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**AMBIGUITY IN FEDERAL DILUTION LAW
CONTINUES: *LEVI STRAUSS & CO. V.
ABERCROMBIE & FITCH TRADING CO.*,
CASE IN POINT**

Jane Ann Levich[†]

Since Frank Schechter introduced the theory of trademark dilution to the United States in his 1927 law review article,¹ trademark dilution has been the source of criticism and debate.² Although Congress created a federal cause of action for trademark dilution in 1995 when it passed the Federal Trademark Dilution Act (“FTDA”), ambiguities, circuit splits, and a Supreme Court decision prompted Congress to amend the FTDA. In 2006, Congress passed the Trademark Dilution Revision Act (“TDRA”), ostensibly with the goals of narrowing and clarifying trademark dilution.³ However, the recent Ninth Circuit decision, *Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.* (“*Levi’s v. Abercrombie*”),⁴ illustrates that the law of trademark dilution remains indeterminate. Specifically, the case demonstrates that the TDRA fails to address how much similarity is required between a famous mark and an allegedly diluting mark to prove dilution.

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1. Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813 (1927).

2. Barton Beebe, *The Continuing Debacle of U.S. Antidilution Law: Evidence From the First Year of Trademark Dilution Revision Act Case Law*, 24 SANTA CLARA COMPUTER & HIGH TECH. L.J. 449 (2007–08); Jennifer Files Beerline, *Anti Dilution Law, New and Improved: The Trademark Dilution Revision Act of 2006*, 23 BERKELEY TECH. L.J. 511 (2008); Robert G. Bone, *A Skeptical View of the Trademark Dilution Revision Act*, 11 INTELL. PROP. L. BULL. 187 (2007); Jonathan E. Moskin, *Dilution or Delusion: The Rational Limits of Trademark Protection*, 83 TRADEMARK REP. 122 (1993); Sara Stadler Nelson, *The Wages of Ubiquity in Trademark Law*, 88 IOWA L. REV. 731, 732 (2003) (“Courts and scholars have spilled a great deal of ink on the subject of trademark dilution.”); Beverly W. Pattishall, *The Dilution Rationale for Trademark—Trade Identity Protection, Its Progress and Prospects*, 67 TRADEMARK REP. 607 (1977).

3. See *Trademark Dilution Revision Act of 2005: Hearing on H.R. 683 Before the H. Subcomm. on Courts, the Internet, and Intellectual Property of the H. Comm. on the Judiciary*, 109th Cong. 2 (2005) [hereinafter *Hearing on TDR A*] (statement of Rep. Lamar S. Smith, Chair, H. Subcomm. on Courts, the Internet, and Intellectual Property).

4. *Levi Strauss & Co., v. Abercrombie & Fitch Trading Co.* (*Levi Straus III*), 633 F.3d 1158, 1159 (9th Cir. 2011).

This Note argues that the TDRA fails to establish a clear legal standard for trademark dilution, particularly with respect to the degree of similarity required between a famous trademark and an allegedly diluting mark. Part I examines the development of trademark dilution law in the United States, tracing the theory of dilution from its introduction in Frank Schechter's 1927 law review article through the passage of both the FTDA and later, the TDRA. Part II summarizes the *Levi Strauss v. Abercrombie*⁵ case, including the Ninth Circuit's interpretation of dilution under the TDRA. Part III engages in statutory interpretation of the TDRA and notes that the requirement for similarity between two marks in a dilution claim remains ambiguous under the statute. Part IV uses the *Levi Strauss v. Abercrombie* case to illustrate three problematic effects that stem from ambiguity in the similarity requirement: (1) over-application of dilution to graphic marks versus word marks; (2) anti-competitiveness; and (3) hindrance of expression via extremely high avoidance costs. Finally, Part V recommends that either courts or Congress clarify the similarity requirement of trademark dilution.

I. THE LAW OF TRADEMARK DILUTION

Unlike trademark infringement, which protects against consumer confusion, mistake, and deception, trademark dilution focuses on protecting famous marks.⁶ Under the TDRA, trademark dilution may occur by tarnishment or by blurring.⁷ Dilution by tarnishment is defined as "an association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark."⁸ For example, Toys "R" Us brought a successful dilution by tarnishment claim against a pornographic website, adultsrus.com.⁹

Dilution by blurring is the classic form of trademark dilution. It is defined as an "association arising from the similarity between a mark or trade

5. *Id.* at 1158.

6. *See* Trademark Dilution Revision Act of 2006, 15 U.S.C. § 1125(c)(1) (2006) (providing injunctive relief for dilution of famous marks "regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury"); *Madrid Protocol Implementation Act and Federal Trademark Dilution Act of 1995: Hearing on H.R. 1270 and H.R. 1295 Before the Subcomm. on Courts and Intellectual Property of the House Comm. on the Judiciary*, 104th Cong. 31 (1995) [hereinafter *Hearing on H.R. 1295*] (statement of Philip G. Hampton II, Assistant Commissioner for Trademarks, Patent and Trademark Office, U.S. Department of Commerce) (stating that "the purpose of a dilution statute is to prevent a weakening of a famous mark").

7. 15 U.S.C. § 1125(c)(1).

8. *Id.* § 1125(c)(2)(C).

9. Toys "R" Us, Inc. v. Akkaoui, No. C 96-3381 CW, 1996 WL 772709 (N.D. Cal. Oct. 29, 1996).

name and a famous mark that impairs the distinctiveness of the famous mark.”¹⁰ A classic example of dilution by blurring is the use of the name Buick, originally made famous by the car company, on aspirin pills.¹¹ The argument for protecting against the use of a famous mark like Buick on a non-competing product like aspirin is that over-time, the use of the Buick mark will lose its distinctiveness as a source-identifier for motor vehicles.¹²

It is unanimously accepted that the use of the name Buick on aspirin constitutes trademark dilution in the United States, but the contours of the protection offered by dilution laws¹³ and the purposes asserted for protection have varied widely since its introduction. In a 1927 law review article, Frank Schechter first suggested that trademark dilution should be a separate legal injury in the United States.¹⁴ Schechter observed that, “the value of the modern trademark lies in its selling power,” and that a trademark’s selling power depends largely on its “uniqueness and singularity.”¹⁵ Schechter argued that use of a unique or singular mark on non-competing products or services would cause a mark to “gradually but surely lose its effectiveness and unique distinctiveness.”¹⁶ Based on his observations, Schechter concluded that “the preservation of the uniqueness of a trademark should constitute the only rational basis for its protection.”¹⁷ In articulating the bounds of trademark dilution, Schechter proposed protection only where: (1) the junior mark was identical to the senior mark; (2) the senior mark was coined or arbitrary; and (3) the junior mark was used on noncompeting and non-similar goods or services.¹⁸

The theory of trademark dilution gained little if any traction in the United States for nearly two decades. However, in 1947, Massachusetts passed the first state dilution law.¹⁹ The Massachusetts dilution statute provided for injunctive relief against the likelihood of injury to business reputation and the

10. 15 U.S.C. § 1125 (c)(2)(B).

11. *Hearing on H.R. 1295, supra* note 6, at 2 (statement of Rep. Carlos J. Moorhead).

12. *Id.* at 77 (prepared statement of Mary Ann Alford).

13. Laws that prohibit trademark dilution are commonly referred to as dilution laws rather than anti-dilution laws.

14. Schechter, *supra* note 1, at 831–33. Schechter did not himself use the term “dilution” but he referenced the famous German *Odol* case, which did use the term dilution. *Id.*

15. *Id.* at 831.

16. *Id.* at 830.

17. *Id.* at 831.

18. *Id.*

19. Act of May 2, 1947, ch. 307, §7a, 1947 Mass. Acts 300 (codified as amended at Mass. Gen. Laws Ann. ch. 110H, §13).

likelihood of injury to the distinctive quality of a trade name or trademark.²⁰ By 1995, a total of 25 states prohibited trademark dilution.²¹ Because dilution laws varied significantly from state to state, state-law dilution claims proved problematic and at times ineffective.²² Ultimately, the “patch-quilt”²³ system of protection afforded by state anti-dilution laws, coupled with courts’ reluctance to grant nationwide injunctions for a violation of a right that only half of the states recognized, propelled Congressional consideration of federal dilution protection.²⁴

Trademark dilution became a federal cause of action for the first time in 1996 with the enactment of the Federal Trademark Dilution Act.²⁵ When passing the FTDA, Congress carefully noted that dilution is a “highly selective federal cause of action to protect federally registered marks that are truly famous.”²⁶ The FTDA provided injunctive relief to the owner of a famous mark against another person’s commercial use of a mark or trade name that lessened the “distinctive quality of the [famous] mark,”²⁷ irrespective “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.”²⁸

Although the FTDA established a federal cause of action for trademark dilution, it did little to explicate the standard for dilution. Application of the statute led to inconsistent outcomes and circuit splits, primarily on four issues. First, circuits disagreed on whether the FTDA required a plaintiff to prove actual dilution or merely likelihood of dilution.²⁹ The Fourth Circuit concluded that a plaintiff in a dilution case had to prove “actual economic

20. *Id.* (stating that “[l]ikelihood of injury to business reputation or of dilution of the distinctive quality of a mark registered under this chapter, or a mark valid at common law, or a trade name valid at common law, shall be a ground for injunctive relief notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services”).

