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TRADEMARK DILUTION: OF FAME, BLURRING, AND SEALING WAX, WITH A TOUCH OF JUDICIAL WISDOM

Shari Seidman Diamond†

Abstract

The Trademark Dilution Revision Act of 2006 (TDRA) purported to clarify dilution law. Although it may be too early for a complete assessment, there are initial indications that the result was more than mere "clarification." Instead, the TDRA significantly altered the contours of dilution law and presented courts with a number of new unresolved issues. Some plausible interpretations of the newly "clarified" law, aided by continued judicial skepticism, may cause federal dilution based on claims of blurring to disappear almost entirely, an outcome that I suggest would have some merit.

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I. INTRODUCTION

Predicting the impact of Supreme Court opinions and Congressional legislation is challenging. Predictions can be completely inaccurate even when the Court or Congress says it is merely “clarifying” what was already in place. In 1993, the United States Supreme Court decided Daubert v. Merrell-Dow, purporting merely to clarify established law governing the admissibility of scientific evidence.¹ Many scholars and practitioners believe that Daubert’s mere clarification in fact had the effect of substantially raising the bar for the admissibility of scientific evidence.² The passing of the Trademark Dilution Revision Act ("TDRA") of 2006 represents a similar possibility that substantive change occurred in the name of clarification. Congress claimed to be simply correcting misunderstandings about what Congress intended to do in passing the Federal Trademark Dilution Act ("FTDA") signed into law ten years earlier.³ It is now a year since the TDRA went into effect, so it is probably too early for a full assessment of the law’s impact. Nevertheless, considering the history that led to the TDRA, the legislation itself, and the first cases decided under the Act, there are signs that more than a “clarification” has occurred. The TDRA is likely to ensure that few plaintiffs will succeed with their claims of dilution under the federal statute, although the recent legislation may have changed the contours of that limited success. Moreover, the courts will have to grapple with a number of challenging but unresolved issues in interpreting the newly “clarified” law. At least some plausible interpretations may cause federal dilution based on claims of blurring to disappear almost entirely, an outcome that I suggest would have some merit.

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¹ Daubert v. Merrell Dow Pharms., 509 U.S. 579, 587 (1993) (finding that the Frye test governing admissibility of scientific evidence had been superseded almost 20 years earlier by the adoption of the Federal Rules of Evidence).

² See, e.g., Lucinda M. Finley, Guarding the Gate to the Courthouse: How Trial Judges are Using Their Evidentiary Screening Role to Remake Tort Causation Rules, 49 DEPAUL L. REV. 335, 335-37 (1999).

³ See, e.g., Trademark Dilution Revision Act of 2005, 151 CONG. REC. H2121 (daily ed. Apr. 19, 2005). Rep. Sensenbrenner stated: "H.R. 683 does not establish new precedent or break new ground. Rather, the bill represents a clarification of what Congress meant when it passed the dilution statute a decade ago." Id. at H2122. Rep. Smith stated: "H.R. 683 clarifies a muddied legal landscape and enables the Federal Trademark Dilution Act to operate as Congress intended." Id. at H2123. If the sponsors of the statute thought they were "clarifying" simply by offering a clear revised statute, that is not what they said they were doing. Instead, they indicated they were attempting to restore the original meaning of the statute.
II. THE PLACE OF FEDERAL TRADEMARK DILUTION IN FEDERAL TRADEMARK LAW

Trademark dilution is an oddity within federal trademark law, which may explain its checkered history and the reluctance of many federal courts to sustain claims based on allegations of dilution or likely dilution. The traditional core justification for trademark protection is consumer protection. That is, trademarks efficiently convey information to the consumer about the source of products and services. To the extent that consumers come to see the source of a trademark as providing desirable goods and services, consumers will be motivated to use the trademark as a cue guiding future purchases of both previously purchased items and new items that apparently are put out by, or authorized by, that source. Trademark owners are thereby motivated to invest in the quality of the goods marketed under their trademark to generate good will and future purchases. If a competitor interferes with the cuing function of a trademark by using the same or a confusingly similar trademark to label unauthorized goods or services, the owner of the original trademark can sue for infringement.

