Dilution at the TTAB: What to Prove and How to Prove It

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In 1999, Congress amended the Lanham Act to make dilution under Section 43(c) a ground for opposition and cancellation.[2] Two years later, in December 2001, the TTAB issued its long-awaited first decision interpreting the anti-dilution statute in *The Toro Company v. ToroHead, Inc.*, 61 USPQ2d 1164 (TTAB 2001). Not until mid-2003, in *The NASDAQ Stock Market, Inc. v. Antartica, S.r.l.,* Opposition No. 91121204 (June 30, 2003) [citable], did the Board sustain a claim for dilution. Those two decisions stand as the major landmarks in TTAB dilution law. A few other citable decisions dot the landscape and, along with a handful of non-precedential rulings, they provide some further clarification. But the full contours of TTAB dilution law have yet to be shaped.

This paper will survey the dilution terrain in an attempt to provide some guidance regarding the Board's current dilution jurisprudence, so that a practitioner contemplating the inclusion of a dilution claim in an opposition or cancellation proceeding, or facing such a claim, will have a better understanding of the nature of the claim and the proofs required.

Our journey will begin at *Toro* and proceed to *NASDAQ*, with brief stops at several points of interest along the way.

Toro v. ToroHead: Taking the FTDA by the Horns

In *Toro v. ToroHead*, an augmented panel[3] of the Board ruled that the mark ToroMR & bull's head design for "very low reluctance, thin film magnetic reading and writing heads for sale to OEM manufacturers of high performance computer disk drives" is not likely to cause confusion with and would not dilute Opposer's mark

ToroMR

TORO, registered for various products and services related primarily to lawn and ground care.[4]

The Board provided an extensive discussion of Section 43(c) and its evidentiary requirements, and ruled on many basic issues regarding the interpretation and application of the FTDA in the TTAB context.

The FTDA Applies to ITU Applications. Because ToroHead's application was based on intent-to-use (and the mark had not been put into use), the TTAB faced the threshold issue of whether Section 43(c) can be applied in a case in which "actual dilution" cannot be shown and at most likelihood of dilution might be proven. The Board showed no hesitation in concluding that Congress empowered it to hear dilution claims involving ITU applications.

While recognizing the then-existing split in the circuits as to whether actual dilution must be shown in a district court action, the Board deemed that disagreement among the courts to be irrelevant to the Board's mission: "If we interpreted the TAA in a wooden manner, most owners of famous marks would not be able to bring dilution claims at the Board against an application based on an intent to use or even limited actual use.* * * Such an interpretation would render the TAA virtually meaningless." *Toro* at 1174, n. 7. Referring to the legislative history of the Trademark Amendments Act of 1999 (TAA), the Board noted that denying its jurisdiction over dilution claims brought against ITU applications would frustrate the intent of Congress in enacting the TAA: to provide for the "[r]esolution of the dilution issue before the Board, as opposed to Federal District Court, [and thereby] result in more timely, economical, and expeditious decisions." H.R. REP. No. 106-250, at 5 (1999).

Subsequently, in *Moseley v. V Secret Catalogue, Inc.*, 65 USPQ2d 1801 (2003), the Supreme Court resolved the split in the circuits by ruling that one seeking relief in a civil action under the FTDA must prove *actual* dilution. Actual loss of sales or profits need not be shown, but a mere "likelihood of dilution" is insufficient.

Just a few months later, the TTAB decided *NASDAQ* and, as discussed below, reiterated its view that "likelihood of dilution" is the proper standard in opposition proceedings involving a mark that has not been put into use.[5]

Doubts are not to be Resolved in Favor of the Dilution Claimant. Guided by various court decisions holding that dilution is an "extraordinary remedy" (*Toro* at 1173), the Board noted that "unlike in likelihood of confusion cases, we will not resolve doubts in favor of the party claiming dilution." The Board was, of course, referring to the doctrine that any doubts regarding likelihood of confusion are to be resolved against the newcomer. *See, e.g., Kenner Parker Toys Inc. v. Rose Art Industries Inc.*, 22 USPQ2d 1453, 1458 (Fed Cir. 1992), *cert. den.*, 113 S.Ct. 181 (1992); *J & J Snack Foods Corp. v. McDonald's Corp*, 18 USPQ2d 1889 (Fed. Cir. 1991).

The Mark must have become Famous before the ITU Filing Date. Section 43(c) states that the owner of a famous mark may be entitled to relief against the use of a diluting mark or trade name, provided that "such use begins after the mark has become famous." However, since the *Toro* case involved a mark that had not yet been used, the Board had to decide the following question: "By what date must an owner of an allegedly famous mark prove that its mark has become famous?" *Toro* at 1174.

The Board ruled that, in an opposition against an ITU application (involving a mark that has not actually been put into use), the dilution claimant must prove that its mark became famous prior to the filing date of the trademark application it seeks to oppose, or the application filing date of the registration that it seeks to cancel.[6] (*Toro* at 1174).

Fame must Extend throughout a Substantial Portion of the U.S. In *Toro*, the Board noted the legislative history of the FTDA, which asserts that "[t]he geographic fame of the mark … must extend throughout a substantial portion of the U.S." H.R. REP. No. 104-374, at 7 (1995). *Toro* at 1178. However, there was no dispute that if the TORO mark were famous, its fame would be nationwide.

This issue of the geographic extent of a mark's fame was later faced by the TTAB in *U S West, Inc. v. Hatten Communications Holding Co.,* Opposition No. 110,126 (September 25, 2002) [not citable]. U S West's dilution claim failed despite proof of revenues exceeding $8 billion annually since 1991 and advertising expenditures of more than $54 million per year. Brand-awareness studies demonstrated that U S WEST is recognized by 99 percent of consumers in its 14-state region of operation. The Board found the mark U S WEST to be "very famous" within Opposer's 14-state area, but ruled that fame in only that one region is not sufficient for purposes of Section 43(c):

> While a mark may be famous for dilution purposes even if it is not famous in *every* part of the United States, we find that a mark which is famous only in one area of the United States which contains but 13% of the overall United States population does not qualify as being included in that 'select class of marks' for which the FTDA was intended to apply. (slip op. at 6).

