

An Open-Access Casebook

Version 12 (2025)
Digital Edition
www.tmcasebook.org

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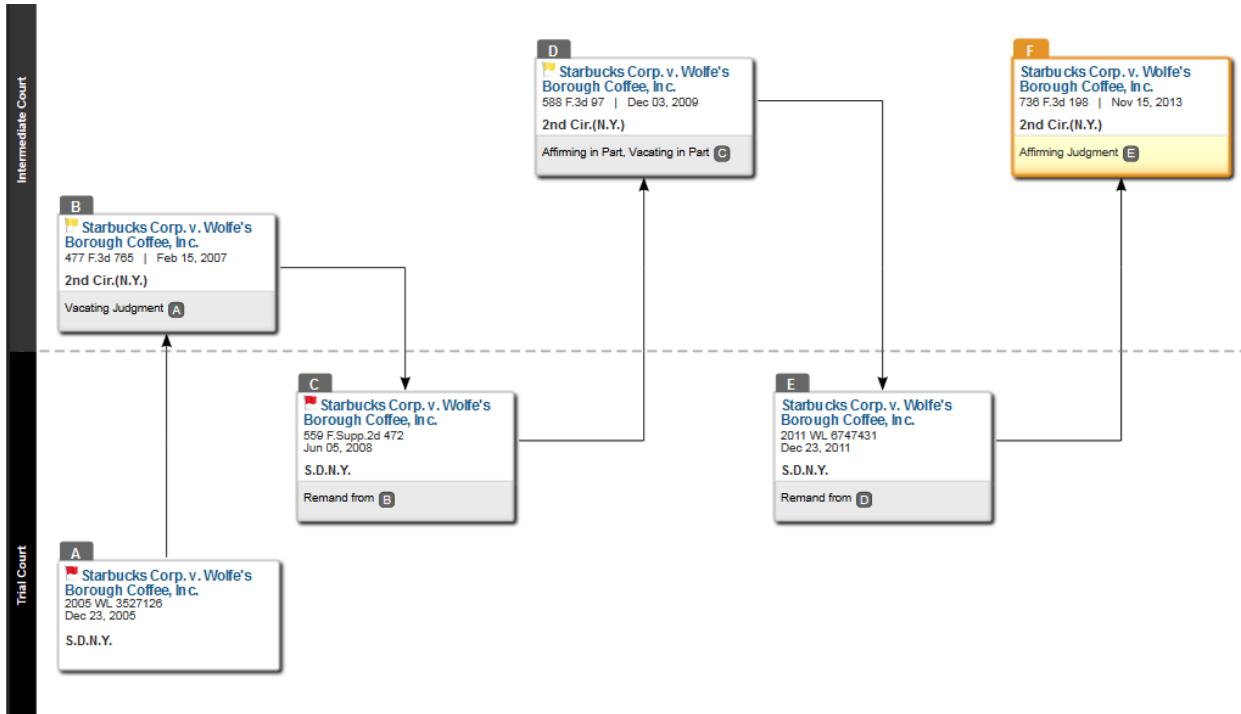
Dilution by Blurring

The following opinion, *Nike, Inc. v. Nikepal Intern., Inc.*, 84 U.S.P.Q.2d 1820 (E.D. Cal. 2007), was one of the first opinions thoroughly to analyze a claim of dilution by blurring under the new § 43(c) established by the TDRA. In reading *Nikepal*, consider the following questions:

- What is the nature of the harm to the NIKE mark? Is it reasonable to argue that Nikepal's use of the NIKEPAL mark could harm in any significant way a mark as strong as NIKE?
- Does the survey method described in the opinion strike you as valid?
- Though the opinion never addresses the likelihood of consumer confusion as to source, do you think some consumers might be confused as to source by the NIKEPAL mark? Could Nike have prevailed on a simple likelihood of confusion claim?

[The opinion in *Nike, Inc. v. Nikepal Intern., Inc.* is available separately.]