21. *Hearing on H.R. 1295, supra* note 6, at 2 (statement of Rep. Carlos J. Moorhead).

22. *Id.* at 164 (prepared statement of Jonathan E. Moskin).

23. *Id.* at 2 (statement of Rep. Carlos J. Moorhead).

24. *Id.*

25. Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98 § 3 (codified as 15 U.S.C. § 1125 (1996)) *amended by* 15 U.S.C. § 1125 (2006).

26. S. REP. NO. 100-515, at 7 (1988).

27. Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98 § 3.

28. *Id.*

29. *Compare* Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Development, 170 F.3d 449, 461 (4th Cir. 1999) *with* V Secret Catalogue, Inc. v. Moseley, 259 F.3d 464, 477 (6th Cir. 2001), *rev'd*, 537 U.S. 418 (2003) *and* Nabisco, Inc. v. PF Brands, Inc., 191 F.3d 208 (2d Cir. 1999).

harm to the famous mark's economic value."³⁰ The Second and Sixth Circuits, meanwhile, required a plaintiff to prove only likelihood of dilution.³¹ Ultimately the Supreme Court addressed the circuit split and held that the text of the FTDA "unambiguously require[d] a showing of actual dilution, rather than likelihood of dilution."³²

Second, after enactment of the FTDA, circuit courts disagreed about the meaning of "fame" for purposes of dilution.³³ Although the FTDA enumerated eight non-exclusive factors for a court to consider in determining whether a mark was "famous,"³⁴ courts diverged on whether "niche market fame" sufficed.³⁵ Six federal circuits adopted the niche market theory of fame.³⁶ Courts in three other circuits, however, specifically rejected niche market fame.³⁷

Third, courts split as to whether the FTDA protected both inherently distinctive marks as well as marks with acquired distinctiveness.³⁸ Fourth, a question arose as to whether the FTDA included separate causes of action for dilution by tarnishment and dilution by blurring. Dicta by Justice Stevens in the *Moseley v. V Secret Catalogue* case queried whether dilution by tarnishment was actionable under the FTDA.³⁹

30. *Ringling Bros.*, 170 F.3d at 461.

31. *V Secret Catalogue, Inc.*, 259 F.3d at 477; *Nabisco, Inc.*, 191 F.3d at 208.

32. *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 433 (2003).

33. *Compare Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C.*, 212 F.3d 157, 166 (3d Cir. 2000) *with* *TCPIP Holding Co. v. Haar Comms., Inc.*, 244 F.3d 88, 99 (2d Cir. 2001).

34. Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98 § 3.

35. Niche market fame is fame or distinctiveness of a mark "only to a select class or group of purchasers." *Advantage Rent-A-Car, Inc. v. Enterprise Rent-A-Car*, 238 F.3d 378, 381 (5th Cir. 2001). For example, *Enterprise Rent-A-Car* argued that its mark "We'll Pick You Up" was famous within the car rental industry. *Id.*

36. *See, e.g., id.; Times Mirror Magazines, Inc.*, 212 F.3d at 166.

37. *See TCPIP Holding Co. v. Haar Comms., Inc.*, 244 F.3d 88, 99 (2d Cir. 2001); *Heidi Ott A.G. v. Target Corp.*, 153 F. Supp. 2d 1055 (D. Minn. 2001); *Caruso & Co., Inc. v. Estafan Enters., Inc.*, 994 F. Supp. 1454 (S.D. Fla. 1998), *aff'd without dec.*, 166 F.3d 353 (11th Cir. 1998).

38. *Compare TCPIP Holding Co.*, 244 F.3d at 95 (reserving protection under the FTDA only for famous marks that are inherently distinctive) *with* *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 955 F. Supp. 605 (E.D. Va. 1997), *aff'd*, 170 F.3d 449 (4th Cir. 1999) (holding that a famous mark with acquired distinctiveness qualifies for protection under the FTDA).

39. The U.S. Supreme Court stated:

[w]hether [tarnishment] is actually embraced by the statutory text, however, is another matter. Indeed, the contrast between the state statutes, which expressly refer to both 'injury to business reputation' and to 'dilution of the distinctive quality of a trade name or trademark,' and

Although given less attention, application of the FTDA also led to variations concerning the degree of similarity required between a famous mark and an allegedly diluting mark to prove dilution. The text of the statute did not explicitly require similarity between the famous mark and the allegedly diluting mark.⁴⁰ Rather it provided that “[t]he owner of a famous mark shall be 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.”⁴¹ Nowhere did the statute mention similarity between the famous mark and the mark that causes dilution.⁴² Regardless, a number of circuits read the FTDA as requiring “identity or near identity” of the marks at issue.⁴³

At least partially prompted to action by the United States Supreme Court’s decision in *Moseley*, holding that the FTDA required proof of actual dilution, not mere likelihood of dilution, Congress convened a subcommittee in 2005 to review the FTDA and amend it.⁴⁴ President George W. Bush signed the Trademark Dilution Revision Act into law on October 6, 2006.⁴⁵

In passing the TDRA, Congress reaffirmed its intent that dilution laws provide “extraordinary protection for extraordinary marks.”⁴⁶ However, the

the federal statute which refers only to the latter, arguably supports a narrower reading of the FTDA.

Moseley v. V Secret Catalogue, Inc., 537 U.S. 418, 432 (2003).

40. Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98 § 3 (codified as 15 U.S.C. § 1125 (1996)) amended by 15 U.S.C. § 1125 (2006).

41. *Id.*

42. The FTDA stated:

[t]he owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, 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.

Id.

43. *See, e.g.*, *Playtex Prods., Inc. v. Georgia-Pacific Corp.*, 390 F.3d 158, 167 (2d Cir. 2004); *Playboy Enters., Inc. v. Welles*, 279 F.3d 796, 806 (9th Cir. 2002); *Luigino’s, Inc. v. Stouffer Corp.*, 170 F.3d 827, 833 (8th Cir. 1999).

44. *Hearing on TDR A, supra* note 3, at 2 (statement of Rep. Lamar S. Smith, Chair, H. Subcomm. on Courts, the Internet, and Intellectual Property) (noting that “[t]he Supreme Court’s decision in the *Mosley* case . . . compelled our Subcommittee last spring to review the FTDA and a Committee Print to amend it. The contents of the bill before us, H.R. 683, were largely culled from that Committee Print”).

45. *See H.R. 683: Trademark Dilution Revision Act of 2006*, GOVTRACK.US, <http://www.govtrack.us/congress/bill.xpd?bill=h109-683> (last visited Oct. 28, 2011).

46. *Hearing on TDR A, supra* note 3, at 6 (statement of Anne Gundelfinger) (explaining that “[d]ilution protection was never meant for the average trademark”).

TDRA represents both a congressional reaction to judicial interpretation of the FTDA, as well as the culmination of successful lobbying by owners of famous trademarks and their attorneys.⁴⁷ The TDRA unambiguously responds to the *Moseley* decision by providing relief for likely as opposed to actual dilution⁴⁸ and by expressly enumerating a separate cause of action for dilution by tarnishment.⁴⁹ The TDRA also addresses other ambiguities that led to circuit splits under the FTDA. For example, the TDRA introduces a new standard for fame that specifically excludes marks with only “niche market” fame.⁵⁰ Additionally, the statute provides relief to owners of famous marks that are “distinctive, inherently or through acquired distinctiveness.”⁵¹

The TDRA also redefines dilution by blurring.⁵² The TDRA characterizes dilution by blurring as an “association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark.”⁵³ It also instructs courts to consider six non-exclusive factors in determining whether a mark is likely to cause dilution by blurring:

- (i) The degree of similarity between the mark or trade name and the famous mark[;]
- (ii) The degree of inherent or acquired distinctiveness of the famous mark[;]
- (iii) The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark[;]
- (iv) The degree of recognition of the famous mark[;]
- (v) Whether the user of the mark or trade name intended to create an association with the famous mark[;]
- (vi) Any actual association between the mark or trade name and the famous mark.⁵⁴

The legislative history sheds little light on why the definition of dilution by blurring changed.⁵⁵ It also fails to elaborate or explain what baseline

47. See *Hearing on TDRA*, *supra* note 3; Barton Beebe, *A Defense of the New Federal Trademark Antidilution Law*, 16 *FORDHAM INTELL. PROP. MEDIA & ENT. L.J.* 1143, 1155 (2006) (noting that the TDRA was the product of extensive work by the International Trademark Association, a trade association of mark holders and their attorneys, and the American Intellectual Property Law Association, a bar association of corporate intellectual property attorneys).

