions of the proprietor of the later mark could not be treated as a material factor, deriving unfair advantage of the distinctiveness or the repute of a trade mark maybe a deliberate decision. Nonetheless, a ‘deliberate intention’ of the proprietor of later mark to exploit the goodwill attached to the reputed mark is not necessary required to prove the free-riding case. Thus, ‘bad faith is not in itself a condition for application of articles’ 8(5) and 9(1)(c) of the EUTMR, since the article only requires the advantage to be unfair, meaning there is no justification for its profit. However, in case the proprietor of the later mark clearly acts in bad faith there will be a strong indication of unfair advantage.²⁰⁷

In conclusion, in the case where the mark takes unfair advantage, the proprietor of the reputed mark is not required neither to show that the later mark is detrimental to its economic interests nor to the image of the mark.²⁰⁸

3.3 Fair Use Exception from Liability

When a national court or a registration office establishes that a mark is sufficiently recognized and the use of the mark has triggered a mental association, which resulted in injury to the mark, the proprietor of the mark with renown succeeds in a dilution case. As a consequence, the proprietor of the later mark has to stop using the mark with renown in any form, unless he can show a legal base for it. Therefore, there is a need to establish in which cases the legitimate interest of the proprietor of the later mark overrides the trademark rights.

3.3.1 United States

The US law has set a safe harbor for using the famous mark in the following cases:

‘(A) Any fair use, including a nominative or descriptive fair use, or facilitation of such fair use, of a famous mark by another person other than as a designation of source for the person’s own goods or services.

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

²⁰⁶Guidelines on Trade Marks with Reputation, para 3.4.3.1.

²⁰⁷ *ibid.*

²⁰⁸ *ibid.*

(C) Any noncommercial use of a mark.²⁰⁹

As soon as the Court has established based on the evidences of the case the likelihood of dilution by blurring or by tarnishment, it is up to the defendant to show that the use of the famous mark constitutes a fair use ‘other than as a designation of source for the defendant's own good or services’ and that such use does not constitute dilution. Fair use exists in two forms: nominative and descriptive. By descriptive, or classic, fair use should be understood the description of the defendants’ goods or services, whereas the nominative fair use constitutes the defendants’ of the mark to identify or compare the trademark proprietor’s product. To take advantage of nominative fair use, the defendant may use the mark only as much as essential to identify the goods or services and may not use in a way that suggests affiliation, sponsorship, or endorsement by the mark holder.²¹⁰ The Lanham Act included to the fair use doctrine, the use in connection with:

- ‘(i) advertising or promotion that permits consumers to compare goods or services;
- (ii) identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner.’²¹¹

The case law provided, that regardless of the type of fair use, the main component is good faith.²¹²

The Court in order to establish whether a proprietor of a later mark had a good faith when using the similar or identical sign as of the famous mark uses the consideration of whether the defendant adopted his mark while selecting the mark had an intention to benefit from the renown and goodwill of the earlier mark, in addition to assessment of the confusion between the earlier and the later marks’ product. The defendant’s familiarity with the earlier mark, especially if there is no explanation for the choice of the name or a sign, could be an evidence of bad faith.²¹³

²⁰⁹ 15 U.S.C., para 1125 (c) (3).

²¹⁰ *Rosetta Stone Ltd v Google Inc* 676 F.3d 144 (2012) 4th Cir, s VI (A).

²¹¹ 15 U.S.C., para 1125 (c) (3).

²¹² *Rosetta Stone Ltd v Google Inc* 676 F.3d 144 (2012) 4th Cir, s VI (A).

²¹³ *New York City Triathlon LLC v NYC Triathlon Club Inc* 704 F. Supp. 2d 305 (2010), para 6.