In reading the following opinion, consider how the *Wolfe's Borough* analysis of the blurring issue differs from the analysis undertaken by the *Nikepal* court. Does the *Wolfe's Borough* court simply assume, as does the *Nikepal* court, that association necessarily impairs the distinctiveness of the plaintiff's mark, or does the *Wolfe's Borough* court require an additional showing of impairment?



[The opinion in *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.* is available separately.]

Comments and Questions

1. *How similar must the parties marks be to show dilution?* The *Nikepal* court applied an “identical or nearly identical” standard of similarity in its blurring analysis, following *Thane Int’l, Inc. v. Trek Bicycle Corp.*, 305 F.3d 894 (9th Cir. 2002). The Second Circuit, however, has rejected this approach. In *Starbucks Corp. v. Wolfe’s Borough Coffee, Inc.*, 588 F.3d 97 (2d Cir. 2009), it emphasized that the new statute “does not use the words ‘very’ or ‘substantial’ in connection with the similarity factor,” *id.* at 108, and reasoned that if courts were to impose a heightened similarity standard, this would give undue weight to the similarity factor—by turning the heightened similarity requirement into a threshold requirement that would short-circuit the six-factor multifactor balancing test for blurring. (The Second Circuit found that New York state anti-dilution law, by contrast, does impose a requirement that the marks be “substantially” similar,” *id.* at 114). In *Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*, 633 F.3d 1158 (9th Cir. 2011), the Ninth Circuit subsequently followed the Second Circuit’s reasoning:

Turning to the language of subsection (c)(2)(B), the TDRA defines “dilution by blurring” as the “association arising from the similarity between a mark and a trade name and a famous mark that impairs the distinctiveness of the famous mark.” *Id.* § 1125(c)(2)(B) (emphasis added). Congress did not require an association arising from the “substantial” similarity, “identity” or “near identity”

of the two marks. The word chosen by Congress, “similarity,” sets forth a less demanding standard than that employed by many courts under the FTDA.

Id. at 1171. Do you find the Second and Ninth Circuits’ reasoning persuasive? As a matter of sound policy, should courts require a heightened standard of similarity when analyzing a blurring claim? And in any case, are you persuaded that Nike and Nikepal are nearly identical?

2. *Mere association or association that impairs distinctiveness?* Recall that the TDRA defines dilution by blurring as “association. . .that impairs the distinctiveness of the famous mark.” The *Nikepal* court found evidence of association, but it never addressed the question of whether this association “impairs the distinctiveness of the famous mark.” Can we assume, as the *Nikepal* court appears to do, that any association necessarily impairs the distinctiveness of the plaintiff’s mark? Consider what the Supreme Court said in *Moseley*:

We do agree, however, with {the} conclusion that, at least where the marks at issue are not identical, the mere fact that consumers mentally associate the junior user’s mark with a famous mark is not sufficient to establish actionable dilution. {S}uch mental association will not necessarily reduce the capacity of the famous mark to identify the goods of its owner, the statutory requirement for dilution under the FTDA. For even though Utah drivers may be reminded of the circus when they see a license plate referring to the “greatest snow on earth,” it by no means follows that they will associate “the greatest show on earth” with skiing or snow sports, or associate it less strongly or exclusively with the circus. “Blurring” is not a necessary consequence of mental association. (Nor, for that matter, is “tarnishing.”)

Moseley v. V Secret Catalogue, 537 U.S. 418, 433-34 (2003). On remand, the *Moseley* district court took the Supreme Court’s teaching very much to heart. See *V Secret Catalogue, Inc. v. Moseley*, 558 F. Supp. 2d 734 (W.D. Ky. 2008). It found all six blurring factors to favor the plaintiff, but nevertheless found no blurring: “The choice of name and presentation by the Moseleys being just slightly different from the VICTORIA’S SECRET mark, conjured the association with the famous mark, but fell short of blurring its distinctiveness in this instance.” *Id.* at 748. (The *Moseley* district court found tarnishment instead, *id.* at 750).

