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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

STARBUCKS CORPORATION, a Washington
corporation; and STARBUCKS U.S. BRANDS
INC., a California corporation,

Plaintiffs,

-v-

No. 01 Civ. 5981 (LTS)(THK)

WOLFE'S BOROUGH COFFEE, INC., a New
Hampshire corporation d/b/a BLACK BEAR
MICRO ROASTERY,

Defendant.

OPINION AND ORDER

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LAURA TAYLOR SWAIN, United States District Judge

In this action, Plaintiffs Starbucks Corporation and Starbucks U.S. Brands, Inc. (collectively, "Plaintiff") seek injunctive relief against Defendant Wolfe's Borough Coffee, Inc. d/b/a Black Bear Micro Roastery ("Defendant" or "Black Bear") on their federal trademark infringement and unfair competition claims, brought pursuant to the Lanham Act, 15 U.S.C. §§ 1114(1), 1125(a); federal and state trademark dilution claims brought pursuant to the Federal Trademark Dilution Act ("FTDA"), 15 U.S.C. §§ 1125(c), 1127, and New York Gen. Bus. Law § 360-1; and unfair competition claim under the common law. The Court has jurisdiction of the federal claims in this action pursuant to 28 U.S.C. §§ 1331, 1338(a), 1332(a). The Court has supplemental jurisdiction of Plaintiff's state and common law claims pursuant to 28 U.S.C. §§ 1367, 1338(b).

The case was tried to the Court over two days. The Court considered the stipulated facts, trial testimony and evidence carefully, while also observing the demeanor of the witnesses, and has considered thoroughly all of the written and oral submissions of counsel. For the following reasons, the Court finds that Plaintiff has failed to carry its burden of demonstrating its entitlement to relief; judgment will be entered in Defendant's favor. This Opinion and Order constitutes the Court's findings of fact and conclusions of law in accordance with Rule 52 of the Federal Rules of Civil Procedure.

BACKGROUND

The parties have stipulated to the following material facts. Plaintiff Starbucks U.S. Brands L.L.C. ("U.S. Brands") is the owner of the valid United States trademark registrations comprising of or incorporating the mark "Starbucks" ("Starbucks Marks"). (Am.

(page 3 missing...)

of restaurants, airlines, sports and entertainment venues, motion picture theaters, hotels and cruise ship lines, and Starbucks' branded products are available to consumers via kiosks and dedicated retail areas in major airports, bookstores, and supermarkets. (Id. ¶¶ 19-22.) Starbucks also operates an Internet web site (<www.starbucks.com>) that generates over 350,000 "hits" from visitors per week. (Id. ¶ 23.) The Starbucks Marks are incorporated into many of the individual "pages" within this site, and are displayed on much of the branded merchandise offered for sale on-line. (Id.)

Starbucks has spent substantial time, effort and money advertising and promoting the Starbucks Marks throughout the United States and elsewhere. (Id. ¶ 16.) From the year 2000 to 2003, Starbucks spent over \$136 million on advertising, promotion and related marketing activities. (Id. ¶ 24.) These activities have included television and radio commercials, print advertising and in-store displays. (Id.) Virtually all of Starbucks' advertising prominently features (or, in the case of radio, mentions) the Starbucks Mark, which Starbucks considers to be critical to the maintenance of its positive public image and identity. (Id.) Further, in recent years, Starbucks products or retail stores have been featured prominently in a number of popular motion pictures and television shows which have been seen by millions of viewers in theaters or on television or video. (Id. ¶ 25.)

Starbucks devotes substantial effort to policing its registered Starbucks Marks. (Id. ¶ 37.) Starbucks has a policy of following up on uses that it deems to be infringing and demanding that the use be terminated. (Id. ¶ 39.) Starbucks routinely sends cease and desist letters and, if necessary, commences litigation in support of these efforts. (Id.)

