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CONSIDERING THE WHO, WHAT, WHEN, WHERE AND HOW OF MEASURING DILUTION

Jacob Jacoby[†]

Abstract

The Trademark Dilution Revision Act of 2006 (TDRA) extended the cause of action for trademark dilution, clarifying that dilution may occur by blurring and tarnishment. However, certain considerations must necessarily be taken into account when measuring dilution. This paper considers factors related to measuring trademark dilution. Specifically, this article considers the who, what, when, where, and how of measuring dilution.

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I. INTRODUCTION

This paper considers the who, what, when, where and how of measuring dilution in light of the Trademark Dilution Revision Act (“TDRA”) of 2006.¹ As such, it amplifies upon an earlier article that outlines cognitive psychological foundations for the legal theory of dilution.² The TDRA identifies two forms of dilution that can occur with respect to famous marks – dilution by blurring and dilution by tarnishment.³ According to the TDRA, dilution by blurring is “association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark,” while dilution by tarnishment is “association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.”⁴

Why measure dilution? The definitive answer to this question was provided by the U.S. Supreme Court in *Moseley v. V Secret Catalog, Inc.*: “Whatever difficulties of proof may be entailed, they are not an acceptable reason for dispensing with proof of an essential element of a statutory violation. The evidence in the present record is not sufficient to support the summary judgment on the dilution count.”⁵ Thus, whether circumstantial or direct, evidence rather than argument or speculation is essential when seeking to prove dilution. The definitions supplied by the TDRA are only the first step. Also required are approaches for measuring alleged dilution that are legally persuasive and consistent while also being scientifically valid and reliable. To that end, this paper discusses various measurement considerations, illustrating some using actual case studies.

II. WHO?

Whose state of mind needs to be measured? When alluding to its history in law, “[t]he seminal discussion of dilution is found in Frank

1. Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, 120 Stat. 1730 (codified as amended at 15 U.S.C.A. § 1125(c) (West Supp. 2007)). Signed into law October 6, 2006, few courts have had occasion to opine on dilution matters heard under TDRA. Moreover, given the uncertainty created by the U.S. Supreme Court in *Moseley v. V Secret Catalogue*, 537 U.S. 418 (2003), since 2003, relatively few claims of dilution have been accompanied by the proffering of survey evidence.

2. Jacob Jacoby, *The Psychological Foundations of Trademark Law: Secondary Meaning, Genericism, Fame, Confusion and Dilution*, 91 TRADEMARK REP. 1013 (2001).

3. 15 U.S.C.A. § 1125(c)(2).

4. 15 U.S.C.A. § 1125(c)(2)(B)-(C).

5. *Moseley*, 537 U.S. at 434.

Schechter's 1927 law review article."⁶ Schechter defined dilution as "the gradual whittling away or dispersion of the identity and hold upon the public's mind of the mark or name by its use upon non-competing goods."⁷ Thus, from inception, dilution has been viewed as a psychological phenomenon – that is, something that takes place in the minds of consumers.⁸ In drafting the TDRA, Congress followed suit, defining a mark as "famous" if it is "widely recognized by the general consuming public of the United States."⁹

In contrast to the Federal Trademark Dilution Act (FTDA) of 1996 which it replaced, the TDRA precludes "niche fame," that is, the protection of marks that are famous only among a sub population of the general consuming public.¹⁰ Yet, based upon considering its language, it is not entirely clear to this observer that the TDRA precludes certain forms of "niche fame." Consider, first, the fact that the TDRA states: "In determining whether a mark possesses the requisite degree of recognition [fame], the court may consider . . . the . . . geographic reach of advertising . . . [and the] geographic extent of sale of goods or services."¹¹ Why does the TDRA make two such references to geographical limits if fame could only be determined by testing consumers across the entire United States? By specifying that, in determining fame, the "the court may consider . . . [the] geographic

6. *Id.* at 429.

7. Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813, 825 (1927) (emphasis added).

8. In this regard, dilution is like other key concepts of trademark law. For example, writing several years before enactment of the Lanham Act, Justice Felix Frankfurter wrote: "The protection of trade-marks is the law's recognition of the *psychological function* of symbols." *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203, 205 (1942) (emphasis added). In the leading treatise on trademark law, J. Thomas McCarthy writes that "secondary meaning is a fact *only* in the sense that *the state of a buyer's mind* is a fact." 2 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 15.10[2] (4th ed. 1999) (emphasis added). Similarly, in his Practising Law Institute volume on likely confusion, Richard Kirkpatrick writes: "trademarks are intellectual or *psychological* in nature It follows that the question of trademark infringement is primarily one of *the psychology* – cognitive and behavioral – of consumers." RICHARD L. KIRKPATRICK, LIKELIHOOD OF CONFUSION IN TRADEMARK LAW xx (PLI, Release No. 17 2007) (emphasis added).

9. 15 U.S.C.A. § 1125(c)(2)(A). To simplify discussion, unless otherwise indicated, the term "mark" is used throughout this paper to apply to both trademarks and trade dress.

10. "The use of niche fame is forbidden by the 2006 revisions to federal law." 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 24:105 (4th ed. 2007).

11. 15 U.S.C.A. § 1125(c)(2)(A).

extent of sale of goods or services,” the TDRA appears to leave open the possibility that fame need not be nationwide¹²

Consider also the TDRA’s use of the phrase “general consuming public of the United States.” Since each and every one of us is a consumer¹³ of products and services, the term “consuming public” is redundant with “general public.” Had Congress’ intent been on the population of the United States at large, as it is fully explicit, the more parsimonious phrase “general public” would have sufficed and there would have been no reason for Congress to append “consuming.” While some would contend this is a “belt and suspenders” approach and the phrase is on par with the redundant phrase “I hereby will, give and bequeath,” an alternative interpretation is that, having appended *consuming* to “general public,” the TDRA’s framers intended for empirical assessments to be based on consumers of the goods¹⁴ at issue – the “consuming public”¹⁵ – *not* on the “general public” of the United States at large.

The “general public of the United States” comprises people of all ages, all geographic regions and both genders. Yet some goods are exclusively age, region or gender specific. Based upon having conducted several thousand studies on consumer behavior in a wide variety of realms during my forty year career as a consumer researcher, in my opinion, relatively few Americans under the age of 30 are likely to have heard of *Modern Maturity*, the name the American Association of Retired Persons (AARP) had been using for

12. *Id.* As discussed *infra* Part IV, answering the “who” question has implications for answering the “where” question.

13. Texts on consumer behavior recognize that being a consumer of goods and services involves playing one or more of three key roles: decision maker, purchaser, and user. *See, e.g.*, WAYNE D. HOYER & DEBORAH J. MACINNIS, *CONSUMER BEHAVIOR* 6 (2d ed. 2001); MICHAEL R. SOLOMON, *CONSUMER BEHAVIOR: BUYING, HAVING AND BEING* 8 (2004). While the same individual may occupy all three roles in regard to a given item, these roles also may be distributed across individuals, as when one parent decides what cereal the three-year old should use, the other parent actually makes the purchase and the child is the user.

14. Throughout this paper, the term “goods” is meant to subsume both “products” and “services.” Further, the term “product” is meant to refer to a generic product category (e.g., beer), while the term “brand” is reserved for a specific exemplar within that category (e.g., Budweiser®).

15. As a consumer psychologist who has been studying consumer decision making and behavior for more than forty years, I consider the consuming public to consist of past-purchasers and near term prospective purchasers of the goods at issue. For frequently purchased non-durables (such as soft-drinks, beer, chewing gum, etc.) and services (e.g., dry cleaning), the universes of past and prospective consumers overlap considerably, sometimes becoming nearly one and the same.

its flagship magazine.¹⁶ The name *Isotoner* may be famous as a brand of women's winter gloves, yet in the absence of publicly available data on point, in my professional opinion, relatively few women across the Southern tier of states are likely to have heard of that brand.¹⁷ Although *Monistat* may be a famous among women as a branded yeast infection product, in the absence of publicly available data on point, in my professional opinion, most men, including readers of this article likely are aware of that name and product.¹⁸ Since they would not be members of the relevant *consuming* publics, it seems unreasonable to require that, to measure the fame or dilution of *Modern Maturity*, one's sample needs to include individuals under the age of 40, or to measure the fame or dilution of *Monistat*, one's sample needs to include males, or to measure the fame or dilution of *Isotoner*, one's sample needs to include women from New Mexico, Louisiana or Florida.

Although the rationale advanced above suggesting that, where indicated, determining fame using a universe smaller than the general public of the United States at large may be reasonable, no post-TDRA opinion has discussed the distinction between the *general public*, the *consuming public*, and the *general consuming public*.¹⁹ Therefore, until this issue is clarified by the courts, when studying whether a mark is or is not famous, a judicious course of action may be to rely on an "umbrella universe"²⁰ – that is, test members of the general consuming public, but in a way that insures it includes a sufficient number of respondents who are consumers of the goods at issue.

As discussed in Part II, determining fame may require testing the public at large. However, reason suggests that does not apply to measuring blurring or tarnishment. The Lanham Act protects consumers of the products or services at issue. Blurring or tarnishment occurring among non-consumers of the goods in question is likely irrelevant. This raises the question of whether to test members of the first comer's or second comer's universe of

16. *Modern Maturity* has been re-named *AARP The Magazine*. See Monica Hesse, *From Zero to 50*, AARP THE MAG., Jan-Feb 2008, at 88. Of course, the opinion being expressed remains to be empirically verified.

17. Of course, this opinion remains to be empirically verified.

18. Of course, this opinion remains to be empirically verified.

19. A Westlaw search of the "all feds" database using the terms "Lanham & Dilution & niche fame & da(10/06/2006)" yielded 54 documents. A second search of the "all feds" database using the terms "Lanham & Dilution & consuming public & da(10/06/2006)" yielded 169 documents. Examination revealed no discussion of the meaning of "consuming."

20. John Paul Reiner, *The Universe and Sample: How Good Is Good Enough?*, 73 TRADEMARK REP. 366, 372 (1983).

customers.²¹ Those familiar with trademark surveys, particularly likelihood of confusion surveys, understand that in most instances of forward confusion, it is the state of mind of the *second comer's* actual or prospective customer universe that needs to be tested.²² If anything, just the opposite would seem to apply to dilution. Since the focus of the TDRA is upon the impact that the second comer's use of its mark on goods have upon the first comer's customers, it would be unreasonable to assess blurring or tarnishment among a sample confined to consumers of the second comer's goods or services.

III. WHAT?

The question "What can or needs to be measured?" can be answered in terms of concepts and marks. The concepts that can and, depending upon the allegations of infringement, may need to be measured are: *fame*, *distinctiveness*, *similarity*, *blurring* (which encompasses the concepts of *associations* and *distinctiveness*) and *tarnishment* (which encompasses the concepts of *associations* and *harm to reputation*).²³ Depending upon the allegations of infringement, the marks that can be measured are plaintiff's allegedly famous mark(s) and defendant's allegedly diluting mark(s).

