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UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

August Term, 2005

(Argued September 9, 2005 Decided June 30, 2006)

Docket No. 04-4941-cv

Louis Vuitton Malletier,
Plaintiff-Appellant,

v.

Dooney & Bourke, Inc.,
Defendant-Appellee.

Before:

CARDAMONE, McLAUGHLIN, and POOLER,
Circuit Judges.

Appeal from the August 27, 2004 judgment of the United States District Court for the Southern District of New York (Scheidlin, J.) denying plaintiff Louis Vuitton Malletier's motion for a preliminary injunction in its trademark infringement case against defendant Dooney & Bourke, Inc.

Affirmed in part, vacated in part, and remanded.

ROBERT E. SHAPIRO, Chicago, Illinois (Peter J. Barack, Wendi E. Sloane, Shermin Izadpanah, Barack Ferrazzano Kirschbaum Perlman & Nagelberg LLP, Chicago, Illinois; Theodore C. Max, Charles A. LeGrand, Mintz Levin Cohn Ferris Glovsky and Popeo PC, New York, New York, of counsel), for Plaintiff-Appellant.

DOUGLAS D. BROADWATER, New York, New York (Roger G. Brooks, Cravath, Swaine & Moore LLP, New York, New York; Thomas J. McAndrew, Thomas J. McAndrew & Associates, Providence, Rhode Island, of counsel), for Defendant-Appellee.

1 CARDAMONE, Circuit Judge:

2 Louis Vuitton Malletier (Vuitton or plaintiff) appeals from
3 an August 27, 2004 judgment of the United States District Court
4 for the Southern District of New York (Scheidlin, J.) that
5 denied plaintiff's motion for a preliminary injunction in its
6 trademark infringement suit against defendant Dooney & Bourke,
7 Inc. (Dooney & Bourke or defendant).

8 We deal on this appeal with the trademark of a trendy luxury
9 women's handbag, a handbag so instantly popular with purchasers
10 that legions of imitators quickly appeared on the fashion scene
11 after plaintiff Vuitton introduced it in October 2002. This is
12 the second infringement case we have heard regarding the same
13 trademark, but with a different alleged infringer. We cannot
14 help but observe that for the person carrying it, a handbag may
15 serve as a practical container of needed items, a fashion
16 statement, or a reflection of its owner's personality; it may
17 fairly be said that in many cases a handbag is so essential that
18 its owner would be lost without it.

19 In the earlier case before us, Louis Vuitton Malletier v.
20 Burlington Coat Factory Warehouse Corp., 426 F.3d 532 (2d Cir.
21 2005) (Burlington Coat Factory), we vacated a judgment of the
22 district court that had denied a preliminary injunction to
23 Vuitton in litigation against defendants Burlington Coat Factory
24 Warehouse Corp., et al. In remanding for further proceedings, we
25 emphasized that to determine whether two products are confusingly
26 similar it is improper to conduct a side-by-side comparison in

1 lieu of focusing on actual market conditions and the type of
2 confusion alleged. Id.

3 This time, Vuitton seeks a preliminary injunction against
4 Dooney & Bourke, another handbag manufacturer. Vuitton's
5 trademark Multicolore handbag design is the same as it was in the
6 earlier case, but the allegedly infringing handbag, Dooney &
7 Bourke's "It-Bag," is different from the one in the earlier case.
8 When the district court decided this case and denied plaintiff's
9 motion for a preliminary injunction, see Louis Vuitton Malletier
10 v. Dooney & Bourke, Inc., 340 F. Supp. 2d 415, 453 (S.D.N.Y.
11 2004) (Dooney & Bourke), on August 27, 2004, it was, of course,
12 unaware of our view set out in Burlington Coat Factory, because
13 Burlington was decided on October 12, 2005, over a year after the
14 district court's opinion here.

15 We now affirm, in part, and vacate and remand, in part. We
16 affirm that part of the district court's order that denied a
17 preliminary injunction on the basis of an alleged dilution of
18 plaintiff's mark under federal law. But, we vacate and remand
19 that portion of the order addressing Vuitton's Lanham Act and New
20 York state trademark infringement and unfair competition claims,
21 as well as that portion of the order assessing plaintiff's state
22 law dilution claims.