Defendant Black Bear manufactures and sells to the general public roasted coffee

beans and related goods via mail order, internet order and at a limited number of New England supermarkets. (Id. ¶ 28.) In addition, in or about 2004, Black Bear began to sell coffee products to the public from a retail outlet called “The Den,” located in New Hampshire. (Id. ¶ 29.) Black Bear developed a dark roasted blend of coffee that it named “Charbucks Blend,” which it first sold and shipped under that name to a customer on April 7, 1997. (Id. ¶ 32.) Black Bear also currently sells a blend of dark roasted coffee called “Mister Charbucks,” or “Mr. Charbucks.” (Id. ¶ 33.) At the time that Black Bear began manufacturing and selling coffee under the name “Charbucks Blend,” “Mister Charbucks” or “Mr. Charbucks” (collectively, “Charbucks”), Black Bear was aware of Starbucks and the Starbucks Marks. (Id. ¶ 26.) Indeed, one of Black Bear’s inspirations for using the term “Charbucks” was the public perception that Starbucks tended to roast its product more darkly than any of the other major roasters. (Id. ¶ 27.)

In August 1997, Starbucks’ counsel contacted Black Bear, objected to Black Bear’s use of the term “Charbucks,” which rhymes with Starbucks, as disparaging and dilutive and demanded that Black Bear cease use of the Charbucks mark. (Id. ¶¶ 34, 36.) From August 1997, to the present, Black Bear has used and continues to use the term “Charbucks” in connection with the marketing and sale of one of its roasted coffee blends. (Id. ¶ 35.)

Starbucks seeks permanent injunctive relief against Defendant’s use of the name Charbucks or other variation on Starbucks’ trademarks. (Id.)

The Court’s findings of fact based on the trial evidence are incorporated into the following legal analysis.

DISCUSSION

I. Federal Trademark Infringement Claim

In order to establish trademark infringement under the Lanham Act, “the plaintiff must prove that its mark is entitled to protection and, even more important, that the defendant’s use of its own mark will likely cause confusion with plaintiff’s mark.” Gruner + Jahr USA Publ’g v. Meredith Corp., 991 F.2d 1072, 1074 (2d Cir. 1993). Here, there is no dispute as to Starbucks entitlement to protect its mark. Accordingly, the Court focuses on the issue of confusion, and finds, for the reasons explained below, that Plaintiff has failed to carry its burden of demonstrating the requisite likelihood of consumer confusion.

The primary consideration in determining whether there exists confusion sufficient to succeed on a claim of trademark infringement “is whether there is any 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.” Savin Corp. v. The Savin Group, 391 F.3d 439, 456 (2d Cir. 2004) (quoting Mushroom Makers, Inc. v. R.G. Barry Corp., 580 F.2d 44, 47 (2d Cir. 1978)). Thus, the relevant confusion is consumer confusion of Charbucks coffee for Starbucks coffee, or consumer confusion as to Starbucks’ sponsorship, authorization or connection with Charbucks. See, e.g., The Sports Auth., Inc. v. Prime Hospitality Corp., 89 F.3d 955, 960 (2d Cir. 1996) (“A defendant may . . . be liable under the Lanham Act where the defendant’s actions are ‘likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association’ of the defendant’s goods or services with those of the plaintiff. 15 U.S.C. § 1125(a)(1)(A).”).

In order to assess the likelihood of consumer confusion, the Second Circuit has

adopted a balancing test which weighs the following eight non-exclusive factors: (1) the strength of the plaintiff's mark; (2) the degree of similarity between the two marks; (3) the proximity of the products; (4) the likelihood that the owner will bridge the gap; (5) evidence of actual confusion; (6) defendant's good faith in adopting the mark; (7) the quality of defendant's product; and (8) the sophistication of the consumers. Polaroid Corp. v. Polarad Elecs. Corp., 287 F.2d 492, 495 (2d Cir. 1961). In weighing the Polaroid factors, the court's analysis should not be "mechanical, but rather, focus[] on the ultimate question of whether, looking at the products in their totality, consumers are likely to be confused." Star Indus., Inc. v. Bacardi & Co. Ltd., 412 F.3d 373, 384 (2d Cir. 2005).