The parody is the other established form of eligible use of the famous trademark. The court in *Mattel, Inc. v. Walking Mountain Prods* has stated: ‘tarnishment caused merely by an editorial or artistic parody . . . is not actionable under an anti- dilution statute because of the free speech protections of the First Amendment’.²¹⁴ However, it has its limitations. In *Columbia Pictures Industries, Inc. v. Miller* the court stated: ‘[T]he right of the public to use words in the English language in a humorous and parodic manner does not extend to use of such words as trademarks if such use conflicts with the prior use and/or registration of the substantially same mark by another’. In dilution cases the court has established that the parody is not sufficient defense if the marks are confusingly similar.²¹⁵

3.3.2 European Union

The last condition for the application of the articles 8(5) and 9(1)(b) is that the use of the mark is without due cause. The EUCJ has stated that the concept of ‘due cause’ is not restricted to objectively overriding reasons, but ‘may also relate to the subjective interests of a third party using a sign which is identical or similar to the mark with a reputation’.²¹⁶ Thus, should be determined by the courts on a case-by-case basis based on the facts of the dispute.²¹⁷ To assess whether the mark was used without due cause, the Court should consider 2 factors: ‘

1. a determination as to how that sign has been accepted by, and what its reputation is with, the relevant public;
2. the intention of the person using that sign.’²¹⁸

The proprietor of the later mark in order to illegibly use the sign similar to the reputed mark should show a good intention or a good faith. The Court has discovered, that in order to establish whether the use was in good faith, ‘it is necessary to take account of the degree of proximity between the goods and services for which that sign has been used and the product for which that mark was registered, as well as to have regard for when that sign was first used

²¹⁴ Marcus H. H. Luepke, ‘Taking Unfair Advantage or diluting a famous mark- a 20/20 perspective on the blurred differences between U.S. and E.U. dilution law’ (2008) 98 Trademark Reporter 803.

²¹⁵ *Nike Inc v Peter Maher Patricia Hoyt Maher* 91188789 (2011) TTAB 11.

²¹⁶ Case C-65/12 *Leidseplein Beheer BV v Red Bull GmbH* [2014] ECLI:EU:C:2014:49, paras 45-48.

²¹⁷ Case C-323/09 *Interflora Inc Interflora British Unit v Marks & Spencer plc Flowers Direct Online Ltd* [2011] ECLI:EU:C:2011:604, para 92.

²¹⁸ Case C-65/12 *Leidseplein Beheer BV v Red Bull GmbH* [2014] ECLI:EU:C:2014:49, paras 53-55.

for a product identical to that for which that mark was registered, and when that mark acquired its reputation’.²¹⁹

The last 2 elements referred above constitute the scope of intention, therefore, the EUCJ in its conclusion substitutes the factor ‘the intention of the person using that sign’ with them and names the following 3 factors to assess: ‘

1. how that sign has been accepted by, and what its reputation is with, the relevant public;
2. the degree of proximity between the goods and services for which that sign was originally used and the product for which the mark with a reputation was registered;
3. the economic and commercial significance of the use for that product of the sign which is similar to that mark.’²²⁰

In the case *Leidseplein Beheer v Red Bull*, the Court has examined whether the use by a third party of a sign which is similar to a trade mark with a reputation in relation to goods which are identical to those for which that mark is registered, where that sign was already being used before that mark was filed, may be covered by the concept of due cause. In the concluding statement, the Court has recognized such use as the use in a good faith, based on the arguments, that the consumers of the earlier registered mark could think of the goods and services proposed by the latter reputed mark as a natural extension of the range of services and goods for which the earlier mark was registered, as well as the more recognized the earlier mark is, prior to the registration of a latter mark with repute, the more its use will be necessary for the marketing of a product identical to that for which the mark was registered.²²¹

In conclusion, the concept of ‘due cause’ intends to oblige the proprietor of the reputed mark to tolerate the use of the similar mark in relation to an identical product by the third party, if it is demonstrated that that sign was being used before that mark was filed and that the use of that sign in relation to the identical product is in good faith.²²²

The proprietor of the later mark, which is similar to the mark with repute, may use the ‘due cause’ concept in order to defend the case. It is up to the owner of the later mark to prove that

²¹⁹ *ibid* para 56.