To succeed in an infringement action, the trademark owner must show that the defendant’s use of a trademark is likely to confuse consumers about the source of the goods or services. Thus, if a producer of denim jeans sells them as “Levy’s Jeans” and the makers of Levi’s Jeans can show that consumers are likely to think that the Levy’s Jeans were produced or authorized by the makers of Levi’s Jeans, infringement will be found. By enjoining the use of “Levy’s” on the defendant’s jeans, trademark law protects consumers from the mistake of confusing the labels and being diverted from purchasing the Levi’s Jeans they wanted to own. An additional effect is that the makers of Levi’s are protected as well from the possibility of lost sales to consumers who were misled into purchasing the competitor’s product and from the prospect of unjustified complaints from consumers who thought they were buying Levi’s jeans and were disappointed with the quality of the goods they purchased. The key is


that under traditional trademark doctrine, the trademark owner’s right is derivative, based on the primary goal of protecting the consumer.\(^6\)

In contrast, by granting the trademark owner a right to bring an action for dilution, the law recognizes a property right in the mark, enabling the trademark owner to erect a no trespass sign on the mark even if consumers are not likely to be confused as to source. The case for consumer benefits from an action for trademark dilution arises from the claim that search costs for the consumer will go up as the diluting mark causes the distinctiveness of an established trademark to go down.\(^7\) Thus, if it takes longer for a consumer to recognize a trademark because of noise in the form of interference from associations with a diluting mark in the environment, even when the consumer knows that the other mark is from an unaffiliated source (e.g., a restaurant named Tiffany is understood to be unaffiliated with the famous Tiffany jewelry store), the hypothetical diluting effect of the restaurant’s name not only injures the original trademark holder, but imposes greater search costs on the consumer in recognizing the connection between the trademark and the original trademark holder.\(^8\)

The usual characterization of this blurring effect is a gradual whittling away of distinctiveness.\(^9\) The assumption is that over time dilution will cause the trademark holder to suffer “death by a thousand cuts.”\(^10\)

The Federal Lanham Act of 1946 did not recognize dilution.\(^11\) Although protection against trademark dilution had been advocated as early as 1927,\(^12\) it did not receive federal recognition until 1995 with the passage of the Federal Trademark Dilution Act (“FTDA”).\(^13\) Federal courts did not welcome the new act with open arms and success for plaintiffs alleging dilution became even less likely over time.\(^14\) Moreover, dilution litigation revealed a pattern of confusion about the meaning of the statute. In response to variation in

\(^6\) See supra note 4.

\(^7\) That is the justification for dilution in the form of blurring as opposed to tarnishment.

\(^8\) Judge Richard Posner used the Tiffany example to make this point in Ty Inc. v. Perryman, 306 F.3d 509, 511 (7th Cir. 2002).


\(^11\) Jerome Gilson, Gilson on Trademarks § 5A.03 (2007) (detailing the history of dilution statutes, including the first attempt to establish a federal dilution statute in 1932, the shift to state activity, and the passage of the federal statute in 1995).

\(^12\) Schechter, supra note 9.

\(^13\) An earlier effort to get federal legislation in 1988 had failed. Gilson, supra note 11.

application across the circuits on whether the federal dilution statute required the plaintiff to prove actual dilution or merely likelihood of dilution, the United States Supreme Court in *Moseley v. V Secret Catalog* issued an opinion in a trademark dilution case in 2003. The Court surprised many by interpreting the FTDA as requiring proof of actual dilution and raising questions about whether tarnishment was covered at all by the statute.\(^{15}\) By 2005, trademark owners were rarely succeeding with their dilution claims.\(^{16}\) When *Moseley* muddied the waters further by interpreting the FTDA in ways that were seen as inconsistent with Congressional intent, Congress responded by amending the statute to clarify its meaning.

It has now been a year since the TDRA went into effect in October of 2006 and there are signs that more than a "clarification" has occurred. I begin by describing the FTDA and the major adjustments introduced by the TDRA. I go on to show how recent cases have dealt (and not dealt) with these changes. Then, I suggest two possible scenarios that will determine whether actions for dilution under the new regime are likely to flower or wither. Finally, I suggest that there are both normative and empirical reasons why federal judges were generally wise in their reluctance to sustain dilution claims under the FTDA, and that their reluctance is at least as sensible under the TDRA. In particular, the sealing wax that binds blurring to the TDRA's restriction of dilution claims for trademarks "famous in the general consuming public" appears to melt under scrutiny.

### III. THE FTDA AND THE TDRA

Earlier attempts to add a dilution element to federal trademark law had failed to obtain Congressional approval,\(^{17}\) and success came only in 1995. The FTDA defined dilution as "the lessening of the capacity of a famous mark to identify and distinguish good or services."\(^{18}\) It explicitly provided that competition between the owner

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16. Clarisa Long reports that between January 1, 2005 and July 16, 2005, success rates for federal dilution claims were 12 percent for reported cases and 15 percent for claims in unreported filings. Long, * supra* note 14, at 1042 (Table 1), 1050 (Table 2). This low rate of success may have been due in part to the United States Supreme Court's interpretation of the FTDA in *Moseley*. Long reports that the corresponding rates of success in 2002, before *Moseley*, were an unimpressive 26 percent and 32 percent. *Id.*


of the mark and other parties was not required. Nor did it matter whether or not consumers were likely to be confused. The key was whether trademark use of a famous mark "causes dilution of the distinctive quality of the mark." If so, the trademark owner would be entitled to injunctive relief or, if dilution was willful, to damages. The statute also identified certain uses that were not actionable, either because they constituted fair use (e.g., comparative advertising) or involved a noncommercial or news activity.