The Mark must be not only Famous but also Distinctive. In making dilution relief available to the owner of a "famous" mark, Section 43(c) provides a list of eight factors that may be considered in determining "whether a mark is distinctive and famous." (*see* box, page 11). Applying ordinary rules of statutory construction, the Board concluded that fame and distinctiveness are separate concepts. "To be vulnerable to dilution, a mark must be not only famous, but also so distinctive that the public would associate the term with the owner of the famous mark even when it encounters the term apart from the owner's goods or services, i.e., devoid of the trademark context." *Toro* at 1177.

An example of a mark that is famous but not very distinctive is CLUE: "[it] may have significant recognition and renown to the extent that purchasers of board games would be very familiar with it. But it was found not to be very distinctive in the marketplace in general."[7] *Toro* at 1177.

In *Toro*, the Board chose to consider "the fame and distinctiveness of a mark at the same time" because they are "two overlapping, but slightly different, concepts."

> Since marks can be famous in a particular area as well as across a broad spectrum, we look to the degree of distinctiveness to determine the degree of fame. If a term has achieved fame, but the evidence of distinctiveness indicates that there are numerous other uses of the term, the fame of the mark may be limited. *Toro* at 1177.

The Board stated that it would consider not only inherent distinctiveness, but also the degree of distinctiveness that an allegedly famous mark has acquired. The simple distinctiveness that will satisfy Section 2(f) for purposes of registration of a mark is not enough for Section 43(c) purposes. *Toro* at 1176. If the dilution claimant "cannot establish a direct and immediate connection between the mark and itself because the mark is not very distinctive, the less likely dilution can be proven." *Toro* at 1177.

Assessing the "degree of distinctiveness" of the TORO mark, the Board noted that TORO was inherently distinctive for purposes of registration on the Principal Register, since it was registered without any claim of acquired distinctiveness under Section 2(f). However, because "toro" means "bull," the mark TORO cannot be considered a coined term. Although "toro" has no significance in relation to Opposer Toro's products and services, there was evidence that it has a suggestive meaning with regard to ToroHead's goods, since the term "comes from" the toroidal shape of Applicant's magnetic heads. Perhaps most importantly, Opposer Toro provided "no direct evidence of consumer recognition of the mark as pointing uniquely to opposer." *Toro* at 1178.

Section 43(c) of the Lanham Act (15 U.S.C. § 1125(c))

(c) (1) The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark, and to obtain such other relief as is provided in this subsection. In determining whether a mark is distinctive and famous, a court may consider factors such as, but not limited to —

(A) the degree of inherent or acquired distinctiveness of the mark;

(B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;

(C) the duration and extent of advertising and publicity of the mark;

(D) the geographical extent of the trading area in which the mark is used;

(E) the channels of trade for the goods or services with which the mark is used;

(F) the degree of recognition of the mark in the trading areas and channels of trade used by the mark's owner and the person against whom the injunction is sought;

(G) the nature and extent of use of the same or similar marks by third parties; and

(H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

Section 45 of the Lanham Act (15 U.S.C. 1127) [in pertinent part]

The term "dilution" means the lessening of the capacity of a famous mark to identify and distinguish goods and services, regardless of the presence or absence of —

(1) competition between the owner of the famous mark and other parties, or

(2) likelihood of confusion, mistake, or deception.

The Board concluded that "[o]pposer's mark has achieved some distinctiveness because opposer's witness has testified, and applicant has not shown otherwise, that other parties do not use the mark TORO on machinery, equipment, or computer-related products." *Toro* at 1179.

The Dilution Claimant's Mark must be "Truly Famous." Although by its terms Section 43(c) of the Trademark Act applies to "famous" marks, a mark must be "truly famous,"[8] according to *Toro,* to qualify for the "broad scope of protection" afforded by the FTDA. *Toro* at 1178. For a mark to qualify as "truly famous," it must meet a very high standard:

> the mark's owner must demonstrate that the common or proper noun uses of the term and third-party uses of the mark are now eclipsed by the owner's use of the mark. What was once a common noun, a surname, a simple trademark, etc., is now a term the public primarily associates with the famous mark. To achieve this level of fame and distinctiveness, the party must demonstrate that the mark has become the principal meaning of the word.[9] *Toro* at 1180.

Opposer Toro fell short of satisfying the "truly famous" standard. It submitted evidence of use of its TORO mark since 1914 for various lawn and garden care products, annual sales exceeding one billion dollars, annual advertising expenditures of more than thirty-five million dollars, ownership of twenty-six federal registrations, and brand dominance in various markets.[10] The Board was unconvinced: "[f]ame for FTDA purposes cannot be shown with general advertising and sales figures and unsupported assertions of fame by the party" (*Toro* at 1179); the mark owner "must show that there is a powerful consumer association between the mark and the owner." *Toro* at 1180. Without limiting the types of evidence that a party may submit to prove fame, and without requiring any specific type of proof, the Board gave three examples of evidence that might "show the transformation of a term into a truly famous mark:" recognition by the other party; intense media attention; and surveys. *Toro* at 1181.

> Obviously, we are setting no limits on the types of evidence a party can use to show fame, nor are we requiring any specific type of evidence. But in order to prevail on the ground of dilution the owner of a mark alleged to be famous must show a change has occurred in the public's perception of the term such that it is now primarily associated with the owner of the mark even when it is considered outside of the context of the owner's goods or services. In this case, although opposer has provided some evidence of sales and advertising, we cannot conclude from the evidence that the public associates the term "Toro" with opposer

in nearly every context. Opposer's evidence of fame is insufficient to show that its mark is a truly famous mark. *Toro* at 1181.