48. Trademark Dilution Revision Act of 2006, 15 U.S.C. § 1125(c)(1) (2006) (stating in relevant part that the owner of a famous mark shall be entitled to an injunction against another person who uses a mark that is likely to cause dilution).

49. *Id.* § 1125(c)(2)(B).

50. *Id.* § 1125(c)(2)(A).

51. *Id.* § 1125(c)(1).

52. *Id.* § 1125(c)(2)(B).

53. *Id.*

54. *Id.* § 1125(c)(2)(B)(i)–(vi).

55. See J. THOMAS MCCARTHY, 4 MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 24:101 (4th ed. 2011) (noting that one of the highlights of the TDRA is its

similarity is required in an action for dilution by blurring. The statute uses similarity to define the action but also includes degree of similarity as one of six factors a court should consider.⁵⁶ The ambiguity as to what degree of similarity is required and the tension between considering rather than requiring similarity proves problematic as will be discussed in Part IV, *infra*.

While the TDRA patched certain problems, federal dilution law remains plagued by ambiguity and opaqueness, especially with respect to how much similarity is required in a claim for dilution by blurring.⁵⁷ The TDRA also exacerbates problems that existed under the FTDA but have been largely ignored by the courts and Congress.⁵⁸ One such problem is the rampant tacking on of dilution claims to infringement claims.⁵⁹ Other problems continue to stem from the application of a single dilution standard to both word marks and graphic marks, as will be discussed in Part IV.⁶⁰

sparse legislative history: “[t]he 2006 TDRA must largely speak from the text of the statute itself [as] [t]here is very little legislative history”).

56. § 1125(c)(2)(B)(i).

57. *See* Beerline, *supra* note 2, at 513 (stating that “the TDRA, like the FTDA, gives courts ample room to develop and apply their own standards for interpreting the law, which may lead to the same sort of unpredictably that characterized the FTDA”).

58. *See* Beebe, *supra* note 2, at 450–51 (noting that the case law reported in the year following the adoption of the TDRA “presents strong and disturbing evidence of the continuing debacle of U.S. antidilution law and of the failure of the TDRA so far to effect any substantial change in course”).

59. *Id.*

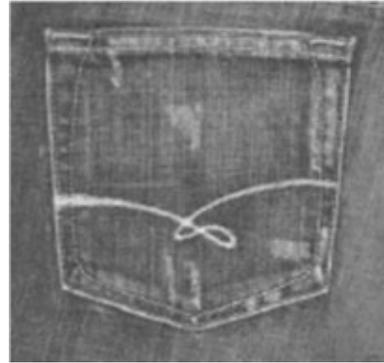
60. Jasmine Abdel-khalik, *Is a Rose by any Other Image Still a Rose? Disconnecting Dilution’s Similarity Test From Traditional Trademark Concepts*, 39 U. TOL. L. REV. 591 (2008).

II. LEVI STRAUSS V. ABERCROMBIE

Figure 1: Levi's Arcuate Mark Versus Abercrombie's Ruehl Mark⁶¹



Levi's Arcuate Mark



Abercrombie's Ruehl Mark

A. BACKGROUND

Levi Strauss & Company (“Levi’s”) created and began selling blue jeans in the 1870s.⁶² Since 1873, the company has stitched the back pocket of its jeans with its “Arcuate” design.⁶³ Since 1879, Levi’s has used the mark in print and other forms of advertising.⁶⁴ The Arcuate design, Figure 1, *supra*, generally consists of “two parallel lines stitched in two arches that meet at a point in the middle of the back pocket.”⁶⁵ Levi’s owns four federal trademark registrations on the Arcuate design, and the design has been registered on the Principal Register of Trademarks since 1943.⁶⁶ According to Levi’s, “virtually all of the Levi’s brand jeans bear the Arcuate mark and . . . 90–95% of Levi’s brand products display the Arcuate mark.”⁶⁷ Levi’s devotes substantial

61. *Levi Strauss III*, 633 F.3d 1158 (9th Cir. 2011).

62. *Id.*

63. The Levi’s back-pocket stitching is a graphic mark, referred to by Levi’s as the “Arcuate” design. It is worthwhile to note that name of the mark serves to describe the mark, the word arcuate is an adjective that means, “curved like a bow.” *Arcuate Definition*, MERRIAM-WEBSTER, <http://www.merriam-webster.com/dictionary/arcuate> (last visited Feb. 20, 2012).

64. *Levi Strauss & Co., v. Abercrombie & Fitch Trading Co. (Levi Strauss I)*, No. C 07-035752 JSW, 2008 U.S. Dist. LEXIS 87625, at *1, *3 (N.D. Cal. Oct. 16, 2008), *rev’d*, 633 F.3d 1158 (9th Cir. 2011).

65. *Levi Strauss & Co., v. Abercrombie & Fitch Trading Co. (Levi Strauss II)*, No. C 07-03752 JSW, 2009 WL 1082175, at *1, *2 (N.D. Cal. Apr. 22, 2009), *rev’d*, 633 F.3d 1158 (9th Cir. 2011).

66. *Id.*

67. *Levi Strauss I*, 2008 U.S. Dist. LEXIS 87625, at *1, *3–4.

resources to policing the mark.⁶⁸ In the last fifteen years alone, Levi's has initiated between 400 and 500 matters involving the mark.⁶⁹

In 2004, Abercrombie & Fitch Trading Company ("Abercrombie") launched the Ruehl No. 925 clothing line, which included a line of women's denim.⁷⁰ Shortly after launching the denim line, Abercrombie decided that Ruehl jeans required a more iconic stitching design.⁷¹ Accordingly, Abercrombie filed an intent-to-use application for the "Ruehl" back pocket design in 2005.⁷² In 2006, Abercrombie began making and selling jeans with the Ruehl mark on the back pocket.⁷³ Courts described the Ruehl mark in various ways. The district court judge described the Ruehl mark as an embroidered script "R" flipped upside down with the legs of the R extended to the edges of the pocket.⁷⁴ The Ninth Circuit described it as "two-less pronounced arches that are connected by a dipsy doodle, which resembles the mathematical sign for infinity."⁷⁵ All accounts of the Ruehl mark note, however, that it generally sits lower on the back pocket than the Arcuate mark.⁷⁶

B. DISTRICT COURT LITIGATION

In 2007, Levi's filed suit against Abercrombie in the Northern District of California, asserting trademark infringement, unfair competition, and trademark dilution under both federal and California state laws based on Abercrombie's use of the Ruehl mark.⁷⁷ Abercrombie filed an Amended Answer and Counterclaim, in which it sought cancellation of Levi's Arcuate mark for reasons including fraud, abandonment, and the affirmative defenses of waiver, estoppel, laches, acquiescence, unclean hands, and trademark misuse.⁷⁸

A jury rendered a verdict for Abercrombie on Levi's unfair competition and trademark infringement claims in December of 2008.⁷⁹ Levi's subsequently dropped its state-law trademark dilution claim and withdrew its

68. *Id.*

69. *Levi Strauss II*, 2009 WL 1082175, at *2.

70. *Levi Strauss I*, 2008 U.S. Dist. LEXIS 87625, at *4–5.

71. *Id.* at *5.

72. *Id.* at *14.

73. *Id.*

74. *Levi Strauss II*, 2009 WL 1082175, at *2.

75. *Levi Strauss III*, 633 F.3d 1158, 1159 (9th Cir. 2011).

76. *Id.*

77. *Id.*

78. *Levi Strauss I*, 2008 U.S. Dist. LEXIS 87625, at *16.

