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Legal Update

Federal Trademark Dilution Act of 1995[†]

The Federal Trademark Dilution Act of 1995¹ adds a new subsection to the Lanham Act.² This new subsection 43(c)(1) allows the owner of a famous mark to obtain an injunction against any unauthorized commercial use that "cause dilution of the distinctive quality of the mark."³ The new Act defines the term "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 either (1) competition between the owner of the famous mark and other parties, or (2) the likelihood of confusion, mistake, or deception. [1]

The new subsection entitles the owner of a famous mark to an injunction against another person's commercial use of either the mark or the trade name of a distinctive mark.⁴ In determining whether a mark is distinctive and famous, courts may consider various factors, including the degree of distinctiveness of the mark; the duration and extent of the mark's use; the duration and extent of advertising and publicity for the mark; the geographical extent of the trading area in which the mark is used; the channels of trade for the goods or services with which the mark is used; the degree of recognition of the mark; the nature and extent of use of the same or similar marks by third parties; and when the mark was registered.⁵ [2]

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1 Pub. L. No. 104-98, 109 Stat. 985 (1995).

2 15 U.S.C. § 1125(c) (1994).

3 *Id.*

4 *Id.* § 1125(c)(1).

5 *Id.* § 1125(c)(43).

In addition, under the new section, fair use of a famous mark by another person in comparative commercial advertising, or in promotion to identify the competing goods or services of the owner of the famous mark, is actionable.⁶ Even noncommercial use of a such a mark is actionable, as are all forms of news reporting or commentary. [3]

Prior to the end of 1995, only twenty-five states had anti-dilution laws. Inconsistencies among the various jurisdictions has resulted in incomplete protection, given that most famous marks are usually nationally marketed and distributed. The passage of the new federal law will certainly provide more uniformity and consistency throughout the nation, instead of the discrepancies that currently exist among the various states. [4]

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6 *Id.* § 1125(c)(43)(c)(4).