23 BACKGROUND

24 A. Parties and Facts

25 Vuitton, a French design firm, began selling trunks and
26 accessories in the United States in 1893. In 1896 it created the

1 Toile Monogram, featuring entwined LV initials with three motifs:
2 a curved diamond with a four-point star inset, its negative, and
3 a circle with a four-leafed flower inset. Vuitton registered
4 trademarks in this design pattern as well as the individual
5 unique shapes with the United States Patent and Trademark Office.
6 Having been used exclusively and continuously, those trademarks,
7 the Louis Vuitton Toile Monogram Designs (Toile marks), are now
8 incontestible. See 15 U.S.C. § 1065 (providing, with certain
9 exceptions, that registered marks in continuous use for five
10 consecutive years after registration are incontestible).

11 In October 2002 plaintiff launched a series of handbags
12 featuring "new signature designs" created by Marc Jacobs and
13 Japanese artist Takashi Murakami. The new bags (Murakami
14 handbags) incorporated an update on the fashion house's famous
15 Toile marks. The fresh design -- coined the Louis Vuitton
16 Monogram Multicolore pattern (Multicolore mark) -- was a modified
17 version of the Toile marks, printed in 33 bright colors (Murakami
18 colors) on a white or black background.

19 Plaintiff states that it spent over \$4 million in 2003-2004
20 advertising and promoting the Multicolore mark and associated
21 handbags. In addition, the new design garnered significant media
22 attention. CBS's The Early Show and publications ranging from
23 USA Today and The New York Times to People, Women's Wear Daily,
24 Marie Claire, and Vogue all featured the Murakami handbags.
25 Celebrities including Jennifer Lopez, Reese Witherspoon, and
26 Madonna were photographed with the bags in tow.

1 At the time plaintiff filed its complaint, it had sold
2 nearly 70,000 handbags and accessories with the Multicolore mark
3 design in the United States for between \$360 and \$3,950 each,
4 amounting to over \$40 million. Of that sum, \$25 million was
5 attributable to the white background design and \$16 million to
6 the black background design.

7 Defendant Dooney & Bourke, an American handbag designer and
8 manufacturer, was founded in 1975. Since 2001 as part of the
9 Dooney & Bourke's "Signature" and "Mini Signature" lines, the
10 company has sold bags featuring the DB monogram of interlocking
11 initials, a registered trademark, in a repeated pattern. The
12 handbags sell for between \$125 and \$400.

13 In the fall of 2002 Peter Dooney, president and chief
14 designer of Dooney & Bourke, began collaborating with Teen Vogue
15 magazine on a joint promotional project as the magazine was being
16 launched. The magazine selected a group of teenaged girls to
17 travel with Dooney to Italy in March 2003 to help develop Dooney
18 & Bourke handbags appealing to teenagers. The group, dubbed the
19 "It Team," was photographed looking into Vuitton's store window
20 display featuring handbags with the Multicolore marks on a white
21 background. Another photograph taken during the trip showed the
22 group in a factory viewing a swatch of fabric with the
23 Multicolore mark on a black background.

24 A year later, in late July 2003 Dooney & Bourke introduced
25 its "It-Bag" collection, which featured the DB monogram in an
26 array of bright colors set against a white background. The

1 intertwined initials, with the "D" and the "B" displayed in
2 contrasting colors, were printed forward and backward in
3 repeating diagonal rows. The handbags also sported a multicolor
4 zipper, with fabric similar to that used by Vuitton, and a small
5 pink enamel heart bearing the legend "Dooney & Bourke" on a tag
6 hanging from the handle. In October 2003 Dooney & Bourke began
7 selling the handbags with a black background. The It-Bag
8 collection now includes a variety of colored backgrounds
9 (periwinkle, bubble gum, grape) in addition to black and white.