79. *Levi Strauss II*, 2009 WL 1082175, at *1.

claim for monetary relief on its federal dilution claim.⁸⁰ In April 2009, Levi's federal trademark dilution claim, for which it sought only injunctive relief, was tried before the district court with advisory rulings from the jury.⁸¹

Evaluating Levi's trademark dilution claim under the TDRA, the court concluded that Levi's failed to meet its burden of establishing by a preponderance of the evidence that the Ruehl design is likely to cause dilution by blurring of the Arcuate mark.⁸² In applying the TDRA, the district court stated that:

To prevail on its dilution claim, [Levi's] has the burden of proving by a preponderance of evidence the following elements: (a) that [Levi's] is the owner of a trademark that is famous; (b) that the famous mark is distinctive, either inherently or through acquired distinctiveness; (c) *that [Abercrombie] is making or has made use in commerce of an identical or nearly identical trademark, in this case the Ruehl design*; (d) that [Abercrombie's] use of its Ruehl design began after [Levi's] Arcuate mark became famous; and (e) that [Abercrombie's] use of its Ruehl design is likely to cause dilution by blurring of [Levi's] Arcuate mark.⁸³

On the matter of identity or near identity, the court instructed the advisory jury that in order to be nearly identical, the two marks must be similar enough that a significant segment of the target group of customers sees the two marks as essentially the same.⁸⁴ The court also noted that, “[i]n the dilution context, the similarity of the marks test is more stringent than in the infringement context.”⁸⁵ The advisory jury found that the Ruehl design and the Arcuate mark were not identical or nearly identical.⁸⁶ The court agreed with the advisory jury's findings, noting that the two marks were “not visually similar.”⁸⁷ Relying heavily on the finding that the Arcuate mark and

80. *Levi Strauss III*, 633 F.3d at 1159–60.

81. *Levi Strauss II*, No. 2009 WL 1082175, at *1.

82. *Id.* at *9.

83. *Id.* at *7 (emphasis added). Although Levi's argued that the TDRA did not require a finding that the marks be “identical or nearly identical” to one another, the district court noted that case law in the Ninth Circuit continued to recognize identity or near identity as an element of trademark dilution even after passage of the TDRA. The district court pointed to four cases in the Ninth Circuit that continued to recognize the “identical or nearly identical requirement” as an element of trademark dilution. *Jada Toys, Inc. v. Mattel, Inc.*, 518 F.3d 628, 634 (9th Cir. 2007); *Perfumebay.com, Inc. v. eBay, Inc.*, 506 F.3d 1165, 1180–81 (9th Cir. 2007); *adidas-Am., Inc. v. Payless Shoe Source, Inc.*, 546 F. Supp. 2d 1029, 1063 (D. Ore. 2008); *Visa Int'l Serv. Ass'n v. JSL Corp.*, 590 F. Supp. 2d 1306, 1316 (D. Nev. 2008).

84. *Levi Strauss II*, 2009 WL 1082175, at *8.

85. *Id.* at *7.

86. *Id.*

87. *Id.* at *9.

the Ruehl design failed to meet the similarity requirement, the court concluded that Levi's did not meet its burden of establishing by a preponderance of the evidence that the Ruehl design is likely to cause dilution by blurring of the Arcuate mark.⁸⁸

C. NINTH CIRCUIT'S OPINION

Levi's sought review of the district court's judgment on the grounds that the district court applied an incorrect legal standard, the "identical or nearly identical standard," in evaluating its dilution claim.⁸⁹ In support of its position, Levi's relied on the plain language of the TDRA.⁹⁰ Levi's pointed out that the terms "identical or nearly identical" do not appear in the language of the statute.⁹¹ Abercrombie based its opposition not on the statutory language of the TDRA, but on Ninth Circuit precedent.⁹² On appeal, Abercrombie argued that even after passage of the TDRA, the Ninth Circuit thrice utilized the "identical or nearly identical" test when evaluating trademark dilution claims.⁹³ Rejecting Abercrombie's arguments, the Ninth Circuit held that the "identical or nearly identical" standard did not survive the enactment of the TDRA.⁹⁴ Accordingly, the Ninth Circuit reversed the judgment of the district court and remanded the case for further proceedings.⁹⁵

The Ninth Circuit undertook a six-part analysis⁹⁶ in arriving at its conclusion that the TDRA does not require two marks to be "identical or

88. *Id.*

89. *Levi Strauss III*, 633 F.3d 1158, 1159 (9th Cir. 2011).

90. *Id.* at 1162.

91. *Id.*

92. *Id.*

93. *Id.* Abercrombie cited to *Visa International Service Ass'n. v. JSL Corp.*, 610 F.3d 1088 (9th Cir. 2010); *Jada Toys, Inc. v. Mattel, Inc.*, 518 F.3d 628 (9th Cir. 2008); and *Perfumebay.com Inc. v. eBay, Inc.*, 506 F.3d 1165 (9th Cir. 2007).

94. *Id.*

95. *Id.* at 1175.

96. The Ninth Circuit first looked to the origin of the "identical or nearly identical" standard. The standard first appeared in the Ninth Circuit in the case of *Playboy Enterprises v. Welles*, 279 F.3d 796, 806 (9th Cir. 2002) in which the Ninth Circuit stated that if a mark is not "identical or nearly identical" to the trademarked term, the mark cannot as a matter of law dilute the trademark. In *Playboy Enterprises*, the Ninth Circuit cited the Eighth Circuit case of *Luigino's, Inc. v. Stouffer Corp.*, 170 F.3d 827, 833 (8th Cir. 1999) as authority for this statement. *Luigino's*, in turn, cited the Second Circuit case of *Mead Data Central v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026, 1029 (2d. Cir. 1989). By tracing the origins of the "identical or nearly identical" standard, the Ninth Circuit concluded that the requirement pre-dated the adoption of the FTDA and was rooted in state dilution law, specifically New York state dilution law.

nearly identical.” The court began with the plain language of the statute, finding that a comparison of the language in the FTDA and the language in the TDRA “provide[d] a firm basis for decision.”⁹⁷ The court initially focused on the text of subsection (c)(1) of 15 U.S.C. § 1125, which states that “the owner of a famous mark . . . shall be entitled to an injunction against another person who . . . commences use of a mark or trade name in commerce that is likely to cause dilution.”⁹⁸ According to the court, Congress’s use of “a,” an indefinite article, as opposed to “the,” a definite article, indicated that Congress did not intend to require a junior mark to be the same as the senior mark.⁹⁹ Instead, it indicated Congress’s intent that “any number of unspecified junior marks may be likely to dilute the senior mark.”¹⁰⁰

Next, the court observed that in defining dilution by blurring in § 1125(c)(2)(B) as an “association arising from the similarity between a mark and a trade name,” Congress did not require an association arising from “identity,” “near identity,” or “substantial similarity” of the two marks.¹⁰¹ The Ninth Circuit interpreted the language in Section 1125(c)(2)(B) as setting

Second, the Ninth Circuit examined pre-TDRA Ninth Circuit case law employing the “identical or nearly identical standard” and determined that although rooted in state dilution law, the identical or nearly identical standard comported with the language, purpose, and history of the FTDA. *Levi Strauss III*, 633 F.3d at 1165.

Third, turning to the adoption of the TDRA, the Ninth Circuit noted several important aspects of the new legislation. (1) The text of the TDRA does not include any reference to “identical or nearly identical” marks. *See* Trademark Dilution Revision Act of 2006, 15 U.S.C. § 1125(c)(2)(B) (2006). (2) The TDRA defines dilution by blurring as an “association arising from the *similarity* between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark.” *See id.* The text of the TDRA does not require that a mark be “substantially” or “very” similar. (3) The first of the six dilution factors set forth by Congress is “[t]he degree of similarity between the mark or trade name and the famous mark.” The Ninth Circuit finally stated the viewpoint that “the TDRA articulates a different standard for dilution from that . . . under the FTDA.” *Levi Strauss III*, 633 F.3d at 1166.

Fourth, after determining that the TDRA articulated a new standard for dilution, the Ninth Circuit reviewed the three post-TDRA Ninth Circuit cases cited by Abercrombie on appeal, *Visa International Service Ass’n v. JSL Corp.*, 610 F.3d 1088 (9th Cir. 2010); *Jada Toys, Inc. v. Mattel, Inc.*, 518 F.3d 628 (9th Cir. 2008); and *Perfumebay.com Inc. v. eBay, Inc.*, 506 F.3d 1165 (9th Cir. 2007), and concluded that the Ninth Circuit had yet to “squarely resolve[]” the issue of “whether, to establish dilution by blurring under the TDRA, the junior mark must be identical or nearly identical to the senior mark.” *Levi Strauss III*, 633 F.3d at 1167.

Fifth the Ninth Circuit interpreted the TDR. Sixth, the court evaluated the district court’s use of the “identical or nearly identical” standard. *Id.* at 1167.

97. *Levi Strauss III*, 633 F.3d at 1171.

98. 15 U.S.C. § 1125(c) (emphasis added).

99. *Levi Strauss III*, 633 F.3d at 1171.