A. *Fame*

Direct, or indirect, evidence can help establish a mark's fame. Direct evidence is derived from testing members of the relevant population. Indirect evidence generally involves relying upon indications such as sales figures and advertising expenditures over an extended period of time, the frequency with which the mark has been mentioned in the popular press, or rankings in nationally and internationally reliable sources.²⁴ In certain (likely obvious) instances, a court may decide that indirect evidence is sufficient. However, since

21. Since second comers are sometimes the plaintiff, to avoid confusion, for purposes of this discussion, the first comer is meant to signify the owner of the famous mark(s), while the second comer is meant to signify the alleged infringer.

22. See 6 MCCARTHY, *supra* note 10, § 32:159 ("In a traditional case claiming 'forward' confusion . . . the proper universe to survey is the potential buyers of the *junior user's* goods or services.")

23. See 15 U.S.C.A. § 1125(c)(2) (West Supp. 2007).

24. As examples: According to BusinessWeek, Intel ranked as the 5th most valuable brand name in the world. Diane Brady et al., *Cult Brands*, BUSINESSWEEK, Aug. 2, 2004, at 64. Using a set of seven criteria, Interbrand, a world-known brand consulting company based in the United Kingdom, determined that the top ten brands in the world in 1990 were Coca-Cola, Kellogg's, McDonald's, Kodak, Marlboro, IBM, American Express, Sony, Mercedes Benz and Nescafe. See DAVID A. AAKER, BUILDING STRONG BRANDS 313-14 (1996).

the ultimate question is the impact that such indirect factors have upon the minds of the “general consuming public,” in my opinion, it is preferable for direct evidence of fame be adduced by empirical methods, such as from consumer surveys.

B. *Distinctiveness*

In laying out the conditions for injunctive relief, Section 43(c)(1) of the Lanham Act refers to “the owner of a famous mark that is distinctive,”²⁵ while Section 43(c)(2)(B) states that dilution by blurring “is association . . . that impairs the distinctiveness of the famous mark.”²⁶ In other words, fame alone is not sufficient; the famous mark must also be distinctive. What is distinctiveness? Perhaps the clearest definition was provided in the House Report accompanying the FTDA. There, distinctiveness was described as “the public’s perception that the [famous] mark signifies something *unique, singular or particular*.”²⁷

C. *Similarity*

The definitions of both blurring and tarnishment contain the phrase “association arising from the *similarity* between a mark or trade name and a famous mark.”²⁸ Further, when determining blurring, the TDRA says “the court may consider . . . [t]he degree of similarity between the [second comer’s] mark or trade name and the famous mark.”²⁹ Since associations can arise for various reasons, some of which may have little or nothing to do with similarity – for example, seeing a can of *Dr. Pepper* brand of soft-drink may cause one to draw associations to *Coca Cola* – establishing or otherwise confirming similarity appears to be a prerequisite for seeking relief under TRDA.

D. *Blurring*

Assessing blurring requires measuring two elements – the evocation of *associations* coupled with the diminishing of *distinctiveness*.³⁰ Associations are nothing other than mental connections people make between thoughts, ideas, knowledge,

25. Lanham Act § 43(c)(1), 15 U.S.C.A. § 1125(c)(1).

26. Lanham Act § 43(c)(2)(B), 15 U.S.C.A. § 1125(c)(2)(B).

27. H.R. REP. NO. 104-374, at 3 (1995).

28. 15 U.S.C.A. § 1125(c)(2)(B)-(C) (emphasis added).

29. *Id.* at § 1125(c)(2)(B).

30. *See id.*

feelings, etc.³¹ In the case of dilution, the associations at issue are those the relevant public makes as a result of exposure to defendant's allegedly diluting mark.³² Prepared with intellectual property issues in mind, a discussion of the process by which such mental associations are made is provided elsewhere.³³

In the applied world of marketing and advertising, associations are recognized as playing an exceptionally important and central role in consumer evaluations, decision making and behavior.³⁴ It is for this reason that purveyors of goods often pay tens of millions of dollars to have celebrities stand next to or endorse their products, relying upon the associations this generates in the minds of consumers to influence consumer impressions, evaluations and purchasing behavior.³⁵

While measuring dilution requires measuring mental associations, the fact that exposure to defendant's mark causes people to call plaintiff's famous mark to mind is a necessary, but not sufficient condition. That is, blurring is more than mere association; it is "association . . . that impairs the *distinctiveness* of the famous mark."³⁶ A claim of dilution via blurring that fails to demonstrate that the famous mark's distinctiveness has been impaired may itself fail.

E. Tarnishment

Based upon the definition supplied in the TDRA, empirically assessing tarnishment also requires measuring two elements: the evocation of *associations* as well as *harm to the reputation* of plaintiff's famous mark.³⁷ Harm to reputation involves injury to the beliefs and feelings the general consuming public holds regarding

31. See Jacoby, *supra* note 2, at 1015-28.

32. See 15 U.S.C.A. § 1125(c)(2)(B)-(C).

33. See Jacoby, *supra* note 2, at 1015-28.

34. See, e.g., AAKER, *supra* note 24, at 115, 118-120, 123, 125; HOYER & MACINNIS, *supra* note 13, at 104, 106, 121, 127-28, 132, 145, 151-52, 219-20, 236, 244.

35. Lisa DiCarlo of Forbes Magazine reports that, in 2000, Tiger Woods agreed to a multi-year deal with Nike worth \$105 million and also recently re-signed a five year deal with Buick reportedly worth \$40 million. Lisa DiCarlo, *With Tiger Woods, it's Nike, Nike Everywhere*, FORBES, 2008, available at <http://www.msnbc.msn.com/id/4554944/>. As per the Complaint in *Raymond Weil, S.A. v. Charlize Theron*, No. 07 CV 1786 (S.D.N.Y. Feb. 5, 2007), Ms. Theron received \$3 million for a one-day photo shoot and use of photos from that shoot in selective advertising over a 15 month period. (Note: The author is an expert for plaintiff in that matter.)

36. 15 U.S.C.A. § 1125(c)(2)(B) (emphasis added). This was also true in regard to the FTDA. As the U.S. Supreme Court stated in *Moseley*: "It is quite clear that the statute intends distinctiveness, in addition to fame, as an essential element." *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 425 n.5 (2003).

37. 15 U.S.C.A. § 1125(c)(2)(C).

plaintiff's and its famous mark, and how the public is inclined to behave toward that mark (for example, being inclined to buy less or speak ill of it to others). Social psychologists have historically considered beliefs, feelings, and behavioral intentions (or predispositions to respond) to be the three basic components of "attitudes." Thus, from a psychological perspective, the essential difference between blurring and tarnishment is in the nature of the associations.³⁸ In blurring, knowledge of defendant's mark simply adds associations to the plaintiff's famous mark that renders it less unique, singular or particular.³⁹ No attention is given to the content of these associations; that is, whether the consumer's beliefs, feelings, or intentions regarding attributes, or qualities, of the mark have been negatively influenced.⁴⁰ In contrast, assessing tarnishment requires focusing on the content of these associations.⁴¹ Do associations (to the first comer's famous mark) generated by the second comer's use of its mark harm the reputation of the first comer and its mark?

This raises an interesting consideration with implications for extending the circumstances under which dilution by tarnishment might be argued. The focus of TRDA is on products and services, with allegations of tarnishment being confined to how the mark of a second comer might harm the reputation of the first comer's famous mark.⁴² Retail outlets (such as Victor's Little Secret) come into play when their mark is alleged to blur or tarnish a first comer's famous mark (Victoria's Secret).⁴³ Yet it may not be the retailer's (in this instance, the second comer's) *mark* that may cause tarnishment, but the public's impression of the *assortment of other products and brands* it offers for sale.

Consider the case of Roy Halston Frowick, whose "Halston" mark was at one point exceptionally famous. According to Wikipedia:

Halston . . . was an iconic clothing designer He began his career as a milliner (designing the pillbox hat Jacqueline Kennedy wore to her husband's 1961 Presidential inauguration) and when he moved to designing women's wear, *Newsweek* dubbed him "the premier fashion designer of all America." His designs were worn by Bianca Jagger, Liza Minnelli, Anjelica Huston, Lauren Bacall, Babe Paley, and Elizabeth Taylor, setting a style that would be

38. See Jacoby, *supra* note 2, at 1050-52.

39. See *id.*

40. See *id.*

41. See *id.*

42. 15 U.S.C.A. § 1125(c)(2)(C).

43. See *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 422-23 (2003).

closely associated with the international jet set of the era . . . According to Salon.com, Halston was “the first international fashion superstar—and possibly the best designer America has ever had.” As “the first designer to realize the potential of licensing himself,” his influence went beyond style to reshape the business of fashion . . . *Halston* perfume . . . was the second biggest selling perfume of all time.⁴⁴

While famous and distinctive, Halston’s firm eventually fell on hard times.⁴⁵ To restore its sagging fortunes, Halston came forth with a line of apparel sold exclusively at J.C. Penney’s under the mark *Halston III*.⁴⁶ According to Osgood’s Congruity Principle,⁴⁷ a well-established and confirmed psychological theory, whenever two objects of unequal attractiveness become positively linked with each other (such as “J.C. Penney now sells Halston apparel”), the one that is perceived as being more attractive (Halston) will suffer a diminution of its attractiveness while the one that is perceived as being less attractive (J.C. Penney) will experience an increase in its attractiveness.⁴⁸ The licensing agreement between Halston and J.C. Penney was intentional and contractual and, hence, the trademark owner would be barred from seeking relief. However, there are instances where no contractual arrangement exists between the owner of a famous mark and the retailer of the goods bearing that mark, but where the owner alleges its mark was being tarnished by its goods being offered for sale at a retailer whose assortment of goods are viewed by the general consuming public as being substantially

44. Wikipedia, *Halston*, <http://en.wikipedia.org/w/index.php?title=Halston&oldid=196197594> (as of Feb. 8, 2008, 17:31 GMT).

45. Shaun Cole, Halston (Roy Halston Frowick) (1932-1990), *glbtq: An Encyclopedia of Gay, Lesbian, Bisexual, Transgender, and Queer Culture*, <http://www.glbtq.com/arts/halston.html> (last visited Feb. 8, 2008).

46. *See id.*

47. *See* CHARLES E. OSGOOD ET AL., *THE MEASUREMENT OF MEANING* 189 (1957) (describing the Congruity Principle).

48. For empirical support of this proposition, see Jacob Jacoby & David Mazursky, *Linking Brand and Retailer Images - Do the Potential Risks Outweigh the Potential Benefits?*, 60 J. RETAILING 105 (1984); Fritz Heider, *Attitudes and Cognitive Organization*, 21 J. PSYCHOL. 107 (1946) (discussing Balance Theory, another theory of how “mere associations” impact evaluations, decision making and behavior). *See also* FRITZ HEIDER, *THE PSYCHOLOGY OF INTERPERSONAL RELATIONS* (1958). Evidence of the ability of mere associations to impact evaluation of and behavioral intentions toward products has been adduced and described in Jacob Jacoby, *Some Social Psychological Perspectives on Closing*, in *PERSONAL SELLING: THEORY, RESEARCH, AND PRACTICE* 73 (Jacob Jacoby & C. Samuel Craig eds., 1984).

inferior (in quality, reputation or whatever) to its famous mark.⁴⁹ Under such circumstances, and given evidence such as that adduced in the Halston – J. C. Penney matter, might the owner of the famous mark be able to use the TDRA to sue for dilution by tarnishment?