10 B. District Court Proceedings

11 After becoming aware of Dooney & Bourke's It-Bag and
12 investigating through counsel the likelihood of infringement,
13 plaintiff sent a cease-and-desist letter to defendant on April
14 16, 2004 and filed this action in the Southern District of New
15 York on April 19, 2004. Vuitton claimed trademark infringement,
16 unfair competition and false designation, and trademark dilution,
17 under federal and New York state law. Plaintiff moved for a
18 preliminary injunction on April 28, 2004, but before ruling on
19 the motion, the district court granted defendant time to conduct
20 its own survey. The court held a seven-day hearing on the motion
21 for a preliminary injunction.

22 On August 27, 2004 the trial court issued an opinion denying
23 Vuitton's motion for a preliminary injunction. It held that
24 plaintiff's Multicolore mark, consisting of the traditional LV
25 pattern in the 33 Murakami colors on a white or black background,
26 was an inherently distinctive mark that had achieved secondary

1 meaning in the marketplace. Dooney & Bourke, 340 F. Supp. 2d at
2 438. Despite this finding, the trial court determined that there
3 was no likelihood of confusion between defendant's It-Bag pattern
4 and plaintiff's Multicolore mark. Id. at 447. It also ruled
5 that plaintiff had not proven dilution under either its federal
6 or state law claims. Id. at 452-53.

7 This appeal followed.

8 DISCUSSION

9 I Preliminary Injunction and Standard of Review

10 To obtain a preliminary injunction, plaintiff must show
11 irreparable harm absent injunctive relief, and either a
12 likelihood of success on the merits, or a serious question going
13 to the merits to make them a fair ground for trial, with a
14 balance of hardships tipping decidedly in plaintiff's favor.
15 Jackson Dairy, Inc. v. H.P. Hood & Sons, Inc., 596 F.2d 70, 72
16 (2d Cir. 1979) (per curiam). We review for abuse of discretion
17 the district court's denial of a preliminary injunction. 1-800
18 Contacts, Inc. v. WhenU.com, Inc., 414 F.3d 400, 406 (2d Cir.
19 2005). A district court abuses its discretion when it rests its
20 decision on a clearly erroneous finding of fact or makes an error
21 of law. Id.

22 Vuitton contends the district court applied the wrong
23 standard for its requested preliminary injunction, requiring it
24 to meet the heightened burden of proof necessary for a mandatory
25 injunction rather than a prohibitory injunction. It takes this
26 position based on the district court's comment that a party

1 seeking an injunction must show not only a likelihood, but a
2 "clear" or "substantial" likelihood, of success on the merits,
3 "where the injunction sought is mandatory -- i.e., it will alter
4 rather than maintain, the status quo." Dooney & Bourke, 340 F.
5 Supp. 2d at 248 (citing Sunward Elecs., Inc. v. McDonald, 362
6 F.3d 17, 24 (2d Cir. 2004)).

7 "The distinction between mandatory and prohibitory
8 injunctions is not without ambiguities or critics." Tom Doherty
9 Assocs., Inc. v. Saban Entm't, Inc., 60 F.3d 27, 34 (2d Cir.
10 1995). A preliminary injunction is usually prohibitory and seeks
11 generally only to maintain the status quo pending a trial on the
12 merits. Id. A prohibitory injunction is one that "forbids or
13 restrains an act." Black's Law Dictionary 788 (7th ed. 1999).
14 For example, in the typical trademark case a prohibitory
15 injunction seeks to stop alleged infringement. A mandatory
16 injunction, in contrast, "orders an affirmative act or mandates a
17 specified course of conduct," id., such as requiring a defendant
18 to turn over phone numbers featuring a tradename or to assign a
19 trademark, see, e.g., Sunward Elecs., 362 F.3d at 24; Zwack v.
20 Kraus Bros. & Co., 237 F.2d 255, 258, 261 (2d Cir. 1956).

