

The Ninth Circuit Defines the Standard for Assessing Trademark Dilution

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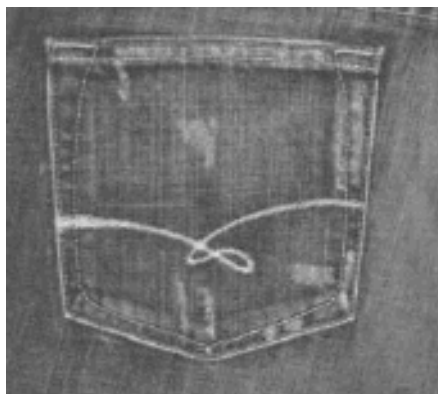
In *Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*, No. 09-16322 (Feb. 8, 2011), the U.S. Court of Appeals for the Ninth Circuit provides guidance on an important issue for trademark owners in assessing dilution by blurring of a famous mark as well as in assessing a new mark for adoption. The Ninth Circuit panel, consisting of Judge Kenneth Ripple of the Seventh Circuit (sitting by designation) and Ninth Circuit Judges Rymer and Fisher, redefined the standard applicable to trademark dilution from one focused on the marks being “identical or nearly identical” to a more flexible standard with the “degree of similarity” only one of six relevant factors to be considered in determining trademark dilution by blurring under the Trademark Dilution Revision Act of 2006 (TDRA). 15 U.S.C. § 1125(c).

The court’s opinion arises from a lawsuit brought by Levi Strauss & Co. (Levi) against its competitor, Abercrombie & Fitch Trading Co. (Abercrombie), for trademark infringement, unfair competition, and dilution under state and federal law, based on the stitched design on the back pocket of Abercrombie jeans. In the dilution claim, Levi claimed that the Abercrombie stitched design diluted by blurring; it included the same arcing elements the Levi Arcuate mark used since 1873.

The court’s Appendix depicts the Levi Arcuate mark and the Abercrombie back pocket stitching as follows:



Levi Arcuate Mark



Abercrombie Stitching

Since Levi did not seek damages for dilution, the district court requested only advisory rulings on dilution from the jury considering Levi's infringement and unfair competition claims. In instructing the jury, the district court requested the jury to determine whether the Abercrombie stitching was identical or nearly identical to the Arcuate mark. The advisory verdict found that the Arcuate mark was famous and distinctive, but not identical or nearly identical to the Abercrombie stitching. As a result, the district court ruled that the Abercrombie stitching was not identical or nearly identical to the Levi Arcuate mark and did not constitute dilution under the TDRA.

Levi appealed the district court's decision on dilution, arguing that the decision was wrong because it relied on an erroneous standard (and requested the advisory jury to apply an erroneous standard) to assess dilution. Levi asserted that the plain language of the TDRA did not require that the marks be "essentially the same." Instead, Levi argued that the "degree of similarity" constitutes but only one of several factors that must be balanced in order to find dilution sufficient for injunctive relief.

In response, Abercrombie on appeal relied on prior Ninth Circuit case law, including the recent Ninth Circuit decision in *Visa Int'l Serv. Ass'n v. JSL Corp.*, 2010 WL 2559003 (9th Cir. June 28, 2010), holding that JSL's eVisa name and mark diluted the VISA mark, to argue that even after the enactment of the TDRA the "identical or nearly identical" standard remained applicable to the determination of dilution. The court rejected Abercrombie's reliance on existing Ninth Circuit case law, asserting that none of the Ninth Circuit's dilution decisions rendered after the enactment of the TDRA addressed "head on" whether the "identical or nearly identical" standard applied to the TDRA's dilution by blurring prong.

Reviewing the background of the TDRA and the changes the TDRA effectuated, the court concluded that the TDRA altered the standard for dilution, specifically relying on the fact that Congress did not make "surgical linguistic changes," but "created a new, more comprehensive federal dilution act." Congress made "degree of similarity" the first of six relevant factors to be considered and balanced. Based on the express language of the TDRA, the court held that a plaintiff charging dilution must demonstrate that the junior mark is likely to impair the distinctiveness of the famous mark, with similarity but one of six factors to assess. To this extent, the court recognized that its decision is consistent with the Second Circuit's decision in *Starbucks Corp. v. Wolfe's Borough Coffee Inc.*, 588 F.3d 97 (2d Cir. 2009).

Since the court determined that a different standard applied, it also rejected Abercrombie's argument that any difference in the standards was harmless error. Instead, the court found that the similarity standard "played a pivotal role" in the district court's determination of nondilution, because the district court (and the instructions to the advisory jury) "equated similarity with sameness."

While dilution remains a difficult claim to establish because of the need to demonstrate the distinctiveness and wide recognition of the senior user's mark, the Ninth Circuit's decision, in conjunction with the Second Circuit's *Starbucks* decision, provides needed guidance as to the definition of similarity for dilution by blurring. How circuits other than the Ninth and Second Circuits, including the Federal Circuit in considering dilution claims arising from opposition proceedings, will determine the issue of similarity for purposes of dilution by blurring remains undecided.

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