

American Express Co. v. Vibra Approved Laboratories Corp.
10 U.S.P.Q.2D 2d 2006 (S.D.N.Y. 1989)

Allan Zelnick and Janet L. Hoffman, of Weiss, Dawid, Fross, Zelnick & Lehrman, New York, N.Y., for plaintiff.

Samuel Weinbaum, of Neidorff Ribaud & Weinbaum, Brooklyn, for defendants.

Opinion

Charles S. Haight, Jr., United States District Judge:

This suit for trademark infringement and other related claims is now before the Court on plaintiff's motion for a preliminary injunction pursuant to FED. R. CIV. P. 65(b).

Facts

Plaintiff American Express Company ("American Express") is a "diversified financial and travel related services company." Plaintiff's Memorandum of Law at 2. One facet of plaintiff's business is its offering of a charge card, the American Express Card, to qualified consumers. The standard American Express Card, issued by plaintiff's wholly-owned subsidiary, American Express Travel Related Services Company, Inc., is a green plastic card with a white border; the card bears a gladiator head design. Plaintiff has adopted an advertising campaign for its charge card focused on the slogan "DON'T LEAVE HOME WITHOUT IT".

American Express owns valid and subsisting trademarks on the design of the American Express charge card, Registration No. 1,230,270 issued on March 8, 1983; the Gladiator Head Design, Registration No. 688,863 issued on November 24, 1959; the title "AMERICAN EXPRESS", Registration No. 1,024,840 issued on April 14, 1981; and the phrase "DON'T LEAVE HOME WITHOUT IT", Registration No. 1,151,224 issued on April 14, 1981. Complaint at para. 13 and Registrations attached as Exhibit A thereto. With the exception of the trademark held on the design of the American Express charge card, the trademarks are all incontestable within the meaning of Section 15 of the Trademark Act of 1946 (the "Lanham Act"), 15 U.S.C. § 1165.

Defendant Vibra Approved Laboratories Corporation d/b/a Hollywood Creations Company, of which defendant Jerry Wisotsky, Jr. is the vice-president (collectively "Hollywood"), sells and distributes a replica of the American Express Card. The card produced by Hollywood is concededly modeled in appearance after the American Express card. The copy is a green card with a white border and a gladiator head in the center. Moreover, the replica bears the name "AMERICA EXPRESS" and carries the cardholder name "J. N. NELSON", the name of an actual individual used with his permission in plaintiff's "DO YOU KNOW ME?" advertising campaign. ¹The replica is opened to reveal a condom in a small pocket and the phrase "NEVER

¹ The "DO YOU KNOW ME?" campaign centers on advertisements in which a "famous (although not necessarily instantly recognized) American is described in terms of his accomplishments; the audience is asked 'DO YOU KNOW ME?' and the name of the famous person is then printed across an American Express Card, accompanied by

LEAVE HOME WITHOUT IT" directly opposite. The replica card, or "condom card", bears the phrase "SOLD AS A NOVELTY" in smaller, although not unreadable print, in the lower right hand corner of the card. The card is sold in stores such as Hollywood, that sell, among other things, what are commonly classified as "sex toys". See Exhibits JS-2 and JS-3 Attached to the Affidavit of John Schatz, sworn to on December 13, 1987.

Plaintiff became aware of Hollywood's sale and distribution of the condom card in October 1987. On November 4, 1987, Steven M. Getzoff, the Senior Manager of plaintiff's trademark unit, sent a letter, via Federal Express, to Harry A. Nisotsky of defendant Hollywood. The text of that letter read as follows:

It has come to our attention that your company is offering for sale the enclosed item [condom card].

Your use of "AMERICA EXPRESS", the "AMERICA EXPRESS" card design, "NEVER LEAVE HOME WITHOUT IT" and your item's central graphic element of a helmeted figure are infringements of American Express' statutory and common law rights in "AMERICAN EXPRESS" the "AMERICAN EXPRESS" Card design, "DON'T LEAVE HOME WITHOUT IT" and the "Gladiator Head" design. All of these are registered service marks of American Express, U.S. Registration No.'s 1,024,840, 1,230,270, 1,151,224 and 688,863, respectively. Copies are attached for your information.

Also, please note that the design of the AMERICAN EXPRESS Card is copyrighted. Accordingly, your item also infringes our rights under the 1976 Copyright Act.

