ANALYSIS OF SIMILARITY OF MARKS RESISTS SUMMARY JUDGMENT

*By Christopher T. Micheletti**

In *Thane International, Inc. v. Trek Bicycle Corp.*, 305 F.3d 894 (9th Cir. 2002), the Ninth Circuit recently addressed a key requirement for proving dilution under the Federal Trademark Dilution Act ("FTDA"), namely, the required degree of similarity of the marks at issue. Expressing concern about the broad reach of the federal statute, the Ninth Circuit ruled that the FTDA requires that the marks at issue be "identical" or "nearly identical." 305 F.3d at 905. While the Ninth Circuit's ruling ostensibly raises the bar for claimants alleging dilution under the FTDA, the court's application of this purportedly tougher standard to the facts before it demonstrates that case-by-case analyses of marks' similarity will continue, and that when the marks are less than identical, summary judgment may be hard to come by.

The FTDA protects "[t]he owner of a famous mark . . . 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." 15 U.S.C. §1125(c). "Dilution" is defined as "the lessening of the capacity of a famous mark to identify and distinguish goods or 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." 15 U.S.C. §1127. As the *Thane* court explained, while "[t]rademark infringement principles protect both trademark holders and consumers from the consequences of confusion about the source of a product . . ., the animating concern of the dilution protection is that the user of the diluting mark appropriates or free rides on the investment made by the trademark holder." 305 F.3d at 904.

The *Thane* case involved claims by Trek Bicycle Corporation ("Trek")—owner of the "TREK" mark used on bicycles and related products—against Thane International ("Thane"), a company which, in recent years, began producing and selling a stationary exercise machine under the "Orbitrek" mark. Trek obtained a U.S. trademark registration for the use of TREK on bicycles and bicycle frames in 1981. *Id.* at 899. Since then, Trek obtained registrations for additional marks that included the word "trek" for bicycle-related products and services; and one

registration of the mark TREK mark for "exercise equipment, namely stationary exercise cycles." *Id.*

Thane operates in the "direct response marketing" field, and airs lengthy infomercials on television and cable stations promoting sales of its products. In 1997, Thane developed the OrbiTrek, which is characterized as a "dual directional elliptical glider stationary exercise machine for indoor use." *Id.* Thane began airing infomercials for the OrbiTrek in December 1997. *Id.* Thane filed an application with the United States Patent and Trademark Office ("USPTO") to register "ORBITREK" for goods described as "stationary exercise machines." After Trek opposed that application, Thane sued Trek federal court, seeking a declaration that it had not violated federal or state trademark laws. Trek counterclaimed.

On cross-motions for summary judgment, the district court granted Thane's motion and denied Trek's, holding that "any reasonable juror would conclude that there is no likelihood of confusion between Trek Bicycle Corporation's 'Trek' mark and Thane's 'OrbiTrek' mark." *Id.* at 900. The district court further granted Thane summary judgment on Trek's dilution claim based solely on the premise that there was no likelihood of confusion between the marks.

On appeal, the Ninth Circuit ruled that Thane's submission of a consumer survey probative of consumer confusion of the marks at issue was sufficient to defeat Trek's motion for summary judgment. *Id.* at 903. Reasoning that the lower court's ruling on likely confusion could not be determinative of the dilution claim, the court analyzed that claim afresh.

The Ninth Circuit initially expressed concern about a broad application of the FTDA, noting that dilution claims "tread very close to granting 'rights in gross' in a trademark, . . . thereby hampering competition and the marketing of new products." *Id.* at 905. The court tempered its expression of concern, however, by acknowledging Congress's intent "to grant comparatively expansive rights to prevent the use of established marks in some circumscribed circumstances," and by noting that "[w]e may not interpret the statute so narrowly as to compromise the evident intent." *Id.*

The Ninth Circuit commenced its dilution analysis by treating the "identity of the marks" as a threshold issue, and articulated the "requirement that for a dilution claim to succeed, the

