

The Elimination of Niche Fame

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I. INTRODUCTION

The new Trademark Dilution Revision Act of 2006 ("TDRA") makes several changes to the constitution of a federal dilution claim. Many discussions focus upon the Act's clarification that only a "likelihood" of dilution—rather than "actual" dilution—is necessary to establish a claim. The drafters, however, made other notable changes. Niche fame, or that fame designated to a product or service specific to a geographic area or business trade, is no longer a basis for recovery, as the new statute defines fame as that which is "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." Some see this revision as one long overdue, but is this a prudent elimination or a mistaken eradication of necessary protection?

II. HISTORY OF NICHE FAME

Trademark dilution was first codified at the federal level in the Federal Trademark Dilution Act ("FTDA") of 1995, which became effective on January 16, 1996. As codified in this Act, a plaintiff claiming dilution had to show, among other things, that the mark was famous. Under the FTDA, eight factors contributed to defining fame. No factor specifically permitted "niche fame," but the language of the statute did not forbid such a finding. In fact, one factor in the FTDA expressly allowed recognition of the mark to be judged within the trading areas and channels of trade used by the mark's owner.

Jurisdictions have varied in their approach to evaluating niche fame under the FTDA. Some courts embraced the idea of protecting the "big man on the small campus" by endorsing the notion of niche fame. For example, the Third Circuit supported the principle that a mark famous in a niche market was entitled to protection in *Times Mirror Magazine, Inc. v. Las Vegas Sports News, LLC*, 212 F.3d 157 (3d Cir. 2000). In that case, the plaintiff owned the federally-registered mark "The Sporting News", which appeared as the banner headline of a weekly publication of the same title. The plaintiff sought a preliminary injunction to enjoin a publisher from using "Las Vegas Sporting News." In upholding the district court's grant of the preliminary injunction, the U.S. Court of Appeals for the Third Circuit observed that the trademark "The Sporting News" enjoyed niche fame within the market of readers of sports periodicals: "[w]e are persuaded that a mark not famous to the general public is nevertheless entitled to protection from dilution where both the plaintiff and

defendant are operating in the same or related markets, so long as the plaintiff's mark possesses a high degree of fame in its niche market."

Like *Times Mirror Magazine*, other cases according a mark niche fame protection more often than not found the plaintiff and defendant using their marks in the same or similar markets. For example, in *Syndicate Sales, Inc. v. Hampshire Paper Corp.*, 192 F.3d 633, 640 (7th Cir. 1999), niche fame was recognized when both parties' marks were used in connection with plastic baskets for flowers. Further, the Third Restatement states in the comments to Section 25, "A mark that is highly distinctive only to a select class or group of purchasers may be protected from diluting uses directed at that particular class or group."

By contrast, other courts have held that niche fame was not sufficient under the FTDA. For instance, the U.S. Court of Appeals for the Tenth Circuit affirmed the District Court of Colorado's decision in *King of the Mountain Sports, Inc. v. Chrysler Corp.*, which ascribed to the notion that niche fame in that case did not establish a dilution claim.

III. THE ABOLISHMENT OF NICHE FAME

In addition to the disagreement among the courts, there was dissension among the commentators about the effect of niche fame under the FTDA. Some, like Professor Thomas McCarthy, felt that niche fame existed as an improperly created legal shelter, providing overly broad protection for undeserving marks. McCarthy observed, in his main treatise on trademarks, *McCarthy on Trademarks and Unfair Competition*, that "recognition of niche fame is an improper application of the Federal Act, is an unnecessary and superfluous legal theory and improperly displaces the traditional balance of competitive rights reflected in the likelihood of confusion test." He focused on the purpose of the law—the protection of strong marks against a diluting use by a junior user in a product or service line far removed from that in which the famous mark appears, i.e., providing redress for the famous camera manufacturer against a third party use of "Kodak" for pianos. McCarthy felt that because most courts only awarded protection for marks with "niche fame" if the competing use was directed at the same group of potential customers, these holdings flew in the face of the anti-dilution law's purpose. According to this line of thought, the owners of marks that are only famous in a niche must rely, instead, on a basic infringement claim, rather than seeking refuge under the dilution laws intended only for truly famous marks.