The statute enacted in 1995 left much to be desired, even according to those interested in recognizing dilution claims. For example, the FTDA specified that only famous and distinctive marks would be eligible for federal protection from dilution, and listed eight factors that courts could consider "[i]n determining whether a mark is distinctive and famous." Thus, it failed to provide guidance on what factors would distinguish fame from distinctiveness. The legislative history of the FTDA provided three examples that appeared to point to national and general fame (DUPONT, BUICK and KODAK), but the language of the statute itself, while indicating that the court could consider the factors of geographic reach and trading channels, did not indicate how those factors were to be applied. Nowhere in the statute was there a definition of what constituted fame. Specifically, the statute did not indicate whether the mark had to have national fame or could be famous in a limited geographic region. Moreover, the statute gave no guidance as to whether it would constitute fame if a mark was well-known only among a particular subset of individuals—among, e.g., bicyclists or coin collectors. Courts faced with claims involving trademarks with niche fame divided on whether or not the fame requirement for a dilution action had been met.

Fame was not the only source of ambiguity. The literal language of the statute required a showing that the allegedly infringing mark "cause dilution," yet it was understood that dilution by blurring occurs over time rather than immediately, so the literal language seemed to require the trademark holder to wait until the damage,
arguably irreparable, had accumulated. Nowhere in the statute was there mention of tarnishment, so that loss of distinctiveness through blurring was the only injury recognized, and even that was not mentioned explicitly by name. Finally, there was doubt as to whether the exceptions cited in section (c)(4) fully covered trademark uses that should receive First Amendment protection.

Perhaps it was no surprise, therefore, that the circuits split on the nature of the fame requirement for coverage by the FTDA and on what showing of dilution would suffice, encouraging forum shopping in search of a friendly federal court. Nonetheless, this result was ironic in view of the fact that a primary reason given for creating a federal remedy had been to even out the patchwork quilt protection of dilution under state remedies. Given the language of the statute, however, perhaps it should not have been a surprise that when the United States Supreme Court took a case to resolve the split in the circuits, it concluded that evidence of actual dilution was required under the statute. Or that the Court in dicta opined that tarnishment might not be covered by the FTDA.

In 2005, the TDRA “clarified” what the FTDA purportedly meant to say. A number of the clarifications added explicit language addressing issues that had created significant confusion earlier. That is, tarnishment is now covered explicitly. The TDRA states that the

26. The Supreme Court in Moseley, while finding that evidence of actual dilution was required under the FTDA, explicitly rejected a requirement that the consequences of dilution in the form of lost sales or profits also be proved. Moseley v. V Secret Catalogue, Inc., 537 U.S. 418, 433 (2003). In his concurrence, Justice Kennedy pressed further: “A holder of a famous mark threatened with diminishment of the mark's capacity to serve its purpose should not be forced to wait until the damage is done and the distinctiveness of the mark has been eroded.” Id. at 436 (Kennedy, J., concurring). See also, Jerre B. Swann, Sr., Dilution Redefined for the Year 2000, 90 TRADEMARK REP. 823, 858-60 (2000).


29. E.g., Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449 (4th Cir. 1999) (holding that actual dilutive impact is required); Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208 (2d Cir. 1999) (holding that likelihood of dilution is sufficient).


31. Moseley, 537 U.S. at 433.

32. Id. at 432.

statute applies to marks with both inherent and acquired distinctiveness.\textsuperscript{34} The scope of exclusions now lists parody and critique,\textsuperscript{35} which many assumed were covered earlier, if not by the statute, then by the First Amendment.

The key changes that pointed to more than clarification concerned fame and proof of dilution. The TDRA explicitly dealt with fame by providing a definition specifying that "a mark is famous if it is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner."\textsuperscript{36} This language directly rules out niche fame, although it does not make it clear precisely who is included in the general consuming public of the United States.\textsuperscript{37} All people living in the United States are presumably included in the general consuming public, with the arguable exception of those in jails, prisons, and nursing homes who, although they consume goods, are not in a position to make any of their own purchasing decisions. What the TDRA makes clear is that fame must be assessed not by examining the reactions of potential purchasers of the plaintiff's or defendant's products, the usual relevant populations at issue in traditional trademark infringement actions, but rather by determining whether the public at large is familiar with the plaintiff's mark "as a designation of source of the goods or services of the mark's owner."\textsuperscript{38} Thus, the general consuming public must not only recognize the mark KODAK, but must also know that KODAK is the source of photography products.