mark used by the alleged diluter must be identical, or nearly identical, to the protected mark." 305 F.3d at 905. The court reasoned that prior Ninth Circuit decisions "indicate that the defendant must use essentially the *same* mark, not just a similar one." *Id.*; emphasis in orig. The court also reasoned that the FTDA's "legislative history, while not definitive on the issue, . . . suggests that the marks must be identical or close thereto." *Id.* In expressly adopting this standard, the Ninth Circuit closely aligned itself with the First and Eighth Circuits, and the USPTO's Trademark Trial and Appeal Board ("TTAB"), on the degree of similarity needed to prove dilution. For dilution claims, the Eighth Circuit requires that "the marks . . . be similar enough that a significant segment of the target group of customers sees the two marks as essentially the same." *Luigino's Inc. v. Stouffer Corp.*, 170 F.3d 827, 832 (8th Cir.1999). In *Toro Co. v. ToroHead, Inc.*, 61 U.S.P.Q.2d 1164, 1183 (TTAB 2001), the TTAB stated that "[f]or dilution purposes, a party must prove more than confusing similarity; it must show that the marks are identical or very or substantially similar." A leading commentator, Professor J. Thomas McCarthy, has also advocated the "essentially the same" standard (3 J. Thomas McCarthy, *McCarthy On Trademarks and Unfair Competition*, §24:90.2 at 24-152 (4th ed. 2001)), and the First Circuit has relied upon Professor McCarthy's treatise in adopting that standard as well (*see I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 50 (1st Cir. 1998)).

While the Ninth Circuit purported to rely on Second and Fourth Circuit decisions to support its near-identity standard, a close review of the latter two Circuits' decisions disclose more flexible similarity standards which hinge on consumer perception as opposed to a side-by-side comparison of the marks at issue. The Second Circuit, for example, requires that the marks "be of *sufficient similarity* so that, in the mind of the consumer, the junior mark will *conjure an association* with the senior . . .." *Nabisco, Inc. v. PF Brands,* 191 F.3d 208, 218 (2nd Cir.1999); emphasis added. The Fourth Circuit has articulated a similar, but arguably more exacting standard; it has held that there must be "a *sufficient similarity* between the junior and senior marks to evoke an *instinctive mental association* of the two by a relevant universe of consumers." *Ringling Bros.--Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Development,* 170 F.3d 449, 458 (4th Cir.1999); emphasis added. Under these "association" standards, one may argue that dilution may occur between marks which are less than "nearly-identical" if the allegedly diluting mark causes consumers to think of, or associate it with, the senior mark.

The *Thane* court did, however, acknowledged the importance of consumer perceptions when it asserted that its test "incorporates consideration of the likely perception of consumers as to whether the marks are 'essentially the same,' and therefore may accommodate circumstances in which the senior mark is so highly distinctive that consumers are likely to view a junior mark that is a bit different as 'essentially the same' as the senior one." *Thane*, 305 F.3d at 906, n.7.

In expressly adopting the "identical or nearly-identical" standard, the Ninth Circuit endeavored to avoid a "subjective similarity of the marks test." *Id.* But the court's ambivalent application of the near-identity standard to the facts before it, illustrate the difficulty in formulating a decidedly "objective" similarity of the marks test. Reasoning that OrbiTrek contains the entire TREK mark, and highlights it with initial capitalization, the court concluded "that although TREK and OrbiTrek are not identical to one another, the possibility exists that a reasonable factfinder could find that OrbiTrek is using a mark nearly identical to Trek's mark." *Id.* at 907. In contrast, the court also found that "a reasonable factfinder could decide that examined as a whole, the OrbiTrek mark is sufficiently dissimilar from the TREK mark that the two could be viewed as not essentially the same." The Court reasoned that OrbiTrek is conjoined with "Orbi" and that "Trek" is not in all capital letters. *Id.* Ultimately, the Ninth Circuit concluded that "the issue of identity cannot be decided on a motion for summary judgment." *Id.*

The Ninth Circuit proceeded to address the standards for proving the "fame" requirement under the FTDA. *Id.* at 908-12. The court held that the TREK mark had not attained the required level of fame in either the more narrow (or "niche") sporting goods market, or among the general public, and on those grounds, rejected Trek's dilution claim.

In expressing concern about the potentially broad reach of the FTDA and adopting an "identical or nearly-identical" standard as a threshold requirement for proving dilution, the Ninth Circuit appears to be edging towards limiting the FTDA's reach. Nevertheless, the court's inability to decide, as a matter of a law, whether or not "OrbiTrek" is at least "nearly identical" to "TREK," indicates that when the marks are not identical, similarity determinations may not be amenable to resolution on summary judgment. Moreover, given the *Thane* court's acknowledgment of the potential relevance of consumer perceptions in assessing similarity, the

Ninth Circuit has left the door open for an owner of a famous mark to meet the similarity threshold and prove dilution, even though the allegedly diluting mark is "a bit different" from the famous mark.

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