100. *Id.*

101. *Id.*

forth a less demanding standard “than that employed by many courts under the FTDA.”¹⁰²

The court also stated that the non-exhaustive list of factors in § 1125(c)(2)(B) does not comport with a requirement of identity or near identity: “Congress’s decision to make degree of similarity one consideration in a multi-factor list strongly suggests that it did not want degree of similarity to be the necessarily controlling factor.”¹⁰³ Lastly, the Ninth Circuit determined that by wholly rewriting § 1125(c), Congress indicated that it “did not wish to be tied to the language or interpretation of prior law, but instead crafted a new approach to our consideration of dilution-by-blurring claims.”¹⁰⁴

Ultimately, the court held that under the TDRA, dilution by blurring “does not require a plaintiff to establish that the junior mark is identical, nearly identical, or substantially similar to the senior mark in order to obtain injunctive relief.”¹⁰⁵ The court noted that a plaintiff need only show that based on the factors set forth in § 1125(c)(2)(B), including the degree of similarity, a junior mark is likely to impair the distinctiveness of the famous mark.¹⁰⁶

III. STATUTORY INTERPRETATION OF THE TDRA

The *Levi’s v. Abercrombie* case makes clear that the threshold requirement for similarity between two marks in a dilution claim remains ambiguous under the TDRA. Indeed, a close reading of the text of the TDRA and review of the legislative history of dilution provides little clarification. This Part explores the Ninth Circuit’s problematic approach to the identity or near identity standard.

The text of the TDRA clearly requires similarity between marks, but leaves open the question of how much similarity is required. The TDRA defines dilution by blurring as an “association arising from the *similarity* between a mark and a trade name and a famous mark that impairs the distinctiveness of the famous mark.”¹⁰⁷ This language indicates not only that similarity between a senior mark and a junior mark is at the core of dilution, but that, “[t]here is a floor of similarity below which no dilution claim is

102. *Id.*

103. *Id.* at 1172.

104. *Id.*

105. *Id.*

106. *Id.*

107. Trademark Dilution Revision Act of 2006, 15 U.S.C. § 1125(c)(2)(B) (2006) (emphasis added).

viable.”¹⁰⁸ In fact, reading the statute otherwise would be antithetical to the language itself: dilution simply does not apply to wholly dissimilar marks.

Though the text of the TDRA clearly requires a threshold of similarity, there is uncertainty as to how much similarity is required to meet the threshold. Congressional intent and purpose, as expressed in the legislative history, often elucidates ambiguous statutory language. However, in the case of the TDRA, the legislative history is of little help in finding the threshold of similarity required for dilution by blurring.¹⁰⁹ Furthermore, the scant legislative history largely focuses on the likelihood of dilution standard, fame in the context of dilution, and relevant concerns regarding the impact of expanded trademark protection on First Amendment rights.¹¹⁰ The record reveals that Congress paid very little attention to the subtle, yet critical introduction of a multi-factor test for dilution by blurring. In fact, Anne Gundelfinger, President of the International Trademark Association (“INTA”), provided the only testimony related to the amended definition of blurring and the new multi-factor test.¹¹¹ Gundelfinger expressed support for the multi-factor approach to dilution by blurring and stated that as to the inclusion of the degree of similarity between the marks, it is

self-evident and refers to step one of the blurring analysis . . . [t]he less similar the marks, the less likely a consumer association between the marks; the more similar the marks, or if they are identical, the more likely it is that the junior mark will impair the association of the senior mark with the source and/or its particular brand attributes.¹¹²

The testimony provided by Gundelfinger indicates a sliding scale for marks that meet a threshold requirement of similarity, but fails to clarify the minimum degree of similarity required between two marks.

Similarly, the legislative history of the FTDA, which also discusses the purpose and character of anti-dilution laws, also fails to explicate the similarity threshold.¹¹³ Debate on the FTDA focused primarily on whether federal dilution protection should extend to both registered and unregistered

108. Abdel-khalik, *supra* note 60, at 601.

109. MCCARTHY, *supra* note 55, § 24:101 (noting that the legislative history of the TDRA is sparse).

110. *Hearing on TDRA*, *supra* note 3.

111. *Id.* at 13 (statement of Anne Gundelfinger).

112. *Id.*

113. Although the TDRA made significant amendments to federal dilution law, Congress expressed that the TDRA “represents a clarification of what Congress meant when it passed the dilution statute [FTDA] almost a decade ago.” *Id.* at 2 (statement of Rep. Lamar S. Smith, Chair, H. Subcomm. on Courts, the Internet, and Intellectual Property).

marks, what the proper definition of a “famous” mark should be, and relevant First Amendment concerns.¹¹⁴ One witness, Jonathan Moskin, urged Congress to pay further attention to the degree of similarity that would suffice to state a claim for dilution.¹¹⁵ Moskin posited that the statute should limit protection to “identical trademarks or marks that are essentially indistinguishable from the registered marks.”¹¹⁶ Moskin further argued that if protection was not limited in this way, “legitimate businesses will be subjected to meritless or pretextual suits for dilution brought by owners of marks having only a general similarity to the allegedly diluting mark.”¹¹⁷ Congress did not heed Moskin’s warnings. Instead, in fashioning and enacting the FTDA, Congress ignored the issue of similarity altogether.

In concluding that the TDRA does not require “identity,” “near identity,” or “substantial similarity,” the Ninth Circuit simply illustrated that the TDRA fails to adequately address existing ambiguities in federal dilution law, including the requisite degree of similarity in a claim for dilution by blurring.¹¹⁸ Although it is safe to say that a claim for dilution by blurring requires some degree of similarity between the mark seeking protection and the allegedly diluting mark,¹¹⁹ courts are left without a means for consistently applying the law to claims for dilution by blurring. As occurred under the FTDA, the uncertainties that remain under the TDRA, including ambiguity as to the similarity requirement in dilution by blurring, will likely lead to inconsistent application of the law,¹²⁰ judicially created mechanisms for comparing marks,¹²¹ and uncertainty for all trademark owners.

114. *Hearing on H.R. 1295, supra* note 6.

115. *Id.* at 156–57.

116. *Id.*

117. *Id.*

118. According to Jasmine Abdel-khalik, Congress’ failure to define the parameters of similarity is highly problematic. She states, “[l]eft to their own devices to create an appropriate test, courts have struggled to articulate a suitable and clear standard and, instead, have created ambiguous or simply fallacious mechanisms for comparing marks in a dilution claim.” Abdel-khalik, *supra* note 60, at 601.

119. The TDRA defines dilution by blurring with reference to similarity between two marks. Trademark Dilution Revision Act of 2006, 15 U.S.C. § 1125(c)(2)(B) (2006).

120. *See, e.g.*, Robert G. Bone, *A Skeptical View of the Trademark Dilution Revision Act*, 11 INTEL. PROP. L. BULL. 187, 195 (2007) (“In the end, judicial determinations of likelihood of blurring will probably turn on the judges’ all-things-considered moral intuitions.”).

121. The text, intent, and purpose of the FTDA did not require the marks to be “identical,” yet multiple circuits adopted this narrowing test in the face of an ambiguous statute. Although the language of the TDRA differs from that of the FTDA, continuing ambiguity is likely to lead to the same type of judicially constructed tools.

IV. DOWN THE RABBIT HOLE: THE COST OF AMBIGUITY WITH RESPECT TO THE SIMILARITY REQUIREMENT

As exemplified by *Levi's v. Abercrombie*, ambiguity with respect to the similarity requirement in dilution by blurring comes at a very high cost.¹²² Without a similarity threshold in the context of dilution by blurring, trademark owners, especially small businesses, are subject to extremely high avoidance costs¹²³ and are increasingly vulnerable to costly lawsuits. Additionally, freedom of expression is susceptible to even greater restriction.¹²⁴

A. GRAPHIC MARKS VERSUS WORD MARKS: OVER-EXPANSION OF DILUTION PROTECTION?

The *Levi's v. Abercrombie* case illustrates a latent issue in federal dilution law, whether dilution by blurring should be applied in the same manner, if at all, to graphic marks as it is to word marks. Although the distinction is rarely acknowledged, it is unclear from the history, purpose, and legislative history of federal dilution law in the United States, whether dilution by blurring contemplates application to graphic marks. To the extent that dilution does apply to graphic marks, like Levi's Arcuate mark, a vague similarity requirement allows for expansive use of dilution to restrict expression. In part because there is an inherent difference between graphic marks and word marks, a clearer, and potentially higher, similarity requirement should be applied to graphic marks.