As noted in the Court's September 28, 2004, Opinion and Order on the parties' cross-motions for summary judgment, Starbucks and Black Bear have stipulated that the first (strength of plaintiff's mark), third (proximity of products), and fourth (likelihood that plaintiff will "bridge the gap") Polaroid factors weigh in favor of Starbucks. However, there remained disputed factual issues with respect to the other five factors. On the basis of the evidence presented at trial, the Court makes findings as to the remaining factors as follows.

A. *Degree of Similarity*

The word "Charbucks," which is the principal distinguishing component of Defendant's mark, is similar to Plaintiff's mark. Like "Starbucks," "Charbucks" is a two-syllable fanciful word with emphasis on the first syllable. In addition, the first syllable of "Charbucks" rhymes with that of "Starbucks," and the second syllable is identical. Indeed, standing alone, the terms sound quite similar. However, the Court must also assess the terms in context, and consider the fashion in which a consumer is likely to encounter the terms. See, e.g., Hormel

Foods Corp. v. Jim Henson Prods., Inc., 73 F.3d 497, 503 (2d Cir. 1996) (“[A]n inquiry into the degree of similarity between two marks does not end with a comparison of the marks themselves. . . . [T]he setting in which a designation is used affects its appearance and colors the impression conveyed by it” (internal quotations and citations omitted).).

Here, Black Bear uses the varietal name “Mr. Charbucks Blend” on its packaging, in a product list on its web site and presumably in offering the beverage at its retail coffee shop in Portsmouth, New Hampshire. (See Test. of James O. Clark, III (“Clark Test.”), Trial Tr. 91-93.) However, Black Bear’s packaging is different in imagery, color and format from Starbucks’ logo and signage, which contains the term “Starbucks” and a circular logo containing a graphic depiction of a mermaid. (See id.; Test. of Colleen Chapman, Trial Tr. 15.) For example, Black Bear’s “Mister Charbucks” ground coffee package is black, bears an illustration of a man walking, and displays Black Bear’s name as the manufacturer prominently on the front and back of the package. (Pl.’s Trial Ex. 27.)¹ Further, there is no evidence that Defendant advertises by radio or uses “Charbucks” as a stand-alone word in promoting or offering its product. It is possible, by using a search engine, to reach a page within Defendant’s Internet web site that lists “Mr. Charbucks Blend” for sale along with other types of Black Bear coffee and that does not show the Black Bear logo or company name as such. (See Test. of Warren Mitofsky (“Mitofsky Test.”), Trial Tr. 178-80; Pl.’s Trial Ex. 23.) The internet address for this page does, however,

¹ The text on the front of the package includes the legend “Gourmet Coffee By The Black Bear Micro Roastery Center Tuftonboro, New Hampshire.” The back of the package displays Black Bear’s logo as well as Black Bear’s web site and e-mail addresses (www.BlackBearCoffee.com and BBMR@worldpath.net, respectively). (Pl.’s Trial Ex. 27.)

include the “blackbearcoffee.com” domain name utilized by Defendant. (Pl.’s Trial Ex. 23.) This page of the web site is not indicative of stand-alone or other potentially confusing use by Defendant of the word “Charbucks” in promoting its products.

The Court finds that, although the similarity of the core term “Charbucks” to Plaintiff’s “Starbucks” mark is strong, this factor, assessed in context, favors Plaintiff only slightly, if at all, as an indicator of a likelihood of consumer confusion as to the source of Defendant’s product or as to a connection between Starbucks and Black Bear.

B. Evidence of Actual Confusion

Evidence of actual confusion is not required to support a finding of likelihood of confusion. See Savin Corp. v. The Savin Group, 391 F.3d 439, 459 (2d Cir. 2004) (“[I]t is black letter law that actual confusion need not be shown to prevail under the Lanham Act, since actual confusion is very difficult to prove and the Act requires only a likelihood of confusion as to source.”) (quoting Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co., 799 F.2d 867, 875 (2d Cir. 1986)). Such evidence can, nonetheless, be helpful in indicating a likelihood of consumer confusion. In order “[t]o show actual confusion, [a plaintiff] must demonstrate that [the defendant]’s use ‘could inflict commercial injury in the form of either a diversion of sales, damage to goodwill, or loss of control over reputation.’” The Sports Authority, Inc. v. Prime Hospitality Corp., 89 F.3d 955, 963 (2d Cir. 1996) (quoting Lang v. Ret. Living Publ’g Co., 949 F.2d 576, 583 (2d Cir. 1991)). If a plaintiff fails to proffer evidence of actual consumer confusion, that lack of evidence “may under some circumstances be used against a plaintiff.” Hasbro, Inc. v. Lanard Toys, Ltd., 858 F.2d 70, 78 (2d Cir. 1988) (citing McGregor-Doniger Inc. v. Drizzle Inc., 599 F.2d 1126, 1136 (2d Cir. 1979)). Moreover, a “complete absence of actual