Likewise, in his 1999 article "The Modern Lanham Act and the Death of Common Sense" in the *Yale Law Journal*, Mark A. Lemley chastises courts for expanding dilution protection to "a local favorite" or obscure company. Lemley asserts that only truly famous marks merit dilution protection, not those of regional fame such as "Wawa" convenience stores. Such protection, he argues, would provide a "trademark in gross," or one unconnected to a particular product.

By contrast, commentators such as Jessica L. Ingram, in *UMKC Law Review*, "The Dilution Solution: Modifying the Requirements of Fame for a Trademark Under the Proposed Amendment to the Federal Trademark Dilution Act", have lobbied against the abolishment of niche fame. Ms. Ingram's note looked at the proposed "general consuming public standard" (which at the time of the article was the proposed amendment, and is now a part of the TDRA), observing that it was an unfounded obstacle for trademark

owners. She argued that the language requiring fame to be in the “general consuming public” would cause marks famous within a niche to lose protection, and she suggested eliminating this language from the proposed amendment as it would deprive many trademark owners from obtaining full legal protection when they had invested significant time and money in their marks, but with no intent on achieving a national level of recognition.

IV. CONCERNS WITH THE REMOVAL OF NICHE FAME FROM DILUTION

The drafters of the TDRA, after listening to testimony from those prominent in the trademark field, agreed that niche fame has no place in a dilution evaluation. For example, at the HR 683 Subcommittee Hearing on February 17, 2005, both Mark A. Lemley (Stanford University Law Professor) and Anne Gundelfinger (President of the International Trademark Association) testified and submitted prepared statements, each of which supported the narrowing of the “fame definition” to exclude niche fame. In particular, Professor Lemley stated:

HR 683 strengthens the requirement of fame. By making it clear that the mark must be “widely recognized by the general consuming public of the United States,” the bill rejects the application of the law to so-called “niche” fame among a few people or in a small part of the United States. This will help to curb the abuses of the FTDA that occurred in the 1990’s by the owners of non-famous trademarks.

To the same effect, Ms. Gundelfinger’s statement emphasized that other means of protection—rather than the federal dilution law—are available for marks that are celebrated in only a narrow milieu:

Under the proposed standard, marks that are famous in a niche product or service market or that are recognized only in a limited geographic region will not qualify for federal dilution protection. For localized famous marks, state dilution laws can afford adequate protection of the senior user’s mark, for marks used only in narrow industries and known only to narrow ranges of consumers, infringement and unfair competition laws, such as Section 43(a) of the Lanham Act will provide appropriate protection.

In keeping with these statements, as noted above, the Act specifically added language to the definition of fame, requiring that a mark 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.” This seemingly ends the debate over niche fame in the dilution setting. But should the federal dilution law really close the door on those marks that are merely famous in their own market, geographic, or service area?

There may be instances in which a senior user’s mark will be diluted in its niche market by a trademark for an unrelated product serving the same niche market. Say, the senior user sells “Cute and Scoot” ladies razors; the junior user markets eye shadow under a similar name. The new law eliminates federal dilution protection in these circumstances. In such an instance, a claim for infringement or unfair competition under Sections 32 or 43(a) of the Lanham Act, 15 U.S.C. §§1114, 1125(a), might be an uphill battle, and the senior user might be left without redress. Is this the right result?

And what of marks used in connection with highly specialized products? A mark may be truly famous in a very specialized field—say, for microbiology equipment. Virtually all scientists in that field may be familiar with the mark and associate it with the products with which it is used. Why shouldn’t that

mark merit protection against the same or similar marks, even if used in a different field, particularly if the microbiology mark is arbitrary or fanciful? By taking away dilution protection from marks used in these “specialized” businesses, won’t there be a disincentive to spend the time and money to bolster mark recognition in the industry that will be most benefited by the product or service encompassing that mark?

Similarly, what about marks used in connection with very expensive products? It may be that the general public cannot afford the senior user’s product, and thus the senior user’s mark is well known only among an elite group of purchasers. Should the senior user be deprived of the ability to rely on niche fame, and thus be hamstrung in protecting its rights against infringers?

V. CONCLUSION

There are no easy answers to the questions that we pose. Niche fame has caused debate among the courts for years. We could argue, however, that elimination of “niche fame” as a basis for an action under the TDRA is not a positive development. As noted above, there may be instances in which a mark that has niche fame is being diluted by an unrelated mark in the same or similar market. Has the TDRA effectively removed redress for the owners of such marks, and if so, what effect will that have upon the strength of those marks? Only time, litigation and possible further revision of the dilution law will tell.