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KODAK SHOES? MILBANK TWEED?

By: Jim Astrachan

Even if they won't admit it, most folks enjoy the journey of the mighty when they fall from high perches. Or stumble. The mighty law firm Milbank Tweed stumbled recently in a trademark case brought on its own behalf. First, a little background.

If the gravamen of a trademark infringement claim is a likelihood of confusion, then use of another's mark in a way not likely to confuse can not be trademark infringement. Here's an example. Infringement results when a camera company names its product KODIAK. But what happens when a shoe manufacturer names a line of shoes KODAK. It is unlikely that anyone will believe that KODAK is in the footwear business or that it is associated with someone in the shoe trade. Still, something is happening to KODAK's famous and distinctive brand – its value as an indicator of source is being diluted. Dilution is the gradual whittling away of the trademark owner's identity. When there are KODAK shoes, tires, gum, baseball hats and pizzas, a person seeing the KODAK mark does not know who owns that version. Film no longer leaps to mind.

To protect the owners of what are called "famous" marks against dilution, many states (not Maryland) enacted anti-dilution statutes that prevent dilution in two ways. These state laws serve to prevent a person from using another's famous mark in a way that dilutes its unique ability to indicate source or that results in tarnishment. An example of tarnishment would be adoption of American Expresses' well known slogan DON'T LEAVE HOME WITHOUT IT by a condom manufacturer. (I swear, a real case!).

In the mid 90's, Congress got into the act and tagged an anti-dilution law to the Lanham Act. This new law applied only to commercial speech and famous marks. To establish trademark infringement, a mark's owner only has to establish a likelihood (probability) of confusion – not actual confusion. When the dilution statute was written, the words "likely to cause" were left out.

So, when the first dilution cases under this new law reached the courts, they strictly constructed the statute to require evidence of actual dilution. This, however, was not Congresses' intent.

Congress reacted to these cases by amending the law in two ways. First, to obtain relief, a mark's owner need only establish a likelihood of dilution. And second, the law added tarnishment as a form of dilution. It kept the requirement that a mark's owner must establish that the mark is famous in order to obtain relief. The law names a number of criteria to establish whether a mark is famous.

Now, back to Milbank Tweed Hadley & McCloy, an international law firm with 10 offices that can trace its history to 1866. Over the years the firm has had different names and Milbank Tweed became part of the handle in 1931. In 1994 the firm adopted the mark MILBANK as a brand.

Milbank Holding Corp., doing business in Los Angeles as Milbank Real Estate Services, began its business in 1977. Its domain is milbankre.com; the law firm's is milbank.com. Milbank the law firm demanded that Milbank the real estate firm stop its use of the MILBANK name. The real estate firm refused and the law firm sued, alleging dilution under the Lanham Act.

The U.S. District Court granted summary judgment for the real estate company. Not only had the law firm failed to establish that it was known as MILBANK to the general public and non-consumers of real estate services, it could not even establish it was known as MILBANK in legal circles. Thus, Milbank was unable to establish secondary meaning.

If the Court had found that the mark was famous, it would automatically have accorded it secondary meaning. Circuitously, MILBANK's failure to establish secondary meaning prevented it from establishing that its mark is famous.

Much but not all of this case was garden variety – except that the losing plaintiff was a huge law firm. What else makes it different is that MILBANK tried, unsuccessfully, to assert something it described as “niche fame” in order to establish the secondary meaning necessary to show its mark was famous and deserving protection.

Although some courts have allowed niche fame to support a dilution claim, this court held that the amended trademark law precludes a dilution claim based on assertion of niche fame. A famous mark must be “widely recognized by the general consuming public of the United States” as a designation of source. For example, even non-drivers have heard of FORD.

Prior to the most recent amendment, the statute was silent, but many courts concluded, properly, that brand recognition outside channels of normal commerce was required to establish that mark's fame.

Okay; here's the million dollar question: Would you have enjoyed being the partner who sent notice to the firm's hundreds of lawyers that the case was lost on summary judgment because you got the law so wrong? Ok, maybe the law firm got caught in the switches because the amendment was passed in October 2006, but the firm certainly was aware that the amendment had been proposed. Oh well. I am leaving for Scotland to buy some woolly fabric. I think I'll call it MILBANK tweed.

James B. Astrachan is the author of The Law of Advertising, published by Matthew Bender-Lexis/Nexis.