In addition, your continued unauthorized use as noted above contributes to the dilution of our marks' distinctiveness, creating a separate cause of action under the Anti-Dilution Statute of New York State in each instance.

We are required by the Trademark Act to vigorously protect our marks and to sue if necessary. We hereby demand that you immediately cease and desist all further production, sale and shipment of the item at issue and any and all other derivations of our intellectual properties. We also demand that you immediately surrender to our authorized agents all of your existing inventory of the item at issue and the printing plates for that item.

If we have not received by November 10, 1987 written assurance that you will comply with these demands, we will turn this matter over to our outside litigation counsel.

Kindly direct any communications concerning this matter to this office.

Exhibit 14 to Affidavit of Joan H. Bonnette Sworn to on December 11, 1987 ("Bonnette Affidavit").

Subsequent to the November 4 letter, American Express through Getzoff, and Wisotsky on

behalf of Hollywood, entered into discussions aimed at resolving the controversy out of court. On November 19, 1987, Getzoff sent, by hand delivery, a letter agreement to Wisotsky. The text of that letter read as follows:

Reference is made to our recent discussions concerning this matter.

This letter is to reiterate the terms agreed to by you. Your concurrence to those terms is indicated by your signature affixed below where noted.

The terms are:

- 1) Hollywood Creations, Inc. confirms for the record that it is not the producer of the above-captioned item.
- 2) Hollywood Creations, Inc. agrees effective immediately that it will not buy nor sell this item, in any amount whatsoever, for any purpose whatsoever.
- 3) Hollywood Creations, Inc. agrees to surrender all of its on-hand inventory of this item to American Express immediately by return messenger.
- 4) Hollywood Creations, Inc. confirms that only one of its promotional/advertising pieces depicts and/or describes the item at issue and that on all of those, said depiction will be covered by opaque tape so as to completely cover said item. A copy of this piece will be returned with the inventory cited above.
- 5) American Express hereby acknowledges Hollywood Creation's statements reiterated above and confirms that Hollywood Creations' adherence to said statements would appear to resolve our concerns.

Thank you for your courtesy and anticipated prompt reply. The messenger delivering this letter to you has instructions to wait for your signed copy of this letter and return it and the inventory to my attention.

Exhibit 15 to Bonnette Affidavit (emphasis in original). Wisotsky agreed, on behalf of Hollywood, to the terms of the November 19 letter, which was signed and hand delivered to Getzoff's office on November 19, 1987. Along with the signed letter agreement, Hollywood delivered one carton of condom cards, in apparent satisfaction of para. 3 of that agreement requiring immediate surrender of Hollywood's inventory of condom cards.

The parties disagree as to whether any oral agreement was reached prior to the written agreement of November 19. Plaintiff contends the letter was simply a confirmation of a prior oral agreement.

Subsequent to the signing of the November 19 letter agreement, plaintiff American Express discovered that a condom card similar to that marketed by Hollywood was available for purchase. This other condom card, which bore the title "AMELICA EXPRESS" was traced to

defendant Maxson International (USA) Inc. ("Maxson").² There appears to be no connection between Maxson and the Hollywood defendants.

On or about November 24, 1987, subsequent to the signing of the letter agreement, the "AMERICA EXPRESS" condom card, that associated with defendant Hollywood, appeared for sale by defendant Nalpac Ltd. ("Nalpac").³ The parties, not surprisingly, present different accounts of how Nalpac came into possession of the AMERICA EXPRESS condom cards.

Plaintiff contends that after the signing of the letter agreement and in flagrant disregard of its terms, Hollywood shipped the bulk of its condom card inventory to Nalpac for resale.

Against this factual background, plaintiff American Express brought an Order to Show Cause seeking, ex parte, a temporary restraining order and an order of seizure as to each of the defendants. I granted that application on December 14, 1987 and on that day several representatives of American Express, along with five or so United States Marshals, seized two boxes of condom cards as well as various documents allegedly relating to Hollywood's "manufacture, sale and distribution of the condom card". Plaintiff's Reply Memorandum of Law at 9.

Hollywood's version of the events differs from that of American Express. Hollywood states, in essence, that following the reaching of an agreement with American Express it called defendant Nalpac, although not required to do so, to advise Nalpac of the letter agreement and to request the return of Nalpac's inventory of condom cards for surrender to American Express. Hollywood maintains that Nalpac did not immediately return the condom cards, but rather waited and eventually shipped the inventory through United Parcel Service. Ultimately, plaintiff seized the inventory directly from the United Parcel Service.