²²⁰ *ibid* para 60.

²²¹ Case C-65/12 *Leidseplein Beheer BV v Red Bull GmbH* [2014] ECLI:EU:C:2014:49, para 57.

²²² *ibid* paras 58-60.

there is a due cause in case when the proprietor of the mark with repute has shown that there is either actual or potential harm caused by the use of the identical or similar mark by the proprietor of the later mark. In the absence of proof, the court presumes the lack of due cause.²²³

²²³ Guidelines on Trade Marks with Reputation, para 3.5.

Conclusion

Trademarks no longer serve merely as source identifiers. Trademark functions go beyond the initial purpose of protecting customers, they provide also protection for the investment made by the proprietor of the trademark. The higher the investment, the most likely a trademark will be recognized among the public. The higher the recognition, the most likely the marks' protection will expand from confusion infringements to dilution, which provides a wider scope of protection. The proprietor of the mark with renown, whether they are called 'well-known', 'famous' or 'marks with repute', benefits from the right to protect his mark against being used for dissimilar goods, which "ordinary" marks are not entitled to.

At first sight, dilution, as a legal concept, differs significantly in the EU and US. With a closer look, the legal regime and the procedure applied by courts in both countries to determine dilution are more closely aligned. There are 3 major assessments that are done to qualify the mark for dilution purposes: determination of marks' renown, evaluation of use of similar or identical mark that creates an association with the mark with renown and, finally, analysis of the intention behind the use of the mark with renown.

The first and the most crucial element is to assess the renown of the mark. Without determination of renown, the mark is not able to fulfill a precondition to invoke dilution laws. Renown is assessed in three dimensions: geographical spread, time and the recognition among the public. The major difference in assessing the renown between the EU and US marks is determination of geographical spread and the recognition among the public, since the EU approach is to recognize 'niche renown', while the US law requires a nationwide recognition. In both countries, the burden of proof of existence of renown is on the proprietor of the trademark, who is required to collect and provide evidence to the court.

However, mere renown does not suffice for a trademark to be diluted. The court after determination of renown proceeds with assessing the perception of the mark in public mind from the perspective of similarity between the later mark and the mark with renown and weakening the already established association between the mark and the goods it represents.

Last, but not least, element is the unauthorized use of the mark with renown by a third-party, where the court evaluates the intention of such use. In both countries there is a list of

exceptions, so called 'safe harbor', that allows a third-party use of the marks with renown. Whether the use has a legal ground is evaluated by courts based on the circumstances of the case.

With the rapidly growing international trade, brands became a valuable asset of the company, protection of which is important for the companies to survive. The higher the recognition of the brand on the market, the more value the brand has and the more likely the other companies would want to get a licensing deal or, in the worst case, to use the brand name for their products without legal grounds. Therefore, in recognition of the need to protect marks with renown, legislators of the EU and US should improve the shortcomings of laws concerning dilution to encourage more companies to invest in their trademarks, which leads to better quality products, innovation and consumer satisfaction.

Bibliography

I. Primary sources

Abercrombie Fitch Co v Hunting World Inc 537 F.2d 4 (1976)

Bose Corp v QSC Audio Prods Inc 293 F.3d 1367, 1371 (2002)

Case C-383/12 P *Environmental Manufacturing LLP v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* [2013] ECLI:EU:C:2013:741

Case C-251/95 *Sabel BV v Puma AG, Rudolf Dassler Sport* [1997] ECLI:EU:C:1997:528, Opinion AG Jacobs

Case C-251/95 *Sabel BV v Puma AG, Rudolf Dassler Sport* [1997] ECLI:EU:C:1997:528

Case C-252/07 *Intel Corporation Inc. v CPM United Kingdom Ltd.* [2008] ECLI:EU:C:2008:655