As noted at the outset of Part III, the question “What can be or needs to be assessed?” can be answered in terms of concepts (*fame, distinctiveness, similarity, blurring, associations, distinctiveness, tarnishment* and *harm to reputation*) and in terms of marks. With respect to the latter, what marks need to be tested via consumer surveys – the first comer’s allegedly famous mark or the second comer’s allegedly diluting mark? The answer is that, depending upon which concept is involved, both marks may need to be tested. If fame is disputed, the first comer’s mark may be tested for fame; there is no need to test the second comer’s mark for fame.⁵⁰ The first comer’s mark may also be tested for distinctiveness; there is no need to test the second comer’s mark for distinctiveness.⁵¹ Consumer surveys may also be devised to test the extent to which the consuming public perceives the second comer’s mark (as used in commerce) to be similar to the first comer’s mark (as used in commerce).⁵² Typically, the association component of blurring and tarnishment is assessed by exposing respondents to the second comer’s mark to determine the extent to which it gives rise to associations with the first comer’s mark.⁵³ Testing impairment of distinctiveness and harm to reputation requires testing the impact that knowledge of the second comer’s use of its mark exerts an impact on the first comer and/or its mark.⁵⁴

One can summarize what needs to be tested as follows. As cited and discussed previously, based upon the language of the TRDA,⁵⁵ demonstrating dilution by blurring is essentially a five-part test requiring that, whether directly or indirectly, the first comer/plaintiff establish:

1. the *fame* of its mark,

49. For cases discussing directly related issues, but proffering no surveys, see *Montblanc-Simplo GmbH v. Aurora Due S.r.L.*, 363 F.Supp. 2d 467, 470-74 (E.D.N.Y. 2005); *Estate of Ellington v. Gibson Piano Ventures, Inc.*, 75 U.S.P.Q.2d 1724, 1724-25 (S.D. Ind. 2005); *Clinique Labs., Inc. v. Dep Corp.*, 945 F.Supp. 547, 549-50 (S.D.N.Y. 1996); *McFly, Inc. v. Universal City Studios*, 228 U.S.P.Q. 153, 154-58 (C.D. Cal. 1985); *King Research, Inc. v. Shulton, Inc.*, 324 F.Supp. 631, 632-36 (S.D.N.Y. 1971).

50. See 15 U.S.C.A. § 1125(c)(2)(B) (West Supp. 2007).

51. See *id.*

52. Discussion as to how this might be accomplished appears in Part VI.B, *infra*.

53. See 15 U.S.C.A. § 1125(c)(2)(B).

54. See *id.*

55. See *id.*

2. the *distinctiveness* of its mark,
3. the *similarity* of defendant's mark to its mark,
4. that defendant's mark generates *associations* to its mark, and
5. that these associations reduce the *distinctiveness* of its mark.

As cited and discussed earlier, based upon the language of the TRDA⁵⁶, demonstrating dilution by tarnishment is also a five-part test requiring that, whether directly or indirectly, the first comer/plaintiff establish:

1. the *fame* of its mark,
2. the *distinctiveness* of its mark,
3. the *similarity* of defendant's mark to its mark,
4. that defendant's mark generates *associations* to its mark, and
5. that these associations harm the *reputation* of its mark.

A final point that merits mention is what should *not* be tested. According to the TDRA, the owner of a famous mark will 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."⁵⁷ As the survey expert for plaintiff in *Hershey Foods Corp. v. Mars, Inc.*,⁵⁸ this author learned the hard way that "*use . . . in commerce*" does not mean testing a mere representation of what is used in commerce. In that matter, plaintiff was concerned that defendant's changing of the package colors of its Peanut Butter M&M's to virtually the same shades of orange, brown and yellow as the packaging of plaintiff's Reese's Peanut Butter Cups would dilute the distinctiveness of the latter's trade dress.⁵⁹ Two studies were designed and conducted.⁶⁰

The first study had as its objective determining whether the three colors of Reese's Peanut Butter Cups trade dress had achieved a level of secondary meaning and acquired distinctiveness that would qualify it as being famous. Conducting such a test required isolating the three colors of Reese's trade dress from the product's brand and manufacturer's names as well as from any other indicia on the package (such as the unique script used and the saw-toothed image of

56. 15 U.S.C.A. § 1125(c)(2)(C).

57. *Id.* at § 1125(c)(1) (emphasis added).

58. *Hershey Foods Corp. v. Mars, Inc.*, 998 F.Supp. 500 (M.D. Pa. 1998).

59. *Id.* at 502.

60. See Jacob Jacoby, Assessing the Secondary Meaning and Fame of the "Color Trade Dress" used on the Packaging for Reese's Confectionaries and the Likelihood that Using the Color Scheme Currently Used on *M&M's Peanut Butter Chocolate Candies* will Dilute Reese's Fame (Dec. 1997) (unpublished report, on file with author).

the top of the peanut butter cups used to frame the words “2 peanut butter cups”) that might identify the source to respondents.⁶¹

Cards that represented only the color of the trade dresses used by candy manufacturers were presented to respondents.⁶² Upon seeing the Reese’s card, 94% of the respondents identified the brand as Reese’s Peanut Butter Cups.⁶³ In response to a follow-up question, 88% of the entire sample indicated their identification was based on the colors.⁶⁴ No other cards were identified as being Reese’s and the court accepted these findings as indicating that the three colors used as Reese’s dress had acquired secondary meaning and were famous.

Using a different set of respondents drawn from the same universe, the second study⁶⁵ had as its objective determining whether the three colors used as the trade dress for Mars’ Peanut Butter M&M’s would dilute the distinctiveness of the trade dress used on packaging for Reese’s Peanut Butter Cups. Since the focus was on the colors being used, this second study used the same approach as the first, the only difference being that, instead of containing a card made to represent Reese’s Peanut Butter Cups trade dress, the set of cards included a card made to represent the trade dress of Mars’ Peanut Butter M&M’s.⁶⁶ While only 7% of the respondents correctly identified this card as representing M&M’s packaging, 51% identified it as representing Reese’s Peanut Butter Cups, with almost all these respondents (49% of the entire sample) indicating their identification was based on the colors.⁶⁷

The court did not accept this as evidence of dilution, finding that the “study provides no evidence that the ability of the *real* Reese’s package to serve as a unique identifier of the Reese’s goods has been weakened or lessened because the public now associates that *real* package with M&M’s.”⁶⁸ The lesson: when testing the capacity of trade dress to be diluting, do *not* test representations of that dress; *do* test that dress as it is used in commerce. In this author’s opinion, had plaintiff’s authentic package been tested and had respondents been asked “What, if anything, does this call to mind?” a substantial

61. See Vincent N. Palladino, *Surveying Secondary Meaning*, 84 TRADEMARK REP. 155 (1994).

62. See Jacoby, *supra* note 60, at 9-24.

63. *Id.* at 27.

64. *Id.* at 28.

65. *Id.* at 3-4.

66. *Id.* at 9-24.

67. *Id.* at 34-35.

68. *Hershey Foods Corp. v. Mars, Inc.*, 998 F.Supp. 500, 511 (1998).

proportion of the relevant public would have answered Reese's Peanut Butter Cups.

IV. WHERE?

The TDRA specifies that, in determining fame, the “the court may consider . . . [the] geographic extent of sales of goods or services.”⁶⁹ Because it dictates the venues where testing may take place, another consideration is whether the first comer's goods need to be sold across the United States as a whole, or whether being sold in some sizeable proportion of the United States (say, at least half) is sufficient to proceed with a claim (and survey) of trademark dilution. As discussed in Part II, along with other reasons, this seems to leave open the possibility of at least some forms of “niche fame.”

Consider the case of goods such as snowmobiles. Although sold across wide swaths of the country, they are not sold nationwide for obvious reasons. These products are considerably more likely to be marketed in Maine, Minnesota, and Montana than in Florida, Mississippi and Louisiana. At this point, it seems an open question as to what proportion of the United States must be involved or affected for a claim of dilution (and concomitant survey) to proceed.

V. WHEN?

The first comer can only measure blurring and/or tarnishment after it becomes aware of the second comer's presence. The same is not true with respect to measuring fame (or distinctiveness). According to the TDRA, “the owner of a famous mark . . . shall be entitled to an injunction against another person who, at any time *after the owner's mark has become famous*, commences use of a mark or trade name in commerce.”⁷⁰ In other words, the first comer's mark must already be famous at the time the second comer begins using its mark in commerce. Suppose the first comer becomes aware of the second comer's use several months after the latter was introduced into the marketplace. While one could conduct a survey to measure fame of the first comer's mark at that point, one cannot go backward in time. Thus, using survey research today to establish that consumers found a mark famous at some earlier point in time can be difficult and open to serious challenge.

69. 15 U.S.C.A. § 1125(c)(2)(A) (West Supp. 2007).

70. *Id.* at § 1125(c)(1) (emphasis added).

Proving plaintiff's mark was famous at that later point in time risks being judged inadequate proof for confirming it was famous before the second-comer's mark began being used in commerce. As a safeguard against future diluting activities by others, rather than being forced into a position where they must later struggle to retrospectively and perhaps unconvincingly demonstrate prior fame (or distinctiveness), trademark owners who believe they possess a famous mark should consider commissioning research to establish fame (and distinctiveness) at the present time. Relatively modest expenditures today may prove to be money exceptionally well spent.⁷¹

VI. HOW?

Assessing fame, distinctiveness and similarity does not involve assessing causation. That is, the TDRA focuses on whether the first comer's mark is or is not famous and/or distinctive; it says nothing about what caused it to be so. Similarly, the TDRA focuses on whether the first and second comer's marks are similar, not on what causes or caused said similarity. On the other hand, the TDRA requires us to determine whether exposure to the second comer's mark "is likely to cause" a lessening of distinctiveness or harm to the reputation of the first comer and its mark.⁷² Causal questions generally require using experimental designs that involve using controls appropriate for assessing causation; assessing non-causal questions do not require the use of such controls.⁷³

As is so for virtually any empirical assessment, there always is a universe of measurement possibilities, with some approaches being more suitable under certain circumstances and others more suitable under other circumstances. Not all approaches are considered here;

71. Generally relying on indirect rather than direct evidence, some have suggested the development of a federal registry of famous marks. See Jonathan Moskin, *Victoria's Big Secret: Whither Dilution Under the Federal Dilution Act?*, 93 TRADEMARK REP. 842, 858 (2003); Lars S. Smith, *Implementing a Registration System for Famous Trademarks*, 93 TRADEMARK REP. 1097 (2003). Of course, being famous today is no guarantee of fame in perpetuity and any register of famous marks would have to have procedures for accommodating this fact.

72. 15 U.S.C.A § 1125(c)(2)(B)-(C).