On December 21, 1987, a hearing was held and the temporary restraining order was continued. American Express and the Hollywood defendants entered into a stipulation on June 7, 1988, continuing the temporary restraining order signed on December 14, 1987 until a decision on plaintiff's motion for a preliminary injunction.

Complaint

First Cause of Action

The first cause of action alleges trademark infringement in violation of Section 32(1) of the Lanham Act, 15 U.S.C. § 1114(1). The complaint alleges in sum that:

Defendants' use of simulations of the American Express Marks in connection with their business, goods, and services infringes plaintiff's exclusive rights in its federally registered trademarks, in violation of Section 32(1) of the Trademark Act of 1946, 15 U.S.C. § 1114(1), in that members of the public are likely to be confused into the belief that plaintiff somehow sponsors or

² A stipulation and consent judgment was entered as to defendant Maxson on January 26, 1988.

³ A stipulation and consent judgment was entered as to defendant Nalpac on January 26, 1989.

otherwise approves of the sale of these products or that the distribution of these condoms is somehow a public service of plaintiff or related to plaintiff's promotional activities.

Complaint at para. 22.

Second Cause of Action

The second cause of action is a claim of unfair competition under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a).

Third Cause of Action

As a third claim, plaintiff alleges a violation of New York General Business Law § 368, the state anti-dilution statute.

Fourth Cause of Action

Plaintiff's fourth claim is one of state and common law unfair competition.

Fifth Cause of Action

Plaintiff's fifth cause of action sounds in breach of contract. The complaint alleges that:

[o]n or about November 19, 1987, plaintiff entered into a contract with defendant Hollywood whereby Hollywood agreed, inter alia, (1) to cease buying or selling the condom card, and (2) to surrender all of its on-hand inventory of the condom card to plaintiff in return for foreclosure in bringing suit.

Complaint at para. 32. American Express maintains "[u]pon information and belief, on a date or dates to plaintiff unknown, in violation of its agreement with plaintiff, Hollywood caused not less than 316 cartons of the infringing condom cards to be transferred to defendant Nalpac for resale." Complaint at para. 33.

Discussion

The Second Circuit's criteria for issuing a preliminary injunction are familiar. *Warner Bros, Inc. v. Gay Toys, Inc.*, 658 F.2d 76, 78 (2d Cir. 1981) states them in the trademark and unfair competition contexts:

There must be a showing of (A) irreparable harm and (B) either (1) likelihood of success on the merits or (2) sufficiently serious questions going to the merits to make them a fair ground for litigation and a balance of hardships tipping decidedly toward the party requesting the preliminary relief. *Jackson Dairy, Inc. v. H.P. Hood & Sons*, 596 F.2d 70 (2d Cir. 1979).

A. Probability of Success on the Merits

1. Trademark Infringement

Plaintiff brings suit pursuant to Section 32 of the Lanham Act, 15 U.S.C. § 1114(1), which provides that:

(1) Any person who shall, without the consent of the registrant -- (a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive . . . shall be liable in a civil action by the registrant for the remedies hereinafter provided.

There is no doubt that plaintiff holds federal registrations for the trademarks at issue, and it cannot be disputed that defendant's use of those trademarks is without the consent of American Express. Nor can it be argued that the condom cards distributed by Hollywood do not imitate the trademarks held by American Express; defendant concedes that point, arguing that the cards are a legitimate parody of plaintiff's trademarks.

Having found that a case has been made for the other elements of trademark infringement, I turn to the question of whether plaintiff is likely to succeed on establishing a likelihood of confusion. On this point plaintiff "must show a 'likelihood that an appreciable number of ordinarily prudent purchasers are likely to be misled, or indeed simply confused, as to the source of the goods in question.'" *Centaur Communications v. A/S/M Communications*, 830 F.2d 1217, 1225 (2d Cir. 1987) (quoting *Mushroom Makers, Inc. v. R.G. Barry Corp.*, 580 F.2d 44, 47 (2d Cir. 1978) (per curiam), cert. denied, 439 U.S. 1116 (1979)). Of course, "[i]n order to be confused, a consumer need not believe that the owner of the mark actually produced the item and placed it on the market." *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 204 (2d Cir. 1979) (citations omitted). Rather, "[t]he public's belief that the mark's owner sponsored or otherwise approved the use of the trademark satisfies the confusion requirement." *Id.* at 205.