21 Dooney & Bourke argues that although the district court
22 cited the standard for a mandatory injunction, it applied the
23 standard for a prohibitory injunction. We cannot agree. Not
24 only did the court refer to the standard for a mandatory
25 injunction, Dooney & Bourke, 340 F. Supp. 2d at 428, but also it
26 stated that granting an injunction to Vuitton would be

1 "extraordinary relief," and it implied a "strong" likelihood of
2 success on the merits, not just a likelihood of success, id. at
3 452. Thus, we think the district court placed too high a burden
4 on plaintiff.

5 II Trademark Infringement

6 Vuitton claims trademark infringement under both § 32 of the
7 Trademark Act of 1946 (Lanham Act), 15 U.S.C. § 1114, and § 43(a)
8 of that Act, 15 U.S.C. § 1125(a). Because the trademark at the
9 core of this case -- the Multicolore mark -- is unregistered, we
10 focus our discussion on the § 43(a) claim. Yet, we note that the
11 same analysis applies to claims of trademark infringement under
12 § 32. See Virgin Enters. Ltd. v. Nawab, 335 F.3d 141, 146 (2d
13 Cir. 2003).

14 Section 43(a) of the Lanham Act prohibits a person from
15 using "any word, term, name, symbol, or device, or any
16 combination thereof . . . which . . . is likely to cause
17 confusion . . . as to the origin, sponsorship, or approval of his
18 or her goods" 15 U.S.C. § 1125(a). This section
19 protects from infringement unregistered trademarks, EMI Catalogue
20 P'ship v. Hill, Holliday, Connors, Cosmopulos Inc., 228 F.3d 56,
21 61 (2d Cir. 2000), as well as trade dress and product design, see
22 Wal-Mart Stores, Inc. v. Samara Bros., Inc., 529 U.S. 205, 209
23 (2000).

24 We analyze trademark infringement claims under the familiar
25 two-prong test described in Gruner + Jahr USA Publ'g v. Meredith
26 Corp., 991 F.2d 1072 (2d Cir. 1993). First, we look to see

1 whether plaintiff's mark merits protection, and second, whether
2 defendant's use of a similar mark is likely to cause consumer
3 confusion. Id. at 1075. The central consideration in assessing
4 a mark's protectability, namely its degree of distinctiveness, is
5 also a factor in determining likelihood of confusion. Playtex
6 Prods. v. Georgia-Pacific Corp., 390 F.3d 158, 161 (2d Cir.
7 2004). On appeal, Vuitton contends the district court blurred
8 Vuitton's distinctive trademark by reducing it to an undefined
9 and unprotectable "look," and also focused improperly on a side-
10 by-side comparison to assess likelihood of confusion. We discuss
11 each contention in turn.

12 A. Recognizing and Defining Vuitton's Trademark

13 We begin by assessing the degree to which plaintiff's
14 trademark merits protection. Vuitton claims a new trademark,
15 currently unregistered, consisting of a design plus color, that
16 is, the traditional Vuitton Toile pattern design -- entwined LV
17 initials with the three already described motifs -- displayed in
18 the 33 Murakami colors and printed on a white or black
19 background. In evaluating this mark's protectability, it is
20 useful to be aware of the contours and limits of what Vuitton
21 asserts is its trademark.

22 Notably, plaintiff does not claim a separate trademark in
23 the colors alone. If it were to claim such a trademark, it would
24 be required to show that the multicolors, set on a white or black
25 background, create a separate and distinct commercial impression,
26 apart from the monogram motif design, and that the colors serve

1 to indicate Vuitton as the source. See 1 J. Thomas McCarthy,
2 McCarthy on Trademarks and Unfair Competition, § 7:2, at 7-6.1
3 (4th ed. 2005) (McCarthy); see also Wal-Mart Stores, 529 U.S. at
4 212 ("We [have] held that a color could be protected as a
5 trademark, but only upon a showing of secondary meaning.");
6 Qualitex Co. v. Jacobson Prods. Co., 514 U.S. 159, 174 (1995)
7 (recognizing trademark in green-gold color of dry cleaning press
8 pad).