73. See DONALD T. CAMPBELL & JULIAN C. STANLEY, *EXPERIMENTAL AND QUASI-EXPERIMENTAL DESIGNS FOR RESEARCH* 13 (1963); THOMAS D. COOK & DONALD T. CAMPBELL, *QUASI-EXPERIMENTATION: DESIGN & ANALYSIS ISSUES FOR FIELD SETTINGS* 7 (1979); Thomas D. Cook et al., *Quasi Experimentation*, in 1 HANDBOOK OF INDUSTRIAL AND ORGANIZATIONAL PSYCHOLOGY 523 (Marvin D. Dunnette & Leateta M. Hough eds., 2d ed. 1990). For a presentation of these ideas in a manner more comprehensible for attorneys, see Jacob Jacoby, *Experimental Design and the Selection of Controls in Trademark and Deceptive Advertising Surveys*, 92 TRADEMARK REP. 890, 902 (2002).

those that are discussed are ones capable of being implemented via standard survey research.⁷⁴

A. *Measuring Fame*⁷⁵

People, places and things – including products and services—are not famous in the abstract, but famous for something in particular.⁷⁶ The TDRA appreciates this by specifying that the famous mark must be recognized “as a designation of source of the goods or services of the mark’s owner.”⁷⁷

The point is that names, logos, slogans, trade dress, etc. are not stored in people’s memories in isolation. They are stored in connection with other items of information in memory.⁷⁸ When it comes to the consumer realm, the brands (for example, Budweiser) and other marks a consumer is familiar with are associated with the product(s) or product categories they represent (Budweiser is a domestic beer) and sometimes with the source of that brand.⁷⁹ As a result, activating the memory of one information item has a likelihood of activating related information items.

The psychology of human information storage and retrieval has various implications for measuring fame, suggesting at least three general approaches. The first approach relies on questions that mention the generic category to determine if respondents draw associations from that category to the mark in question.⁸⁰ One might

74. For example, not discussed here are the reaction time procedures described in Maureen Morrin & Jacob Jacoby, *Trademark Dilution: Empirical Measures for an Elusive Concept*, 19 J. PUB. POL’Y & MARKETING 265 (2000). See also Maureen Morrin et al., *Determinants of Trademark Dilution*, 33 J. CONSUMER RES., 248 (2006).

75. Clearly, there are instances where fame is so obvious or can be established by other means that there will be no need to implement surveys to adduce empirical proof on this issue.

76. Albert Einstein was not a famous federal judge, but a famous physical scientist. Babe Ruth and Hank Aaron were not famous movie stars, but famous baseball players. Tiffany is not a famous purveyor of sporting goods, but a famous purveyor of luxury goods. Rolls Royce is not a famous brand of chocolate candy, but a famous brand of luxury automobile (and aircraft engines).

77. 15 U.S.C.A. § 1125(c)(2)(A). Indeed, some marks may be a famous source of two or more entirely different goods; e.g., Yamaha for motorcycles and pianos; General Electric for light bulbs, dish washers and jet engines.

78. See Jacoby, *supra* note 2, at 1018-26.

79. Budweiser comes from Anheuser-Busch, enjoys the largest market share of all domestic beers, sometimes uses Clydesdale horses in its advertising, uses the slogan “The King of Bottled Beers,” etc.

80. By specifying a generic product category (imported beers), this approach differs from approaches that seek to measure fame by exposing respondents to a set of marks but not informing them of the product category, asking which ones they recognize, then claiming marks that achieve a high claimed recognition or awareness score are famous. The fact that one

ask a representative sample of beer drinkers across the United States “what imported beers come to your mind?” If 85% answered “Heineken” and 1% answered “Dos Equis,” given the hundreds of imported beers available in the United States, it might be argued that Heineken was famous and Dos Equis was not.

To illustrate how this first approach has been used, consider the survey this author conducted for plaintiffs in *Pebble Beach Co. et al. v. Tour 18, Ltd.*⁸¹ Because both the district and appellate courts focused on that portion of the survey dealing with confusion and disclaimers, using the findings regarding these issues to hold for plaintiffs, the courts in *Pebble Beach Co.* found no need to consider the portion of the survey that measured dilution.⁸² It is, however, instructive to consider that portion here.

At the time of the dispute, there were more than 13,000 regulation 18-hole golf courses located within the United States.⁸³ These included plaintiffs’ courses as well as defendant’s course, the latter having been developed by copying eighteen golf holes from other famous⁸⁴ courses around the country. Incorporating mention of the product category “golf courses,” the first question in the survey asked several hundred golfers who had played Tour 18: “In your opinion, what are the most famous golf courses located within the United States? You can tell me up to five.” In response, Pebble Beach was the most frequently named course (by 87% of the respondents) and Pinehurst #2, the second plaintiff, was the fourth-most named

recognizes (or claims to recognize) the name Tiffany is no guarantee the individual understands that the name represents a mark used in commerce. Some who recognize Tiffany as a name may be thinking of it as a name given to women, not as the name of a purveyor of luxury goods. Note, also, since in this procedure fame is judged in relation to the other names supplied by the researcher to the respondents, the findings could easily be a function of the set of comparison names used; compared to infrequently used names, Tiffany would be expected to achieve a relatively high recognition score.

81. Jacob Jacoby, Does “Tour 18” and its Promotional Materials Cause Consumer Confusion and/or Dilution? (May 1995) (unpublished report, on file with author).

82. *Pebble Beach Co. v. Tour 18 I, Ltd.*, 942 F.Supp. 1513, 1547-50, 1561 (S.D. Tex. 1996), *aff’d*, 155 F.3d 526, 532 (5th Cir. 1998). Among other claims, plaintiffs contended that use of their names on defendant’s promotional brochures and golf course would cause dilution via blurring. *Id.* at 1526.

83. NAT’L GOLF FOUND., *GOLF FACILITIES IN THE UNITED STATES* 23 (1995).

84. Given the language used in its promotional materials, defendant was unlikely to argue plaintiffs’ marks were not famous. Specifically, these materials claimed Tour 18 to be “A golfer’s dream, 18 of America’s most famous golf holes on one course.” Jacoby, *supra* note 81, at 1. With respect to the 18 holes comprising this course, these materials further state: “Each hole is a careful simulation of one of America’s most famous golf holes. Painstakingly crafted using state of the art computer technology, aerial photography and original blueprints” *Id.*

course (by 25%). Plaintiffs' courses were famous by the frequency they were named by the respondents.⁸⁵

Considerable thought was given to the specific wording of the question, "In your opinion, what are the most famous golf courses located within the United States? You can tell me up to five." First, by instructing the respondents to think, and answer, in terms of fame, this question focuses the respondents' attention on fame. Having provided such guidance, there can be little doubt that their answers will represent what they consider to be famous. This substantially reduces the possibility that respondents will answer by mentioning names they are aware of but do not consider famous. In this way, determination of fame is left up to "the general consuming public," not to a judge whose mindset may or may not represent the typical consumer.

Stemming from the fact that fame means being famous for something, a second feature of the question wording is that it identifies a generic product/service category (golf courses). It does not, however, mention the name of any specific brand of the product/service in question. In this way, it relies upon *unaided recall*, which requires the respondent to retrieve "famous brand" information from memory. This imposes a more stringent demand on the consumer's memory than do questions that rely on either *aided recall* (for example, aiding respondents by providing additional cues, such as having the question mention "courses in California") or *recognition* ("Do you recognize Pebble Beach as the name of a famous golf course?").

As is often the case, there is more than one famous mark in the product/service category. Another feature of the question used in *Tour 18* is that it permits respondents to provide more than one answer in response, thereby avoiding forcing respondents to make a choice when they think there is more than one famous brand in the category. Fame is determined by aggregating answers across the sample of respondents. Assuming an appropriate sampling design has been properly implemented, this likely reflects what "the general consuming public" thinks.

The second general approach to measuring fame would be to ask questions that mention the allegedly famous mark to determine if respondents drew associations from the mark to the generic product category. For purposes of illustration (and ignoring the fact that

85. Given 13,000 golf courses, the probability that any one of those would be identified by chance as "one of the five most famous" in the country is less than 0.0004%.

asking the question using the following wording would be to ask a leading question),⁸⁶ one could ask: "Have you ever heard of a product, company or service named Heineken?" For those who answer "yes," a follow-up question would be "What is it?" Since people might give any answer ("It is the name of a hosiery manufacturer"), if 85% said it was the name of a beer or an imported beer, it would be reasonable to claim that Heineken was famous as the name of a brand of beer.

A third general approach to measuring fame would be to mention both the generic product category and the specific mark, then ask if respondents recognize an association between the two.⁸⁷ If 85% replied "yes," some might argue the mark was famous. Others would contend that mere awareness does not equate to fame; it simply means the mark is recognized as an exemplar of the generic category. With scores of brands in many product categories, the argument would be that mere recognition or awareness of a brand does not constitute fame. Also, questions that supply both the generic category and specific mark represent the least stringent form of assessment because, rather than having the respondent generate an association on his own, such questions provide the association to the respondent and ask simply whether or not he is aware of that association.

That said, when used as follow-up questions in conjunction with more stringent questions, questions that include mention of both the generic product category and specific mark can serve a useful role in assessing fame. Consider the Pebble Beach matter discussed above. Those not responding with Pebble Beach or Pinehurst #2 in answer to the question "what are the most famous golf courses located within the United States?" were then asked a question that supplied both the generic category and specific mark.⁸⁸ This question was asked regarding both authentic names (Pebble Beach, Pinehurst #2) and a control name for a fictitious course (Nathanville).⁸⁹ In response, no one ranked Nathanville among the 100 most famous golf courses.⁹⁰ In contrast, when combined with the answers to the open-ended question, 234 of the 235 respondents (99.6%) said they would rank

86. According to Black's Law Dictionary, a leading question is "A question that suggests the answer to the person being interrogated; esp., a question that may be answered by a mere 'yes' or 'no.'" BLACK'S LAW DICTIONARY 906 (8th ed. 2004).

87. For example, "have you ever heard of an imported beer named Dos Equis?" Of course, this approach would require asking the same question of control names.

88. "Would you or wouldn't you rank _____ among the 100 most famous golf courses within the United States, or [do] you have no opinion on that?" Jacoby, *supra* note 81, at B-2.

89. *Id.*

90. *Id.* app. E.

Pebble Beach among the 100 most famous golf courses in the country; 92% said this for Pinehurst #2.⁹¹ Among golfers, being viewed as one of the top 100 golf courses in the country still signifies a large measure of fame as it represents being considered in the top 1% (or, more accurately, the top .77 of one percent) of all regulation 18 hole golf courses in the nation.

B. *Measuring Similarity*

How can similarity – per the TDRA, a necessary component of both blurring and tarnishment – be measured? In my experience, similarity always has been determined judgmentally. That is, the first comer claims the second comer’s mark or dress is identical or highly similar to its famous mark/dress either in terms of appearance, sound or meaning,⁹² and the trier of fact either agrees or disagrees. While marks that obviously are identical pose no problem, what is similarity and how can it be determined? In some instances, similarity may not be not obvious and the second comer may argue, perhaps successfully, that the marks are not sufficiently similar to cause concern or be actionable. It is also true that the consuming public may not parse marks in the same detailed ways that trademark attorneys or courts might, so that what a court sees as being similar or dissimilar, the consuming public might not, and vice versa.

Especially in those instances where similarity may not be so obvious, rather than having counsel suggest or court make the determination, since it is their state of mind that is most relevant, why not have that determination made by the appropriate “general consuming public?” Doing so would comport with what the appellate court said in *Jada Toys, Inc. v. Mattel, Inc.* Specifically:

[F]or a plaintiff to establish that the mark is being used in commerce . . . “the mark used by the alleged diluter must be identical, or nearly identical, to the protected mark” . . . In order to

91. *Id.* at 20-21.