Graphic marks and word marks are inherently different. Word marks, unlike graphic marks, can be described both audibly and visually by reference to universally identifiable components such as the letters in the English Alphabet or phonetics. For example, KODAK, a widely recognized word mark, can be conveyed visually by displaying the five letters K, O, D, A, and K in that order. Audibly, the mark can be described by reference to the

122. Bone, *supra* note 120, at 197 (“The TDRA, on balance, expands the scope of Section 43(c) relative to pre-TDRA law, and it does so without a careful policy analysis. Expanding dilution law, even with a safe harbor for parody and criticism, risks creating high social costs without corresponding benefits. We need to take a closer look at dilution and in particular the extremely problematic blurring prong. Legal protection should be given only when it is clearly justified on policy grounds, and this means we should err on the side of a narrow statute rather than a broad one that has flimsy support.”).

123. Abdel-khalik, *supra* note 60, at 607.

124. *Hearing on TDRA*, *supra* note 3, at 31 (prepared statement of Marvin J. Johnson) (stating that the TDRA “proposes to . . . make dilution actions easier for trademark holders while simultaneously diluting protections for free speech”).

letters in the English alphabet used to form the mark or by pronouncing the mark phonetically (koh-dack).

Whereas word marks can be compared with respect to spelling, phonetics, phrasing, and other common audio-linguistic tools, a much more limited tool kit exists for comparing differences and similarities between graphic marks like the Arcuate and the Ruehl marks in Figure 1, *supra*. Graphic marks can only be presented visually and generally cannot be broken down into discrete and universally identifiable components. For example, the district court and the Ninth Circuit each struggled to describe the Ruehl mark and the two descriptions are very different. The district court described the Ruehl mark as generally consisting of “an embroidered script ‘R’ that was flipped upside down, with the legs of the ‘R’ extended to the edges of the pocket . . . [t]he Ruehl design also includes a swooping loop toward the center of the pocket.”¹²⁵ The Ninth Circuit in contrast described the mark as “two-less pronounced arches that are connected by a dippy doodle, which resembles the mathematical sign for infinity.”¹²⁶ Although each court referenced commonly accepted shapes and symbols like a letter, an arch, and an infinity sign, each court’s description fails to clearly communicate the mark. The Ruehl mark, like many other graphic marks, must be conveyed visually.¹²⁷

It is unclear from the history and purpose of dilution law whether the federal dilution statute accounts for the inherent differences between word marks and graphic marks. Frank Schechter, to whom U.S. dilution law owes its origin, confined his examples of dilution to word marks. Schechter used examples like Kodak, Vogue, Rolls-Royce, and Aunt Jemima.¹²⁸ Graphic marks were in use when Schechter wrote his article 1927,¹²⁹ but he limited his discussion of dilution to word marks. It is not evident whether Schechter supported expansion of the theory of dilution to graphic marks.

More importantly, the legislative histories of both the FTDA and TDRA focus almost exclusively on word marks when discussing dilution by blurring.¹³⁰ The Senate Report on the FTDA defines dilution then

125. *Levi Strauss II*, No. C 07-03752 JSW, 2009 WL 1082175, at *1–2 (N.D. Cal. Apr. 22, 2009), *rev’d*, 633 F.3d 1158 (9th Cir. 2011).

126. *Levi Strauss III*, 633 F.3d 1158, 1159 (9th Cir. 2011).

127. The Ninth Circuit seems to have implicitly acknowledged this when it included pictures of both the Arcuate and Ruehl marks in its decision.

128. Schechter, *supra* note 1, at 825.

129. In fact, the Levi’s Arcuate mark was in use by 1927. See *Levi Strauss I*, No. C 07-03752 JSW, 2008 U.S. Dist. LEXIS 87625, at *1, *3 (N.D. Cal. Oct. 16, 2008), *rev’d*, 633 F.3d 1158 (9th Cir. 2011).

130. See *Hearing on TDRA*, *supra* note 3; *Hearing on H.R. 1295*, *supra* note 6.

immediately offers Kodak pianos or Buick aspirin as examples of dilution by blurring.¹³¹ Similarly, when introducing the FTDA to the House Subcommittee on Courts and Intellectual Property, Representative Carlos J. Moorhead noted that, “the use of Dupont shoes, Buick aspirin, and Kodak pianos would be actionable under this bill.”¹³²

Additionally, every witness at the House hearing on the FTDA used word marks to illustrate or define dilution by blurring. Mary Ann Alford, Executive Vice President of the INTA in 1995, cited to *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*,¹³³ for the proposition that dilution by blurring would occur in the cases like “DuPont shoes, Buick aspirin tablets, Schlitz varnish, Kodak pianos, [and] Bulova gowns.”¹³⁴ James K. Baughman, assistant general counsel for Campbell’s Soup Company, supported protection of marks like Campbell’s, Godiva, V8, Pepperidge Farm, Vlasic, and Prego.¹³⁵ The counsel for Warner Brother’s gave an example involving graphic depictions of Looney Tunes characters in support of a dilution by tarnishment cause of action,¹³⁶ but he used the Warner Brother’s shield to demonstrate the need for protection against dilution by blurring.¹³⁷ Although the WB shield arguably could be considered a graphic mark, it likely qualifies as a word mark because the shield centers around the letters “WB” and a banner reading “Warner Bros. Studios.”¹³⁸ The congressional record contains no clear examples or separate considerations of dilution by blurring with respect to graphic marks.

The limited legislative history of the TDRA also focuses exclusively on word marks in defining, discussing, and illustrating dilution by blurring. Anne Gundelfinger, President of the INTA in 2005, illustrated dilution by blurring with reference to the word mark Pentium.¹³⁹ Similarly, William G. Barber,

131. S. REP. NO. 100-515, at 7 (1988).

132. *Hearing on H.R. 1295, supra* note 6 at 2 (statement of Rep. Carlos J. Moorhead).

133. *Mead Data Central v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026, 1029 (2d Cir. 1989).

134. *Hearing on H.R. 1295, supra* note 6, at 77 (statement of Mary Ann Alford, Executive Vice-President of the INTA) (citing *Mead Data Central*, 875 F.2d at 1031).

135. *Id.* at 91–93 (statement of James K. Baughman, Assistant General Counsel, Campbell’s Soup Company).

136. *Id.* at 114 (statement of Nils Victor Montan, Vice President and Senior Intellectual Property Counsel, Warner Brothers, Exhibit B).

137. *Id.* at 104 (statement of Nils Victor Montan, Vice President and Senior Intellectual Property Counsel, Warner Brothers).

138. *Id.* at 113 (statement of Nils Victor Montan, Vice President and Senior Intellectual Property Counsel, Warner Brothers).

139. *Hearing on TDRA, supra* note 3, at 13 (statement Anne Gundelfinger, President, International Trademark Association).

representing the American Intellectual Property Law Association, stated that dilution by blurring is intended to protect marks like Kodak or Dupont.¹⁴⁰ Congress simply ignored, or potentially overlooked, the distinction between word marks and graphic marks in enacting a cause of action for dilution by blurring. At the least, the lack of clear consideration of the application and effect of dilution by blurring to graphic marks, and the absolute focus on the application and effect of dilution by blurring on word marks, should caution against rote application of dilution by blurring to graphic marks.

Although Congress failed to distinguish between word and graphic marks, the district court adjudicating the *Levi's v. Abercrombie* case carefully noted the distinction between the two types of marks. In its opinion on cross motions for summary judgment, the district court applied precedential case law, but noted that the *Levi's v. Abercrombie* case differed because it involved a design mark rather than a word mark.¹⁴¹ Similarly, in its opinion on Levi's dilution claim, the district court applied precedential case law that specifically concerned a symbol as a trademark.¹⁴² On appeal, however, the Ninth Circuit, like Congress, did not acknowledge a distinction between word marks and graphic marks.¹⁴³

The *Levi's v. Abercrombie* case demonstrates that a clearer threshold for similarity is needed with respect to graphic marks. Dilution is meant to be an extraordinary remedy, but in the case of the Levi's Arcuate mark, dilution by blurring may serve to protect a simplistic graphic mark with little remaining distinctiveness. According to the Ninth Circuit, dilution may protect the Levi's Arcuate mark, which consists of "two parallel lines stitched in two arches that meet at a point in the middle of the back pocket,"¹⁴⁴ from Abercrombie's Ruehl mark, which consists of "two-less pronounced arches that are connected by a dippy doodle, which resembles the mathematical sign for infinity."¹⁴⁵ Although the two marks both utilize two arch-like shapes, there are obvious differences between the two marks. For example, Abercrombie's Ruehl mark consists of one line, while Levi's Arcuate mark

140. *Id.* at 22 (statement of William G. Barber, on behalf of the American Intellectual Property Law Association).