The TDRA provides some additional guidance by directing attention to indicators of investment by the trademark holder, such as the duration of the mark, publicity, and sales, as well as the extent of recognition.\textsuperscript{39} What is left open, as it is in the statutory provisions concerning trademark infringement, is precisely what level of recognition a mark must have to be considered famous. McCarthy suggested that a mark should not be categorized as "famous" unless it is known to more than 50 percent of the defendant's potential customers.\textsuperscript{40} He later adjusted the figure up to "in the range of 75

\begin{itemize}
\item \textsuperscript{34} \textit{Id.} § 1125(c)(1).
\item \textsuperscript{35} \textit{Id.} § 1125(c)(3)(A)-(B).
\item \textsuperscript{36} \textit{Id.} § 1125(c)(2)(A).
\item \textsuperscript{37} \textit{Id.}
\item \textsuperscript{38} \textit{Id.}
\item \textsuperscript{39} \textit{Id.} § 1125(c)(2)(A)(i)-(iii).
\item \textsuperscript{40} J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 24:92 (4th ed. 1999).
\end{itemize}
It is unclear what would constitute a reasonable level of recognition in the general consuming public. If courts demand 75 percent of the general consuming public, rather than the defendant’s potential customers, to be familiar with a purportedly famous mark (and its connection with the mark holder’s products and services), few marks should qualify among the myriad of marks protected against confusion under traditional trademark law. And indeed, courts in the first year of the TDRA have not addressed the issue of a quantitative indicator of consumer recognition. In cases in which the court found a brand to be famous, the court focused primarily on the volume of sales and advertising expenditures used to promote the mark. Thus, AUDI was deemed famous because “[i]t is clear from the record that Audi’s trademarks, on which Audi has spent millions of dollars . . . are known worldwide.” In a few cases, the court went further and noted evidence that the mark had achieved a measure of consumer recognition. For example, the court in Nike v. Nikepal cited one survey done by EquiTrend (Harris) in which NIKE was “named one of the top forty (40) brands in the United States.” In another survey, it ranked among the top ten (10). Some courts, however, appear to operate somewhat like Justice Stewart did in describing how he recognized obscenity: “I know it when I see it.” As a member of the general consuming public, it is perhaps not unreasonable for a court to take judicial notice of the fame of a brand like PEPSI or even the successful and ubiquitous “FOR DUMMIES” publication series. As we shall see, however, in some cases it is hard to see how the court came to the conclusion that the plaintiff’s mark was famous, at least under the criterion of the TDRA.

IV. FAME AND DILUTION UNDER THE TDRA

To understand how courts have dealt with fame under the TDRA, I begin with an examination of the reported cases that

41. MCCARTHY, supra note 17, § 24:106.
42. See, e.g., Audi AG v. D’Amato, 469 F.3d 534, 547 (6th Cir. 2006).
43. Id.
45. Id.
included the terms 'dilution,' 'Lanham Act,' and 'fame or famous.' Figure 1 shows the monthly rate of reported cases in the year preceding the enactment of the TDRA and in the year following it. The number of cases dropped in October of 2006 when the TDRA went into effect, but there was substantial activity in the months that followed, rising to the two year high of 11 cases per month for both July and August of 2007 before dropping again. Over the two year period there was no overall increase in the number of cases.

To obtain a clearer picture of how courts were interpreting the fame requirement in the cases they decided under the TDRA, I examined the "fame" cases that produced decisions between October 6, 2006, when the TDRA went into effect and a year later on October 5, 2007. Eliminating from these 82 cases, the 24 cases that turned on other issues (e.g., exclusively a state dilution claim or a cybersquatting claim, an issue of use in commerce, a question of personal jurisdiction, a motion to compel discovery) and treating the four instances of multiple decisions from the same case as one entry, there were 54 reported federal court cases that referred to famous marks in the context of a federal dilution claim. In 40 of the cases, the
court's opinion indicated a decision on whether or not the mark was famous under the TDRA. In 21 of the cases, the court determined it was, while in 13 the court found that the mark had only niche fame and in 6 others the court concluded that the mark lacked not only fame, but also distinctiveness or secondary meaning. The marks that courts determined or assumed were famous under the TDRA included NIKE (2 cases), PEPSI, WILEY ("FOR DUMMIES"), DUNKIN’ DONUTS, CHANEL, BEST WESTERN, LEVI STRAUSS (stitching design), and DAYS INN. Marks that did not qualify as famous included HI-FIVE (a singing group), JARRITOS (soft drinks), TYLER GREEN (a baseball player’s name), IRONMAN (for triathlon event), PBI MATRIX(R) (a flame and thermal resistant material), and AIR CARGO NEWS (a publication). The dividing line seemed uncontroversial in most of these cases.