The Marks must be Identical or Substantially Similar. A dilution claimant must prove more than "confusing similarity" between the marks in question: "it must show that the marks are identical or 'very or substantially similar.'" *Toro* at 1183 (citations omitted). "To support an action for dilution by blurring, the marks must be similar enough that a significant segment of the target group sees the two marks as essentially the same." *Id.* (citations omitted).

The Board found that the TORO mark and the opposed mark ToroMR & bull's head design are not "substantially similar for dilution purposes." They are not "essentially the same." *Id.* ToroHead's mark includes non-trivial features, including the letters "MR" and the bull's head design, which "somewhat change the look and sound of the mark." Moreover, Applicant's mark may have an alternative, suggestive meaning (i.e., referring to the toroidal magnetic heads) that is different from the meaning or connotation of the TORO mark. *Id.*

Even prior to *Toro*, the TTAB had dealt with the issue of the degree of similarity required for dilution purposes in *Red Hat, Inc. v. CMC Magnetics Corp., Ltd.*, Opposition No. 13,557 (October 31, 2000)[not citable]. The Board granted Applicant CMC's motion for summary judgment, finding no likelihood of confusion between CMC's mark MR DATA & design for electronic goods and computer storage media, and Opposer's RED HAT mark and its hat logo for computer software and consulting services. The single *duPont* factor of the similarity or dissimilarity of the marks outweighed all others and was dispositive on the Section 2(d) issue. As to dilution, the Board cited several U.S. Court of Appeals cases for the proposition that to cause dilution, the marks in issue must be of such similarity that in the minds of consumers, the junior mark will "conjure" an association with the senior. Finding that the marks at issue were so dissimilar that CMC's mark will not conjure such an association, and noting that the extent of similarity to show dilution is greater than that required to show likelihood of confusion, the Board ruled as a matter of law that Red Hat's dilution claim must fail as well.

Subsequent to *Toro,* in *McDonald's Corp. v. 2Bell B.V.*, Opp. No. 118,911 (July 15, 2002) [not citable], an opposition involving Applicant's mark MCDATE for "dating services," the Board denied McDonald's motion for summary judgment predicated on dilution grounds, citing *Toro* for the proposition that a dilution claimant must show more than confusingly similarity between the marks at issue: It must show that "a significant segment of the target group sees the two marks as essentially the same." The Board found that a genuine issue existed as to the "degree of similarity between the marks necessary to prove dilution." (slip op., p. 8).

And recently in *The Pep Boys Manny, Moe & Jack of California v. Cherng Lian Ent Co.*, Opp. No. 108,772 (April 16, 2003) [not citable], the Board dismissed an opposition to registration of the mark ROAD BOY & design for automobile lights, finding the mark not likely to cause confusion with, and not dilutive of, Opposer's registered PEP BOYS marks for various automotive parts and accessories and automotive retail and repair services. Opposer demonstrated the "fame" of PEP BOYS for Section 2(d) purposes via a carload of evidence, such as use of the term for nearly 80 years, current annual sales in the $2 billion range, and a ranking as one of the top five automotive service providers in the country. Despite the relatedness of the goods and services, the Board found the marks "so different in sound, appearance, connotation and commercial impression as to preclude any likelihood of confusion." (slip op., p. 41). Likewise, as to the dilution claim, even assuming that PEP BOYS is famous and distinctive, Applicant's mark is so different from Opposer's marks that "as a matter of law, it cannot cause dilution of the distinctive quality of any of Opposer's 'PEP BOYS' marks." (*Id.*, p. 54).

The Famous Mark will be Diluted. The FTDA defines dilution as "the lessening of the capacity of a famous mark to identify and distinguish good or services ...." 15 U.S.C. § 1127. (*see* box, page 11). The Board in *Toro* asserted that dilution can occur through blurring or tarnishment,[11] but only dilution by blurring was alleged.

Reviewing the federal case law, the Board opined that blurring-type dilution occurs:

> when a substantial percentage of consumers, upon seeing the junior party's use of a mark on its goods, are immediately reminded of the famous mark and associate the junior party's use with the owner of the famous mark, even if they do not believe that the goods come from the famous mark's owner. *Toro* at 1183.

The Board listed three factors to be included in determining whether blurring will occur: (1) the similarity of the marks; (2) the "renown" of the party claiming fame; and (3) "whether target customers are likely to associate two different products with the mark even if they are not confused as to the different origins of these products." *Toro* at 1183.

As noted above, the Board found that the marks at issue were not "essentially the same." As to the second factor, Opposer Toro failed to establish that the TORO mark is famous and distinctive:

> based on the evidence of record, we cannot say that opposer has shown that the public in general associates the term "Toro" with opposer to the point that it is now a mark with a singular identification even when it is considered separate from the goods and services with which it is associated. *Toro* at 1183-84.

Finally, the TTAB turned to the third, "key" factor. As an example of dilution by blurring, it cited the legislative history of the FTDA, which:

> indicates that the use of the mark BUICK for aspirin would be actionable even though purchasers of aspirin would be fairly confident that the automobile manufacturer did not suddenly enter the pain reliever market. However, the mark would be diluted because customers would wonder why another party could use a mark that they thought would have identified a unique, singular, or particular source. *Toro* at 1184.

Assuming *arguendo* that the TORO mark is famous, the Board found "no evidence on which to conclude that potential buyers of applicant's goods would make any association between the parties' marks when used on their respective goods and services."[12] *Toro* at 1184.

