

FEATURES

Parody and the Trademark Dilution Revision Act: Are U.S. Courts Chewing, Charring and Wiping Away the Rights of Famous Trademark Owners?

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With much fanfare following the U.S. Supreme Court's decision in *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003), the Trademark Dilution Revision Act of 2006 (TDRA) resolved many conflicting opinions of federal circuits on the issue of whether a standard of likelihood of dilution (as opposed to proof of actual dilution) is the proper basis for a trademark dilution claim. The TDRA established that the proper standard is a likelihood of dilution. With much less fanfare, the TDRA also made a number of other significant changes to the Federal Trademark Dilution Act of 1995 (FTDA), including the following:

1. Explicitly recognizing two categories of dilution: *blurring* and *tarnishment*. Dilution by blurring is an "association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark." 15 U.S.C. § 1125(c)(2)(B). Dilution by tarnishment is an "association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark." 15 U.S.C. § 1125(c)(2)(C).
2. Setting forth six factors for courts to consider in determining a likelihood of dilution by blurring:
 - (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. 15 U.S.C. § 1125(c)(2)(B).

These significant changes to the TDRA have left courts grappling with interpretation issues. A brief examination of cases involving parody, word play and similar First Amendment defenses highlights the challenges courts are facing.

LOUIS VUITTON/CHEWY VUITON

Let's consider the first bite. The U.S. Court of Appeals for the Fourth Circuit deemed the use of the mark CHEWY VUITON for dog chew toys to be a parody of the famous trademark LOUIS VUITTON for luxury handbags. *Louis Vuitton Malletier, S.A. v. Haute Diggity Dog*, 507 F.3d 252 (4th Cir. 2007). The court noted that a parody must convey two simultaneous and contradictory messages—that it is the original and that it is also not the original—and that the message of the parody must convey an element of satire, humor or amusement. The Fourth Circuit reasoned that the dog toys were an obvious parody of the handbags; an imitation meant to poke fun at the elegance and exclusivity of the famous

brand. The court also rejected the plaintiff's position that a parody automatically triggers actionable dilution.

The TDRA provides that fair use is a complete defense and that parody can be considered fair use. However, the TDRA does not extend this defense to parodies used as trademarks. Nonetheless, the court determined that the TDRA does not prevent a court from considering parody as part of the totality of the circumstances or "all relevant factors," as set forth in Section 1125(c)(2)(B) of the Act. The court further determined that parody is relevant to the overall question of whether a defendant's use is likely to blur the distinctiveness of the famous brand. No dilution was found.

STARBUCKS/MR. CHARBUCKS

Need a pick-me-up now? How about a cup of roasted MR. CHARBUCKS coffee? On remand from the Second Circuit, the court in *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.*, 559 F.Supp.2d 472 (S.D.N.Y. June 5, 2008), had to decide whether, in view of the enactment of the TDRA, Starbucks should be entitled to injunctive relief based on the likelihood that the defendant's use of MR. CHARBUCKS (and MISTER CHARBUCKS) for coffee products created an association with the famous STARBUCKS mark likely to blur the distinctiveness of the STARBUCKS mark or to tarnish the mark by harming its reputation. The court decided that there was no likelihood of dilution. It believed that even though the defendant intended to evoke an association with STARBUCKS coffee, through the use of a "playful dissimilar mark," the association was not likely to dilute the STARBUCKS brand or harm its reputation.

The court's decision relied heavily on its interpretation of the six factors set forth in the TDRA for determining a likelihood of dilution by blurring. In weighing the first factor—the degree of similarity of the marks—the court seemingly created a new requirement that the marks be "very" or "substantially" similar in order to obtain protection against dilution by blurring. In weighing the "intent to create an association" factor, the court also seemed to create a new requirement of bad faith or an intent to create an *unlawful* association with the famous mark. The current language of the TDRA does not include a requirement of malice or scienter. Starbucks appealed the decision.

In connection with the appeal, INTA filed an *amicus curiae* brief with the Second Circuit to explain why the court erred in its interpretation of the TDRA factors in reaching its ultimate decision that the MR. CHARBUCKS term was not likely to dilute the famous STARBUCKS mark.

BUDWEISER/BUTTWIPER

Another one for the dogs, a case from the Eighth Circuit, raised concerns about "wiping" away famous trademark owners' rights. In *Anheuser-Busch, Inc. v. VIP Products, LLC*, 4:2008cv00358 (E.D. Mo. Oct. 16, 2008), the plaintiff



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alleged trademark infringement, unfair competition and dilution of its well-known BUDWEISER trademark by the defendant's sale of BUTTWIPER dog squeeze toys. The BUTTWIPER dog toys included, as part of the trade dress for the product, a label that was a "knock-off" of the well-known BUDWEISER beer label.