49. In the remaining 14 cases, no explicit decision on fame was reached or could be inferred.
60. Green v. Formario, 486 F.3d 100 (3d Cir. 2007).
In other cases, however, the labeling as famous or not was more debatable. These decisions suggest that the TDRA may still not provide clear guidance for courts that must assess fame. In *Cosi v. WK Holdings*, the court concluded that a national restaurant chain located in sixteen states and the District of Columbia failed to meet the rigorous standard reserved for famous marks. On the other hand, courts in five cases found fame for marks that probably do not qualify as famous under the TDRA if niche fame is broadly defined.

In addition to relying on sales, advertising, and distribution for evidence of fame, the court in *Harris Research v. Lydon* cited brand research showing the “aided awareness of the Chem-Dry brand among current customers is 100%.” Although the court initially referred to the FTDA, rather than the TDRA, the court ultimately quoted from the TDRA before setting out its fame analysis. The court simply concluded on the basis of 30 years of use widespread advertising, and 4,150 CHEM-DRY franchisees that the mark “is widely recognized by the general public in connection with carpet cleaning services.” If the TDRA does indeed apply only to marks famous in the general consuming public, this finding of fame seems overreaching for CHEM-DRY.

In *Pet Silk v. Jackson*, the plaintiff sold pet grooming products. Although the company had distributors worldwide, the court recognized that the company’s name recognition was in the pet supply and dog grooming market. Despite quoting the language of the TDRA, including the requirement that the mark be widely recognized by the general consuming public of the United States, the court explicitly applied the Fifth Circuit holding under the FTDA that market fame is sufficient and issued a preliminary injunction based on both trademark infringement and on dilution.

In another case involving a product aimed at a particular market segment, the court was willing to accept that the fashion designer Diane von Furstenberg has a famous mark for dilution purposes. Even if most women would recognize the brand, it is not clear that the

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64. Cosi, Inc. v. WK Holdings, LLC, No. 05-2770, 2007 U.S. Dist. LEXIS 31990 (D. Minn., May 1, 2007). Oddly, the court mixed the language from the TDRA defining “famous” with the factors listed for determining “famous and distinctive” in the FTDA.
66. *Id.* at 1166.
68. *Id.* at 830.
brand has achieved the requisite coverage in the general consuming public. That is, even if it is famous among women, does the broad fame requirement of the TDRA require that men too recognize the mark? Advertising can instill recognition in consumers who do not purchase or use a product (e.g., PEPSI drinkers recognize COKE; non-athletes recognize NIKE). Thus, fame is achievable under the strict standard apparently codified in the TDRA. In the Diane von Furstenberg case, the court simply assumed fame. In a second case, also arguably involving a niche product, the court discussed the issue of fame, but reserved judgment, denying a motion for summary judgment by the plaintiff. In Dan-Foam A/S v. Brand Named Beds, the plaintiff manufactured a specialized type of foam-based mattress and other “comfort products.” The court concluded that the issue of “niche” fame was not implicated because the geographic reach of the mark was not contested.

A final instance of an expansive recognition of fame arose in Qwest Communications v. Sonny Corp., in which the maker of a plush toy called Qwesty was enjoined from marketing the toy under that name. The fame of the Qwest mark was assumed without analysis, and the court granted Qwest’s motion for a default judgment, enjoining the use of the label on the plush toy.

These five cases give the impression that the TDRA offers a strong weapon for mark holders, even those who do not appear to qualify for protection under the restricted definition of fame codified in the TDRA. Yet a closer look at these cases suggests a pattern that reveals the generous grant of fame as both less expansive and less consequential. When tested on all of the cases that dealt with fame in the first year of the TDRA, this emerging pattern suggests that the TDRA offers little or no independent protection to famous marks. Four of the five cases involved products or services that were either outright counterfeits (Diana von Furstenberg dresses) or, at least in the court’s view, likely to cause consumer confusion as to source (Pet Silk, Harris, and Dan-Foam). Thus, in the absence of the TDRA or a finding that the mark was famous, the plaintiff had ample grounds on which to prevail under traditional trademark law. The remaining case

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71. Id. at 307 n.90.
73. Id. at *6.
(Qwest Communications) involved a default judgment, 74 so the defense had not contested the assumption of fame or raised any other defense.