confusion evidence after a significant period of competition may weigh in a defendant's favor." Lois Sportswear, 799 F.2d at 875.

Here the only evidentiary proffer as to actual confusion of Black Bear's product for one offered or sponsored by Starbucks is a minuscule number of responses to one telephone survey item in which respondents were queried as to whether they could "name any company or store that [they] think might offer a product called 'Charbucks.'" (Pl.'s Trial Ex. 10, Tab C, Question 9.) In response to that question, only 3.1% of the 600 respondents named Starbucks as a possible source of a "Charbucks" product. (Id.) Particularly in light of the fact that this survey item was administered by telephone and did not present the term "Charbucks" in the linguistic or visual context in which Defendant uses it, this evidence is insufficient to make the actual confusion factor weigh in Plaintiff's favor to any significant degree.

Plaintiff also argues that Defendant's practice of selling its Charbucks product on the internet increases the likelihood of confusion because 79.0% of the surveyed consumers who were familiar with Starbucks had made a purchase online from an Internet web site. (Id., Question 15.) However, this argument is a red herring. As noted earlier, Plaintiff's evidence of Defendant's allegedly confusing use of the term "Charbucks" on the Internet consists of testimony that, by entering "Charbucks" into a search engine, one can reach a page listing Defendants' Mr. Charbucks Blend that does not specifically identify Black Bear as the product source within the body of the page. (Mitofsky Test., Trial. Tr. 178-80; Pl.'s Ex. 23.) Since getting to this web page in the first place requires specifically searching for the term "Charbucks" and the page does nothing to suggest that Starbucks is the source of either the Mr. Charbucks or Charbucks Blends (indeed, the other varieties include names such as "Black Bear Original

Blend” and “Sleepy Bear Decaf”), a person performing that sort of search is not likely to be confused between Charbucks and Starbucks. (See Pl.’s Trial Exs. 22-23.) Similarly, the content of the web site is not likely to generate or increase any confusion as to whether Starbucks is the source of Black Bear’s products. This aspect of the analysis therefore weighs in Defendant’s favor.

C. *Good Faith*

The Court finds that, in adopting “Charbucks” as part of the name of the coffee product in question, Black Bear’s CEO and co-owner, James O. Clark, III (“Clark”) intended to take advantage of the similarity of the word to the Starbucks name, as well as of associations of the word Charbucks with particular perceptions of Starbucks’ products as a very dark roast of coffee. The evidence presented at trial does not, however, support a reasonable inference that the name was adopted with the intention of misleading consumers as to a connection between Black Bear’s products and Starbucks. This factor is therefore neutral, or somewhat favorable to the Defendant, in the analysis of the likelihood of relevant consumer confusion as to source or connection.

D. *Quality of Defendant’s Product*

As many courts have noted, this factor “is the subject of some confusion,” and is one whose implications are so varied as to diminish its significance in the confusion analysis. See, e.g., Savin Corp. v. The Savin Group, 391 F.3d 439, 460-61 (2d Cir. 2004); Hasbro, Inc., 858 F.2d at 78. A product of the same or higher quality as a plaintiff’s might heighten the potential for confusion without creating a threat of damage to that plaintiff’s market reputation. See, e.g., Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co., 799 F.2d 867, 875 (2d Cir. 1986).

On the other hand, a product of lower quality might diminish the potential for confusion of the products but jeopardize a plaintiff's market reputation to the extent there is confusion. See, e.g., Star Indus., Inc. v. Bacardi & Co., Ltd., 412 F.3d 373, 389 (2d Cir. 2005).