9 Instead, plaintiff maintains that the polychromatic display
10 is an "essential part" of its trademarked design, and that other
11 handbag manufacturers are free to create their own brightly-
12 colored handbags so long as they do not do so in a manner
13 confusingly similar to the Vuitton combination of color and
14 defined design. With regard to its own trademark, plaintiff
15 asserts that it "cannot dissect the color from the pattern. . . .
16 [T]he strength of the mark here is . . . the synergy between the
17 colors and the [traditional] Louis Vuitton trademarks."

18 Vuitton does not seek to protect the overall look of its
19 handbags, that is, its trade dress, but rather the narrower
20 trademark it has established in its colored pattern. We have
21 defined trade dress as "the total image of a good as defined by
22 its overall composition and design, including size, shape, color,
23 texture, and graphics." Coach Leatherware Co. v. AnnTaylor,
24 Inc., 933 F.2d 162, 168 (2d Cir. 1991). By way of distinction
25 the Lanham Act defines a trademark as "any word, name, symbol, or
26 device, or any combination thereof" which is used or intended to

1 be used by a person "in commerce . . . to identify and
2 distinguish his or her goods . . . from those manufactured or
3 sold by others and to indicate the source of the goods, even if
4 that source is unknown." 15 U.S.C. § 1127; see also Gibson
5 Guitar Corp. v. Paul Reed Smith Guitars, LP, 423 F.3d 539, 547
6 (6th Cir. 2005) ("[T]rademark and trade dress are two distinct
7 concepts under the Lanham Act."); McCarthy §§ 8:1-8:3 (comparing
8 trademarks and trade dress). Although trade dress and trademarks
9 are both protected by § 43 of the Lanham Act, 15 U.S.C.
10 § 1125(a), the fact that Vuitton seeks only protection of a
11 trademark and not trade dress informs our understanding of the
12 precision of its mark.

13 In "determining whether an unregistered mark is entitled to
14 protection under § 43(a)," Two Pesos, Inc. v. Taco Cabana, Inc.,
15 505 U.S. 763, 768 (1992), "the general principles qualifying a
16 mark for registration under § 2 of the Lanham Act are for the
17 most part applicable," id. The breadth of trademarks registrable
18 under § 2, 15 U.S.C. § 1052, is not limited to word marks such as
19 "Nike." See Wal-Mart Stores, 529 U.S. at 209. A person may also
20 claim a trademark in a symbol, such as the Nike "swoosh," see
21 id., a device, or any combination thereof, see 15 U.S.C. § 1127.

22 To qualify for registration under § 2, or to establish
23 protectability under § 43(a), "a mark must be sufficiently
24 'distinctive' to distinguish the registrant's goods from those of
25 others." See Star Indus. v. Bacardi & Co., 412 F.3d 373, 381 (2d
26 Cir. 2005). A plaintiff can establish a mark as distinctive by

1 showing that the mark is "inherently distinctive," i.e.,
2 intrinsically capable of identifying its source, or by
3 demonstrating that the mark has acquired "secondary meaning."
4 Id.

5 Basic geometric shapes, basic letters, and single colors are
6 not protectable as inherently distinctive. Id. at 383; see
7 Qualitex, 514 U.S. at 162-63. These symbols may be protected
8 only upon a showing of secondary meaning. See Qualitex, 514 U.S.
9 at 162-63. However, "stylized letters or shapes are not 'basic,'
10 and are protectable when original within the relevant market."
11 Star Indus., 412 F.3d at 383 (holding stylized "O" on vodka
12 bottle protectable as inherently distinctive, but weak, mark).

13 Vuitton's Multicolore mark, consisting of styled shapes and
14 letters -- the traditional Toile mark combined with the 33
15 Murakami colors -- is original in the handbag market and
16 inherently distinctive. The Toile pattern, on which it is based,
17 has been a famous indicator of Louis Vuitton for over a century.
18 The new Multicolore mark was created as a source-identifier for
19 Vuitton in the new millennium. It is a strong mark. The mark
20 earned praise and became famous almost instantly. We agree with
21 the district court that the Multicolore mark is protectable both
22 because it is inherently distinctive and because it has acquired
23 secondary meaning.