Among the 40 cases that dealt with fame under the TDRA in its first year, the court found the mark to be famous in 21 or about half of the cases. In 19 of those cases, the court also reached a decision on a TRO, an injunction or summary judgment, and all but two of the cases were decided in favor of the plaintiff. Of course, none of the 19 cases in which fame was rejected produced a decision on dilution in favor of the plaintiff, which suggests the importance of the first step—a determination of fame—in the analysis of a dilution claim. A closer look at the successful “fame” cases reveals that they shared other characteristics: six of the 19 successful claims involved counterfeit goods and four of these, plus three others, resulted from default judgments in which the judge was offered no opposition on either fame or likelihood of dilution. Finally, all but two of the 19 successful fame cases included not only a successful claim of dilution, but also a successful claim of traditional trademark infringement based on likelihood of confusion.

Nike v. Nikepal is the only non-default case in which a court applying the TDRA issued an injunction on the basis of trademark dilution in the absence of a finding of likelihood of confusion. 75 Nike alleged that Nikepal, the distributor of equipment to laboratories companies, was likely to cause dilution of its famous NIKE trademark if Nikepal was permitted to continue its use of the mark Nikepal. It was clear that NIKE was famous. More challenging was the assessment of likelihood of dilution, a topic I discuss further below. NIKE commissioned a survey of persons responsible for ordering laboratory equipment to assess association between NIKEPAL and NIKE in the minds of the likely customers of Nikepal. When asked “What if anything, came to your mind when I first said the word Nikepal,” 87% identified NIKE although “many” were not confused about the source of the Nikepal website. 76 Thus, based on the

74. Id.
76. Nike, 2007 U.S. Dist. LEXIS 66686, at *13 (E.D. Cal. Sept. 7, 2007). The court also pointed to an odd situation that had arisen because the owner of Nikepal had registered the domain names nikepal.biz, nikepal.us, etc. with Network Solutions. While the websites were under construction, Network Solutions had linked the sites with promotions and advertisements that referred to NIKE products or those of one of its competitors, creating actual association between the marks.
reaction, not of NIKE customers or prospective customers, or the
general consuming public, but on the perceptions of the junior user’s
customers, the court concluded that dilution of NIKE’s mark was
likely to occur.

In sum, if the early cases decided under the TDRA are any
indication of how future cases will be decided, many federal dilution
claims are unlikely to survive the contraction that eliminated niche
fame from the reach of the statute. In addition, we have seen little
evidence that the federal courts, even for famous marks, are finding
likelihood of dilution in the absence of evidence that consumers are
likely to be confused. The remaining important question is whether it
is reasonable for federal courts to be skeptical about enforcing
dilution claims on behalf of very famous marks when the junior user’s
use of a similar mark is not likely to cause confusion.

V. EVALUATING THE THREAT OF DILUTION FOR FAMOUS MARKS

We turn now to the psychological theory behind the claim that in
the absence of likelihood of confusion as to source, the use of similar
marks on noncompeting goods needs to be snuffed out in its infancy,
even when the plaintiff’s mark is extremely famous, as is required by
the TDRA. The psychological case for dilution is the claim that
exposure to the same or similar marks on noncompeting goods or
services will weaken the connection between the senior mark holder
and his goods and service in the mind of the consumer. It is
grounded in associative network theory. Research indicates that we
learn, store, and retrieve information in network form. Rather than
storing pieces of information in separate boxes in our brains, we
connect form networks by connecting concepts, or nodes (e.g., brand
names) to other concepts or nodes (e.g., product categories). The
famous NIKE brand is connected to athletic shoes and perhaps to
other athletic equipment. When a node is activated, its association
with other nodes in the network causes those nodes to be activated as
well. The strength of the connection and hence the level of activation
of a connected node will depend on the complexity of the network.
The claim is that weaker activation of the pathway with one of the

77. Alexander F. Simonson, How and When Do Trademarks Dilute: A Behavioral
Framework to Judge “Likelihood” of Dilution, 83 TRADEMARK REP. 149 (1993); Jacob Jacoby,
The Psychological Foundations of Trademark Law: Secondary Meaning, Genericism, Fame,
78. Allan M. Collins & Elizabeth F. Loftus, A Spreading-Activation Theory of Semantic
79. Id.
nodes will occur to the extent that other pathways and other nodes compete. Adding new nodes and connections should tend to reduce the strength of the connection between the first nodes in the network by competing for attention. By that account, any new connection with the original mark and product pair should weaken their connection. Yet the addition of nodes and connections can, under some circumstances, even bolster the original connection. For example, Morrin found that introducing brand extension could actually help existing brand names by increasing the brand recognition and recall of the original brand name owner. The logic offered to explain this apparent inconsistency with predictions is that the new node of a brand extension locates itself near the parent brand node, thereby facilitating rather than inhibiting retrieval of the original path.