Case C-252/07 *Intel Corporation Inc. v CPM United Kingdom Ltd.* [2008] ECLI:EU:C:2008:655, Opinion AG Sharpston

Case C-342/97 *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV.* [1999] ECLI:EU:C:1999:323

Case C-375/97 *General Motor Corporation v Yplon SA*, [1999] ECLI:EU:C:1999:408

Case C-375/97 *General Motor Corporation v Yplon SA*, [1999] ECLI:EU:C:1999:408, Opinion AG Jacobs

Case C-408/01 *Adidas_Salomon AG v Fitnessworld Trading Ltd* [2003] ECLI:EU:C:2003:582

Case C-408/01 *Adidas_Salomon AG v Fitnessworld Trading Ltd* [2003] ECLI:EU:C:2003:582, Opinion AG Jacobs

Case C-552/09 P *Ferrero SpA v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* [2011] ECLI:EU:C:2011:177

Case C-301/07 *PAGO International GmbH v Tirolmilch registrierte Genossenschaft mbH* [2009] ECLI:EU:C:2009:611

Case C-301/07 *PAGO International GmbH v Tirolmilch registrierte Genossenschaft mbH* [2009] ECLI:EU:C:2009:611, Opinion AG Sharpston

Case C-323/09 *Interflora Inc Interflora British Unit v Marks & Spencer plc Flowers Direct Online Ltd* [2011] ECLI:EU:C:2011:604

Case C-487/07 *L'Oréal SA v Bellure NV* [2009] ECLI:EU:C:2009:378

Case C-65/12 *Leidseplein Beheer BV v Red Bull GmbH* [2014] ECLI:EU:C:2014:49

Case T-150/04 *Mühlens GmbH & Co. KG v European Union Intellectual Property Office* [2007] ECLI:EU:T:2007:214

Case T-215/03 *Sigla v OHIM - Elleni Holding VIPS* [2007] ECLI:EU:T:2007:93

Case T-67/04 *Spa Monopole, compagnie fermière de Spa SA/NV v OHIM* [2005] ECLI:EU:T:2005:179

Coach Services Inc v Triumph Learning LLC 668 F.3d 1356, 1375 (2012)

Consolidated Version of the Treaty on the Functioning of the European Union [2012] OJ C 326

Directive (EU) 2015/2436 of 16 December 2015 to approximate the laws of the Member States relating to trade marks [2015] OJ L 336

E I. DuPont DeNemours Co 467 F.2d 1357, 1361 C.C.P.A. (1973)

Grupo Gigante SA DE CV v Dallo Co Inc 391 F.3d 1088 (2004)

Guidelines for Examination in the Office, Part C, Opposition of 01 October 2017 on Trade Marks with Reputation, Article 8(5) EUTMR [2017]

Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks adopted by the Assembly of the Paris Union for the Protection of Industrial Property and World Intellectual Property Organization [1999] 833(E)

Louis Vuitton Malletier S A v Haute Diggity Dog LLC 507 F.3d 252 (2007) US App

McDonald's Corporation v Joburgers Drive-Inn Restaurant 547/95 (1996) Supreme Court of South Africa

Nabisco Inc v PF Brands Inc 191 F.3d (1999)

New York City Triathlon LLC v NYC Triathlon Club Inc 704 F. Supp. 2d 305 (2010)

New York City Triathlon LLC v NYC Triathlon Club Inc 704 F. Supp. 2d 305 (2010)

Nike Inc v Nikepal International Inc 2:05cv1468 GEB JFM (2007) E D Cal

Nike Inc v Peter Maher Patricia Hoyt Maher 91188789 (2011) TTAB

Original Appalachian Artworks Inc v Topps Chewing Gum Inc 642 F. Supp. 1031 (1986)

Paris Convention for the Protection of Industrial Property [1967] 21 UST 1583, 828 UNTS 305

Regulation (EU) 2017/1001 of 14 June 2017 on the European Union trade mark [2017] OJ L 154