The district court granted the plaintiff's motion for preliminary injunction on the grounds of trademark infringement and unfair competition but denied the motion with respect to both the dilution by blurring and the dilution by tarnishment claims.

The following facts were noted by the court: (1) in addition to its well-known beer products, Anheuser-Busch also sells various non-beer items, including dog leashes and collars, food/water bowls, Frisbees, balls and pet mats; (2) the defendant directed its graphic designer to "make a knock-off of a beer bottle label" for 'Budweiser'/'Buttwiper'; and (3) based on survey evidence offered by Anheuser-Busch, the court found that there was "credible evidence of a 30% confusion rate between 'Budweiser' and 'Buttwiper.'"

VIP Products attempted to defeat a finding of likelihood of confusion by arguing that its product was a parody. In support of its argument, VIP relied heavily on the *Louis Vuitton* case (discussed above) and *Tommy Hilfiger Licensing, Inc., v. Nature Labs, LLC*, 221 F.Supp.2d 410 (S.D.N.Y. 2002) (involving TIMMY HOLEDIGGER dog perfume). The court found those cases distinguishable, in that there was no evidence that Louis Vuitton sold dog toys, there was no survey evidence in that case and there was an appreciable difference in cost between LOUIS VUITTON products and CHEWY VUITON dog toys. The TIMMY HOLEDIGGER dog perfume did not compete with the plaintiff's high-end perfume products, and there was no evidence of confusion and no survey evidence to support a finding of likelihood of confusion.

The court in the BUTTWIPER case chose instead to follow two precedents from the local court of appeals (the Eighth Circuit) that it felt were more similar, namely *Anheuser-Busch, Inc. v. Balducci Publications*, 28 F.3d 769 (8th Cir. 1994) (the "Michelob Oily" case), and *Mutual of Omaha Insurance Co. v. Novak*, 836 F.2d 397 (8th Cir. 1987) (the "Mutant of Omaha" case)—in both of which the plaintiff introduced survey evidence. Based on the survey results and the offering by Anheuser-Busch of similarly priced competitive products, the court concluded that the BUTTWIPER products were likely to cause confusion and therefore not defensible as a parody.

Although the plaintiff obtained a preliminary injunction against the BUTTWIPER product, its dilution claim failed on both blurring and tarnishment grounds. The court appeared to rely on the FTDA, which required proof of actual dilution, and pre-2006 case law, rather than on the TDRA, which requires only a likelihood of dilution. Under the stricter—but no longer applicable—standard, the court found that Anheuser-Busch had failed to show a likelihood of success as to either dilution by blurring or dilution by tarnishment. This result may be attributable to the fact that Anheuser-Busch's survey evidence appeared to be addressed to the infringement/likelihood of confusion claim, and the court found no evidence of actual dilution.

Candy Bar/Couch Bar

With chocolate comes hope for famous trademark owners. In *Hershey Co. v. Art Van Furniture, Inc.*, No. 08-cv-14463 (E.D. Mich. Oct. 24, 2008), Michigan's largest furniture retailer, Art Van, launched a website campaign asking visitors to vote for their favorite design, with the winning version to be placed on the side of its two dozen delivery trucks. One design



was a brown sofa emerging from a rectangular red or burgundy wrapper, with ART VAN in white block letters centered across the "wrapper" and foil visible at the ends (the "couch bar" design).

Hershey successfully took a bite out of this ad campaign. It filed a complaint claiming trademark infringement and dilution by blurring and asked for a temporary restraining order based on its registered and nonregistered trademarks and trade dress—the HERSHEY chocolate bar packaging.

Art Van argued that the "couch bar" design was merely a clever parody of a candy bar and its amusing nature diffused any risk that consumers would mistake source or sponsorship. The district court summarily rejected the parody defense, stating that Art Van's reliance on the parody exception was misplaced. The court distinguished this parody claim from the successful Chewy Vuiton parody defense in *Louis Vuitton*, holding that Art Van's design was "neither similar nor different enough to convey a satirical message" and that while the design "may be funny, ... it is not biting." This ruling (resulting in injunctive relief against the defendant) suggests that a defendant's play on another's mark will not automatically substantiate a parody defense.

Conclusion

As these decisions demonstrate, the courts are still struggling with how to interpret the TDRA, particularly in the area of word play and parodies, which by their very nature intend to reference a well-known mark. Although the parodies discussed in this article did not specifically involve political or social commentary, the potential intersection between trademark law and the First Amendment that can exist in these matters can serve as a further complicating factor that may make courts hesitant to find liability in these circumstances. Trademark owners should be aware of these issues and the potentially inconsistent treatment that they may receive in the courts. INTA will continue to track the case law as it develops in this dynamic area.