

News from our Trademark, Copyright & Advertising Group

Identity Crisis—Must Marks Be “Nearly Identical” for a Federal Trademark Dilution Claim?

A trademark must be “identical or nearly identical” to a famous mark in order to cause dilution by blurring—at least under the 1995 Federal Trademark Dilution Act, according to the U.S. Court of Appeals for the Ninth Circuit. But a recent ruling over the Levi Strauss & Co. “Arcuate” pocket stitching design highlights whether this standard is still valid under the law’s 2006 revision.

Trademark dilution by blurring is an association that “impairs the distinctiveness” of a famous mark, even if it doesn’t cause consumer confusion. (Another kind of dilution, “tarnishment,” concerns harm to reputation, and was not at issue in this case.)

An example is “KODAK bicycles.” A typical consumer probably wouldn’t think the camera company made the bikes. But the fact that another company was using the famous KODAK trademark could render the mark less distinctive.

Levi Strauss sued Abercrombie & Fitch Trading Co. in the U.S. District Court for the Northern District of California claiming that a pocket stitch design used on jeans sold under Abercrombie’s Ruehl brand infringed and diluted the Arcuate design, a federally-registered mark it has used since 1873.

The Arcuate mark consists of two parallel lines of stitching in symmetrical arches meeting in a point at the back of the pocket. The Ruehl design was a single stitch in two arches meeting with a “swooping loop” at the center, described as an upside-down “R”.

Jeans pockets showing Levi’s Arcuate stitching (left) and Abercrombie’s Ruehl design (right).



The key issue on the dilution claim was whether Levi Strauss had to prove that the designs were “identical or nearly identical,” as the Ninth Circuit had held in cases under the 1995 dilution statute, or whether the Trademark Dilution Revision Act of 2006 eliminated that requirement.

The Ninth Circuit first mentioned this requirement in *Playboy Enterprises, Inc. v. Welles*, 279 F.3d 796 (9th Cir. 2002), in which the court found that former Playmate of the Year Terri Welles’ use of the acronym “PMOY” did not violate the 1995 dilution law because it was “not identical or nearly identical” to Playboy’s PLAYMATE OF THE YEAR trademark.”

Since then, however, the appellate court has found that the following pairs of marks were or could be “nearly identical” under the 1995 law: HOT WHEELS and HOT RIGZ, TREK and ORBITREK, EBAY and PERFUMBAY.

Other courts found dilution with these pairs of marks, among others: VELVEETA and KING VELVEDA, PROZAC and

HERBROZAC, ETCH-A-SKETCH and WEB-A-SKETCH, TYLENOL and TEMPANOL.

One might question whether these marks are indeed “nearly identical”—after all, they are different in obvious ways. The Ninth Circuit, however, explained that the

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similarity requirement “may be less stringent” where the senior mark is highly distinctive and the junior mark is being used for a closely related product. *Thane Int’l, Inc. v. Trek Bicycle Corp.*, 305 F.3d 894, 907 n.7 (9th Cir. 2002).

But the 2006 overhaul clarified the law in many respects. One of them was a new six-factor test for dilution by blurring, which does not mention the “identical or nearly identical” requirement.

It simply says that the “degree of similarity” between the marks is but one factor to consider, along with the distinctiveness of the famous mark, its exclusivity, the degree of its recognition, whether the defendant intended to create an association with the famous mark, and any actual association between the marks.

Levi Strauss argued the new law eliminated the standard. The court, however, ruled that it was bound by the Ninth Circuit cases imposing it, and instructed an advisory jury that it must find the stitching designs to be “identical or nearly identical.” The jury held that the designs were not nearly identical, and so the court denied the claim.

In a post-trial motion, Levi Strauss again argued that the court should not have

applied that test. On June 1, 2009, the court denied the motion, citing earlier Ninth Circuit cases recognizing the “identical or nearly identical” standard. *Levi Strauss & Co. v. Abercrombie & Fitch Trading Co.*, No. 07-03752 (N.D. Cal., June 1, 2009)

The same issue is now before the U.S. Court of Appeals for the Second Circuit, in *Starbucks Corporation v. Wolfe’s Borough Coffee, Inc.*, No. 08-3331-CV. There, the trial court held that MR. CHARBUCKS for coffee did not dilute the STARBUCKS mark because the two were not “very” or “substantially” similar. Starbucks appealed, and argument took place on June 22, 2009.

Whether the “identical or nearly identical” test is still valid in the Ninth Circuit probably awaits a new review by the appellate court itself. But considering some of the marks that the court has found to meet the test, the test itself has been diluted since it was first expressed in *Playboy v. Welles*. ■

*Cooley attorneys handled the successful trial and appeal in *Perfumebay.com, Inc. v. eBay Inc.*, 506 F.3d 1165 (9th Cir. 2007) and also participated in the filing of an amicus brief on behalf of the International Trademark Association in *Starbucks Corporation v. Wolfe’s Borough Coffee*.*