What about Niche Market Fame? The Board was not completely unimpressed by Opposer Toro's evidence. It observed that "Opposer seems to argue that its mark has achieved niche market fame" (*Toro* at 1182), and it noted that a mark that fails to qualify as "truly famous" may still have sufficient fame to merit dilution protection in a "niche market." *Toro* at 1181. Indeed, the Board confirmed that Opposer's evidence is the type that would help establish such niche market fame. *Toro* at 1178, 1181. However, it declined to rule on whether fame in a niche market is a proper basis for a dilution claim under the FTDA. And even assuming it were a proper basis, the Board chose not to reach the issue: "We will not consider whether the mark has niche market fame unless the party alleging fame has demonstrated the trading fields overlap. Here, opposer has not done this." *Toro* at 1182.

One wonders whether the Board's reluctance to rule on the "niche market fame" question stems from a certain skepticism as to whether a niche market dilution remedy will ever be appropriate. In the view of Professor J. Thomas McCarthy, the FTDA does not require recognition of niche market fame. Furthermore, he asks: if the accused infringer is in the same "trading field" as the famous mark, would not a confusion-based remedy suffice? *McCarthy on Trademarks and Unfair Competition*, Fourth Edition, § 24:112.1 (Dec. 2000). In light of the broad protection accorded famous marks by the TTAB (see below), the answer to his question seems to be "yes."

According to Professor McCarthy, the Board in *Toro* was likewise "highly skeptical of the concept of niche market fame." *Id.* at § 24.89.1, n. 23. He cites as evidence the following passage from *Toro*:

> Normally, famous marks are famous to everyone. The legislative history of the FTDA gives examples of BUICK, KODAK, and DUPONT as household terms with which almost everyone is familiar.... Here, opposer's evidence does not establish that TORO is a famous mark among the public in general, and that the public would associate the term TORO with opposer regardless of the products or services with which the mark is used. *Toro* at 1181.

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The *Toro v. ToroHead* decision made it quite clear that a claimant who steps into the dilution bullring had better be ready for a difficult evidentiary battle. Fortunately, our other landmark case, *NASDAQ v. Antartica*, demonstrates that the dilution claimant is not always the one who is gored.

NASDAQ v. Antartica: Yes, You Can Win a Dilution Claim!

The TTAB for the first time sustained a Section 43(c) dilution claim in *The NASDAQ Stock Market, Inc. v. Antartica, S.r.l.,* Opposition No. 91121204 (June 30, 2003) [citable]. It found the registered mark NASDAQ for securities trading services likely to be diluted by the mark NASDAQ & griffon[13] design for various clothing and sporting goods items. [14] Antartica's application was

filed under Section 44 of the Lanham Act, and the mark had not been put into use.

Likelihood of Dilution is the Proper Standard (in Absence of Use). The Board noted the Supreme Court's holding in *Moseley* that in a civil action under the FTDA a plaintiff must prove *actual* dilution, not just likelihood of dilution. Revisiting the threshold issue that it faced in *Toro*, the Board extended the holding of *Toro* to oppositions "alleging prospective dilution by a mark not yet in use and that is the subject of a Section 44 application:" i.e., the opposer may prevail upon a showing of likelihood of dilution. *NASDAQ* (slip op.) at 52.

Defendant May Challenge the Distinctiveness of the Claimant's Mark. Turning to an assessment of the distinctiveness and fame of the NASDAQ mark, the Board repeated its statement in *Toro* that distinctiveness for dilution purposes is not established merely by the fact that the mark was registered without resort to Section 2(f) acquired distinctiveness. A famous mark must be "so distinctive that the public would associate the term with the owner of the famous mark even when it encounters the term apart from the owner's goods or services." *NASDAQ* at 55, quoting *Toro*, 61 USPQ2d at 1177.

Applicant Antartica argued that only inherently distinctive marks can be protected under the FTDA, that acronyms cannot *per se* be inherently distinctive, that the NASDAQ mark is an acronym for the allegedly descriptive phrase "National Association of Securities Dealers Automated Quotation," and that the use of acronyms is common in the stock market field.

Opposer contended that Antartica's attack on the presumptive distinctiveness of its mark constituted a collateral attack on its registration, which is not permitted absent a counterclaim for cancellation (*See* Rule 2.106(b)), and further that any attack on the ground of descriptiveness was untimely under Section 14 of the Lanham Act. The Board disagreed. The degree of inherent or acquired distinctiveness of a mark is one of the statutory factors to be considered in determining whether a mark is distinctive and famous. *See* 15 U.S.C. § 1125(c)(1)(A). Because a dilution claimant has the burden of proof on the issue of distinctiveness, it is permissible for a defendant to a dilution claim to present arguments regarding the lack of distinctiveness of the mark, even in the absence of a counterclaim for cancellation.

Turning to Antartica's arguments, the Board declined to establish a *per se* rule that acronyms cannot be inherently distinctive. *NASDAQ* at 58. It observed that, even if acronyms are frequently used in the securities field, each mark must be considered on its own merits. Moreover, Opposer advertises and promotes the acronym and not the underlying words. The Board concluded that NASDAQ points uniquely to Opposer's stock market and is an inherently distinctive mark. *NASDAQ* at 58-59.

NASDAQ's Proof of Fame Met the *Toro* Requirements. The Board had "no difficulty" in finding the NASDAQ mark famous. First, the record showed that the NASDAQ mark had achieved fame prior to Applicant's priority filing date. Second, Opposer established fame under the more rigorous standard for dilution by providing the three types of evidence suggested by *Toro*: recognition of fame by the other party, intense media attention, and surveys.

Opposer Nasdaq's evidence on the issue of fame was staggering. It engaged in television, radio, and print advertising on a large scale throughout the 1990s. Its website received 7 million hits per day. Annual surveys commissioned by Opposer showed that investor awareness of the NASDAQ stock market rose from 20% in 1990 to more than 80% in 1999. Its stock tables have appeared in newspapers across the country, are reported on television, and are posted at numerous websites, and countless articles have been written about NASDAQ or its listed companies.