But what of trademark dilution, which potentially leads attention away from the original connection? In principle, this diversion can certainly occur. The question is how likely is it to occur for extremely famous marks, whose recognition and connections with product are firmly embedded? A search of the Internet using the search word “Tiffany” swiftly reveals a host of businesses that use the name Tiffany: e.g., Tiffany Dresses for evening and wedding dresses, Tiffany Towncars, or Tiffany Billiards & Sportsbar. Some or most may have adopted the name to conjure up an image of exclusivity and high end appeal, because of the famous Tiffany trademark. Few if any consumers are likely to think that Tiffany & Co. has expanded into these business activities. Is an ultra-famous make like Tiffany’s likely to be diluted by these uses? Certainly, a unique mark (the classic example of Buick) will no longer be unique. Yet even if the identical mark is adopted by a number of small companies and products, as long as there is no confusion as to source, will the Tiffany mark be weakened significantly, even over time? Morrin and Jacoby provide some data that suggest that the threat of dilution may be overstated, at least with respect to the most famous marks. After exposing respondents to an advertisement for a potentially trademark-diluting advertisement (e.g., Heineken popcorn), they measured the accuracy and speed of connections between the original brand and its product


81. Morrin, supra note 80, at 518.

category (e.g., Heineken beer). Exposure to the diluting advertisement significantly affected performance for two of the brands (Heineken and Godiva), but not for Hyatt hotels. Similarly, in a follow up study, exposure to a potentially trademark-diluting advertisement had no effect on category recall for Continental Airlines. The authors concluded that “some brands, such as Continental Airlines, are so familiar to consumers... that recall of their original product category is largely immune to trademark dilution.” These patterns suggest that the TDRA may have limited the right to bring a federal dilution claim to the very trademarks that are least susceptible to diluting effects—the extremely famous trademarks. Thus, if we consider Nike v. Nikepal, the relevant question concerning dilution is whether Nikepal is likely to reduce the strength of the connection between NIKE and its product category. The case itself presented no evidence on that issue—only a finding that a connection (association) had been created between Nikepal and NIKE. In contrast, no evidence was presented to the court on whether there was any likelihood that NIKE’s connection with its own products would be weakened in the eyes of consumers. An important remaining issue for federal courts is whether they will be satisfied with evidence of association between the two marks as a sufficient predicate for a claim of likelihood of dilution.

One recently decided case suggests that courts may not find association between the marks to be enough. In Louis Vuitton Malletier v. Haute Diggity Dog, the Fourth Circuit affirmed the district court’s ruling in favor of the defendant on a dilution claim under the TDRA. The court identified four requirements for a successful dilution claim:

1. that the plaintiff owns a famous mark that is distinctive;
2. that the defendant has commenced using a mark in commerce that allegedly is diluting the famous mark;
3. that a similarity between the defendant’s mark and the famous mark gives rise to an association between the marks; and

83. Id. at 268.
84. Id. at 269 (Table I).
85. Id. at 272.
86. Rebecca Tushnet outlines an even broader attack on the claim that evidence from cognitive psychology supports concerns about dilution of famous marks from blurring. Gone in Sixty Milliseconds: Trademark Law and Cognitive Science, 86 Tex. L. Rev. 507, 527-42.
87. Louis Vuitton Malletier v. Haute Diggity Dog, LLC, 507 F.3d 252, 268 (4th Cir. 2007).
(4) that the association is likely to impair the distinctiveness of the famous mark or likely to harm the reputation of the famous mark.88

The court concluded that the first three requirements had been met.89 The defendant's Chewy Vuiton chew toys for dogs, as a take-off on the Louis Vuitton trademarks, explicitly depended on consumers associating the two for their appeal to potential customers. The court, however, affirmed summary judgment for the defendant on the dilution claim because there was no showing that the association was likely to impair the distinctiveness or harm the reputation of the plaintiff's famous mark.90 If this requirement is adopted by other courts, that is, if association alone is not enough to produce an inference of likely impairment of distinctiveness, it will be very difficult for plaintiffs to show likelihood of dilution.