The test in this circuit for likelihood of confusion is a balancing of several factors, namely:

(1) the strength of the mark, (2) the degree of similarity between the two marks, (3) the proximity of the products, (4) the likelihood that the senior user of the mark will bridge the gap, (5) evidence of actual confusion, (6) the junior user's bad faith vel non in adopting the mark, (7) the quality of the junior user's mark, and, finally, (8) the sophistication of the relevant consumer group.

Centaur Communications, supra, at 1225 (citing *Polaroid Corp. v. Polaroid Elecs. Corp.*, 287 F.2d 492 (2d Cir.), cert. denied, 368 U.S. 820 (1961)).

The first point to be considered is the strength of plaintiff's marks. The appropriate inquiry in this regard is as to the "distinctiveness" of plaintiff's marks. It is "[t]he distinctiveness of a trademark [that] determines its relative strength or weakness." *Plus Products v. Plus Discount Foods, Inc.*, 722 F.2d 999, 1005 (2d Cir. 1983). The Second Circuit has explained this to mean that "the 'strength' of a mark denotes 'its tendency to identify the goods sold under the mark as emanating from a particular . . . source.'" *Id.* (quoting *McGregor-Doniger, Inc. v. Drizzle, Inc.*, 599 F.2d

1126, 1131 (2d Cir. 1979)). Although trademarks are generally classified under a four-tiered system, as either generic, descriptive, suggestive or arbitrary, such classification "is not determinative, for the strength of a mark 'depends ultimately on its distinctiveness or its 'origin indicating' quality in the eyes of the purchasing public." *Plus Products, supra*, at 1005 (quoting *McGregor-Doniger, supra*, at 1005). In the case at bar, plaintiff's mark is clearly a strong one. American Express has spent considerable time and money promoting its charge card, and it is fair to say that the card is readily recognizable to a large part of the general public.⁴ Indeed, it is this very recognizability on which defendant has sought to capitalize in its parody. See Supplemental Affidavit of Jerry Wisotsky Sworn to on June 3, 1988 at para. 4.

However the strength of plaintiff's marks combined with the mere fact that there is similarity in the appearance between those marks and the condom card is not dispositive of whether the similarity prong is met. The context in which the marks are used must also be considered. Indeed, ""the setting in which a designation is used affects its appearance and colors the impression conveyed by it, it is the effect upon prospective purchasers that is important."" *Tetley, Inc. v. Topps Chewing Gum, Inc.*, 556 Supp. 785, 790 (S.D.N.Y. 1983) (quoting *Spring Mills Inc. v. Ultracashmere House, Ltd.*, 689 F.2d 1127, 1130 (2d Cir. 1982)). Although plaintiff's marks and the take-off of those marks contained in the condom card are physically alike, "the mark and the imitation should be viewed 'in light of what occurs in the marketplace,' taking into account the 'circumstances surrounding the purchase of the goods.'" *Walt Disney Products. v. Air Pirates*, 581 F.2d 751, 759 (9th Cir. 1978) (citations omitted), *cert. denied*, 439 U.S. 1132 (1979).

Although a direct comparison of their physical similarity reveals that the design of the condom cards is virtually identical to the marks of American Express, the context in which the two are used militates against a finding of "similarity" as that factor has been interpreted in this, and other circuits. The impression conveyed by the two products is thoroughly different, and the arenas in which they are used and marketed could not be more distinct.⁵ Plaintiff's marks are used on the face of a charge card, but defendant does not compete with American Express for consumers in the charge card industry. Indeed, American Express makes a point in its papers of the fact that it does not even authorize merchants such as Hollywood, who, at least in part, market "sex toys" to accept its charge card as a means of payment for their goods. Bonnette Affidavit at para. 11-12. Taking into account the context component of similarity, it cannot be said that the plaintiff's marks and the replica used in the condom card are similar.

The discussion as to similarity is equally telling on the question of proximity. American Express and Hollywood simply do not compete in similar markets, and as plaintiff so vehemently argues, the consumer group targeted by plaintiff's charge card is not the same as that likely to purchase defendant's condom card. Plaintiff's Memorandum of Law 24 ("defendants' products are sold to

⁴ In the United States alone, there are more than eighteen million card members, Bonnette Affidavit at para. 4, and the appearance of the charge card is presumably known to persons other than card holders due to plaintiff's extensive advertising efforts, which have cost in excess of six hundred million dollars over the last three years. *Id.* at para. 5.