Antartica admitted that the NASDAQ mark had achieved some degree of fame, albeit only within the field of investing. Opposer proved though survey evidence that its widespread and frequent advertising resulted in recognition of NASDAQ by some three-quarters of investors. Moreover, dictionary references, magazine articles, and daily reports on opposer's stock market in print and broadcast media evidenced "very widespread recognition, beyond just investors."[15] *NASDAQ* at 61-62.

Dilution by Blurring was Established. The Board then turned to the issue of whether use of the Applicant's mark is likely to cause dilution by blurring,[16] thereby lessening the capacity of the NASDAQ mark to identify Opposer's stock market services.

The Board found the marks at issue to be "identical in sound and virtually identical in the visual and connotative impressions they create." *NASDAQ* at 34. Antartica contended that in its mark, NASDAQ is an acronym for the Italian phrase "Nuovi Articoli Sportivi Di Alta Qualita,"[17] meaning "new, high quality sporting goods." The Board, however, noted that nothing in the record showed use of that phrase by Antartica, and further that the mark in the involved application did not include that phrase. As to the griffon design, the Board viewed it as "highly stylized and as not possessed of any particular, unmistakable connotation." *NASDAQ* at 30.

Turning to the issue of whether dilution would likely occur, the Board noted the Supreme Court's suggestion in *Moseley* that "blurring requires one viewing the newcomer's mark either to conclude that the famous mark is now associated with a new product or service or to associate the famous mark with its owner less strongly or exclusively." *NASDAQ* at 62, citing *Moseley*, 65 USDPQ2d at 1808. Applying the three-factor test of *Toro*, the Board had "no difficulty in concluding that dilution would occur, even in the absence of survey evidence regarding consumer perception."[18] The marks are essentially identical, Opposer's mark was famous prior to Antartica's filing date, and the general public would not be likely to associate NASDAQ with an entity other than opposer.

> Rather, they "would wonder why another party could use a mark that they thought would have identified a unique, singular, or particular source." *NASDAQ* at 64, quoting *Toro*, 61 USPQ2d at 1184.

In contrast with the TORO mark, NASDAQ is a term that is not a common word but a unique mark. As a consequence,

> members of the public familiar with opposer's mark, when encountering it in connection with applicant's goods, would either conclude that it was opposer's mark being used on or in connection with these products or would have to reach a contrary conclusion only by associating the mark less strongly with opposer. Either result would be blurring and would lessen the capacity of opposer's mark to identify goods and service having their source in opposer. *NASDAQ* at 64, citing *Moseley*, 65 USPQ2d 1808.

Proving What You Need to Prove

Having surveyed the TTAB dilution terrain, we now have a good idea as to what must be proven to establish a claim for dilution under the FTDA[19] – at least when the challenged mark has *not yet been put into use*. The TTAB has thus far not determined what standard – likelihood of dilution or actual dilution – will apply if the allegedly diluting mark is already *in use*. Likewise, whether niche market fame and whether dilution by tarnishment are encompassed by the FTDA remain open questions.

If the Allegedly Diluting Mark is not yet in Use. Based on the *Toro* and *NASDAQ* decisions, one may list the following requisites for proof of a dilution claim when the allegedly diluting mark has not yet been used:

- The dilution claimant's mark must have achieved fame prior to the challenged mark's constructive use date.
- Its fame must be substantially nationwide.
- The marks at issue must be "essentially the same."
- The claimant's mark must be distinctive.
- The claimant's mark must be "truly famous."
- Blurring must be established: i.e., that members of the public familiar with the famous mark, when encountering it in connection with the other's goods/services, would either conclude that it was the famous mark being used on or in connection with those goods/services or would have to reach a contrary conclusion only by associating the famous mark less strongly with its owner.
- If the FTDA provides a dilution remedy in the case of niche market fame, the other party must be using the allegedly diluting mark for goods or services in the same field of trade as the famous mark.

While listing the requirements for proving a dilution claim may not be difficult, proving the dilution claim may be a daunting and expensive task.

Toro teaches that sales and advertising figures are not enough to establish that a mark is truly famous. *Toro* at 1179. There must be evidence that the sales and advertising have resulted in a "powerful consumer association between the mark and the owner." *Toro* at 1080. Recognition by the other party; intense media attention; and survey evidence are suggested as possible avenues of proof. *Toro* at 1181.

Evidence of the other party's recognition of the mark's fame may perhaps be uncovered relatively inexpensively through discovery. Proof of "intense media attention" regarding the famous mark will probably already reside in the files of the dilution claimant. Survey evidence regarding consumer recognition of the mark may have been collected by the owner (as in *NASDAQ*), but if not, a dilution claimant would want to bolster its case with survey evidence and/or expert testimony.

Proving that the mark became famous before the constructive first use date of the challenged mark may not be as easy as it seems. If the dilution claimant has brand recognition survey results from past years, proof that the mark was famous as of some earlier date may be readily accomplished. If such survey results are not already at hand, however, proving fame *as of some date in the past* by way of a survey taken some years later may be very difficult.

Proof that the fame of the mark is nationwide would likely be included as part of the proof that the mark is "truly famous."

The mark's distinctiveness may be established by evidence as to the derivation of the mark and its meaning (if any) vis-à-vis the goods and services at issue, and by "negative" evidence regarding the lack of use of the mark by others, the lack of any dictionary listings and other meanings, etc. If the mark is not inherently distinctive, the mark owner would have to provide more than the usual Section 2(f) evidence sufficient for registration. Survey evidence would surely be needed to show that the public makes a "direct and immediate connection" between the mark and the mark owner. Expert testimony on the issue may also be helpful.