Restaurants Inc v Morrison Inc 23 USPQ2d (1991) TTAB

Ringling Bros Barnum & Bailey Combined Shows Inc v Higgins 189 F.2d 865 (1951)

Rosetta Stone Ltd v Google Inc 676 F.3d 144 (2012) 4th Cir

Starbucks Corp v Wolfe's Borough Coffee Inc 736 F.3d 19 (2013) 2d Cir

Toro Co. v. ToroHead Inc., 61 USPQ.2d 1164 (2001) TTAB

TRIPS: Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 U.N.T.S. 299, 33 I.L.M. 1197 [1994]

Victorias Secret Catalogue Inc v Moseley 537 U.S. 418 (2003)

II. Secondary Sources

Alexander M Heilbronner, 'Dilution Under Section 43(C) Of The Lanham Act' (1996) 59 Law and Contemporary Problems 93

Cambridge Dictionary <<https://dictionary.cambridge.org>> accessed 16 January 2018

Croze D, 'Protection Of Well-Known Marks' (2000) 5 Journal of Intellectual Property Rights 137

Desai D, I Lianos S Waller, *Brands, Competition Law And IP Law* (Cambridge University Press 2015)

Gielen C, 'Trademark Dilution Under European Law' (2014) 104 The Trademark Reporter 693

- Grinvald L, 'A Tale Of Two Theories Of Well-Known Marks' (2010) 13 Vanderbilt Journal of Entertainment and Technology Law <<https://ssrn.com/abstract=1789097>> accessed 17 December 2017
- Llewellyn P, 'Trademark Dilution Revisions: Proof Of Fame, Dilution' (2008) 240 New York Law Journal
- <<http://udel.edu/~pollack/Acct350/Handouts/trademark%20Dilution%202006.pdf>> accessed 17 December 2017
- Lockridge L, 'Honoring International Obligations In U.S. Trademark Law: How The Lanham Act Protects Well-Known Foreign Marks (And Why The Second Circuit Was Wrong)' (2010) 84 St.John's Law Review 1346
- Luepke M, 'Taking Unfair Advantage or diluting a famous mark- a 20/20 perspective on the blurred differences between U.S. and E.U. dilution law' (2008) 98 Trademark Reporter 789
- McCarthy T, 'Dilution Of A Trademark: European And United States Law Compared' (2004) 94 Trademark Reporter 1163
- Morrin M, J LeeG Allenby, 'Determinants Of Trademark Dilution' (2006) 33 Journal of Consumer Research 248
- Naser MT Hammouri, 'The Notion Of Famous, Well-Known Trade Marks And Marks With Repute Compared' (2014) 9 Journal of Intellectual Property Law & Practice 312
- Nguyen X, 'Requiring Proof Of National Fame In Trademark Law' (2011) 33 Cardozo Law Review 89
- Online Etymology Dictionary, <www.etymonline.com/word/dilute> accessed on 19 January 2018
- Reichman C, 'State and Federal Trademark Dilution' (1998) 17 Franchise Law Journal 111
- Schechter F, 'The Rational Basis Of Trademark Protection' (1927) 40 Harvard Law Review 813
- Senftleben M, 'The Trademark Tower Of Babel Dilution Concepts In International, US And EC Trademark Law' (2009) 40 International Review of Intellectual Property and Competition Law 45

Simon I, 'Dilution In The US, Europe, And Beyond: International Obligations And Basic Definitions' (2006) 1 Journal of Intellectual Property Law & Practice 406

Simon I, 'The Actual Dilution Requirement In The United States, United Kingdom And European Union: A Comparative Analysis' (2006) 12 Boston University Journal of Science & Technology Law

<https://papers.ssrn.com/sol3/papers.cfm?abstract_id=964234> accessed 20 December 2017

Strasser M, 'The Rational Basis of Trademark Protection Revisited: Putting the Dilution Doctrine into Context' (2011) 10 Fordham Intellectual Property, Media and Entertainment Law Journal 375