92. *See Jarritos, Inc. v. Los Jarritos*, No. C 05-02380 JSW, 2007 WL 1302506, at *13 (N.D.Cal. May 2, 2007):

The similarity of the marks is a critical question in this analysis . . . “[T]he greater the similarity between the two marks at issue, the greater the likelihood of confusion.” . . . The Ninth Circuit has developed certain axioms to guide the similarity analysis: (1) “the marks must be considered in their entirety and as they appear in the marketplace;” (2) “similarity is adjudged in terms of appearance, sound, and meaning;” and (3) “similarities are weighed more heavily than differences.”

Id. (quoting *GoTo.Com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1205-06 (9th Cir. 2000)). Note: The author conducted a survey on behalf of the plaintiff in the *GoTo.com* matter.

be nearly identical, *two marks “must be ‘similar enough that a significant segment of the target group of customers sees the two marks as essentially the same.’”*⁹³

Well-established psychometric procedures (in particular, multidimensional scaling and conjoint measurement) exist for measuring the similarity/dissimilarity of things, including such things as appearance and meaning.⁹⁴ However, in regard to dilution case law, there are no reported instances where empirical research employing such procedures, or any other consumer research procedure, has been used to support – or refute – a claim of similarity.⁹⁵ Of course, to avoid having respondents’ minds contaminated by questions asked earlier, similarity could not be assessed using the same respondents used for testing blurring or tarnishment. Testing similarity would have to be accomplished using a separate sample drawn from the same universe relevant for testing fame, blurring or tarnishment; doing so would increase costs appreciably.

93. *Jada Toys, Inc. v. Mattel, Inc.*, 496 F.3d 974, 981 (9th Cir. 2007) (quoting *Thane Int’l v. Trek Bicycle Corp.*, 305 F.3d 894, 905-06 (9th Cir. 2002)) (emphasis added).

94. Multidimensional scaling (MDS) is a set of related statistical techniques often used in data visualization for exploring similarities or dissimilarities in data. For a layperson’s overview of multidimensional scaling, the reader is encouraged to consult Wikipedia. Conjoint analysis involves the measurement of psychological judgments or perceived similarities or differences between alternatives. For a layperson’s overview of conjoint analysis, the reader is encouraged to consult Wikipedia. For a tutorial on conjoint analysis, see Conjoint Analysis Tutorial, <http://marketing.byu.edu/htmlpages/tutorials/conjoint.htm> (last visited Feb. 8, 2008).

95. A review of all documents generated by a Westlaw search conducted on January 14, 2008 confined to all federal cases this year and last year using the terms “Lanham & Dilution & Similarity” yielded no cases where consumer research had been used to assess similarity.

C. *Measuring Blurring*

While assessing fame requires testing the first comer's mark,⁹⁶ blurring requires testing the impact, if any, of the second comer's use of its mark on the first comer's famous mark. Specifically, assessing blurring requires determining whether the consuming public draws mental *associations* between the second comer's mark and the first comer or its famous mark, and, if so, establishing that these associations reduce the *distinctiveness* of the first comer's mark.⁹⁷

Reviewing case law reveals that a variety of approaches have been used in an effort to measure blurring. Based on his reasonably comprehensive review of surveys proffered in reported cases through May of 2007, William Barber writes:

By far the most frequent survey design offered on the issue of dilution [by blurring] to date has been to expose respondents to defendant's [second comer's] allegedly diluting mark, and then ask them what it calls to mind (or what they associate it with). If they mention the plaintiff [first comer] (or its mark or products), so the theory goes, this evidences dilution.⁹⁸

Examples where surveys tested respondents' reactions to the second comer's mark appear in *Wawa Inc. v. Haaf*,⁹⁹ *Schieffelin & Co. v.*

96. The TDRA makes no mention of the presence or absence of fame associated with the second comer's use of the mark and logic suggests that the question of the fame of the second comer's mark is irrelevant. Note, however, that Professor McCarthy observes: "Thus, if the survey results are so strong and conclusive as to establish actual confusion, then some courts view the results as also being evidence of secondary meaning." 6 MCCARTHY, *supra* note 10, § 32:174. To the extent that fame may be equated with achieving a high level of secondary meaning/acquired distinctiveness, logic suggests there are circumstances where the fame of the first comer's mark can be established by testing the second comer's use of its mark. An example comes from the first question I asked in plaintiff's survey in *National Football League Props., Inc. v. ProStyle, Inc.*, 57 F.Supp. 2d 665 (E.D. Wis. 1999).

Upon showing a respondent one of defendant's garments, the respondent was asked "*What, if anything, do you think of when you see this shirt?*" *Id.* at 668 (emphasis added). Since exposure to defendant's garments caused the large majority of respondents to think of plaintiff and no respondents to think of any other professional football team (even though testing was conducted in other states and cities having other NFL teams), this provides strong evidence of the fame of the first comer's mark. The court, however, disagreed. *Id.*

97. See 15 U.S.C.A. § 1125(c)(2)(B) (West Supp. 2007).

98. WILLIAM G. BARBER, AIPLA SPRING MEETING, SURVEYS UNDER THE TRADEMARK DILUTION REVISION ACT OF 2006: OLD DOGS OR NEW TRICKS? 1 (2007), <http://www.aipla.org/html/spring/2007/BarberWpaper.pdf>. Barber's "so the theory goes" alerts readers that "the mere fact that consumers mentally associate the junior user's mark with a famous mark is not sufficient to establish actual dilution." *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 419 (2003). For a claim of blurring to succeed, one must also demonstrate a reduction in distinctiveness.

99. *Wawa Inc. v. Haaf*, 40 U.S.P.Q.2d 1629, 1632 (E.D. Pa. 1996), *aff'd*, 116 F.3d 471 (3d Cir. 1997).

Jack Co. of Boca, Inc.,¹⁰⁰ *Kellogg Co. v. Exxon Mobil Corp.*,¹⁰¹ *National Football League Properties, Inc. v. ProStyle, Inc.*,¹⁰² *Bell v. Starbucks U.S. Brands Corp.*,¹⁰³ and *Starbucks Corp. v. Lundberg*.¹⁰⁴

Other survey designs involve exposing respondents to the first comer's famous mark, but not to the second comer's mark. The three designs suggested in the Solicitor General's amicus brief to the Supreme Court in *Moseley* are of this sort.¹⁰⁵ All three designs require separating respondents into two groups based on whether the respondent claims he did, or did not, have prior familiarity with the second comer's mark, then exposing both groups to the first comer's mark, but not the second comer's mark.¹⁰⁶ In one of these designs,¹⁰⁷ consumers are asked to name the goods they associate with the first comer's mark. If those aware of the second comer's mark mention its goods along with those of the first comer, then "an inference of dilution might be warranted."¹⁰⁸ Aside from other problems, this design seems void where both plaintiff and defendant offer the same goods. In the *Pebble Beach v. Tour 18, Ltd.* case,¹⁰⁹ to be discussed at length below, since both plaintiffs and defendant offered the same goods and services, there would have been no way to determine whether an answer of "golf course" referred to plaintiff or defendant. Further, because it requires that answers be given in terms of names,

100. Differing conclusions were reached by two judges. *Compare* Schieffelin & Co. v. Jack Co. of Boca, Inc., No. 89 Civ. 2941 (PKL), 1992 WL 156560 (S.D.N.Y. June 28, 1992), with Schieffelin & Co. v. Jack Co. of Boca, Inc., 850 F. Supp. 232 (S.D.N.Y. 1994).

101. *Kellogg Co. v. Exxon Mobile Corp.*, 192 F. Supp. 2d 790 (W.D. Tenn. 2001).

102. *Nat'l Football League Props., Inc. v. ProStyle, Inc.*, 57 F.Supp. 2d 665 (E.D. Wis. 1999). The author served as expert witness for plaintiffs in this matter. For a discussion of why the court's comments regarding scientific controls are completely off the mark, see Jacob Jacoby, *Experimental Design and the Selection of Controls in Trademark and Deceptive Advertising Surveys*, 92 TRADEMARK REP. 890, 922-953 (2002). For a discussion of how the *ProStyle* opinion contains numerous factually incorrect representations of statements made by other courts in prior published opinions, see Jacob Jacoby, *Judicial Opinions as "Minefields of Misinformation": Antecedents, Consequences and Remedies* 3-28 (N.Y. Univ. Sch. of Law, Public Law & Legal Theory Research Paper Series, Working Paper No. 06-24, 2006), available at <http://ssrn.com/abstract=928407>.

103. *Bell v. Starbucks U.S. Brands Corp.*, 389 F.Supp. 2d 766 (S.D. Tex. 2005).

104. *Starbucks Corp. v. Lundberg*, No. Civ. 02-948-HA, 2005 WL 3183858 (D. Or. Nov. 29, 2005).

105. Brief for the United States as Amicus Curiae Supporting Petitioners in Part at 22-23, *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003) (No. 01-1015) [hereinafter U.S. Amicus Brief].

106. *Id.*

107. *Id.* at 22

108. *Id.*

109. *Pebble Beach Co. v. Tour 18 I, Ltd.*, 942 F.Supp. 1513 (S.D. Tex. 1996), *aff'd*, 155 F.3d 526 (5th Cir. 1998).

not trade dress, sounds (such as the opening sound of Microsoft Windows), this design seems void where dilution is being alleged in regard to items other than word marks.

In another of the Solicitor General's designs,¹¹⁰ respondents are asked to name attributes they associate with the first comer. If those aware of the second comer associate a greater number of negative attributes with the first comer than those not familiar with second comer, the Solicitor General says that an inference of dilution could be made.¹¹¹ Among other problems, it is not always obvious whether a named attribute is positive or negative. When a respondent characterizes a product as "available everywhere," does this mean she regards it as being popular and something that enhances its desirability, or does this mean she regards it as being less desirable because it is no longer unique or special? Or what about when the respondent names an attribute such as color ("It's blue"). Is this positive or negative? Clearly, the Solicitor General's second proposed design sometimes would require making subjective determinations of whether the mentioned attributes were positive or negative, if that were even possible.

The Solicitor General's third suggested approach¹¹² would have consumers rate the first comer's famous mark in terms of a particular attribute (e.g., desirability). If those claiming to be familiar with the second comer's mark rated the attribute less positively than did those in the unaware group, the Solicitor General suggests an inference of dilution could be made.