⁵ Plaintiff's showing that its charge card can be used to pay for medical care and various pharmaceutical items including condoms, Bonnette Affidavit at paras. 7-8, is not to the contrary. The American Express card can indeed be used as a means of payment for condoms, amongst other things, but that does not change the fact that plaintiff does not compete in the same product market as defendant Hollywood.

an unsophisticated audience"). It cannot be said that the products are proximate.

I come next to the likelihood that American Express, as the senior user of the marks, will bridge the gap between its product and that marketed by the Hollywood defendants. Plaintiff has evidenced no immediate intent to enter into the condom card business. Indeed, the facts are to the contrary. On April 21, 1988, plaintiff received an unsolicited letter from an individual proposing that American Express "join the anti-AIDS campaign by sponsoring a product consisting of a packaged condom with the American Express Card Design on the front and, on the back, DON'T LEAVE HOME WITHOUT IT." Affidavit of Steven M. Getzoff Sworn to on April 28, 1988 at para. 11. Although this proposal was made to American Express, it appears to have no plans to enter into the condom card business, submitting the letter only as evidence that the public might be confused as to the source or sponsorship of defendant's card.

As to actual confusion, American Express has put forth no evidence at all of actual confusion as to either the source or sponsorship of the condom cards. While I am mindful that the availability of such evidence is unlikely given that the parties have, almost from the start of this litigation, been acting in accordance with a temporary restraining order which they voluntarily entered into, the lack of any such evidence remains a factor to be weighed into the calculation.⁶

I turn to the next factor to be weighed into the calculation, namely defendant's bad faith in adopting plaintiff's marks. Although Hollywood clearly sought financial gain by appropriating plaintiff's marks for use on its condom cards, there has been no showing that it did so with the intent to confuse consumers as to the source or sponsorship of those cards. Tetley, Inc., *supra*, at 791.

The next factor, the quality of Hollywood's condom card, does not weigh heavily into the calculation. I think it fair to say that the cards are clearly intended as a novelty item, making it difficult to judge their quality as a product. American Express contends that the cards are done in poor taste, and are therefore of poor quality. Of course, plaintiff's argument proves too much. The more marked the difference between the quality of products, the less likely consumers will be confused as to the source or sponsorship of the junior user's product. *E.g.*, *Centaur Communications, supra*, at 1228; *Plus Products, supra*, at 1006-07. In this situation, where the products compete in wholly different markets, I do not think the quality comparison to weigh heavily in favor of either party.

The last component, the sophistication of the relevant consumer group, weighs against finding a likelihood of confusion. The relevant consumer group in this instance is the customers of American Express, which plaintiff itself recognizes to be an elite and sophisticated clientele. This militates against a finding of likelihood of confusion as it is more unlikely that a

⁶ Plaintiff argues that this case is on par with *Coca-Cola Co. v. Gemini Rising, Inc.*, 346 F. Supp. 1183 (E.D.N.Y. 1972), where Judge Neaher found there to be a likelihood of success on plaintiff's trademark infringement claim, granting a preliminary injunction. In that case, where the defendant produced and sold an "exact blown-up reproduction of plaintiff's familiar 'Coca-Cola' trademark and distinctive format except for the substitution of the script letters 'ine' for '-Cola', so that the poster read]] 'Enjoy Cocaine'" *id.* at 1186, evidence of actual confusion was present in the form of affidavits from persons who attributed the poster to Coca-Cola company. No such evidence is present in the case at bar.

sophisticated clientele, such as that targeted by the American Express charge card, would be confused by the source or sponsorship of defendant's condom card. *See Plus Products, supra*, at 1007 ("[u]nder the circumstances, it seems likely that sophisticated buyers will not be confused in distinguishing Products' top-of-the-line merchandise from Foods' discount stores and the low-cost brand-name goods sold therein")

Of the eight factors to be weighed into the likelihood of confusion equation, only one points distinctly in plaintiff's favor and that is the indisputable strength of American Express' marks. With the exception of the junior user's bad faith in adopting the marks and the quality of defendant's product, both considerations which do not tip decidedly in favor of either party, the remaining factors weigh against a finding of likelihood of confusion. Taking into account all of the Polaroid components, it cannot be said that plaintiff has demonstrated a likelihood of confusion as to the source or sponsorship of defendant's condom cards. Likelihood of confusion being an essential element of a claim of trademark infringement, plaintiff has failed to establish probable success on the merits of that claim and is therefore not entitled to a preliminary injunction on the first cause of action.