How can the plaintiff prove that association impairs the distinctiveness of its mark? Compare *Louis Vuitton Malletier, S.A. v. Hyundai Motor Am.*, 2012 WL 1022247 (S.D.N.Y. 2012) (finding proof of association conclusive evidence of dilution), with *Louis Vuitton Malletier, S.A. v. My Other Bag, Inc.*, 156 F.Supp.3d 425, 436 n.4 (S.D.N.Y. 2016), aff’d, 2016 WL 7436489 (2d Cir. 2016) (rejecting the *Hyundai* reasoning, stating “association is a necessary, but not sufficient, condition for a finding of dilution by blurring”). See also Barton Beebe, Roy Germano, Christopher Jon Sprigman, & Joel Steckel, *Testing for Trademark Dilution in Court and the Lab*, 86 U. CHI. L. REV. 611 (2019) (presenting experimental evidence that “even when consumers associate a junior mark with a famous senior mark, this

association does not necessarily result in any impairment of the ability of the senior mark to identify its source and associations”).

3. *Are some trademarks so strong as to be immune to blurring?* In 2000, Professors Maureen Morrin and the late Jacob Jacoby, the latter of whom was a highly regarded trademark survey expert, reported the results of two studies they conducted to detect the effects of diluting stimuli on brand recognition and recall in test subjects. See Maureen Morrin & Jacob Jacoby, *Trademark Dilution: Empirical Measures for an Elusive Concept*, 19 J. Pub. Pol. & Marketing 265 (2000). Among other findings, they reported: “It appears that very strong brands are immune to dilution because their memory connections are so strong that it is difficult for consumers to alter them or create new ones with the same brand name.” *Id.* at 274. Does this make sense to you? What are the implications of such a finding for anti-dilution protection, a form of protection granted only to brands “widely recognized by the general consuming public of the United States”?

4. *Does dilution protection make any difference in practice?* Commentators have long asserted that the very marks that qualify for dilution protection rarely need it. This is because such marks will likely win the conventional likelihood of confusion cause of action both because of their enormous fame and because the scope of the likelihood of confusion cause of action has expanded dramatically in the past few decades. See, e.g., Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 NOTRE DAME L. REV. 1839, 1913-14 (2007). For example, if a defendant were to begin to sell Coca-Cola brand bicycles, how likely is it that Coca-Cola’s lawyers would be able to prove some degree of confusion?

Empirical evidence suggests that when courts consider both confusion and dilution, their dilution determinations are usually redundant of their confusion determinations. One study found that in the year following the October 6, 2006, effective date of the TDRA, no reported federal court opinion that considered both confusion and dilution found the latter but not the former. See 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 (2008). This trend appears to have continued. In the three and a half years following the effective date of the TDRA, two reported federal court opinions have analyzed both confusion and dilution and found the latter but not the former, and one of these opinions was a dissent. See *Hershey Co. v. Art Van Furniture, Inc.*, No. 08 Civ. 14463, 2008 WL 4724756 (E.D. Mich. Oct. 24, 2008); *American Century Proprietary Holdings, Inc. v. American Century Casualty Co.*, 295 Fed. Appx. 630 (5th Cir. Oct. 3, 2008) (Garwood, J., dissenting).

This is not to say that the dilution case of action never provides relief not already provided by a confusion cause of action. As in *Nikepal*, courts may decline to consider confusion at all in their opinions and move directly to a finding of dilution. See, e.g., *V Secret Catalogue, Inc. v. Moseley*, 558 F. Supp. 2d 734 (W.D. Ky. 2008). Furthermore, a mark may

be opposed in T.T.A.B. proceedings solely on the basis that it dilutes the opposer's mark. See 15 U.S.C. § 1052(f).