Establishing that the marks in question are "essentially the same" may require survey evidence or expert testimony – at least when the marks are not identical or very nearly so. Looking at the *Red Hat* and *Pep Boys* cases discussed above, one might well conclude that those opposers should not have bothered making a dilution claim in light of the differences in the marks in question.

Proof of blurring may be the most difficult task of all, at least when the marks are not identical. In the latter situation, *Moseley* teaches that "circumstantial evidence" may be enough, and in *NASDAQ* it was enough. But in other cases, more than circumstantial evidence is likely required to show that "potential buyers would make an association between the parties' marks when used on their respective goods and services." *Toro* at 1184. Survey evidence and expert testimony seem to be the obvious avenues of proof, but the TTAB case law thus far gives no guidance as to how to shape such evidence in order to prove that the distinctive quality of the famous mark is likely to be diminished.

In sum, in order to prove a dilution claim, a party had better be prepared to spend considerable sums on survey evidence and expert witness testimony. If the marks in question are identical, that may ease some of the financial burden – regarding both proof of blurring and proof of the similarity of the marks. But in other cases, it is highly doubtful that a dilution claim can be established without a significant investment in survey evidence and/or expert testimony.

If the Allegedly Diluting Mark is in Use. If "actual dilution" will be the applicable TTAB standard when the allegedly diluting mark is already in use, one would expect to look to the Supreme Court's ruling in *Moseley* for guidance as to how to prove a dilution claim. Unfortunately, little guidance is to be found there.

The Supreme Court indicated that the actual economic consequence of dilution – like lost sales or profits – need not be shown, but actual dilution must be established. Moreover, it is not enough to prove that consumers "mentally associate" the junior user's mark with the famous mark; such mental association will not necessarily reduce the capacity of the famous mark to identify the owners' goods. In *Moseley*, the army officer who saw the "Victor's Secret" advertisement did make a mental association with Victoria's Secret, but there was

> a complete absence of evidence of any lessening of the capacity of the VICTORIA'S SECRET mark to identify and distinguish goods or services sold in Victoria's Secret stores or advertised in its catalogs. The officer was offended by the ad, but it did not change his conception of Victoria's Secret. His offense was directed entirely at petitioners, not at respondents. Moreover, an expert retained by respondents had nothing to say about the impact of petitioner's name on the strength of respondent's mark. *Moseley* at 1808.

The TTAB in *NASDAQ* interpreted *Moseley* as follows: "blurring requires one viewing the newcomer's mark either to conclude that the famous mark is now associated with a new product or service or to associate the famous mark with its owner less strongly or exclusively." *NASDAQ* at 62.

As to how to prove actual dilution, the Court was mostly noncommittal. It suggested that, when the marks are identical, circumstantial evidence might be enough. In other cases, direct evidence of dilution is seemingly required. Survey evidence and expert testimony are the obvious possibilities, with the goal of establishing that the diluting mark has had an adverse impact on the famous mark by diminishing its identifying capacity.

Thus proving a dilution claim under the "actual dilution" standard could again be a quite expensive proposition, given the significant cost of obtaining and submitting expert testimony and survey evidence.

Dilution Law: the "Big Dig" of TTAB Jurisprudence. Like Boston's infamous "Big Dig" project,[20] the construction of TTAB dilution law appears to be a long-term undertaking. In the four years since the Section 43(c) dilution claim has been available in opposition and cancellation proceedings, the Board has proceeded cautiously and deliberately in developing its dilution jurisprudence. It has been careful in choosing just which dilution claims it will consider, displaying a readiness to decline consideration of a perhaps unattractive dilution claim when the claimant has already established Section 2(d) likelihood of confusion.[21]

For example, in *Houghton Mifflin Co. v. Tabb*, Opposition No. 110,282 (April 3, 2002) [not citable], the Board passed up an opportunity to further define the metes and bounds of Section 43(c). It found CURIOUS GEORGE to be a famous mark meriting a wide latitude of protection under the 5th *du Pont* factor, and it sustained Houghton Mifflin's likelihood of confusion claim against the mark FURIOUS GEORGE, used for musical recordings and live band performances. However, it declined to consider Houghton Mifflin's dilution claim.

Similarly in *Gillette Canada Co. v. Kivy Corp.*, Opposition No. 116,804 (January 29, 2003) [not citable], the Board sustained a Section 2(d) opposition, finding the mark ORAL MAGIC for a "non-electric toothbrush" likely to cause confusion with the registered mark ORAL-B for toothbrushes and other dental products. The record evidence established the fame of the ORAL-B mark under the fifth *du Pont* factor, and the Board readily found confusion likely. However, the Board declined to reach the merits of Gillette Canada's dilution claim "in the interest of judicial economy."[22] (slip op., p. 13).

And most recently *in House of Blues Brands Corp. v. Sylvia Woods, Inc.*, Opposition 117,309 (June 24, 2003) [not citable], the Board sustained a Section 2(d) opposition to registration of the mark HOUSE OF SOUL for entertainment and restaurant services, finding the mark likely to cause confusion with the mark HOUSE OF BLUES used and registered for, *inter alia*, bar and nightclub services. Opposer established the fame of its mark HOUSE OF BLUES in connection with restaurant and musical entertainment services for likelihood of confusion purposes. Opposer also pleaded a dilution claim under Section 43(c), but the Board declined to reach that claim in light of its Section 2(d) holding.

Since Section 43(c) claims are typically coupled with Section 2(d) claims, the Board's inclination to decline consideration of a dilution claim while sustaining a likelihood of confusion claim probably means that it will be a long time before the contours of the dilution landscape are completely shaped.

Broad Protection for Famous Marks Under Section 2(d). One should be aware that the owner of a "famous" mark may not need to plead and prove a Section 43(c) claim – with its rigorous evidentiary requirements and its "truly famous" standard – in order to obtain broad protection for its mark. Section 2(d) of the Lanham Act may suffice.