Two generic problems apply to all three of the Solicitor General's suggested designs. This first problem is methodological in nature. Regardless of whether respondents are asked if they are aware of the second comer and its mark in advance of exposure to the first comer's mark and being asked questions about it (which, by itself, could easily create a biasing mindset), or after having been asked questions regarding the first comer's mark, the fact that the respondents assign themselves to the test and control groups represents a violation of one fundamental requirement for assessing causation; specifically, one of the three critical requirements of using "fully experimental" designs to assess causation is that the assignment to test and control conditions (that is, control over the independent

110. See U.S. Amicus Brief, *supra* note 105, at 22-23.

111. See *id.*

112. See *id.* at 23.

variable) be under the direct control of the experimenter.¹¹³ That is the only way to guarantee exposure to some and not to others.¹¹⁴ The bottom line is that from a purely methodological perspective, one cannot definitively assess alleged causation when the researcher is not in control of randomly assigning respondents to the test and control group(s). Thus, all three designs fail as a matter of scientific validity (which equates to the concept of reliability as this term is used in judicial proceedings), and likely would be recognized as such under *Daubert*.¹¹⁵

The second generic problem associated with designs that attempt to measure dilution by exposing respondents to the first comer's famous mark but not to the second comer's mark has to do with the cognitive psychology of knowledge and information retrieval from memory. As compared to something not famous, something famous is likely to have a considerable amount of information stored in a person's memory associated with that famous item or event. Asking respondents to tell the interviewer everything they can recall regarding a famous product, service or retailer is capable of extracting only top-of-mind information, but unquestionably insufficient for extracting all the relevant information they have in their minds. For example, asking respondents to relate everything they know about Christopher Columbus may not bring forth mention of the Nina, Pinta, and Santa Maria even though they have this information stored in mind.

The TDRA's entire focus is on the impact of the second comer's mark on the first comer's famous mark, specifically, whether the second comer's mark causes blurring or tarnishment of the first comer's famous mark.¹¹⁶ The fact that the respondent makes no mention of the second comer or its goods, when discussing the first comer's mark, does not necessarily mean there has been no impact. It may mean that the impact has not been strong enough to affect top-of-mind response in the kind of test situation suggested by the Solicitor General. Another way to view the issues is by asking if the TDRA is concerned with the likelihood that associations will be drawn from the

113. See *CAMPBELL & STANLEY*, *supra* note 73; *COOK & CAMPBELL* *supra* note 73; *Cook et al.*, *supra* note 73. See also *Jacoby*, *supra* note 73, at 902.

114. Some who say that they were previously aware of the defendant may have faulty recall or be making false claims. The response of those who claim not to have prior exposure to the second comer and its mark may also be a function of faulty recall or false claims.

115. *Daubert v. Merrell Dow Pharms., Inc.*, 509 U.S. 579 (1993). See also *Gen. Elec. Co. v. Joiner*, 522 U.S. 136 (1997); *Kumho Tire Co., Ltd. v. Carmichael*, 526 U.S. 137 (1999).

116. 15 U.S.C.A. § 1125(c) (West. Supp. 2007).

first comer to the second comer, or with the likelihood that associations will be drawn from the second comer to the first comer. From my perspective, concern is more with the capacity of the second comer's mark to generate associations to the first comer. Rather than testing this issue indirectly, I would opt for designs that do so directly.

D. Cross-sectional v. Longitudinal Designs

Regardless of whether they involve exposure to the first comer's or second comer's mark, a commonality across all designs discussed thus far is that they involve "cross-sectional" assessment, that is, they involve exposing respondents to a mark and measuring their reactions within the confines of a single interview. A different approach is to apply "longitudinal" assessment, that is, to distribute the measurement process over sessions separated in time. I am aware of only two studies that have taken a longitudinal approach to measuring the capacity of a defendant's use of its mark to cause associations to, and weakening of the distinctiveness of, a plaintiff's famous mark.¹¹⁷ In one instance, the court reached a decision favorable to plaintiff without considering the dilution claim, or the survey evidence bearing on that claim.¹¹⁸ In the second instance, which involved a world famous mark, the parties reached an out of court settlement that, among other things, involved the second comer changing its name and mark.¹¹⁹ Attention is now directed to the first of these instances.

1. Pebble Beach et al. v. Tour 18

Given that Pebble Beach and Pinehurst #2 were demonstrated to be famous marks, the next issue to be assessed was the extent, if any, to which exposure to Tour 18 and mention in its promotional materials of holes from Pebble Beach and Pinehurst #2 caused a "weakening of associations," a "blurring of distinctiveness," or a "whittling away of the identity and hold on the public mind" of the famous marks. Blurring in this case was measured as follows.

In an effort to establish the uniqueness and distinctiveness of the famous marks, the respondents – all of whom had golfed at Tour 18 – were asked:

117. See *Pebble Beach Co. v. Tour 18 I, Ltd.*, 942 F.Supp. 1513 (S.D. Tex. 1996), *aff'd*, 155 F.3d 526 (5th Cir. 1998); Jacob Jacoby, *The Blurring of X's Distinctiveness Caused by Exposure to Materials from the (x) Company* (unpublished manuscript, on file with author) (redacted to preserve the anonymity of the litigants). For a detailed discussion of the latter study, see *infra* notes 132-175 and accompanying text.

118. See *Pebble Beach*, 942 F.Supp. at 1564.

119. Jacoby, *supra* note 117.

Before you heard about Tour 18, did you think you could play a hole called the 14th hole at Pebble Beach only at the Pebble Beach Golf Links in California [the 3rd hole at Pinehurst #2 only at Pinehurst in North Carolina], or did you also think you could play it somewhere else?¹²⁰

Answering “only at Pebble Beach” demonstrates “the public’s perception that the [famous] mark signifies something unique, singular or particular,”¹²¹ that is, that the mark is distinctive;¹²² answering “somewhere else” does not. In response, 73% answered they thought they could play a hole called the 14th hole at Pebble Beach only at the Pebble Beach Golf Links in California, and 76% answered they thought they could play a hole called the 3rd hole at Pinehurst only at Pinehurst in North Carolina.¹²³ Reflecting “noise” (i.e., error due to guessing, lack of clarity in the question, and the like), 7% answered that, prior to learning about Tour 18, they thought they could play a hole called the 14th hole at Pebble Beach “somewhere else” and 6% answered they thought they could play a hole called the 3rd hole at Pinehurst “somewhere else.”¹²⁴ After subtracting these noise estimates, one is still left with a considerable amount of distinctiveness – approximately 67% of the respondents thought the marks “14th hole at Pebble Beach” and “3rd hole at Pinehurst #2” represented unique and singular places.

A follow-up interview conducted seven to fourteen days later was able to reach and interview 146 out of the original 235 respondents.¹²⁵ Without being informed that the interview was connected with the earlier interview, the respondents were asked: “Do you know of any regulation 18-hole golf course outside of California that identifies one of its holes as a Pebble Beach hole?”¹²⁶ Though using substantially different wording to minimize the possibility of respondents connecting the second interview with the first, this

120. See Jacoby, *supra* note 81, at B-7.

121. H.R. REP. NO. 104-374, at 3 (1995).

122. To illustrate how surveys can be used to empirically demonstrate that, beyond being famous, a mark is also distinctive, consider Heinekin beer. Suppose 85% of respondents said Heinekin was a famous beer and were then asked “Do you associate the name Heinekin with any other product, company or service? [and, if “yes”] With what other product, company or service do you associate that name?” If most or all identify Heinekin as an imported beer but do not, at anything other than trace levels, associate that mark with any other product, company or service, then it could be inferred that Heinekin is a distinctive mark for an imported beer.

123. See Jacoby, *supra* note 81, at 27.

124. *Id.*

125. *Id.* at D-1.

126. *Id.*

question essentially is the same as was asked during the first interview, namely, “Do you know of somewhere else?” In response, 85% of the respondents said they knew of a regulation 18-hole golf course outside of California that identified one of its holes as a Pebble Beach hole, and 72% said they knew of a regulation 18-hole golf course outside of North Carolina that identified one of its holes as a Pinehurst hole.¹²⁷ Those respondents were then asked: “What is the name of that golf course?”¹²⁸ In response, all who answered “somewhere else” in regard to either of the two holes identified only a single course, namely, Tour 18.¹²⁹

Subtracting the 7% noise estimate obtained in the first interview from the 85% answering “somewhere else” during the second interview yields 78% of the respondents saying that, prior to learning of Tour 18, they knew of only one golf course where they could play a hole identified as a Pebble Beach hole; after learning of Tour 18, however, they knew of two such golf courses – one in California and the other being Tour 18 in Texas. Clearly, this reflects a substantial loss of distinctiveness – nearly four out of five respondents (78%) who prior to Tour 18 thought the hole distinctive, no longer thought so after learning of the holes at Tour 18. The findings with respect to the third hole at Pinehurst #2 were similar. Subtracting the 6% noise estimate obtained in the first interview from the 72% answering “somewhere else” during the second interview yields 66% of the respondents saying that, prior to learning of Tour 18, they only knew of one golf course where they could play a hole identified as a Pinehurst hole; after playing Tour 18, they knew of two such golf courses – one in North Carolina and the other being Tour 18 in Texas.

Neither the district nor circuit courts ever reached or opined regarding the survey’s findings regarding dilution because they considered the survey’s findings on the ineffectiveness of disclaimers in dissipating likely confusion sufficient.¹³⁰ Consider the following, however. The survey evidence established that members of the relevant universe thought plaintiffs’ marks (Pebble Beach and Pinehurst #2) were *famous*. Since Tour 18 used plaintiff’s exact names and diagrams of their holes on its promotional materials, no survey was required to establish *similarity of the marks*. By testing

127. *Id.* at 29.

128. *Id.* at D-1.

129. *Id.* at 29.

130. *Pebble Beach Co. v. Tour 18 I, Ltd.*, 942 F.Supp. 1513, 1550-51 (S.D. Tex. 1996), *aff’d*, 155 F.3d 526 (5th Cir. 1998).

only golfers who had golfed at Tour 18, one could be certain that these individuals had been exposed to defendant's use of the marks in various contexts (e.g., on its score cards, on signs at the holes); survey evidence confirmed that these individuals drew *associations between plaintiffs' and defendants' uses of these marks*. Last, survey evidence established that defendant's unauthorized use of plaintiffs' famous marks reduced the public's perception that the mark signifies something unique, singular or particular, thereby causing a *reduced distinctiveness* of the first comers' marks. In my opinion, each of the prongs necessary for establishing dilution by blurring had been satisfied.¹³¹ Because Tour 18 was relatively unknown around most of the rest of the country, no separate control group of golfers not exposed to Tour 18 was considered necessary.

2. *X Corporation v. x Company*

As a protection order prevents identification of the actual parties, their names are represented by the letters X and x, respectively.¹³² Because of the issues they raise, however, both the general procedure and resultant "percent dilution" merit discussion.

There was no question that plaintiff's coined word mark was world famous and distinctive.¹³³ For at least a decade preceding the lawsuit, it repeatedly appeared on independently compiled and published lists as one of the most famous brand names worldwide.¹³⁴ Nor was there any question that the defendant's word mark looked and sounded virtually identical to plaintiff's mark.¹³⁵ With fame, similarity and distinctiveness issues resolved, the issue to be tested was blurring.¹³⁶ The study consisted of two stages separated in time by approximately four to seven days.¹³⁷ The purpose of the first stage was to ensure that members of the relevant universe would be exposed to the defendant's mark as it was being used in commerce, while comparable respondents drawn from the same universe would be exposed to a control name.¹³⁸ Potential respondents were contacted

131. Plaintiffs had *famous, distinctive marks*. Defendant used *similar—indeed, virtually identical -- marks* in commerce, causing *mental associations that reduced the distinctiveness* of plaintiffs' famous marks.

132. See Jacoby, *supra* note 117.

133. *Id.* at 4-5.

