



Case Study: Starbucks V. Wolfe's

Law360, New York (January 13, 2012, 12:47 PM ET) -- Stating that the anti-dilution law should be used as “a scalpel, not a battle axe,” U.S. District Judge Laura Taylor Swain of the Southern District of New York once again found that [Starbucks Corp.](#) failed to prove that the famous "Starbucks" trademark was likely to be diluted by the use of the marks "Charbucks Blend," "Mr. Charbucks" and "Mister Charbucks" on dark roasted coffee. In her Dec. 23, 2011, opinion, she ordered that judgment be entered in favor of the defendant, Wolfe's Borough Coffee Inc., and that the long-running case be closed.

This is the third ruling that Judge Swain has made against Starbucks. It may not be the final word, however, as Starbucks may appeal yet again.

The dispute began in 1997, when Wolfe's Borough Coffee, which does business as Black Bear Micro Roastery, started selling coffee under the names Charbucks Blend, Mr. Charbucks and Mister Charbucks from a retail outlet called “The Den” in New Hampshire. Starbucks sent Wolfe's a demand letter, but Wolfe's refused to accede because “basically this was a large corporation coming at me and telling us what to do.” Starbucks then brought suit in the Southern District of New York.

After a two-day trial in 2005, Judge Swain ruled against Starbucks on all of its claims. While the case was on appeal in 2006, Congress enacted the Trademark Dilution Revision Act, which provided that a plaintiff need only show a likelihood of dilution, not actual dilution, to prevail. The Second Circuit remanded so that the lower court could reconsider the evidence in light of the new law.

On remand, Judge Swain accepted additional briefs but no new evidence. Once again, she ruled against Starbucks on all of its claims. In her 2008 opinion, Judge Swain held that the two marks must be “very or substantially similar” in order for dilution to occur, and that the use of MR. before CHARBUCKS alone defeats Starbucks' dilution claim. Starbucks appealed (again), and the Second Circuit remanded (again), this time on the basis that the prior requirement of “substantially similar” marks no longer applied in dilution cases.

The Second Circuit's 2009 opinion also noted that Wolfe's' admitted intention to associate its mark with Starbucks weighed in favor of Starbucks' position, and that the statutory defense of fair use through parody did not apply to Wolfe's because it was using the disputed name as a designation for Wolfe's own products.

The case was once again remanded to Judge Swain, who accepted additional briefs on the issues identified by the Second Circuit. On Dec. 23, 2011, six years from the date of her initial ruling, Judge Swain issued her opinion and ruled — you guessed it — against Starbucks on all claims.

Judge Swain acknowledged that four of the six dilution factors weighed in favor of Starbucks, namely, the distinctiveness of the Starbucks mark, Starbucks' exclusivity of use, the high degree of recognition of the Starbucks mark and Wolfe's intent to associate its mark with the Starbucks mark. But Judge Swain found that the similarity between the marks was minimal, and therefore that factor favored Wolfe's, and that the actual association factor weighed only minimally in Starbucks' favor.

Judge Swain evaluated the similarity of the marks as they actually appeared in the context in which the parties' products were offered, and noted that Wolfe's did not use "Charbucks" alone, but rather in combination with the words "Blend," "Mr." or "Mister."

Judge Swain further noted that the parties used different colors and fonts on their packaging, and that Wolfe's packaging identified Wolfe's as a "Micro Roastery" located in New Hampshire. On this basis, Judge Swain found that there was not "an association, arising from the similarity of the relevant marks, that impairs the distinctiveness of the famous mark," and that Starbucks' dilution claim must therefore fail.

It will be interesting to see whether Starbucks will appeal and, if so, whether the Second Circuit will conclude that Judge Swain finally got it right or whether she simply did an end-run around the "substantially similar" issue. As of this date, it appears that Wolfe's is still selling Charbucks Blend on its website. Stay tuned.

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