In the registration context, it appears that antidilution law has been largely irrelevant. In 2014, Jeremy Sheff reported the results of a wide-ranging empirical study of the effect of antidilution law on registration practice at the PTO. See Jeremy N. Sheff, *Dilution at the Patent and Trademark Office*, 21 MICH. TELECOMM. & TECH. L. REV. 79 (2014). Among other things, Sheff developed and hand-coded a dataset of all 453 TTAB dispositions of dilution claims from the January 16, 1996 effective date of the FTDA through June 30, 2014. He found only three TTAB cases over that 18-year period in which anti-dilution claims made any difference to the outcome of a TTAB adjudication. In one of these, Sheff argues, a likelihood of confusion claim could have been used to reach the same outcome, but having found dilution, the board declined to consider the confusion claim. See *Chanel, Inc. v. Jerzy Makarczyk*, 110 U.S.P.Q.2d 2013 (TTAB 2014) (CHANEL for real estate development and construction services diluting of CHANEL). The other two cases were free speech cases with highly controversial findings of dilution. See *Research in Motion Ltd. v. Defining Presence Mktg. Grp. Inc.*, 102 U.S.P.Q.2d 1187 (TTAB 2012) (CRACKBERRY for apparel diluting of BLACKBERRY); *Nat'l Pork Bd. v. Supreme Lobster & Seafood Co.*, 96 U.S.P.Q.2d 1479 (TTAB 2010) (THE OTHER RED MEAT for salmon diluting of THE OTHER WHITE MEAT).

5. *Dilution and misappropriation.* The European Trade Mark Directive explicitly provides for protection against the taking of “unfair advantage of . . . the distinctive character or repute of the trade mark.” Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to Approximate the Laws of the Member States Relating to Trade Marks, art. 10(2)(c), [2015] O.J. L 336/1 553, 567. The TDRA contains no such prohibition against the misappropriation of a mark’s “selling power.” David Franklyn has argued that dilution is essentially a form of “free-riding”, that courts often hold in favor of plaintiffs alleging dilution in an effort to punish free-riding, and that “it would be better to scrap dilution altogether and replace it with an independent cause of action that explicitly prevents free-riding in appropriate circumstances.” David J. Franklyn, *Debunking Dilution Doctrine: Toward a Coherent Theory of the Anti-Free-Rider Principle in American Trademark Law*, 56 HASTINGS L.J. 117 (2004). Do you support this proposal?

As a historical matter, Schechter himself based nearly all of his theory of dilution on a 1924 German court opinion known as the *Odol* opinion. See *Odol darf auch für gänzlich verschiedene Waren wie Mundwasser nicht verwendet werden; Entscheidung des Landgerichts Elberfeld vom 14. Sept. 1924 13. O. 89/24*, GEWERBLICHER RECHTSSCHUTZ UND URHEBERRECHT [GRUR] 204 (1924). But in attempting to sell his theory of dilution to American readers, Schechter apparently deliberately excluded from his translation of the *Odol* opinion the court’s core holding, that the defendant sought “to appropriate thus the fruits of another’s labor.” Why might Schechter have suppressed the misappropriation nature of trademark dilution when writing to American lawyers in the 1920s, at the height of American

Legal Realism? For an answer, see Barton Beebe, *The Suppressed Misappropriation Origins of Trademark Antidilution Law: the Landgericht Elberfeld's Odol Opinion and Frank Schechter's The Rational Basis of Trademark Protection*, in INTELLECTUAL PROPERTY AT THE EDGE: THE CONTESTED CONTOURS OF IP (Rochelle Dreyfuss & Jane Ginsburg eds, 2013) (“What Schechter sought to obscure in *Rational Basis* is that the *Odol* case was not, strictly speaking, a trademark case. Rather, it was a misappropriation case that happened to involve a trademark.”). But see Robert Bone, *Schechter's Ideas in Historical Context and Dilution's Rocky Road*, 24 SANTA CLARA COMPUTER & HIGH TECH. L.J. 469 (2008).