24 B. Assessing the Likelihood of Confusion

25 We turn next to the question of likelihood of confusion. In
26 analyzing this second prong of the test for trademark

1 infringement, courts apply the non-exclusive multi-factor test
2 developed by Judge Friendly in Polaroid Corp. v. Polarad
3 Electronics Corp., 287 F.2d 492, 495 (2d Cir. 1961), and
4 consider: (1) the strength of the mark, (2) the similarity of
5 the two marks, (3) the proximity of the products, (4) actual
6 confusion, (5) the likelihood of plaintiff's bridging the gap,
7 (6) defendant's good faith in adopting its mark, (7) the quality
8 of defendant's products, and (8) the sophistication of the
9 consumers. See, e.g., Brennan's Inc. v. Brennan's Rest., 360
10 F.3d 125, 130 (2d Cir. 2004). "A district court's findings with
11 regard to each individual factor are subject to the clearly
12 erroneous standard of review, but the ultimate issue of the
13 likelihood of confusion is reviewed de novo." Streetwise Maps,
14 Inc. v. VanDam, Inc., 159 F.3d 739, 743 (2d Cir. 1998).

15 The similarity of the marks is a key factor in determining
16 likelihood of confusion. Burlington Coat Factory, 426 F.3d at
17 537. "To apply this factor, courts must analyze the mark's
18 overall impression on a consumer, considering the context in
19 which the marks are displayed and the 'totality of factors that
20 could cause confusion among prospective purchasers.'" Id.
21 (quoting Gruner + Jahr USA, 991 F.2d at 1078).

22 The district court here noted that there were "obvious
23 similarities" between the Louis Vuitton and Dooney & Bourke
24 handbags. However, citing Louis Vuitton Malletier v. Burlington
25 Coat Factory Warehouse Corp., No. 04 Civ. 2644, 2004 WL 1161167,
26 at *8 (S.D.N.Y. May 24, 2004), it determined that despite the

1 similarities, the two marks were not confusingly similar. See
2 Dooney & Bourke, 340 F. Supp. 2d at 440.

3 It appears the trial court made the same mistake that we
4 criticized in Burlington Coat Factory: inappropriately focusing
5 on the similarity of the marks in a side-by-side comparison
6 instead of when viewed sequentially in the context of the
7 marketplace. The district court reasoned

8 [I]t could not be more obvious that Louis
9 Vuitton uses the initials "LV," while Dooney
10 & Bourke uses its trademarked "DB" logo.
11 Thus, a consumer seeing these trademarks
12 printed on these bags, either up close or at
13 a distance, is not likely to be
14 confused. . . . [T]he Dooney & Bourke bags
15 only use their "DB" initials; there are no
16 geometric shapes interspersed with the
17 monogram. . . . [T]he colors used on the
18 Dooney & Bourke bag are noticeably toned
19 down, and consequently fail to evoke the
20 characteristic "friction" sparked by
21 Murakami's bright, clashing colors, the Louis
22 Vuitton marks create a very different overall
23 impression (i.e., large interspersed shapes
24 and initials in crisp, bold colors) than the
25 Dooney & Bourke bags (i.e., tightly
26 interlocked initials in dulled colors).

27
28 Dooney & Bourke, 340 F. Supp. 2d at 440 (emphasis added). We
29 disapproved almost identical language in Burlington Coat Factory.
30 See Burlington Coat Factory, 426 F.3d at 537-38.

31 Utilizing a side-by-side comparison can be a useful
32 "heuristic means of investigating similarities and differences in
33 . . . respective designs," so long as a court maintains a "focus
34 on the ultimate issue of the likelihood of consumer confusion."
35 Id. at 538. Courts should keep in mind that in this context the
36 law requires only confusing similarity, not identity. See, e.g.,

1 The Sports Auth., Inc. v. Prime Hospitality Corp., 89 F.3d 955,
2 962-63 (2d Cir. 1996). Further, where, as here, the plaintiff
3 claims initial-interest and post-sale confusion, market
4 conditions must be examined closely to see whether the
5 differences between the marks are "likely to be memorable enough
6 to dispel confusion on serial viewing." Burlington Coat Factory,
7 426 F.3d at 538.