2. Dilution Claim

Plaintiff next argues that it is entitled to a preliminary injunction on its claim of trademark dilution. New York's anti-dilution statute provides:

Likelihood of injury to business reputation or of dilution of the distinctive quality of a mark or trade name shall be a ground for injunctive relief in cases of infringement of a mark registered or not registered or in cases of unfair competition, notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services.

N.Y. Gen. Bus. Law § 368-d (emphasis added). Writing to "clarify the elements necessary for a cause of action under New York's 'anti-dilution' statute," *Sally Gee, Inc. v. Myra Hogan, Inc.*, 699 F.2d 621, 622 (2d Cir. 1983), the Second Circuit said "[s]ection 368-d's qualifying clause means exactly what its language denotes." *Id.* at 624. The court further stated that "[n]either competition between the parties nor confusion about the source of products, appears to be necessary to state a cause of action for dilution." *Id.* (citations omitted).

In holding that likelihood of confusion is not an element of an anti-dilution claim under the New York state statute, the court observed that "[t]he evil which the Legislature sought to remedy was not public confusion caused by similar products or services sold by competitors, but a cancer-like growth of dissimilar products or services which feeds upon the business reputation of an established distinctive trade-mark or name." *Id.* (quoting *Allied Maintenance Corp. v. Allied Mechanical Trades, Inc.*, 42 N.Y.2d 538, 544 (1977)). Indeed, "[t]he interest protected by § 368-d is not simply commercial goodwill, but the selling power that a distinctive mark or name with favorable associations has engendered for a product in the mind of the consuming public." *Sally Gee, supra*, at 624 (citations omitted).

In order to demonstrate a likelihood of success on its dilution claim, plaintiff must establish its marks are of a "truly distinctive quality" or have 'acquired a secondary meaning in the mind of

the public." *Id.* at 625 (quoting *Allied, supra*, at 546). Plaintiff must further demonstrate that there exists a "likelihood of dilution" as to its marks. *Sally Gee, supra*, at 625. Finally, the presence or absence of "predatory intent" by the junior user of the marks is also relevant in evaluating an anti-dilution claim. *Id.* at 626.

I look first to whether American Express' marks can rightly be classified as "truly distinctive" as the Second Circuit has explained that requirement. The discussion of the strength of plaintiff's marks in conjunction with the assessment of its Lanham Act claim of trademark infringement, *supra* p. 11-12, is equally applicable here. Indeed, the Second Circuit has recognized that "[t]he strength of a mark essentially reflects its distinctiveness, which for trademark infringement purposes, is its 'tendency to identify the goods sold under the mark as emanating from a particular, although possibly anonymous, source.'" *Sally Gee, supra*, at 625 (quoting *McGregor-Doniger, Inc. v. Drizzle, Inc.*, 599 F.2d 1126, 1131 (2d Cir. 1979) (citations omitted)). For the same reasons that I concluded plaintiff's marks to be strong within the meaning of Lanham Act, I find them to be distinctive under New York's anti-dilution statute.

I turn now to the issue of likelihood of dilution.⁷ Dilution itself is an amorphous concept. "Typically, dilution is characterized as a 'whittling down' of the identity or reputation of a tradename or mark." *Sally Gee, supra*, at 625 (citing *Mortellitor v. Ninan of California, Inc.*, 335 F. Supp. 1288, 1296 (S.D.N.Y. 1972); *Allied, supra*, at 544). The Eleventh Circuit has summarized dilution "as a concept most applicable where a subsequent user uses the trademark of a prior user for a product so dissimilar from the product of the prior user that there is no likelihood of confusion of the products or sources, but where the use of the trademark by the subsequent user will lessen the uniqueness of the prior user's mark with the possible future result that a strong mark may become a weak mark." *Community Fed. Sav. and Loan Ass'n v. Orondorff*, 678 F.2d 1034, 1037 (11th Cir. 1982).

While it is true that plaintiff has put forth no evidence that there exists a likelihood of confusion, such a showing is not necessary to succeed on an anti-dilution claim. Having said that, it is difficult to know just what plaintiff must show. The likelihood of dilution inquiry necessarily involves a determination of things that have not yet happened, thereby requiring a certain amount of speculation as to what is "likely".