The evidence presented at trial indicates that both companies take great care with their coffee roasting processes and think highly of their processes and quality control procedures. (See generally Test. of Andrew Linnemann; Clark Test.) There was no head-to-head comparison of the quality of Black Bear's and Starbucks' products or processes. Accordingly, this factor is neutral in the confusion analysis.

E. Consumer Sophistication

In order to determine the likelihood of confusion, the Court “‘must examin[e] the level of sophistication of the relevant purchasers’ of the plaintiff’s and defendant’s services, [and] ‘consider [t]he general impression of the ordinary purchaser, buying under the normally prevalent conditions of the market and giving the attention such purchasers usually give in buying that class of goods.’” The Sports Authority, Inc. v. Prime Hospitality Corp., 89 F.3d 955, 963 (2d Cir. 1996) (quoting W.W.W. Pharmaceutical Co. v. Gillette Co., 984 F.2d 567, 575 (2d Cir. 1993)). The specific evidence presented by the parties on the issue of consumer sophistication consisted solely of Clark’s conclusory assertion that his customers are “highly discriminating.” (Clark Test., Trial Tr. 93.) The Court finds, based on the distinctive packaging and separate retailing channels of the parties’ respective products, that an ordinary purchaser is very unlikely to mistake Defendant’s “Mr. Charbucks Blend” or “Charbucks Blend” product for one offered by Starbucks, whether or not that person is “highly discriminating.” This factor, accordingly, weighs in Defendant’s favor.

F. Balancing the Factors

Other than the strength of the mark, the Polaroid factors in the instant case are largely favorable to Defendant or neutral and thus are not indicative of a likelihood that consumers would mistake Black Bear's "Mr. Charbucks Blend" or "Charbucks Blend" for a Starbucks product, or that consumers would be likely to believe that the Charbucks-labeled coffee products are sponsored, authorized by or otherwise associated with Starbucks. The Court, having weighed carefully the evidence, finds that Starbucks has failed, both on the basis of the factor-by-factor analysis and on a more holistic view of the confusion question, to carry its burden of proving the requisite likelihood of consumer confusion.

II. Common Law Unfair Competition Claim

The relevant legal standard for a common law unfair competition claim is the same as the standard for a claim for trademark infringement under the Lanham Act. See, e.g., Pfizer, Inc. v. Y2K Shipping & Trading, Inc., No. 00 Civ. 5304(SJ), 2004 WL 896952, at *8 (E.D.N.Y. Mar. 26, 2004); see also EMI Catalogue P'ship v. Hill, Holliday, Connors, Cosmopolos Inc., 228 F.3d 56, 61-62 (2d Cir. 2000). Thus, because Plaintiff was not able to demonstrate a likelihood of confusion for Lanham Act purposes, Plaintiff's common law unfair competition claim likewise fails.

III. Federal and State Dilution Claims

Starbucks also seeks injunctive relief under federal and state statutes protecting the owners of famous marks against the dilution of those marks. Under the FTDA, "[t]he owner

of a famous mark [is] . . . entitled . . . to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark" 15 U.S.C.A. § 1125(c)(1) (West 1999). Dilution is defined for this purpose as "the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of – (1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake, or deception." 15 U.S.C.A. § 1127 (West 2000). To obtain injunctive relief under the FTDA, the owner of the mark must make "a showing of actual dilution, rather than a likelihood of dilution." Moseley v. V. Secret Catalogue, Inc., 537 U.S. 418, 433 (2003). A cause of action under New York's antidilution statute can be made out, however, by demonstrating a likelihood of dilution.² For the following reasons, the Court finds that Plaintiff has failed to prove that it is entitled to relief under either standard.

To prove a violation of the FTDA, plaintiff must show that:

(1) [the senior mark] is famous; (2) the defendant is making commercial use of the [senior] mark in commerce; (3) the defendant's use began after the [senior] mark became famous; and (4) the defendant's use of the [senior] mark dilutes the quality of the [senior] mark by diminishing the capacity of the mark to identify and distinguish goods and services.

² The New York statute provides that

[l]ikelihood 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 . . . 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 § 360-1 (McKinney Supp. 1999).