The CAFC declared in *Kenner Parker Toys Inc. v. Rose Art Industries Inc.*, 22 USPQ2d 1453 (Fed Cir. 1992), *cert. den.*, 113 S.Ct. 181 (1992), that fame is a dominant *du Pont* factor. Just how dominant the fame factor may be is illustrated by *Recot, Inc. v. M.C. Becton*, 54 USPQ2d 1894 (Fed. Cir. 2000). In *Recot*, the CAFC reversed a Board decision finding no likelihood of confusion between the mark FRITO LAY for snack foods and FIDO LAY for edible dog treats. The appellate court remanded the case to the TTAB with directions to give "full weight" to the fame of Opposer's mark, reiterating that fame plays "a dominant role in the process of balancing the *du Pont* factors," and confirming that "famous marks thus enjoy a wide latitude of protection." 54 USPQ2d at 1897.

On remand (56 USPQ2d 1859 (TTAB 2000)), the TTAB sustained the opposition with apparent reluctance, ruling that the dissimilarity of the parties' goods was not sufficient to outweigh the evidentiary elements favoring Opposer: the fame of the FRITO LAY mark, the similarity of the two marks, and the nature of the goods as impulse-purchase items.

Two years later, in *Bose Corp. v. QSC Audio Products, Inc.*, 63 USPQ2d 1303 (Fed. Cir. 2002), the CAFC again cast a disapproving eye on the TTAB's treatment of the *du Pont* fame factor. It reversed the TTAB's dismissal of Bose's opposition to registration of the mark POWERWAVE for amplifiers and power amplifiers. The Board had held the mark not confusingly similar to Bose's registered marks WAVE and ACOUSTIC WAVE for various audio products, including loudspeaker systems and music systems that include an amplifier. The appellate court ruled that the Board erred in several respects in its analysis of likelihood of confusion – in failing to accord fame to the Bose marks and in concluding that the goods of the parties were not related for purposes of the *du Pont* analysis. The CAFC observed that in *Recot*, the goods in question were "completely unrelated" in kind, yet likelihood of confusion was found:

> Thus, even if the goods in question are different from, and thus not related to, one another in kind, the same goods can be related in the mind of the consuming public as to the origin of the goods. It is this sense of relatedness that matters in the likelihood of confusion context. 63 USPQ2d at 1310 [quoting *Recot*, 54 USPQ2d at 1898].

A recent example of the broad protection afforded famous marks is found in *Nike, Inc. v. Pleasures of the Table, Inc.*, Opposition No. 115,293 (July 10, 2003) [not citable], in which the Board sustained a Section 2(d) opposition to registration of the mark shown here[23] ("bar and restaurant extraordinaire" disclaimed) for food preparation, distribution, and serving, and for restaurant, cocktail lounge, and catering services, finding the mark likely to cause confusion with various NIKE marks registered for footwear, clothing, and other products, and for retail store services. The Board concluded that restaurant services are a "logical expansion" of Nike's business, since Nike operates a food service at its conference centers as well as restaurants near its "NIKE World Campus" in Oregon (albeit not under the NIKE name). Nike did not make a claim under Section 43(c).

Thus, the owner of a famous mark will surely not want to pin all its hopes on a Section 43(c) dilution claim.[24] If Section 2(d) "fame" can be established – plainly a less burdensome task than meeting the "truly famous" requirement for anti-dilution relief – the owner may get the broad protection it desires, without the added expense of survey evidence and expert testimony that proof of a dilution claim may require.

Conclusion

Perhaps it is only fitting that the law of dilution is taking shape slowly at the TTAB. The dilution concept has been lurking at the edges of trademark jurisprudence since 1927, and not until 1995 did Congress add anti-dilution relief to the Lanham Act. The reticence of Congress, the courts, and the TTAB to embrace this potentially powerful claim for relief may stem from an uneasiness with the basic foundation of dilution law: rather than protecting the consumer from confusion – the traditional role of trademark law – the dilution remedy protects the mark owner's investment in the mark.

Nonetheless, the sooner the Board shapes its dilution jurisprudence, the sooner trademark practitioners and trademark owners may confidently and comfortably traverse the dilution landscape.

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[1] Counsel, Foley Hoag LLP, Boston, MA. This paper was delivered at the Intellectual Property Owner's Association (IPO) PTO Day Conference in Washington, D.C. on December 8, 2003.

[2] The Federal Trademark Dilution Act of 1995 (FTDA), 109 Stat. 985, is codified at Section 43(c) of the Lanham Act, 15 U.S.C. § 1125(c). *See* box, page 11. Section 2 of the Trademark Amendments Act of 1999 (TAA), Pub. L. No. 106-43, 113 Stat. 218, amended Sections 13 and 14 of the Lanham Act to require the TTAB to consider dilution under the FTDA as a ground for opposition and cancellation.

[3] Chief Administrative Trademark Judge Sams joined with Judges Seeherman, Quinn, and Drost in an opinion written by Judge Drost.

[4] ToroHead's application for the mark ToroMR & bull's head design now stands abandoned for failure to file a Statement of Use.

[5] Unresolved is the question of what standard applies in an opposition against an application for a mark that is in use: does an actual dilution standard apply? What if the mark has been put into use, but only on a limited basis? Or imagine a civil action that includes a claim for dilution under Section 43(c) coupled with a Section 37 claim for cancellation of a registration for the diluting mark. Would the court apply an "actual dilution" standard to the claim for damages and/or injunctive relief under Section 43(c), but a "likelihood of dilution" standard to the cancellation claim under Section 37?

[6] The CAFC, in its only decision involving dilution in the TTAB context, held in *Enterprise Rent-A-Car Company v. Advantage Rent-A-Car, Inc.*, 67 USPQ2d 1811 (Fed. Cir. 2003), that prior use of a mark, even in a limited geographic area, defeats a dilution claim. Because Advantage had used its mark in the San Antonio area before Opposer Enterprise's mark allegedly became famous, the TTAB (62 USPQ2d 1857 (TTAB 2002)) had correctly rejected Enterprise's dilution claim under the FTDA.