141. *Levi Strauss I*, No. C 07-035752 JSW, 2008 U.S. Dist. LEXIS 87625, at *1, *41-42 (N.D. Cal. Oct. 16, 2008), *rev'd*, 633 F.3d 1158 (9th Cir. 2011) (distinguishing *Nissan Motor Co., Ltd. v. Nissan Computer Corp.*, No. CV 99-12980 DDP, 2007 U.S. Dist. LEXIS 90487 (C.D. Cal. Sept. 21, 2007) because it involved a word mark rather than a design mark).

142. *Levi Strauss II*, No. C 07-03752 JSW, 2009 WL 1082175, at *1, *8 (N.D. Cal. Apr. 22, 2009), *rev'd*, 633 F.3d 1158 (9th Cir. 2011).

143. *See Levi Strauss III*, 633 F.3d 1158 (9th Cir. 2011).

144. *Levi Strauss II*, 2009 WL 1082175, at *2.

145. *Levi Strauss III*, 633 F.3d 1158, 1159 (9th Cir. 2011).

consists of two lines. Abercrombie's Ruehl mark also utilizes a "dipsy doodle," whereas Levi's mark does not, Figure 1, *supra*.

The difficulty in articulating similarities and differences between one graphic mark and another exemplifies the need for a clearer standard for similarity. Without a clearer, and potentially higher threshold, the reasoning employed by the Ninth Circuit seemingly leads to the conclusion that any back-pocket stitching that employs two arches in any way may dilute Levi's Arcuate mark. This undue constraint on expression expands dilution protection beyond any sensible basis.

B. JUST TACK IT ON: DILUTION AS ANTI-COMPETITIVE

The lack of a clear similarity threshold for trademark dilution allows the owners of famous trademarks to use dilution law in an anti-competitive manner. Rather than being an extraordinary remedy restricted to a narrow class of famous marks, dilution law increasingly¹⁴⁶ serves as an alternate, and less burdensome, means for trademark owners to restrict competitors with marks that may only be marginally or minimally similar to the famous mark.¹⁴⁷ The *Levi's v. Abercrombie* case illustrates the problematic and excessive use of dilution by blurring.

In its suit against Abercrombie, Levi's originally alleged trademark infringement, unfair competition, and trademark dilution under both federal and California laws.¹⁴⁸ Levi's claims for trademark infringement and unfair competition were tried before a jury, which rendered a verdict in favor of Abercrombie.¹⁴⁹ Levi's claims against Abercrombie aligned well with a cause of action for trademark infringement.¹⁵⁰ At trial, Levi's presented survey evidence that Abercrombie's use in commerce of the Ruehl design on the

146. Leah Chan Grinvald, *Shaming Trademark Bullies* 639, n. 86 (Saint Louis Univ. Sch. Of Law, Working Paper Series, Paper No. 2011-01) available at <http://ssrn.com/abstract=1739008>. "A quick Lexis database search of trademark-infringement cases filed in federal district courts from 1995 to 2010 shows 2,417 cases alleging dilution as a cause of action (out of 7,773 filed trademark-infringement claims)." *Id.*; see also Clarissa Long, *Dilution*, 106 COLUM. L. REV. 1029, 1054 (2006) (stating that "dilution claims were almost always brought in conjunction with other trademark claims").

147. *But cf.* Beebe, *supra* note 2, at 459 (explaining that his research "strongly suggest that courts' dilution determinations are largely redundant of their infringement determinations, and that the former fail to yield any remedies not already provided by the latter").

148. *Levi Strauss II*, 2009 WL 1082175, at *1.

149. *Id.*

150. See 15 U.S.C. § 1114(1)(a) (2006) (defining trademark infringement).

back pocket of jeans was likely to cause confusion with Levi's Arcuate mark.¹⁵¹

Why did Levi's also bring a claim for trademark dilution? As noted, dilution by blurring "is not designed to apply where the goods or services of the parties are competitive."¹⁵² Here, Levi's jeans bearing the Arcuate mark and Abercrombie's jeans bearing the Ruehl design are competing goods.¹⁵³ Furthermore, although the Arcuate mark and the Ruehl design may be somewhat similar, they are not so similar that target customers would see the mark as essentially the same.¹⁵⁴ Levi's action for dilution raises the question, is dilution law even applicable in this scenario? And, why, if trademark infringement applies, do plaintiffs, like Levi's, continue to supplement trademark infringement claims with claims of dilution by blurring?

One explanation is that trademark owners do not expect dilution claims to be highly effective; rather trademark owners use dilution claims to serve an alternative function. As one scholar noted:

Most plaintiffs are likely using classic trademark infringement claims to predict their chances of prevailing in the suit; dilution is just a fillip on the side. Pleading dilution as an additional claim will present low marginal costs to the trademark holder in most cases. Even if a dilution claim gives the trademark holder only a small increment of leverage in forcing a settlement, that leverage coupled with the additional costs to the defendant will often make it worthwhile to bring even a weak dilution claim.¹⁵⁵

Did Levi's simply add a dilution claim because it was inexpensive and might increase pressure on Abercrombie to settle? This argument seems unavailing in the *Levi's v. Abercrombie* case because Levi's spent considerable time and money litigating its dilution claim, even after a jury returned a verdict on its trademark infringement claims.¹⁵⁶

151. *Levi Strauss I*, No. C 07-035752 JSW, 2008 U.S. Dist. LEXIS 87625, at *1, *9–11 (N.D. Cal. Oct. 16, 2008) (noting that at trial, Levi's presented a "Likelihood of Confusion Survey" conducted by Dr. Sood).

152. MCCARTHY, *supra* note 55, § 24:69.

153. *Levi Strauss I*, 2008 U.S. Dist. LEXIS 87625, at *9–11. Levi's relied on a "Likelihood of Confusion Survey" conducted by Dr. Sood. The survey itself and its results indicate that Levi's jeans bearing the Arcuate mark and Abercrombie's jeans bearing the Ruehl mark are in competition. Dr. Sood's survey results were as follows: "92 of 299 participants (30.8%) selected the Ruehl jeans as being made, sponsored or endorsed by LS&CO, and 66 of 299 participants (22.1%) identified the Ruehl jeans exclusively." *Id.*

154. *Levi Strauss II*, 2009 WL 1082175, at *7.

155. Long, *supra* note 146, at 1054.

156. *See Levi Strauss III*, 633 F.3d 1158 (9th Cir. 2011).

The more plausible explanation is that owners of famous trademarks, recognizing the broad and ambiguous scope of the TDRA, use dilution by blurring as one more avenue for restricting competition.¹⁵⁷ Levi's history of suing competitors in the denim industry comports with this explanation. According to the *New York Times*, Levi's who was "once the undisputed king of denim . . . has emerged as the most litigious in the apparel industry when it comes to trademark infringement lawsuits, firing off nearly 100 against its competitors since 2001."¹⁵⁸ Although nearly all of Levi's lawsuits settle out of court,¹⁵⁹ the few lawsuits that do make it to court generally allege trademark infringement and trademark dilution.¹⁶⁰ Levi's claims that the lawsuits are not about the money, they are about "removing copycats from stores."¹⁶¹ Levi's use of dilution by blurring to reduce competition not only flies in the face of the purpose of dilution, but it signals the need for congressional and judicial attention to the state of dilution law under the TDRA. If the courts or Congress articulated a clearer threshold requirement of similarity under the TDRA, companies like Levi's would not be able to exact the effects of a trademark infringement suit via the less burdensome mechanism of dilution law. Instead, where two marks are only minimally similar, companies like Levi's would be forced to meet the higher standard of proving trademark infringement.

C. HINDRANCE OF EXPRESSION/AVOIDANCE COSTS

The high avoidance costs Levi's competitors face also illustrate the need for a clear minimum standard of similarity. In evaluating avoidance costs in the dilution by blurring context, one scholar stated that "dilution places stricter duties of avoidance on third parties than does classic trademark law . . . requir[ing] third parties to ascertain the elements of the protected trademark so as to avoid infringing it."¹⁶² Yet, under the TDRA, this is

157. Shubha Ghosh, *Dilution and Competition Norms: The Case of Federal Trademark Dilution Claims Against Direct Competitors*, 24 SANTA CLARA COMPUTER & HIGH TECH. L.J. 571, 591 (2008) ("The problem is that the dilution action and the weakness of the likelihood of confusion standard act together to expand trademark owner's rights . . . [t]he concern is that trademark owners bring trademark infringement and dilution claims simply to appropriate rents in the marketplace.").

158. Michael Barbaro & Julie Criswell, *With a Trademark in its Pocket, Levi's Turns to Suing Its Rivals*, N.Y. TIMES, Jan. 29, 2007, at A1.

