Ten-Year Battle Between Victoria’s Secret and Adult Novelty Shop Illustrates Application of New Trademark Law

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It took ten years, a controversial Supreme Court decision, and a major overhaul to the federal trademark laws, but it looks like Victoria’s Secret will finally succeed in enforcing its trademark rights against the owners of an adult novelty shop called Victor’s Little Secret. The case, V. Secret Catalogue, Inc. v. Moseley, illustrates the significance of the Trademark Dilution Revision Act of 2006.

In 1998, Victoria’s Secret sued the owners of Victor’s Little Secret for trademark dilution, trademark infringement, and unfair competition. The trial court granted summary judgment in favor of Victoria’s Secret on its trademark dilution claim, on the grounds that the distinctiveness of the famous VICTORIA’S SECRET brand was likely to be impaired by the defendants’ use of Victor’s Little Secret as the name of their store, and the Sixth Circuit affirmed. V. Secret Catalogue Inc. v. Moseley, 259 F.3d 464 (2001).

The Supreme Court reversed, in a high profile and controversial decision that interpreted the Federal Trademark Dilution Act (FTDA) to require actual dilution, not just a likelihood of dilution. 537 U.S. 418 (2003). The case was remanded to the Sixth Circuit for application of the correct standard, where it languished for over four years before being further remanded to the district court in 2007.

In the meantime, Congress enacted the Trademark Dilution Revision Act (TDRA), which was signed into law by President Bush in October 2006. The TDRA specifies that likelihood of dilution, not actual dilution, was sufficient for a plaintiff to prevail on a claim of trademark dilution, thereby abrogating the Supreme Court’s decision.

The TDRA also defined two types of dilution: dilution by blurring and dilution by tarnishment. Dilution by blurring was defined as an “association arising from the similarity between a mark . . . and a famous mark that harms the reputation of the famous mark.” The TDRA also narrowed the definition of fame, and clarified and expanded the statutory defenses based on fair use and the First Amendment.

On remand, the district court applied the new standards set forth in the TDRA, finding that the statute could be applied retroactively because Victoria’s Secret was seeking only prospective injunctive relief and no damages. On cross-motions for summary judgment, the court found that the defendants’ use of the name Victor’s Little Secret constituted dilution by tarnishment, as the reputation of the famous VICTORIA’S SECRET mark would be reduced in the eyes of consumers as a result of the defendants’ use of a similar mark on unwholesome and tawdry merchandise. Thus, consumers were likely to form an “association arising from the similarity between a mark . . . and a famous mark that harms the reputation of the famous mark,” as required by the TDRA.

The court did not find dilution by blurring, however, as the evidence did not show that the use of Victor’s Little Secret by the defendants was likely to “impair the distinctiveness” of the famous VICTORIA’S SECRET mark. The court noted that the only evidence in the record as to consumer reaction was the statements made by an army colonel who saw an advertisement for Victor’s Little Secret (then called Victor’s Secret), and wrote to Victoria’s Secret to object.

In support of its conclusion that the distinctiveness of the VICTORIA’S SECRET mark was not likely to be impaired, the court noted that the colonel did not link Victor’s Little Secret store with the famous VICTORIA’S SECRET brand to such a degree that he thought that the products of one were being sold by the other. This finding is rather curious in light of the fact that the TDRA explicitly provides that confusion is not required for a finding of
dilution, and can perhaps be best explained by the dearth of evidence of consumer reaction. In any event, the court’s finding as to blurring was ultimately of little consequence, because the court did find dilution by tarnishment and accordingly entered an injunction in favor of Victoria’s Secret.

Is the battle finally over? Stay tuned. As of the writing of this article, a notice of appeal has not yet been filed. ✫