This case is on par with *Toys "R" Us, Inc. v. Canarsie Kiddie Shop, Inc.*, where Judge Glasser found that "due to the extensive advertising conducted by plaintiff and its high sales volume", the mark Toys "R" Us evokes a particular image in the minds of consumers. 559 F. Supp. 1189, 1208 (S.D.N.Y. 1983). In that case the image evoked was one of "a large warehouse-like store offering for sale at economical prices a large variety of toys and other child related products." *Id.* In the case at bar, plaintiff's extensive advertising has painted a picture of its charge card as one of quality and prestige, available to only the most select group of consumers. It can fairly be said that "[t]his image provoking characteristic of the [American Express] trademark[s] establishes its associational qualities which entitle it to protection from dilution." *Id.*

⁷ In this situation, where plaintiff moves for a preliminary injunction, I need only determine whether there exists a likelihood of success on plaintiff's anti-dilution claim, specifically on the element of likelihood of dilution.

I think it clear that the distinctiveness of plaintiff's marks would be diluted if defendant were allowed to market its condom card, which was aggressively and effectively advertised by defendant for that short time before it was taken off the market by the terms of the temporary restraining order entered in this case. Furthermore, the "knock-offs" of defendant Hollywood's condom card that appeared for sale, namely the Amelica Express cards traced to defendant Maxson, indicate a definite potential for the sort of proliferation that would result in the whittling away of the distinctiveness of plaintiff's marks.

The Second Circuit has also said that whether plaintiff's marks were adopted with "predatory intent" is a relevant consideration in analyzing a dilution claim.⁸ *Sally Gee, supra*, at 626. It is clear that defendant sought to capitalize on the recognizability of plaintiff's marks, to its own commercial advantage. While not saying that defendant's use of the marks was in bad faith under the Lanham Act, *supra*, at 15, it is fair to say that the marks were adopted with a predatory intent, or an intent to take advantage of plaintiff's marks for defendant's own gain.

The *Sally Gee* test of distinctiveness, likelihood of dilution and a showing of predatory intent on the part of defendant having been met, plaintiff has established its right to protection under New York's anti-dilution statute, and has shown a likelihood of success on that claim.

B. Irreparable Harm

Having found that plaintiff has made out a substantial case under the anti-dilution statute, I now turn to the existence vel non of irreparable harm, a prerequisite to preliminary injunctive relief.

It would be anomalous to say that without relief plaintiff's marks would be diluted and then deny the existence of possible irreparable injury. Dilution is itself an injury which could not be recompensed by money damages.

In *Sally Gee, supra*, the Second Circuit quoted with approval a leading text writer:

A more helpful definition of dilution is provided by Callman: "Dilution is an act which 'threatens two separable but related components of advertising value. Junior uses may blur a mark's product identification or they may tarnish the affirmative associations a mark has come to convey.'" 3 R. Callman, *The Law of Unfair Competition, Trademarks, and Monopolies* § 84.2, at 954-55 (footnote omitted). 669 F.2d at 625.

Viewed in the light of that definition, defendants' condom card cannot be shrugged off as a mere bawdy jest, unreachable by any legal theory. American Express has a legitimate concern that its own products' reputation may be tarnished by defendants' conduct; and that damage, impossible to quantify and hence irreparable, will result. To the extent that the "Girl Scout Poster" case, *Girl Scouts of the United States of America v. Personality Posters Mfg. Co.*, 304 F. Supp. 1228 (S.D.N.Y. 1969), points to a different conclusion, I decline to follow it. *Sally Gee*, citing and applying more recent appellate authority, has expanded anti-dilution remedies under the New York statute.

⁸ Predatory is defined as "showing a disposition to injure or exploit others for one's gain." Webster's New Collegiate Dictionary 905 (1976). Exploit is defined as "to take advantage of". *Id.* at 404.

Conclusion

Plaintiff's motion for a preliminary injunction is granted on the grounds that it has demonstrated a likelihood of success on the anti-dilution claim enumerated in the third cause of action and has shown irreparable harm.⁹

The parties are directed to settle an Order on seven (7) days' notice within fifteen (15) days of the date of this Opinion.

The parties are further directed to attend a status conference on May 5, 1989 at 2:00 p.m. in Courtroom 307.

The foregoing is SO ORDERED.

Dated: New York, New York
April 17, 1989

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⁹ I express no opinion in respect of plaintiff's likelihood of success on the remaining claims in the complaint.