Top Five Hints for Making an Effective Dilution Claim

Lisa Garono[1] and Hope Hughes[2]

2010 was an important year for the development of trademark dilution law. As courts grapple with the Trademark Dilution Revision Act of 2006 ("TDRA")[3], some clear rules and guidance are beginning to emerge from court opinions to help brand owners evaluate potential dilution claims. Here are five key points to remember in planning to enforce or defend a dilution claim under the TDRA.

1. Start preparing for dilution litigation right now.

Pre-litigation surveys may be the key to successful dilution enforcement actions. To prevail in a dilution action, brand owners will have to show, at a minimum, that the mark is famous and was famous prior to the defendant's adoption of the mark. Also, there is no longer any question that "famous" means that a mark must be famous to the general U.S. consumer market. While it is not always necessary to show survey evidence of fame,[4] for many courts, survey evidence is the most persuasive evidence of fame. The surveys should demonstrate the degree of consumer recognition the mark has with general consumers. If brand recognition surveys are being done routinely in the ordinary course of business and show significant consumer brand recognition, those surveys are likely to be valuable evidence. Such surveys are also likely to strengthen the plaintiff's position in settlement negotiations. While there is no "magic number" that equates with famous mark status, courts have found name recognition at or above 73% to be compelling.[5] Likewise, surveys that demonstrate an increasing recognition of a brand over time can be quite persuasive. But remember that pre-litigation surveys will be discoverable whether they are favorable or not!

2. Know what uses of your mark are not actionable.

Whether you are considering bringing a dilution action or whether you are defending against a dilution action, remember that certain safe harbors exist to legally permit use of third party marks. Trying to stop someone from using your trademark when that use is protected under one of the "safe harbor" exceptions is likely to be ineffective. Possibly worse, such an attempt may generate negative publicity for you and your brand. Your demand letter may end up on the Internet, giving the impression that you are unreasonable or overbearing. Likewise, if your use of a third-party brand falls within a "safe harbor" exception to the TDRA, knowing your rights under the law will help you make well-informed choices.

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[1] *Lisa Garono is of counsel in the Silicon Valley, CA office of the law firm of Haynes and Boone, LLP. Her practice emphasizes trademark and brand counseling, prosecution, and enforcement. She may be reached at lisa.garono@haynesboone.com or 408.660.4164.*

[2] *Hope Hughes is an associate in the Dallas, TX office of the law firm of Haynes and Boone, LLP. Her practice emphasizes trademark and brand counseling, prosecution, and enforcement. She may be reached at hope.hughes@haynesboone.com or 214.651.5033.*

[3] *15 U.S.C. § 1125.*

[4] *See, e.g.,* Super Duper, Inc. v. Mattel*, No. 09-1397, 2010 U.S. App. LEXIS 11853, at *313 (4th Cir. 2010) ("Our precedent does not support the proposition that the successful prosecution of a trademark dilution claim mandates the production of survey evidence or expert testimony…Of course, such evidence may prove helpful to the jury, but it is not required."); Visa Int'l Serv. Ass'n v. JSL Corp., 610 F.3d 1088, 1091 (9th Cir. 2010), dicta ("But a plaintiff seeking to establish a likelihood of dilution is not required to go to the expense of producing expert testimony or market surveys; it may rely entirely on the characteristics of the marks at issue. Expert testimony and survey evidence may be necessary in marginal cases, or where a defendant introduces significant evidence to show that dilution is unlikely.").*

[5] *See* Nat'l Pork Bd. v. Supreme Lobster & Seafood Co.*, 96 U.S.P.Q.2d 1479 (TTAB 2010).*

The safe harbor exceptions permit "fair use" of the mark, use for news reporting and commentary, and non-commercial use.[6] Fair use can include "nominative" use of the mark or non-trademark use. Nominative use is use of a trademark by a third party that: i) is truthful, ii) takes no more of the mark than is necessary, and iii) for which it would be difficult to express the user's message without use of the mark.[7] An example of nominative use would be someone selling LEXUS® automobiles. If the cars were genuine LEXUS vehicles, the seller would be hard pressed to advertise his wares if he could not say, "I sell LEXUS automobiles." Such a statement would constitute a nominative use. Fair use could also be exemplified by non-trademark use of a mark in comparative advertising, or by use of a mark to identify, parody, criticize, or comment on a famous mark, associated goods/services, or the mark owner. A complaint web site such as www.ihatestarbucks.com is an example of non-trademark use and is, therefore, fair use.