134. *Id.*

135. *Id.* at 2, 5.

136. *Id.* at 2.

137. *Id.* at 5.

138. *Id.* at 7-9.

and qualified by phone.¹³⁹ Individuals who qualified as members of the defined universe were offered \$50 to participate in a 10 minute in-person interview at a place of convenience to them.

In all, 362 respondents subsequently completed the in-person interview.¹⁴⁰ Approximately half were randomly assigned to the Test group and a like number randomly assigned to the Control group.¹⁴¹ Those in the Control group were exposed to the exact same materials as those respondents in the Test group, except for the fact that everywhere the defendant's mark appeared in the Test group materials, it had been digitally replaced with a fictitious control name in the Control group materials.¹⁴²

After each respondent indicated that he/she was done perusing the materials, to discourage guessing, they were informed that "don't know" was an acceptable answer to any of the questions that would follow.¹⁴³ The interviewer then asked Question 1a, "Before today, had you ever heard of a firm named [second comer's name]?"¹⁴⁴ Those who replied "no" or "don't know" were skipped to Question 2.¹⁴⁵ Those who replied "yes," were asked Question 1b, "What had you heard about this company? Anything else?"¹⁴⁶ Next, all respondents were asked Question 2, "Based upon what you learned from reviewing this page, what impressions, if any, do you have of [the second comer]? Anything else?"¹⁴⁷

Next, the respondents were asked Question 3:

We are especially interested in how financially solid you think this company is. Based on what you learned from reviewing these materials, do you think [the second comer] has substantial ability to withstand the ups and downs of the economy, has an average ability to withstand the ups and downs of the economy, or has a poor ability to withstand the ups and downs of the economy?¹⁴⁸

Those who answered that they thought the company had "substantial ability" were asked a follow up question: "What, in particular, makes

139. *Id.* at 9-13.

140. Jacoby, *supra* note 117, at 17.

141. *Id.* at 5.

142. *Id.* at 6.

143. *Id.* at 11.

144. *Id.* at C-2.

145. *Id.*

146. *Id.* at C-3.

147. *Id.*

148. *Id.*

you think that [the second comer] has a substantial ability to withstand the ups and downs of the economy? Anything else?''¹⁴⁹

This first interview met the objective of ensuring that approximately half of the respondents saw and heard defendant's coined mark as it was being used in commerce, while another group of comparable respondents saw the exact same materials – except for the fact that these materials did not bear defendant's coined mark, but carried a fictitious mark.¹⁵⁰ To make the latter a stringent control, the fictitious mark incorporated several of the appearance and sound features as the defendant's mark.¹⁵¹

Taking place several days later, the objective of the second stage was to assess whether (and if so, to what extent), upon hearing the plaintiff's coined word mark, respondents who had become aware of the defendant would now associate the latter to plaintiff's famous name.¹⁵² A completely different firm unaware of the prior in-person interviews was retained to conduct a phone survey¹⁵³ with the same respondents.¹⁵⁴ The introduction of the phone survey made no mention of the earlier in-person interview and was designed to lead respondents to believe that this survey was a completely random event not associated with the prior interview.¹⁵⁵ Of the 362 respondents who completed the in-person interview, 327 consented to the brief phone interview.¹⁵⁶

After agreeing to participate, the interviewer said: "My questions have to do with three different names. If you don't know or don't have an answer to any question, please don't guess. Just tell me you 'don't know' or 'don't have an answer' and I'll go on to the next question."¹⁵⁷ Respondents were then asked a series of questions regarding each of three names – plaintiff's famous name, Allied, and

149. Jacoby, *supra* note 117, at C-3.

150. *Id.* at 6.

151. *Id.* at 6-7.

152. *See id.* at 5-6.

153. Issued subsequent to the phone survey described above, one opinion criticizes a dilution survey because speaking the mark over the phone did not permit respondents to see the spelling of the allegedly diluting mark, which differed from the spelling of plaintiff's mark. *See Newport Pac. Corp. v. Moe's Sw. Grill, LLC*, No. 05-995-KI, 2006 WL 2811905, at *5 (D. Or. Sept. 28, 2006).

154. Jacoby, *supra* note 117, at 10.

155. *Id.*

156. *Id.* at 17.

157. *Id.* at 11.

Chevrolet.¹⁵⁸ After being asked questions about the first name, the interviewer asked the same questions regarding the second name, then again regarding the third name.¹⁵⁹ To counterbalance for potentially biasing “order effects,” different respondents were asked about the names in different orders.¹⁶⁰

The interviewer began questioning regarding each name as follows: “The [first/second/ third] name I’ll be asking about is ‘_____’. Do you know, or have you heard of any company or companies that use the name _____?”¹⁶¹ Those who answered “no” or “don’t know” were skipped to the next name.¹⁶² Those who answered “yes” were asked “As best you know, does only one company, or more than one company, use the name _____?”¹⁶³ Those who answered “one company” were asked “What does that company do? That is, what products or services is it known for?”¹⁶⁴ Those who answered “more than one company” were asked “Thinking only about the first company named _____ that comes to your mind, what does that company do? That is, what products or services is it known for?”¹⁶⁵ This was followed up with “You said you knew of more than one company with the name _____. Thinking only about the second company named _____, what does that company do? That is, what products or services is it known for?”¹⁶⁶ The same question series was then asked about the other two names.¹⁶⁷

The purpose of the phone interview was to assess whether the earlier exposure to defendant’s mark caused the elicitation of mental *associations* between that mark and plaintiff’s mark, thereby reducing the *distinctiveness* of plaintiff’s famous mark. Making such a determination involves a comparison of the findings yielded by the phone interview for those respondents earlier exposed to materials

158. The name Chevrolet was selected because it is distinctive, signifying something unique, singular or particular, while the name Allied was selected because it does not signify something unique, singular or particular.

159. See Jacoby, *supra* note 117, at 12.

160. *Id.*

161. *Id.* at 11.

162. *Id.*

163. *Id.*

164. *Id.*

165. *Id.*

166. *Id.* at 12.

167. *Id.*

bearing defendant's name and those respondents earlier exposed to materials bearing the fictitious control name.

To be tallied as representing dilution by blurring, a respondent first had to say they associated two companies with the plaintiff's famous name then, in response to subsequent questions, describe one of these companies as plaintiff and the other of these as being the defendant. Applying these criteria, none of the respondents exposed to the Control name during the first interview said they associated the plaintiff's name with two companies, and, when asked, then described these companies as plaintiff and defendant.¹⁶⁸

In contrast, approximately 12% of the respondents exposed to the defendant's name during the first interview now associated plaintiff's mark with two companies, and, when asked, accurately described plaintiff and defendant.¹⁶⁹ This 12% rate was considered evidence demonstrating that exposure to defendant's mark caused approximately one out of eight members of the above-mentioned universes to draw mental *associations* between that mark and plaintiff's famous mark and, further, that these associations reduced the *distinctiveness* of plaintiff's famous mark. Whereas prior to exposure to defendant's mark, these respondents associated only one commercial entity with plaintiff's famous name, now they associated two. For these respondents, the plaintiff's name no longer called to mind just the plaintiff; *ergo*, it was no longer singular, distinctive or unique. Since the parties reached a confidential out-of court settlement, the survey was never tested before a court of law. Shortly thereafter, the defendant changed its name.

What should one make of a 12% rate of dilution via blurring? The answer depends on how much dilution is actionable. In the context of percentages relied on for determining likely confusion (typically 15% to 20% or higher),¹⁷⁰ secondary meaning (typically 50% or higher, although percentages as low as 30% may still be probative),¹⁷¹ or fame (certainly, a minimum of 50% to 75% and likely much higher),¹⁷² 12% clearly is low. The court in *Pharmacia Corp. v. Alcon Labs, Inc.* touched upon the "how much" question.¹⁷³ Noting that 15% to 20% is typically required to establish a likelihood

168. *Id.* at 19.

169. *Id.*

170. See *Pharmacia Corp. v. Alcon Labs., Inc.*, 201 F.Supp. 2d 335, 380 (D. N.J. 2002).

171. See J. THOMAS MCCARTHY, *supra* note 10, § 32:190.

172. *Id.*

173. *Pharmacia*, 201 F.Supp. 2d at 380.

of confusion, the court opined that a dilution claim “may require a slightly higher number.”¹⁷⁴ Yet, this seems to be at odds with the essence of dilution, which often is described as a “whittling away of distinctiveness” and “death by 1,000 cuts.”¹⁷⁵ Viewed in this context, for a mark that truly is famous and distinctive, 12% represents a substantial first cut.

If 12% is not considered actionable, it would embolden third parties to enter the marketplace with their own renditions of the famous mark. If each of these renditions reduced the first comer’s distinctiveness by only 5% to 10%, levels too low to be judged actionable, there would come a point where the distinctiveness of the first comer’s mark might be reduced by 25%, 50% or even more. Yet, because no single party’s mark would account for more than 12% of this diluting effect, the owner of the famous mark would experience severe harm while effectively having no survey evidence to rely on when seeking remediation under the TDRA. Further, unlike confusion or deceptive advertising, because they necessarily would have to mention or allude to the first comer’s name, even appropriately constructed disclaimers or corrective advertising would be totally ineffective as remedies for reducing or eliminating dilution by blurring. Given these considerations, providing that they have been arrived at using valid and reliable methods, it seems that rates of 10% or more might be considered actionable. To require the owner of a famous mark to wait for further harm truly would amount to locking the barn door after the cow has run off.

VII. MEASURING TARNISHMENT¹⁷⁶

Like blurring, assessing tarnishment requires determining whether the consuming public draws mental *associations* between the second comer’s mark and the first comer or its famous mark.¹⁷⁷ Unlike blurring, tarnishment requires determining whether these

174. *Id.* The proffered survey was rejected on other grounds as well.

175. Beginning with the seminal article on the subject, dilution was defined as “the gradual whittling away or dispersion of the identity and hold upon the public’s mind of the mark or name by its use upon non-competing goods.” Schechter, *supra* note 7, at 825. Others have compared the gradual whittling away effect to “death by a thousand cuts.” See, e.g., Courtland L. Reichman, *State and Federal Trademark Dilution*, 17 *FRANCHISE L.J.* 111, 113 (1998) (citing *Coca-Cola Co. v. Stewart*, 621 F.2d 287, 292 (8th Cir. 1980)).

176. See Jacoby, *supra* note 2, at 1015-28 (describing psychological concepts that contribute to a better understanding of acquired distinctiveness, genericide, fame, confusion, and dilution).