Savin Corp. v. The Savin Group, 391 F.3d 439, 448-49 (2d Cir. 2004). Here, there is no dispute as to the first three factors – the parties agree that (1) “[t]he Starbucks Marks are ‘famous’ within the meaning of the [FTDA]”; (2) “Black Bear presently sells a blend of dark roasted coffee called ‘Mister Charbucks’ or ‘Mr. Charbucks’”;³ and (3) “[t]he Starbucks Marks became ‘famous’ . . . before Black Bear first used the term ‘Charbucks’ as part of the name of any product that Black Bear has offered for sale.” (Stipulated Facts ¶¶ 9-10, 33.) The disputed issue is whether Defendant’s use of the “Charbucks” mark is dilutive of Plaintiff’s Starbucks mark.

The antidilution statutes rest on a judgment that the “stimulant effect” of a distinctive and well-known mark is a “powerful selling tool” that deserves legal protection. Restatement (Third) of Unfair Competition § 25 cmt. c (1995). This power derives not only from the ‘merit of the goods upon which [the mark] is used, but equally [from the mark’s] own uniqueness and singularity’ Frank I. Schechter, The Rational Basis of Trademark Protection, 40 Harv. L. Rev. 813, 831 (1927). Even when an unauthorized use of the mark does not cause consumer confusion, it can ‘reduce[] the public’s perception that the mark signifies something unique, singular, or particular.’ H. Rep. 104-374, at 3 (1995), reprinted in 1995 U.S.C.C.A.N. 1029, 130. The junior use thereby diminishes 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, Inc. v. Myra Hogan, Inc., 699 F.2d 621, 624-25 (2d Cir. 1983).

Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208, 217 (2d Cir. 1999). However, at least where marks are not identical, “the mere fact that consumers mentally associate the junior user’s mark with a famous mark is not sufficient to establish actionable dilution.” Moseley, 537 U.S. at 433.

It is clear that the FTDA protects against dilution of a mark as a unique identifier of plaintiff’s goods, a theory of dilution typically referred to as “blurring.” See Savin Corp., 391 F.3d at 449 (noting that blurring is damaging because “[i]f one small user can blur the sharp

³ The Court assumes for purposes of this analysis that the “Charbucks” term is sufficiently similar to the Starbucks name to meet this element of the test.

focus of the famous mark to uniquely signify one source, then another and another small user can and will do so” (citation omitted). It is less clear, however, whether tarnishment analysis is still viable in federal court post-Moseley, but determination of that issue is unnecessary in the current matter because, as explained below, Plaintiff has failed to make the requisite showing of tarnishment in any event.

New York law protects against both blurring and tarnishment, but does not require a showing of actual dilution. Savin Corp., 391 F.3d at 456 (“[T]he federal standard requires a showing of actual dilution, and, thus, is more stringent than the New York standard.” (citations omitted)). “Blurring occurs ‘where the defendant uses or modifies the plaintiff’s trademark to identify the defendant’s goods and services, raising the possibility that the mark will lose its ability to serve as a unique identifier of the plaintiff’s product.’” New York Stock Exch., Inc. v. New York, New York Hotel, LLC, 293 F.3d 550, 558 (2d Cir. 2002) (quoting Deere & Co. v. MTD Prods., Inc., 41 F.3d 39, 43 (2d Cir. 1994)). Thus, New York’s antidilution statute protects against the “gradual whittling away of a firm’s distinctive trade-mark or name.” Hormel Foods Corp. v. Jim Henson Prods., Inc., 73 F.3d 497, 506 (2d Cir. 1996). Courts should consider the following six factors, among others, in determining the likelihood of blurring: “(i) the similarity of the marks; (ii) the similarity of the products covered; (iii) the sophistication of the consumers; (iv) the existence of predatory intent; (v) the renown of the senior mark; and (vi) the renown of the junior mark.” Id. (citations omitted). Tarnishment, on the other hand, “occurs where a trademark is ‘linked to products of shoddy quality, or is portrayed in an unwholesome or unsavory context,’ with the result that ‘the public will associate the lack of quality or lack of prestige in the defendant’s goods with the plaintiff’s unrelated goods.’” Id.; see also Nabisco,