Non-commercial uses of a trademark might include a political or quasi-political use, such as a neighborhood campaign to block or encourage the opening of a national chain restaurant or big box store. Such use might also include a third party using a trademark generically. (While generic use of a trademark might not be actionable under the federal dilution law, the owner may have other legal remedies.)

Finally, online retailers have a niche safe harbor. Online marketplaces that advertise and identify authentic goods *and* have established counterfeiting prevention systems may avoid liability. This safe harbor may protect an online retailer even when third parties engage in dilution or infringing activity on its website, provided that the online retailer follows its own anti-counterfeiting procedures and that some authentic goods are sold on the site.[8]

3. Be clear in your pleading.

Be clear about which type of dilution you are claiming—blurring or tarnishment. Dilution by blurring occurs when a mark first associated with one manufacturer's product also becomes associated with another manufacturer's unrelated product. In consumers' minds, this secondary association weakens the mark's strong and unique association to the first manufacturer's product.[9] An example of dilution by blurring might be use of an eVISA mark in connection with language lessons. While consumers are unlikely to believe language lessons are offered by the same company that provides VISA credit card services, the junior use may cause consumers to think of two service providers instead of one, thereby weakening the strong one-to-one association between the VISA mark and credit card services.

Dilution by tarnishment occurs when a junior user's mark disparages and reduces the positive associations and the selling power of the senior user's mark.[10] An example of dilution by tarnishment might be an ADULTS 'R' US brand for pornographic or "adult" films. Such a use could negatively affect consumers' trust in and regard for the TOYS 'R' US brand in association with toys and other children's products. Marks associated with adult entertainment are especially vulnerable to tarnishment charges.

You should also consider what type(s) of relief you plan to request. Sometimes requesting monetary damages (as opposed to purely injunctive relief) may intimidate an infringer or make the risk of contesting

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[6] *Because news reporting and commentary is self-explanatory, the authors do not discuss that exception in this article.*
[7] Toyota Motor Sales U.S.A., Inc. v. Tabari*, 610 F.3d 1171, 1175-76 (9th Cir. 2010).*
[8] *See* Tiffany (NJ) Inc. v. eBay Inc.*, 600 F.3d 93 (2d Cir. 2010), cert denied 131 S. Ct. 647 (U.S. 2010).*
[9] *See* Visa Int'l Serv. Ass'n v. JSL Corp.*, 610 F.3d 1088, 1090 (9th Cir. 2010).*
[10] *See* V Secret Catalogue, Inc. v. Moseley*, 605 F.3d 382, 385 (6th Cir. 2010), cert denied 131 S. Ct. 647 (U.S. 2010).*

and losing a lawsuit too high. This strategy can help end or settle litigation quickly. Be careful about requesting monetary damages, however, if the diluting use predates the enactment of the TDRA on October 6, 2006. In these cases, the type of relief sought in a dilution claim may change the plaintiff's burden of proof as to the evidence.

Under the TDRA, relief is available when the junior use of a mark is *likely* to cause dilution by blurring or by tarnishment of a famous mark. This standard replaced the more stringent requirement of proof of *actual* dilution in the TDRA's predecessor statute, the Federal Trademark Dilution Act ("FTDA"). If the diluting use began before October 6, 2006 and the plaintiff is seeking monetary damages, the court may require the plaintiff to prove actual dilution.[11] Proving actual dilution is likely to be much more difficult than proving a likelihood of dilution. Alternatively, if a plaintiff is only seeking injunction relief, it may not matter when the diluting use began because the relief sought is *prospective only.* Thus, it is more likely that the TDRA standard of mere likelihood of dilution will be applied by the court, regardless of when the diluting use began.[12]

4. Don't assume that marks have to be identical for a successful dilution claim.
Under the FTDA, courts required that the allegedly diluting mark be "identical or nearly identical to" the famous mark. In February 2011, the Ninth Circuit parsed the language of the TDRA and explicitly held that the "identical or nearly identical" standard did not survive the enactment of the TDRA.[13] Prior to this holding, various courts analyzing dilution claims under the TDRA had used different characterizations to discuss the similarity of the marks in question—including "identical," "nearly identical," or "substantially similar." The Ninth Circuit correctly noted that the language of the TDRA references only the "degree of similarity" of the marks, and that the degree of similarity between the marks is only one of six factors used in assessing the likelihood of dilution by blurring.[14] Therefore, under the TDRA, a plaintiff can more easily prevail on a trademark dilution claim because a plaintiff no longer has to prove that the junior mark is identical or nearly identical to plaintiff's mark.[15] The Ninth Circuit's ruling appears to have been anticipated by the TTAB in its National Pork Board ruling,[16] and it is unlikely that the other U.S. Circuit Courts will reject this reading of the TDRA.

