

The Story of a Store Name

BY MARC MISTHAL



Imagine the surprised face of the owner of the world-famous Chicago-based tableware company, The Tableware Company, when a customer advises her a store in Wyoming is selling low-quality tableware under the name The Little Tableware Company. To make matters worse, The Tableware Company operates its own high-quality tableware store just ten

miles from The Little Tableware Company's store. What's a company to do? Well, the Tableware Company can file a variety of claims against The Little Tableware Company, including trademark infringement and unfair competition under federal and state law. The Tableware Company may also assert a federal claim for trademark dilution, although the recent Supreme Court decision in *Moseley v. V. Secret Catalogue* — more commonly known as *Victoria's Secret v. Victor's Little Secret* — handed down March 3, has made it significantly more difficult to assert such a claim.

Traditionally, there are two types of trademark dilution: blurring and tarnishment. Blurring is when a third party uses someone else's unique trademark in connection with different goods or services than those with which the mark is used, like Mikasa Tax Preparers or Kodak Pianos. Sure, it's unlikely the public would be confused that Mikasa tableware now prepares tax returns or that Kodak film now sells pianos, but it does diminish the uniqueness of the name.

Tarnishment occurs when a third party uses a famous mark with something inherently negative or unwholesome, like using The Tableware Company's domain name in connection with a pornographic website. Although the public is not likely to think The Tableware Company has segued into the pornography business, its name used in such a manner certainly creates a negative association.

Until recently, dilution claims could only be asserted under state law since there was no federal dilution law. That changed in 1995 when Congress passed the Federal

Trademark Dilution Act (FTDA), creating a federal claim for dilution. The FTDA — which applies only to famous trademarks — defines dilution as the lessening of the capacity of a famous mark to identify and distinguish goods or services.

The act was recently tested. In 1998, Victor and Cathy Moseley started selling adult novelties in Elizabethtown, Kentucky under the name Victor's Secret. They received notice from Victoria's Secret's attorneys to cease and desist, so the Moseleys changed the store's name to Victor's Little Secret. Still unsatisfied, Victoria's Secret sued the Moseleys in federal court, asserting among other things a claim for federal trademark dilution.

The district court ruled in favor of the Moseleys on all of Victoria's Secret's claims, except for the dilution claim. They explained Victor's Little Secret was too similar to Victoria's Secret, and because Victor's Little Secret is an adult store the association tarnished and diluted the Victoria's Secret trademark. The court prohibited the Moseleys from using Victor's Little Secret. The Moseleys appealed, but the case was shot down again on appeal. Further, the FTDA authorized courts to issue injunctions when the likelihood of dilution occurs. Trademark owners don't have to wait to seek injunctive relief until after dilution occurs.

Then the Moseleys headed to the Supreme Court where the ruling was reversed. In a unanimous decision, the Supreme Court ruled a party seeking to prove a claim of trademark dilution must establish *actual* dilution, not just a likelihood of dilution. The Supreme Court further stated that while it wasn't necessary for Victoria's Secret to prove it lost sales or profits because of Victor's Little Secret, to succeed on its dilution claim Victoria's Secret did need to prove that the Moseleys' conduct lessened the capacity of Victoria's Secret to identify and distinguish the goods and services they offered.

Because of this decision, to succeed on a claim of federal trademark dilution, The Tableware Company must prove that The Little Tableware Company diminishes the capacity of The Tableware Company to identify and distinguish the goods and services they offer. This is an extremely difficult thing to do.

If you have any questions regarding trademark dilution or intellectual property, you can reach us at (212) 684-3900, info@grr.com, or visit our website at www.grr.com. You may also request a copy of the firm's primer, "What's a Copyright? Trademark? Patent?" □

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