177. 15 U.S.C.A. § 1125(c)(2)(B)-(C) (West Supp. 2007).

associations *harm the reputation* of plaintiff's mark.¹⁷⁸ As used in everyday parlance, reputation refers to the views or opinions held about somebody or something. As the first of several definitions, Encarta, Microsoft's on-line computer dictionary, defines reputation as "the generally accepted estimation of somebody or something as having particular qualities or attributes."¹⁷⁹ As introspection or a review of any introductory text on consumer behavior will affirm, qualities or attributes that are positively evaluated render a product more desirable; attributes or qualities that are negatively evaluated render a product less desirable, perhaps even undesirable.¹⁸⁰

As an example of how tarnishment can be measured, consider the survey offered by plaintiff in *Anheuser-Busch, Inc. v. Balducci Publications*.¹⁸¹ Designed and implemented by this author and rejected by the District Court,¹⁸² but relied upon by the Appellate Court,¹⁸³ this survey¹⁸⁴ also had several interwoven components, including confusion and tarnishment. In 1988, as a line extension of their Michelob brand of beer, Anheuser-Busch introduced a version under the name "Michelob Dry."¹⁸⁵ Advertising for this product usually contained the slogan "One taste and you'll drink it dry."¹⁸⁶ The phrase also appeared on the product's packaging and labeling.¹⁸⁷

Balducci published and distributed a St. Louis newspaper-like tabloid named *Snicker*.¹⁸⁸ Though consisting primarily of cartoons, *Snicker* also contained several authentic advertisements.¹⁸⁹ Appearing within this context, the outside back page of the sixth issue was a full-page illustrated advertisement for a fictitious beer named "Michelob Oily."¹⁹⁰ The top half showed a hand tilting a beer can in dress very

178. *Id.*

179. Encarta World English Dictionary, *Reputation*, http://encarta.msn.com/dictionary/_reputation.html (last visited Mar. 07, 2008).

180. See, e.g., HOYER & MACINNIS, *supra* note 13, at 104-52, 219-44; J. PAUL PETER & JERRY C. OLSON, *CONSUMER BEHAVIOR AND MARKETING STRATEGY* 17-88, 119-74 (5th ed. 1999); SOLOMON, *supra* note 13, at 223-93.

181. *Anheuser-Busch, Inc. v. Balducci Publ'ns*, 814 F.Supp. 791 (E.D. Mo. 1993), *rev'd*, 28 F.3d 769 (8th Cir. 1994).

182. *Id.* at 796-99.

183. *Anheuser-Busch, Inc. v. Balducci Publ'ns*, 28 F.3d 769, 775 (8th Cir. 1994).

184. Jacob Jacoby, *Consumer Perceptions of a "Michelob Oily" Communication Appearing in "Snicker" Magazine* (Oct. 1991) (unpublished report, on file with author).

185. *Id.* at A-2.

186. *Id.*

187. *Id.*

188. *Id.*

189. *Id.*

190. *Id.*

similar to Michelob Dry, but identified as "Michelob Oily." A black fluid poured out of this can. In large type around this depiction was the phrase "One taste and you'll drink it oily."¹⁹¹ Immediately below, in the stylized font used by Anheuser-Busch for this brand, the largest type on the page contained the name Michelob Oily.¹⁹² At the bottom of the page was a large "A" and "Eagle" mark similar in appearance to that used by Anheuser-Busch.¹⁹³ Below this were the words: "At the rate it's being dumped into our oceans, lakes and rivers, you'll drink it oily sooner or later, anyway."¹⁹⁴

In this instance, fame of plaintiff's mark was not empirically assessed via consumer research, but argued using extrinsic criteria. Similarity was intentional and obvious. Hence, the issue to be empirically assessed was tarnishment.

The study¹⁹⁵ was designed to determine whether (and if so, to what extent) readers of the aforementioned *Snicker* Michelob Oily communication had their beliefs regarding either Michelob and/or Anheuser-Busch, and/or their purchase intentions regarding products emanating from either of these related entities, tarnished as a result of reading said communication.¹⁹⁶ The focus was not on whether the respondents simply made associations between defendant's use of its mark and plaintiff. Rather, it was on the impact that those associations exerted on their evaluations of, and purchase intentions¹⁹⁷ regarding, plaintiff and its Michelob brand.

The interview¹⁹⁸ began with three open-ended questions designed to assess the top-of-mind meanings communicated: "What was the main idea of the ad/communication you just looked at? Please tell me everything else you can remember that the ad/communication

191. Jacoby, *supra* note 184, at 1.

192. *Id.*

193. *Id.*

194. *Id.*

195. *Id.*

196. *Id.* at 12-26.

197. Positive purchase intentions, an outcome of considering a product favorably is a step along the Hierarchy of Effects leading to purchase. See Jacob Jacoby & George J. Szybillo, *Why Disclaimers Fail*, 84 TRADEMARK REP. 224, 239 (1994).

198. The 301 respondents all lived or worked in metropolitan St. Louis, said they read or looked through newspapers or magazines at least once a week, and they had purchased and consumed beer during the preceding six months and were likely to do so in the coming six months. Of these, 200 were shown the offending Michelob Oily communication; as a control, 101 were shown an authentic Michelob Dry advertisement. All were asked the same post-exposure questions.

said showed or meant to you. Anything else?”¹⁹⁹ Whereas none of the respondents shown plaintiff’s Michelob Dry ad answered these questions by associating a negative meaning with Michelob or Anheuser Busch, 37% of those shown defendant’s Michelob Oily communication provided such negative associations.²⁰⁰ Thus, if one were to rely only on these data (gathered via open-ended questions which probed “top of mind” or “most accessible” mental contents), one could conclude that exposure to defendant’s Michelob Oily communication was likely to harm plaintiff’s reputation (especially the reputation of plaintiff’s Michelob beer) by causing a substantial proportion of consumers to draw negative associations to plaintiff and its Michelob mark.

Given that the first comer’s mark is famous and distinctive, demonstrating that the second comer’s use of a similar mark generates association that causes substantial harm to a famous mark’s reputation is sufficient under the TDRA for finding the second comer’s mark culpable of tarnishment.²⁰¹ In this writer’s opinion, even more striking than demonstrating that a reputation has been harmed, would be demonstrating deleterious effects as a result of the harm, for example, that the harm causes a decrease in purchase intentions toward, or actual purchase of, goods bearing the famous mark. Thus, the survey’s subsequent closed-ended question asked: “As a result of seeing this material, would you be more likely or less likely to *buy* Michelob beer, or wouldn’t it matter?”²⁰² While 7% of those exposed to plaintiff’s Michelob Dry ad answered “less likely,” 22% of those exposed to defendant’s Michelob Oily communication answered “less likely.”²⁰³ Thus, exposure to the Michelob Oily ad caused a net increase in negative purchase intentions of 15%.²⁰⁴ The reverse pattern was obtained with regard to positive purchase intentions. While 26% of those exposed to plaintiff’s Michelob Dry ad answered “more likely,” 3% of those exposed to defendant’s Michelob Oily communication answered “more likely.”²⁰⁵ Exposure to the Michelob Oily ad thus caused a net decrease in positive purchase intentions of 23%.²⁰⁶

199. Jacoby, *supra* note 184, at E1-E2.

200. *Id.* at 13.

201. 15 U.S.C.A. § 1125(c)(2)(C) (West Supp. 2007).

202. Jacoby, *supra* note 184, at 17.

203. *Id.*

204. 22% - 7% = 15%.

205. Jacoby, *supra* note 184, at 17.

206. 26% - 3% = 23%.

The subsequent question asked: "As a result of seeing this material, would you be more likely or less likely to *drink* Michelob beer, or wouldn't it matter?"²⁰⁷ While 5% of those exposed to plaintiff's Michelob Dry ad answered "less likely," 20% of those exposed to defendant's Michelob Oily communication answered "less likely."²⁰⁸ Regardless of whether the question asked about intentions to purchase ("buy") or intentions to consume ("drink"), exposure to defendant's communication harmed the famous mark's reputation to the point of causing a 15% drop in positive intentions to buy or drink plaintiff's product.²⁰⁹

The last tarnishment question asked all respondents: "Does this ad/communication say or suggest to you that Michelob beer is or was in some way contaminated with oil, Michelob beer isn't or wasn't in some way contaminated with oil, or [does it say or suggest nothing about whether Michelob beer was contaminated with oil]?"²¹⁰ As compared to 1% of those exposed to plaintiff's Michelob Dry ad, a staggering 55% of those exposed to defendant's Michelob Oily communication said that the communication they saw said or suggested that "Michelob beer is or was in some way contaminated with oil."²¹¹

Consistent with answers given to the open-ended questions, the answers to the closed ended questions reveal a clear pattern of defendant's Michelob Oily communication causing those exposed to it to draw associations to plaintiff's mark that undermined or damaged the positive associations evoked by plaintiff's mark. Since being exposed to defendant's communication caused more than 50% of the respondents to develop such negative associations, I concluded that compelling evidence had been adduced to show that exposure to the Michelob Oily ad caused tarnished associations to be attached to the "Michelob Dry" mark. The Circuit Court agreed.²¹²

207. Jacoby, *supra* note 184, at 18.

208. *Id.*

209. 20% - 5% = 15%.

210. Jacoby, *supra* note 184, at 19.

211. *Id.*

212. "In this case, the majority of those surveyed construed the ad parody as suggesting that Michelob beer contains oil. This relationship obviously tarnishes the marks' carefully-developed images." *Anheuser-Busch, Inc., v. Balducci Publ'ns*, 28 F.3d 769, 777 (8th Cir. 1994). "For these reasons [as well as others], we conclude the district court erred in dismissing Anheuser-Busch's dilution claims" *Id.* at 778. Noting that the Snicker ad was held to be trademark infringement and dilution, McCarthy comments: "The crucial evidence appeared to be a survey in which 55 percent of those shown the parody advertisement said they saw the

Another consideration is how many respondents should be used in the test. One perspective on answering this question follows:

[A] sample size of 200 might, in some instances, be too small to produce reliable evidence of something as subtle as dilution

Because dilution is a subtle phenomenon that is not easy to simulate or measure during the short time span of a consumer survey, the difference between the test and control group results is likely to be small, even if meaningful dilution is occurring or likely to occur. Use of a sample size that is too small – even a sample size that would ordinarily suffice for measuring confusion or other types of deception – can render the difference between the test and control result statistically insignificant.

For a plaintiff, a small sample size can make it extremely difficult to detect dilution. For a defendant, an experiment with a small sample size will be criticized on the ground that it had no realistic chance of uncovering dilution. Accordingly, in the dilution context, the researcher must be particularly careful to avoid small sample sizes.²¹³

VIII. CONCLUSION

The definitive answer to “*Why* measure dilution?” was provided by the U.S. Supreme Court in its *Moseley* decision.²¹⁴ This paper considers some issues that apply to the who, what, when, where, and how of doing so. No doubt other ways to answer these questions already exist or soon will be forthcoming. Some answers may be better for measuring the different aspects of dilution than those described here. The description and elucidation of these would be welcome, given that the TDRA, with its clarifications and extensions (especially opening the door to dilution by tarnishment), is likely to stimulate an increasing number of surveys directed to empirically assessing dilution and its various components.

parody ad as suggesting that MICHELOB beer was in some way contaminated with oil.” 6 MCCARTHY, *supra* note 10, § 31:147.

213. Hal Poret, Potential Pitfalls to Avoid in Designing a Trademark Dilution Survey 4-5 (May 10, 2007) (unpublished manuscript, on file with author).

214. “Whatever difficulties of proof may be entailed, they are not an acceptable reason for dispensing with proof of an essential element of a statutory violation. The evidence in the present record is not sufficient to support the summary judgment on the dilution count.” *Moseley v. V Secret Catalogue*, 537 U.S. 418, 434 (2003). Thus, whether circumstantial or direct, evidence rather than argument or speculation is essential.

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