8 The district court erred because it based its determination
9 that confusion between the Vuitton and Dooney & Bourke marks was
10 unlikely at least in part on an overemphasized side-by-side
11 comparison. This is suggested by the district court's comment
12 that "no amount of expert opinion, legal analysis, or
13 demonstrative evidence can overcome the clarity that comes from
14 direct observation." Dooney & Bourke, 340 F. Supp. 2d at 421.

15 We do not believe the district court clearly erred with
16 respect to the other Polaroid factors. Nonetheless, because no
17 single factor is dispositive, we must remand for the district
18 court to revisit the entire analysis, under the new standard
19 described here and in Burlington Coat Factory. Upon remand, the
20 district court should keep in mind that "[n]o single factor is
21 dispositive, nor is a court limited to consideration of only
22 these factors." Brennan's, 360 F.3d at 130. Accordingly, we
23 must vacate its order insofar as it declined to issue a
24 preliminary injunction and remand the case to allow the district
25 court to reassess Vuitton's claim of a design plus color
26 trademark under the Lanham Act.

1 III Dilution

2 Vuitton also appeals the denial of its motion for a
3 preliminary injunction on its Federal Trademark Dilution Act
4 claim (Trademark Dilution Act or Act), 15 U.S.C. § 1125(c). The
5 discussion of this subject begins with the Federal Trademark
6 Dilution Act of 1995, Pub. L. 104-98, 109 Stat. 985, which
7 amended § 43 of the Lanham Act, 15 U.S.C. § 1125, by adding a new
8 § 43(c) to provide a cause of action for dilution of "famous"
9 marks. That new section is codified at 15 U.S.C. § 1125(c). The
10 Trademark Dilution Act provides that "the owner of a famous mark
11 shall be entitled . . . to an injunction against another person's
12 commercial use in commerce of a mark or trade name, if such use
13 begins after the mark has become famous and causes dilution of
14 the distinctive quality of the mark." 15 U.S.C. § 1125(c)(1).
15 To establish a violation of the Act, a plaintiff must show that:
16 "(1) its mark is famous; (2) the defendant is making commercial
17 use of the mark in commerce; (3) the defendant's use began after
18 the mark became famous; and (4) the defendant's use of the mark
19 dilutes the quality of the mark by diminishing the capacity of
20 the mark to identify and distinguish goods and services." Savin
21 Corp. v. Savin Group, 391 F.3d 439, 448-49 (2d Cir. 2004).

22 The new section lists factors a court may consider in
23 deciding whether a mark qualifies for protection as a famous
24 mark. 15 U.S.C. § 1125(c)(1). But since Vuitton's mark is
25 conceded to be a famous mark we need not discuss those factors.
26 Under this law, the only relief a plaintiff may obtain is an

1 injunction upon a finding of a defendant's liability for diluting
2 the distinctive quality of a famous mark, except in cases of
3 willful dilution where damages also may be awarded. 15 U.S.C.
4 § 1125(c)(2). State law is not preempted, as it is in patent and
5 copyright laws. See H.R. Rep. No. 104-374, at 7 (1995), as
6 reprinted in 1995 U.S.C.C.A.N. 1029, 1035.

7 The Trademark Dilution Act also amended § 45 of the Lanham
8 Act, 15 U.S.C. § 1127. The amended law defines dilution as "the
9 lessening of the capacity of a famous mark to identify and
10 distinguish goods or services, regardless of the presence or
11 absence of (1) competition between the owner of the famous mark
12 and other parties, or (2) likelihood of confusion, mistake, or
13 deception." 15 U.S.C. § 1127.

