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World Trademark Review Daily

CHANEL for real estate services held to dilute Chanel's famous mark **Dilution**

United States - Leason Ellis LLP

June 09 2014

In refusing to register CHANEL for real estate services because it diluted the famous CHANEL luxury brand, the Trademark Trial and Appeal Board (TTAB) has both extoled the virtues of accelerated case resolution (ACR) and provided a roadmap for how to prove dilution cases (*Chanel Inc v Makarczyk* (Opposition No 91208352, May 27 2014)).

The applicant sought registration of CHANEL for real estate development services, based on a claim of use of the mark for about four years. The opponent, Chanel Inc, owns the luxury brand CHANEL, including 13 asserted registrations and use for over 90 years. Chanel's pleaded registrations identify a variety of cosmetics, jewellery, clothing, leather goods and fashion accessories.

Rather than proceed with a traditional trial, the parties agreed to ACR. By the terms of their ACR stipulation, the parties agreed to submit "summary judgment style briefs" with evidentiary submissions. They also stipulated that there would be no discovery, no experts, no fact statements in the parties' briefs and that witness testimony would be presented by declaration (rather than via the standard trial deposition). Proceeding in this manner allowed the parties to obtain a quicker result. The TTAB issued the decision about 13 months after the parties elected ACR. This is far shorter than the usual opposition proceeding, which often lasts several years. Moreover, by eliminating discovery and the taking of trial testimony, the parties removed the largest legal costs from the case.

As to the merits, the applicant did not submit a brief or any evidence, such that the TTAB decided the case based on the pleadings and Chanel's brief and supporting declarations. Because Chanel had the burden of proof as the opponent, the TTAB conducted a full analysis of the dilution claim. Specifically, the TTAB held that CHANEL is a famous and distinctive mark, as required for a dilution claim. The TTAB relied on Chanel's numerous longstanding registrations, long period of use, evidence of significant sales, advertising, publicity and awards. The TTAB also noted that Chanel's surveys demonstrated a high degree of consumer recognition and that such surveys were entitled to increased probative value because they were used in the ordinary course of Chanel's business (rather than commissioned for litigation). Based on the evidence, the TTAB determined that CHANEL is a "household name" and thus met the high standard required for protection against dilution by blurring.

The TTAB also analysed carefully whether the applicant's mark is likely to cause dilution by blurring the distinctiveness of the CHANEL mark. Applying the six factors designed to assess whether a substantial percentage of consumers encountering the applicant's mark are immediately reminded of Chanel's mark, the TTAB found in Chanel's favour on five of them (and found the sixth to be neutral). Noteworthy in the analysis was the TTAB's reliance on Chanel's substantially exclusive rights in the mark (as the only owner of a registration of the CHANEL mark in the United States and as demonstrated by significant enforcement efforts and stringent licensing). Also enlightening was the TTAB's discussion of Chanel's proof that the applicant's mark impaired the distinctiveness of Chanel's mark, including through evidence that Chanel could lose potential licensing opportunities in other industries.

Having found for Chanel on the dilution claim, the TTAB did not reach Chanel's additional claims based on likelihood of confusion and false association.

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