159. *Id.*

160. *See, e.g.*, *Lois Sportswear, U.S.A., Inc. v. Levi Strauss & Co.*, 631 F. Supp. 735 (S.D.N.Y. 1985); Complaint at 1, *Levi Strauss & Co., v. Dolce & Gabbana S.R.L.*, (No. 3:11CV00127), 2011 WL 147643, at *1.

161. Barbaro & Criswell, *supra* note 158.

162. Long, *supra* note 146, at 1068.

virtually impossible for trademark owners to do. It seems that at the very least, federal dilution law should articulate a standard for “whether a mark is sufficiently dissimilar to avoid a dilution claim.”¹⁶³

Without a clearer standard, Levi’s competitors constantly face the threat of litigation even where the allegedly diluting mark owner does not recognize a similarity between the famous mark and the allegedly diluting mark. Mark Breitband, the General Manager of the Ruehl brand at the time that Abercrombie adopted the accused Ruehl design, testified that although he was aware of the Arcuate mark, the Ruehl design did not remind him of the Arcuate mark.¹⁶⁴ Rather, the only proposed designs that reminded him of other jeans in the marketplace were designs with “R’s” on them.¹⁶⁵

In a *New York Times* article about Levi’s notorious litigation campaign, the author noted that, “[e]ven companies that have painstakingly worked to avoid infringing on Levi’s trademarks have found themselves in the company’s crosshairs.”¹⁶⁶ The journalist provided the example of denim-makers Rock & Republic who intentionally placed a cloth label on the right hand side of a back pocket, rather than on the left hand side to avoid violating a Levi’s trademark.¹⁶⁷ According to the article, “Levi’s sued anyway, arguing its trademarks forbid placing such a label on a vertical seam of a back-pocket.”¹⁶⁸ Like Abercrombie, Rock & Republic claimed not to see similarity between the mark and Levi’s mark.¹⁶⁹ The chief executive of Rock & Republic stated that the back pocket stitching “was not remotely close to Levi’s.”¹⁷⁰ Not only do Levi’s competitors pay the costs of litigation, but also apparently some of Levi’s smaller rivals have agreed to stop producing the offending pants and even to destroy unsold pairs of offending pants.¹⁷¹ If a trademark owner cannot see a dilution claim coming, avoidance requires creating a mark wholly dissimilar to any other mark or paying to litigate to use a mark.¹⁷² Ultimately, competitors must restrict expression and censor products beyond what is legally necessary to avoid dilution claims.

163. Abdel-khalik, *supra* note 60, at 607.

164. *Levi Strauss II*, No. C 07-03752 JSW, 2009 WL 1082175, at *1, *3 (N.D. Cal. April 22, 2009), *rev’d*, 633 F.3d 1158 (9th Cir. 2011).

165. *Id.*

166. Barbaro & Criswell, *supra* note 158.

167. *Id.*

168. *Id.*

169. *Id.*

170. *Id.*

171. *Id.*

172. Daniel Klerman, *Trademark Dilution, Search Costs and Naked Licensing*, 74 FORDHAM L. REV. 1759, 1767 (2006) (stating that “[t]he existence of anti-blurring legislation leads to

V. CONCLUSION: WHERE DO WE GO FROM HERE?

Federal dilution law requires clarification and reform. Federal courts and ultimately Congress should participate in the process of clarifying and reforming federal dilution law. Although traditionally federal courts serve to interpret statutes passed by Congress, in the realm of modern intellectual property law courts have come “to play a principal role in fleshing out and evolving terse early legislative enactments.”¹⁷³ Throughout the development of intellectual property law in the United States, Congress has codified what federal courts develop.¹⁷⁴ As a result, courts have filled in the details and limitations of intellectual property law in a way usually reserved for the legislative process.¹⁷⁵

For example, courts have actively developed some aspects of trademark law.¹⁷⁶ Furthermore, many federal courts, including the Ninth Circuit, embraced a less formal and more common-law oriented approach to interpreting trademark dilution under the FTDA. In interpreting the FTDA, courts developed limitations and contours of the fame requirement,¹⁷⁷ the

lawsuits, the need to investigate whether a new trademark might blur an existing one, and the need to negotiate licenses for what otherwise would be free”).

173. Peter S. Menell, *The Mixed Heritage of Federal Intellectual Property Law and Ramifications for Statutory Interpretation*, in INTELLECTUAL PROPERTY AND THE COMMON LAW (Shyam Balganesch ed., forthcoming 2011).

174. *Id.* Patent and copyright laws illustrate the unique role of federal courts in defining the metes and bounds of broad intellectual property statutes. *Id.* The first copyright and patent acts, passed in 1790 and 1793 respectively, “left many of the operational details open.” *Id.*

175. *Id.* In the context of copyright law, courts articulated the standards for infringement, the scope of indirect copyright liability, and the doctrine of fair use. *Id.* Likewise, in the realm of patent law, federal courts created the doctrine of equivalents in patent infringement and articulated limitations on patentable subject matter. *Id.*

176. Notably, the core test of trademark infringement, likelihood of confusion, stems from common law judicial interpretation, not from the statutory text. Although 15 U.S.C. § 1114 defines infringement as any use of a mark that is likely to cause confusion, the courts, not Congress, developed a multi-factor test to determine when likelihood of confusion occurs. *See* AMF, Inc. v. Sleekcraft Boats, 599 F.2d 341 (9th Cir. 1979); Polaroid Corp. v. Polarad Elect. Corp., 287 F.2d 492 (2nd Cir. 1961).

177. Some courts read ambiguous language in the FTDA to require both distinctiveness and fame. The Second Circuit limited dilution to inherently distinctive marks. Other Circuits disagreed and articulated that dilution applied to both inherently distinctive marks and marks with acquired distinctiveness. *See, e.g.*, Thane Int’l, Inc. v. Trek Bicycle Corp., 305 F.3d 894 (9th Cir. 2002) (stating that a party could satisfy the fame requirement by a showing of acquired distinctiveness or inherent distinctiveness); Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C., 212 F.3d 157 (3d Cir. 2000) (holding that a mark is not subject to separate test for fame and distinctiveness).

nature of the injury protected,¹⁷⁸ and the similarity requirement for dilution by blurring.¹⁷⁹

In concluding that trademark dilution under the TDRA does not require “identity,” “near identity,” or “substantial similarity” between the allegedly diluted mark and the allegedly diluting mark, the Ninth Circuit failed to consider its role in the broader context of intellectual property law.¹⁸⁰ Although the TDRA codified some judicially defined contours and limitations to trademark dilution,¹⁸¹ the passage of the TDRA did not extinguish the courts’ role in patching the remaining holes in trademark dilution law through a more common-law oriented approach. The similarity requirement in a cause of action for dilution by blurring remains a “hole” in dilution law.¹⁸²

Federal courts should explore the ambiguities in the TDRA, including the similarity requirement. In contrast to the Ninth Circuit’s approach in the *Levi’s v. Abercrombie* case, in the future, courts should apply common law concepts and embrace their role as developers in the intellectual property law making process. Once federal courts have had a chance to fully delve into the TDRA, Congress should examine the federal case law and once again codify trademark dilution reform.

178. The Fourth and Fifth Circuits held that a plaintiff had to present proof of actual injury to the famous mark. *See Westchester Media v. PRL USA Holdings, Inc.*, 214 F.3d 658 (5th Cir. 2000); *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Development*, 170 F.3d 449 (4th Cir. 1999). The Second Circuit disagreed and held that proof of present, actual injury was not necessary. *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 108, 224–25 (2d Cir. 1999).

179. *See Playboy Enters., Inc. v. Welles*, 279 F.3d 796, 806 (9th Cir. 2002); *Thane Intern., Inc.*, 305 F.3d at 905. The Ninth Circuit limited dilution by blurring to marks that are “identical” or “nearly identical.” As the Ninth Circuit acknowledged, the language of the FTDA did not explicitly include language requiring identity, near identity, or substantial similarity. Nevertheless, the Ninth circuit adopted the identity or near identity standard. *Playboy Enters.*, 279 F.3d at 806; *Thane Int’l, Inc.*, 305 F.3d at 905.

180. *Levi Strauss III*, 633 F.3d 1158 (9th Cir. 2011).

181. For example, the TDRA codified judicial precedent limiting dilution to marks that are nationally famous and excluding marks with only niche market fame. Trademark Dilution Revision Act of 2006, 15 U.S.C. §1125(c)(2)(A) (2006).

182. Although one witness urged Congress to address the similarity requirement in enacting the FTDA, Congress ignored the similarity requirement in drafting and passing both the FTDA and TDRA. *See Hearing on H.R. 1295, supra* note 6, at 156–57.