14 In Moseley v. V Secret Catalogue, Inc., 537 U.S. 418, 422-24
15 (2003), the Supreme Court ruled on the Act in a suit between
16 Victoria's Secret, concededly a famous mark, and Victor's Little
17 Secret, a small retail store owned and operated in an
18 Elizabethtown, Kentucky mall by Victor and Cathy Moseley. The
19 Supreme Court held there must be a showing of actual -- rather
20 than a likelihood of -- dilution to entitle the holder of a
21 famous mark to injunctive relief. Id. at 433. The fact that
22 consumers mentally associate the junior mark with the famous
23 mark, at least where the marks -- as in the case at hand -- are
24 not identical, will not establish actionable dilution. The
25 reason for this rule is that such mental association "will not
26 necessarily reduce the capacity of the famous mark to identify

1 the goods of its owner," as the statute requires. Id. Nor did
2 the Supreme Court think "blurring" or "tarnishing" of a mark was
3 ordinarily a consequence of mental association. Id. at 434.

4 Assuming that Vuitton can prove fame and distinctiveness, it
5 must still offer evidence of actual dilution. Moseley, 537 U.S.
6 at 433; see 15 U.S.C. § 1125(c)(1). Accordingly, "similarity in
7 the marks -- even a close similarity -- will not suffice to
8 establish per se evidence of actual dilution." Savin Corp., 391
9 F.3d at 453. As the Supreme Court instructs, "the mere fact that
10 consumers mentally associate the junior user's mark with a famous
11 mark is not sufficient to establish actionable dilution."
12 Moseley, 537 U.S. at 433.

13 We agree with the district court that Vuitton has not
14 offered any evidence of actual dilution. Specifically, plaintiff
15 has failed to show that Dooney & Bourke's use of a similar mark
16 has reduced the capacity of Vuitton's Multicolore mark to
17 identify handbags and accessories manufactured by Vuitton. See
18 15 U.S.C. § 1127; Moseley, 537 U.S. at 433. The denial of a
19 preliminary injunction on the dilution claim must therefore be
20 affirmed.

21 IV State Law Claims

22 Vuitton claims, in addition, trademark infringement and
23 unfair competition under New York state law, and trademark
24 dilution and injury to business reputation under N.Y. Gen. Bus.
25 Law § 360-1.

1 We analyze claims under New York's unfair competition
2 statute in a similar fashion to how we analyze claims under the
3 Lanham Act. See Burlington Coat Factory, 426 F.3d at 539 n.5.
4 For the reasons stated above, we hold the district court erred in
5 determining that Vuitton could not prove likelihood of confusion
6 under New York state law. We therefore must vacate the order
7 insofar as it ruled Vuitton was not entitled to a preliminary
8 injunction on state trademark infringement and unfair competition
9 claims.

10 Finally, we remand also with respect to plaintiff's claims
11 of dilution under state law, despite having affirmed the district
12 court on plaintiff's claim of dilution under federal law. The
13 federal dilution standard "requires a showing of actual dilution,
14 . . . and, thus, is more stringent than the New York standard."
15 Savin Corp., 391 F.3d at 456. The New York standard, on the
16 other hand, requires a showing of a mere "likelihood of
17 dilution." Id.

18 To analyze likelihood of dilution under N.Y. Gen. Bus. Law
19 § 360-1, courts employ a multi-factor test. See Burlington Coat
20 Factory, 426 F.3d at 539 n.5. One of the factors to be
21 considered for determining likelihood of dilution is also a
22 factor in likelihood of confusion analysis for trademark claims
23 under the Lanham Act; namely, courts must assess the "similarity
24 of the marks" in a similar fashion as they do under the Lanham
25 Act. Id. Because we are remanding for the district court to
26 reconsider the similarity of the marks under the Lanham Act, we

1 believe it would be useful and proper to remand on the state law
2 dilution claims as well.

3 CONCLUSION

4 For the foregoing reasons, we affirm in part, and vacate and
5 remand in part, the order of the district court. On remand, it
6 should consider the precise trademark claimed by the plaintiff
7 and whether, under market conditions and when viewed
8 sequentially, Vuitton can prove likelihood of confusion between
9 its Multicolore mark and the pattern of Dooney & Bourke's It-Bag.