5. Don't assume the court is an expert in federal dilution law.
Dilution law has developed through an unusual mix of judicial opinions and legislative history. Be proactive in educating your court about the statutory changes to dilution law that occurred after the Supreme Court decision in *Moseley*.[17] In *Moseley*, the plaintiff, V Secret Catalogue, sold women's lingerie under the VICTORIA'S SECRET brand. The defendants used the trade names VICTOR'S SECRET and, later, VICTOR'S LITTLE SECRET to sell sexually-oriented products. The plaintiff brought a dilution claim under the FTDA. In 2003, the Supreme Court held that, under the FTDA, proof of "actual dilution" was required to prevail on a dilution claim. Congress effectively reversed this holding by enacting the TDRA in

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[11] Fendi Adele S.R.L. v. Filene's Basement, Inc., *696 F. Supp. 2d 368, 390 (S.D.N.Y. 2010).*
[12] General Motors Co. v. Urban Gorilla, LLC, *No. 2:06-CV-00133, 2010 U.S. Dist. LEXIS 136711 (D. Utah Dec. 27, 2010).*
[13] Levi Strauss & Co. v. Abercrombie & Fitch Trading Co., *No. 09-16322 (9th Cir. Feb. 8, 2011).*
[14] *15 U.S.C. § 1125(c)(2)(B)(i).*
[15] *See also* Nat'l Pork Bd. v. Supreme Lobster & Seafood Co., *96 U.S.P.Q.2d 1479 (TTAB 2010) (THE OTHER RED MEAT (salmon) diluted THE OTHER WHITE MEAT (pork industry);* Starbucks Corp. v. Wolfe's Borough Coffee, Inc., *588 F.3d 97 (2d Cir. 2009) (CHARBUCKS (coffee) diluted STARBUCKS (coffee)); and* Super Duper, Inc. v. Mattel, Inc, *No. 09-1397, 2010 U.S. App. LEXIS 11853, at *313 (4th Cir. 2010) (SEE IT SAY IT (game) diluted SEE 'N SAY (game)).*
[16] Nat'l Pork Bd. v. Supreme Lobster & Seafood Co., *96 U.S.P.Q.2d 1479 (TTAB 2010).*
[17] Moseley v. V Secret Catalogue, Inc., *537 U.S. 418 (2003), rev'g 259 F.3d 464 (6th Cir. 2001), aff'g 54 U.S.P.Q.2d 1092 (W.D. Ky. 2000).*

2006, explicitly lowering the standard to a likelihood of dilution. In 2008 when the district court reconsidered the *Moseley* case on remand, Congress had enacted the TDRA. The district court, using the TDRA, applied the less stringent standard that required only a showing of a likelihood of dilution and granted summary judgment and an injunction in favor of V Secret Catalogue.[18] The Sixth Circuit affirmed the district court's decision.[19]

Despite Congress' reversal of the *Moseley* decision, and courts' proper application of the correct likelihood of dilution standard, some courts have, apparently, continued to require proof of actual dilution as set forth in the original *Moseley* opinion.[20] Likewise, as discussed in practice tip no. 4 above, courts have also continued to improperly require the "identical or nearly identical" or "essentially the same" standard of similarity between marks. To avoid being forced to meet these higher and more difficult standards, plaintiffs should be prepared to educate their court about the relationship between the *Moseley* decision and the enactment of the TDRA.

Conclusion
As courts continue to develop TDRA case law, brand owners should continue to follow those decisions and use them to map out a strategy for more effective use of the TDRA, both to protect famous brands and to defend against scurrilous claims by overly aggressive brand owners.

[18] V Secret Catalogue, Inc. v. Moseley, *558 F. Supp. 2d 734 (W.D. Ky. 2008).*
[19] V Secret Catalogue, Inc. v. Moseley, *605 F.3d 382 (6th Cir. 2010), cert denied 131 S. Ct. 647 (U.S. 2010).*
[20] *See, e.g.,* Rosetta Stone Ltd. v. Google Inc., *No. 1:09cv736 (E.D. Va. Aug. 3, 2010) (The district court apparently used Rosetta Stone's evidence that its trademark had become famous as proof that Google had not diluted Rosetta Stone's mark. Several amici argued that by using the evidence of fame to determine no dilution occurred, the district court in effect required actual dilution, contrary to the TDRA.); Anheuser-Busch, Inc. v. VIP Prods., 666 F. Supp. 2d 974 (E.D. Mo. 2008) (Required proof of actual dilution although the case commenced two years after the TDRA effective date).*