

Client Alert

A report
for clients
and friends
of the Firm June 2008

For Victoria's Secret, a New Stop on the Long and Winding Road of Trademark Dilution

The Victoria's Secret/Victor's Secret federal trademark dilution case is well known to trademark practitioners: it was the case the United States Supreme Court chose to resolve the Circuit Court split as to whether proof of actual dilution was a prerequisite to a finding of trademark dilution under federal law. *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003). In 2006, Congress enacted the Trademark Dilution Revision Act to overturn the Supreme Court's decision. But neither the Supreme Court decision nor the subsequent legislation ended the Victoria's Secret litigation. In this Client Alert, we bring readers up to date on the latest installment of this seemingly never-ending case.

In *V Secret Catalogue, Inc. v. Moseley*, No. 3:98CV-395-S, 2008 U.S. Dist. LEXIS 40713 (W.D. Ky. May 19, 2008), the U.S. District Court for the Western District of Kentucky held that under the revised federal dilution statute, a local adult novelty store's use of the VICTOR'S SECRET and VICTOR'S LITTLE SECRET trademarks would likely dilute the VICTORIA'S SECRET trademark owned by the well-known lingerie chain. The district court rejected one of Victoria's Secret's dilution arguments – that continued use of the defendant's marks would blur the distinctiveness of the Victoria's Secret trademarks – but agreed with Victoria's Secret's other argument, that defendant's marks would result in dilution by tarnishment, *i.e.*, that defendant's marks for sexually explicit novelty items *would* likely tarnish Victoria's Secret's image.

The case has a long history. In 1998, Victor and Cathy Moseley opened Victor's Secret, an adult novelty store, in Elizabeth, Kentucky. After being notified of

possible trademark violations by Victoria's Secret, the Moseleys changed the name to Victor's Little Secret. Unsatisfied and unamused, Victoria's Secret filed suit in federal court and included a claim under the Federal Trademark Dilution Act ("FTDA"). The district court granted summary judgment in favor of Victoria's Secret on this federal dilution claim, noting that the marks were substantially similar and that the Moseleys' mark had a tarnishing effect upon Victoria's Secret's mark. The Sixth Circuit Court of Appeals affirmed, concluding that "[w]hile no consumer is likely to go to Moseley's store expecting to find Victoria's Secret's famed Miracle Bra, consumers who hear the name 'Victor's Little Secret' are likely automatically to think of the more famous store and link it to the Moseleys' adult-toy, gag gift, and lingerie shop." 259 F.3d 464, 477 (6th Cir. 2001).

The Supreme Court granted certiorari and reversed. Resolving a raging dispute among the various federal courts of appeal, the Supreme Court, relying primarily on the FTDA's text, held that the statute "unambiguously requires a showing of actual dilution, rather than a likelihood of dilution." 537 U.S. at 433. According to the Supreme Court, without proof of actual dilution, lower courts cannot presume that mere similarity or association between the two brand names will lead to dilution, *i.e.*, to blurring or tarnishing of the senior trademark.

The Supreme Court's decision was unpopular with trademark owners, the trademark bar and, eventually, with Congress. In 2006, Congress passed the Trademark Dilution Revision Act ("TDRA") to overturn the Supreme Court's holding requiring a showing of actual dilution. The TDRA protects "famous" trademarks from lesser marks "*likely to cause dilution*" by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury." 15 U.S.C. § 1125(c)(1) (emphasis added).

Eventually, the Victoria's Secret litigation found its way back to federal district court. (The Supreme Court had remanded the case to the U.S. Court of Appeals for the Sixth Circuit; for reasons that are unclear, it took the Sixth Circuit approximately four years to remand to the district court.) On remand to the district court, neither side disputed the fame of the VICTORIA'S SECRET trademark. Indeed, the district court noted that as of 2007, the chain operated over 1,000 retail outlets, as well as an internet website, and mails more than 280 million catalogues to 200 countries annually. Sales for fiscal year 2006 exceeded \$4.9 billion.

The district court also held that the VICTORIA'S SECRET trademark is distinctive and garners a high degree of consumer recognition (different than fame, "distinctiveness" reflects a mark's inherent strength or weakness). As the court noted, this high level of distinctiveness is because "'Secret' is not particularly descriptive of bras and hosiery. Nor is there anything about the combination of the possessive 'Victoria's' and 'secret' that automatically conjures thoughts of women's underwear – except, of course, in the context of plaintiff's line of products." 2008 U.S. Dist. LEXIS 40713, at *32.

However, despite these findings, and the court's further conclusion that the names of the parties' establishments were similar enough that customers *would* likely make a mental connection, the court found that this mere association was *unlikely to blur* the long established distinctiveness of the VICTORIA'S SECRET trademark. "The evidence in the case established that a consumer . . . readily associated the Moseleys' mark with the VICTORIA'S SECRET mark, but did not link the store to the Victoria's Secret brand. . . . The choice of name and presentation by the Moseleys being just slightly different from the VICTORIA'S SECRET mark conjured the association with the famous mark, but fell short of blurring its distinctiveness in this instance." *Id.* at *39.

That reasoning seems questionable, but was ultimately of little moment, as the court further found that the Moseleys' use of the VICTOR'S SECRET and/or VICTOR'S LITTLE SECRET trademarks would likely tarnish the VICTORIA'S SECRET trademark. As explained by the court, "tarnishment generally arises when the plaintiff's trademark is linked to products of shoddy quality, or is portrayed in an unwholesome or unsavory context likely to evoke unflattering thoughts about the owner's product." *Id.* at *43. The court emphasized that Victoria's Secret "scrupulously avoids sexually explicit goods while cultivating a 'sexy and playful' image" and that association with a purveyor of sex toys and adult videos tarnishes this established reputation. *Id.* Consequently, the court granted summary judgment for Victoria's Secret and entered a permanent injunction against the Moseleys' use of the VICTOR'S SECRET and VICTOR'S LITTLE SECRET trademarks.

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