Swan J, 'Dilution Redefined for the year 2002' (2002) 92 Trademark Reporter 585

Whittaker K, 'Trademark Dilution In A Global Age' (2014) 27 University of Pennsylvania Journal of International Law 907

Abstract

Dilution as a legal doctrine has been around since it was first mentioned by the German Landgericht Elberfeld Court in the *Odol* case in 1924 and yet it creates a lot of confusion among lawyers and judges. Approaches taken by national courts vary significantly despite the existence of the 'hard', or binding law, and 'soft law' (quasi-legal instruments which do not have any legally binding force) addressing dilution of a trademark. The purpose of this thesis is to identify what constitutes dilution in the EU and US jurisdictions, to provide a comprehensive analysis of all the elements that are considered by courts when testing for dilution and to indicate the defences against dilution claims in a form of legal use. The thesis is split into three main sections. Chapter I gives a brief overview of the legal ground for protection of marks with renown in the EU and US, explicitly determining a content of protection and a standard for harm that is sufficient to invoke dilution laws. Chapter II examines the international and national legal provisions to establish the scope of renown of the mark to enjoy the dilution protection, mapping out in particular differences between the 'famous marks', 'marks with repute' and 'well-known marks', indicating their correlation, and outlining the evidence to prove renown. Chapter III analyzes all the elements that are required to succeed on a dilution claim, namely: the illegal use of the similar mark and the harm caused by such use in forms of blurring, tarnishment and free-riding, and provides an insight on legal use of the mark with renown, which could serve as a defence for the later user of this mark.

Abstract

Die Verwässerung von Markenzeichen als Gesetzesdoktrin existiert bereits seit der ersten urkundlichen Erwähnung durch das deutsche Landgericht Elberfeld im Jahr 1924. Trotz ihres langen Bestehens herrscht noch immer große Verwirrung unter Anwälten und Richtern. Die von verschiedenen nationalen Gerichten angewandten Ansätze unterscheiden sich, trotz der Existenz von zwingendem und nicht zwingendem Recht in Zusammenhang mit der Verwässerung von Marken, erheblich. Der Zweck dieser Arbeit besteht darin, zu identifizieren, was alles unter den Begriff der Verwässerung in der EU sowie in den USA subsumiert werden kann, eine umfassende Analyse aller Elemente, die von Gerichten beim Testen auf das Vorliegen von Verwässerungssachverhalten berücksichtigt werden, zu liefern und mögliche Einwendungen gegen Verwässerungsansprüche aufzuzeigen. Die Arbeit gliedert sich in drei Abschnitte. Kapitel I gibt einen kurzen Überblick über die rechtlichen Markenschutzgrundlagen bekannter Marken in der EU und in den USA, wobei der Inhalt des gewährten Schutzes sowie einen Standard für Schäden festgelegt werden soll, die ausreichen, um sich Verwässerungsgesetze zu berufen. Kapitel II untersucht die US und EU spezifischen Rechtsvorschriften zur Bestimmung des Bekanntheitsgrades der Marke sowie der Bestimmungen des Völkerrechts, in Zusammenhang mit dem Verwässerungsschutz, wobei insbesondere auf die Unterschiede zwischen "berühmten Marken", "anerkannten Marken" und "bekannten Marken" wobei auch auf ihre Beziehung zueinander und die Anforderungen an die Bekanntheit eingegangen werden soll. Das dritte Kapitel analysiert alle Elemente, die erforderlich sind, um einen Verwässerungsanspruch durchzusetzen, nämlich: die illegale Verwendung einer ähnlichen Marke und den Schaden, der durch diese Verwendung in Form von Unschärfe, Beschlagnahme und Trittbrettfahrer verursacht wird und bietet weiters einen Einblick in rechtliche Aspekte des Gebrauchs der bekannten, der als Verteidigung für den späteren Benutzer dieser Marke dienen könnte.