VI. REMAINING QUESTIONS AND A PREDICTION

A number of questions remain unanswered under the TDRA's new regime. What level of recognition is required to qualify a mark as famous? Some other countries that permit actions for dilution specify the level of fame required to bring such an action. For example, in Germany the necessary level is 70 percent recognition.91 The TDRA gives no quantitative guidance. In the absence of such guidance or a registry of recognized famous marks,92 one possible approach would be to adopt a presumption against finding a mark to be famous when fame is in doubt.93 Geographic reach is another open question. If a third of the country is insufficient,94 is half enough? Should three-

88. Id. at 264-65.
89. Id. at 265.
90. Id. at 268.
91. Under Civil Code § 12 the famous name of a company is protected against dilution if "at least 70 percent of the public recognise a particular name as belonging to a particular enterprise." Decision of the Supreme Federal Court dated October 9, 1997, 89 TMR 325 (1999).
93. Beebe, supra note 10, at 1158 ("In the tradition of Justice Scalia's 'err on the side of caution' presumption in Wal-Mart Stores v. Samara Brothers [529 U.S. 205, 215 (2000)] courts should, if in doubt, rule that a given mark is not 'famous.'") (footnote omitted). David Welkowitz also supports this approach. Email from David Welkowitz, Professor of Law, Whittier Law School, to Shari Seidman Diamond, Professor of Law and Professor of Psychology, Northwestern University School of Law (Jan. 21, 2008) (on file with author).
quarters be required? If fame is now defined in terms of the reaction of the general consuming public, does that have any implication for the population at issue in measuring likelihood of dilution?

The idea of clarifying that the standard for showing dilution is not actual dilution, but rather evidence of likelihood of dilution, on the surface appears justified. If a trademark will suffer dilution from the defendant's use of the same or a similar mark only after some period of time, by the time the loss of distinctiveness is measurable, it may be impossible to reinstate the clarity and ease of cognitive connection between the original mark and the source of the mark. What then will constitute proof of likelihood of dilution? How much more than mere association will be required?

At first glance, the 'likelihood of dilution' standard appears simply to be the analog to the 'likelihood of confusion' standard applied in traditional trademark infringement actions. In fact, the two are quite different. Imagine a survey in which a consumer is shown a product put out by the defendant and the consumer says that she believes it is produced or at least authorized by the plaintiff. That consumer is indeed confused about source. If a substantial number of the consumers questioned in such a survey give a similar response, it is reasonable to conclude that (some percentage of) consumers are likely to be confused when they encounter the defendant's product.

Yet if demonstrating likelihood of dilution requires more than that consumers associate the defendant's mark and the trademark owner's mark, the survey must demonstrate that the connection between the plaintiff's mark and the plaintiff's products or services is likely to be weakened. Theoretically, any new association with the plaintiff's mark not connected with the plaintiff complicates the network of associations activated by the mark, weakening the principal connection between the mark and the plaintiff's project. Yet we know that this does not always occur, or at least, that its effect can be minimal indeed. Thus, association should not be enough to support a finding of likelihood of dilution. One product of this situation is that

95. David S. Welkowitz suggests that "a mark that is 'famous' in three-quarters of the country can reasonably call itself a famous mark worthy of extra protection." DAVID S. WELKOWITZ, TRADEMARK DILUTION: FEDERAL, STATE, AND INTERNATIONAL LAW 106 (Supp. 2007).

96. This of course assumes that the survey is properly done (assuming, for example, that it shows the defendant's use of the mark as consumers would encounter it in the marketplace, includes an appropriate control group, uses non-leading questions, etc.). Shari Seidman Diamond, Reference Guide on Survey Research, in REFERENCE MANUAL ON SCIENTIFIC EVIDENCE 229, 231-32 (2d ed. 2000).
the only case in the first year of the TDRA that resulted in sustaining a dilution claim on the basis of survey evidence involved an odd survey of the defendant’s customers, which showed that NIKE came to mind when people in the defendant’s customer base were asked what they associated with the defendant’s mark.

VII. CONCLUSION

As this analysis and the cases decided in its first year reveal, the TDRA has not merely clarified the dilution standard by resolving the conflicts and ambiguities associated with the FTDA. The lack of enthusiasm among federal judges observed under the FTDA seems likely to continue under the TDRA. While plaintiffs claiming narrow niche fame are likely to drop their dilution claims, that change will not prevent them from claiming trademark infringement. Since most successful dilution claims are accompanied by traditional trademark claims of infringement showing likelihood of confusion, plaintiff outcomes will rarely be affected. In the end, the skepticism of federal judges about dilution by blurring for extremely famous marks may be appropriate. Those marks are least susceptible to blurring. That is, the sealing wax between real fame and blurring fails to seal. If federal judges persist in resisting dilution claims under the TDRA, the happy result will be that consumer-based traditional trademark law will reoccupy center stage at no cost to the limited population of marks that qualify as famous under the TDRA.