[7] *Hasbro Inc, v, Clue Computing Inc.,* 52 USPQ2d 1402, 1413-14 (D. Mass. 1999), *aff'd*, 56 USPQ2d 1766 (1st Cir. 2000) ("[m]arks consisting of relatively common terms and with use of the same terms by third parties … not sufficiently famous to warrant FTDA protection").

[8] This "truly famous" concept appeared in the 1987 Report of the United States Trademark Association's Trademark Review Commission, a blue-ribbon panel whose recommendations formed the basis for the Trademark Law Revision Act of 1988. The Commission urged that a federal anti-dilution statute be enacted to protect "a limited category of trademarks, those which are truly famous…." "USTA Trademark Review Commission Report and Recommendations," 77 *The Trademark Reporter* 455 (1987). The "truly famous" language was echoed in the legislative history of the 1988 Act (*see, e.g.,* S. Report No. 101-515, 100th Cong., 2d Sess. (1988) at 7, 41), although the proposed statutory language was "famous," not "truly famous." In any case, Congress did not include anti-dilution provisions in the 1988 Act. When the Federal Trademark Dilution Act was considered and enacted in 1995, and when dilution was added as a basis for opposition and cancellation in 1999, this "truly famous" threshold was not discussed. It has appeared, however, in a number of federal court dilution decisions.

[9] The Board noted that the plaintiff in *Hasbro* "could not show that the English language had changed, and that purchasers associated the common word CLUE *in the abstract* with the producer of the board game." *Toro* at 1180-81 (emphasis in original).

[10] The Board avoided use of the term "fame" when discussing the Section 2(d) likelihood of confusion issues. It found that the TORO mark, when used on lawn care and maintenance equipment, had achieved a degree of "public recognition and renown." *Toro* at 1170. But it also observed that, while evidence of duration and extent of use and advertising may help establish that a mark is strong for Section 2(d) purposes, it is "much less persuasive to establish that its mark is truly famous and distinctive and entitled to the broad scope of protection provided by the FTDA." *Toro* at 1178.

[11] Although the Board suggested that the FTDA affords a remedy for both blurring and tarnishment, the Supreme Court's decision in *Moseley* strongly suggested that the FTDA does not embrace tarnishment, contrasting state dilution statutes that expressly refer to both "injury to business reputation" and "dilution of the distinctive quality of a trade name or trademark," with the FTDA, which refers only to the latter.

[12] The Board observed in a footnote that dilution can occur between unrelated products regardless of whether there is a likelihood of confusion. The closer the goods/services are to each

other, the greater the likelihood that both likelihood of confusion and likelihood of dilution can occur. The *NASDAQ* case is an example of just such an occurrence. *Toro* at 1184, n. 20.

[13] According to *Webster's New Collegiate Dictionary*, a griffon is a "fabulous animal typically having head, forepart, and wings like those of an eagle and body, hind legs, and tail like those of a lion." The word is alternatively spelled "griffin."

[14] The Board also sustained Opposer's Section 2(d) likelihood of confusion claim, noting that Opposer "has clearly moved into collateral merchandising and into sponsorship of various sporting events." *NASDAQ* at 50.

[15] The Board pointed out that the portion of the general public "invested" in stocks through retirement funds, employee stock funds, etc., is a large percentage of the American public. *NASDAQ* at 62, n. 32.

[16] The Board summarized the Supreme Court's observation in *Moseley* regarding tarnishment as follows: "state dilution statutes provide that tarnishment and blurring are actionable, while the FTDA arguably refers only to the latter." *NASDAQ* at 62.

[17] Antartica's assertion regarding the origin of its NASDAQ mark was subject to question: "the purported significance of NASDAQ appears concocted." *NASDAQ* at 47. Prior to switching to the NASDAQ mark, Opposer had been using the mark NAFTA.

[18] Citing *Moseley*, 65 USPQ2d at 1808: "It may well be, however, that direct evidence of dilution such as consumer surveys will not be necessary if actual dilution can be reliably proven through circumstantial evidence – the obvious case is one where the junior and senior marks are identical." *NASDAQ* at 63, n. 33.

[19] The CAFC in *Enterprise Rent-A-Car Company v. Advantage Rent-A-Car, Inc.*, 67 USPQ2d 1811 (Fed. Cir. 2003), affirmed the TTAB in ruling that dilution under a state dilution statute is not a ground for opposition under the Lanham Act.

[20] The "Big Dig" (a/k/a the Central Artery/Tunnel Product) is reportedly the largest and most complex highway project in American History. Planning for the project began in 1982 and construction in 1991, with completion now scheduled for the end of 2004 at a cost of over 14 billion dollars.

[21] Arguably, proper judicial procedure would have the Board decide the dilution issue as well as the likelihood of confusion issue, because if the decision on the Section 2(d) claim is reversed or vacated on appeal, the dilution claim may re-emerge before the Board and may later reach the appellate court. Thus judicial efficiency suggests that the Board decide both issues so that the appellate court may review both in the same appeal.

[22] Note that the "interest of judicial economy" did not deter the Board from sustaining Nasdaq's dilution claim, even though the Board also found likelihood of confusion.

[23] Nike is the Greek goddess of victory, and the figure depicted in Applicant's mark is similar to a sculpture, "Nike of Samothrace," located in the Louvre Museum in Paris. (slip op. at 9).

[24] The question of whether "niche market fame" is protected by Section 43(c) may not be of much practical importance given the broad protection accorded famous marks under 2(d). If the allegedly diluting mark is used in the same field of trade as the famous mark, surely the Board would find likelihood of confusion.