191 F.3d at 227-28.

Here there is no showing of actual dilution of Plaintiff's Starbucks Marks as a unique identifier of its goods. Although Plaintiff's survey results indicate that 39.5% of people associate the term "Charbucks" with "Starbucks" or coffee, (Pl.'s Trial Ex. 10, Tab C, Question 6), there is no indication that that is attributable to any usage of that term by Defendant, or that such usage affects the ability of the Starbucks Marks to serve as a unique identifier of Plaintiff's products. Although the evidence shows that Defendant's principal intended, in adopting the "Charbucks" moniker, to evoke associations with the sort of dark-roasted coffee purportedly favored by Starbucks' clientele, the evidence of record does not demonstrate any actual, or likely, diminution of the capacity of the Starbucks Marks to serve as unique identifiers of Starbucks' products by reason of Defendant's commercial activities. Thus, there is insufficient evidence to show actual, or even potential, dilution by way of blurring. Accordingly, Plaintiff has failed to sustain its burden of demonstrating actual or likely dilution by way of blurring.

Nor is there sufficient evidence of dilution by tarnishment to warrant the grant of injunctive relief. Plaintiff again relies on the survey results in this connection. Although the Plaintiff's summary of the survey results indicates that 43.3% of the respondents, when queried as to whether they "[w]ould . . . have a positive impression or negative impression of a coffee called 'Charbucks,'" indicated that they would have a "negative" impression of such a coffee,⁴ the reported responses to the open-ended query that preceded the positive/negative question – "If the name 'Charbucks' were used for a type of coffee, how would you describe the coffee?" – are

⁴ (Pl.'s Trial Ex. 10, Tab C, Question 11.)

much less indicative of any potential for tarnishment. There, only 6.3% of the respondents provided what was characterized as “generally negative” response to the query, 15.2% described such a hypothetical coffee as “charred,” “burnt,” “bitter” or “smokey” (at least five of those providing this description are reported to have made a “positive” response to the negative/positive impression question⁵) and 34.9% of the respondents described the hypothetical flavor as “strong,” “dark,” “black” or “rich-flavored” coffee. (Id., Question 10; see also id., Tab D.) Many of those describing the taste as strong or rich are also reported to have made “positive” responses to the two-pronged question that followed. Other reported responses to the open-ended question included “general positive comments” (7.9%) and “special/original/expensive” (4.7%). (Id., Question 10.) “Don’t know” was another very popular response, at 22.6%. (Id.) To the extent the respondents to the open-ended question linked the term “Charbucks” to “Starbucks”, it was generally described as a “joke” or a “ripoff”⁶ and none of the respondents appears to have incorporated negative references to Starbucks products in responding to the open-ended question regarding “Charbucks.” (See id., Tab D.) Plaintiff also proffers its expert’s conclusory assertion that negative perceptions of “Charbucks” would have a negative impact on Starbucks’ brand name recognition. (See Mitofsky Test., Trial Tr. 170-72.) However, that opinion carries little weight in light of the paucity of evidence of such negative impressions and linkage.

⁵ (Id., Tab D (details of responses to Question 10).)

⁶ Plaintiff’s expert report puts 6.2% of the responses in this category. (Id.) For example, Respondent 257 is reported as having described the hypothetical flavor as “burnt coffee and rip off of Starbucks” and also as having indicated a “positive” reaction to a “coffee called ‘Charbucks.’” (Id.)

Accordingly, Plaintiff has failed to demonstrate that Defendant's use of the term "Charbucks" as part of the name of one of its lines of coffee has tarnished Starbucks' reputation, or is likely to lead the public to associate a lack of quality or prestige of Defendant's product with Plaintiff's goods. Plaintiff has failed to sustain its burden of proof under the FTDA and the New York antidilution statute.

CONCLUSION

For the foregoing reasons, judgment will be entered in Defendant's favor on all counts and the Clerk of Court is respectfully requested to close this case.

SO ORDERED.

Dated: New York, New York
December 22, 2005



LAURA TAYLOR SWAIN
United States District Judge