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The Ninth Circuit's Holding in *Levi Strauss v. Abercrombie & Fitch* - "Degree of Similarity" Is But One of Six TDRA Factors, Not the Threshold Test -- Marks An Important Decision Elucidating The Proper Dilution Standard

On Monday, February 8, 2011, the Ninth Circuit reversed the United States District Court for the Northern District of California, which had held that Levi Strauss failed to establish by a preponderance of evidence that Abercrombie & Fitch's Ruehl pocket stitching design is likely to cause dilution by blurring of Levi Strauss' famous Arcuate pocket stitching design because it had not established that "[Abercrombie] is making commercial use of a mark that is identical or nearly identical to the [Levi Strauss] Arcuate mark." *Compare* Levi Strauss v. Abercrombie & Fitch, No. 09-16322, 2011 WL 383972, at *13 (9th Cir. Feb. 8, 2011) *with Levi Strauss*, No. C07-03752 JSW, 2009 WL 1082175, at *9 (N.D. Cal. Apr. 22, 2009).

The Ninth Circuit held that:

> [T]he plain language of 15 U.S.C. § 1125(c) does not require that a plaintiff establish that the junior mark is identical, nearly identical or substantially similar to the senior mark in order to obtain injunctive relief. Rather a plaintiff must show, based upon the factors set forth in § 1125(c)(2)(B), including the degree of similarity, that a junior mark is likely to impair the distinctiveness of the famous mark.

Levi Strauss, 2011 WL 383972, at *13.

At issue was whether the "identical or nearly identical" standard is a predicate to dilution analysis in light of Congress' adoption of the Trademark Dilution Revision Act of 2006 ("TDRA"), 15 U.S.C. § 1125(c). This decision of first impression in the Ninth Circuit highlights a significant distinction in dilution jurisprudence.

Since 1873, Levi Strauss has been designing denim blue jeans with its distinctive "Arcuate" stitching pattern on the back pocket, featuring two arches meeting in the center of the pocket. Levi Strauss registered the Arcuate design with the United States Patent and Trademark Office in 1943. During the last three decades, jeans featuring the Arcuate design have accounted for ninety-five percent of Levi Strauss' sales. In 2006, Abercrombie & Fitch began using the "Ruehl" design, featuring two arches stitched across the back pocket of the jeans, connected by a "dipsy doodle" for the mathematical symbol for infinity. Levi Strauss brought suit against Abercrombie & Fitch in 2007, alleging trademark infringement, unfair competition, and trademark dilution under both federal and California law.

The district court held that Abercrombie & Fitch's Ruehl design did not dilute Levi Strauss' Arcuate mark because Levi Strauss failed to show that Abercrombie "is making or has made use in commerce of an identical or nearly identical trademark, in this case the Ruehl design." *Levi Strauss & Co.*,2009 WL 1082175, at *5. In order to be "identical or nearly identical," the two marks must be "similar enough that a significant segment of

the target group of customers sees the two marks as essentially the same." *Id.*

In a thirty-two page opinion, the Ninth Circuit reviewed the origin and the statutory and case law history of the "identical or nearly identical" standard, including the Supreme Court decision in *Mosley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003), the adoption by Congress of the Federal Trademark Dilution Act ("FTDA"), and the more recent TDRA. *Levi Strauss*, 2011 WL 383972 at *4-*6. The Court noted that the TDRA "did not merely make surgical linguistic changes to the [FTDA] in response to *Moseley*. Instead, Congress created a new, more comprehensive federal dilution act." *Id.* at *7 (*citing* 15 U.S.C. § 1125(c)(2)(B)). The Ninth Circuit observed that "Congress did not require an association arising from the 'substantial' similarity, 'identity' or 'near identity' of the two marks. The word chosen by Congress, 'similarity,' sets forth a less demanding standard than that employed by many courts under the FTDA." *Id.* at *12. The Ninth Circuit held that in order to state a claim for dilution under the TDRA, "a plaintiff must show, based on the factors set forth in § 1125(c)(2)(B), including the degree of similarity, that a junior mark is likely to impair the distinctiveness of the famous mark." *Id.* at *13. The case was remanded to the district court for analysis of the dilution claim under the TDRA standard as clarified by the Ninth Circuit.

The decision is significant in that it clarifies an important distinction regarding dilution by blurring claims under the TDRA and claims previously brought under the earlier FTDA. The "identical or nearly identical" standard applied under the FTDA did not survive the TDRA. As the Ninth Circuit noted: "No doubt, similarity has a special role to play in the implementation of the new statute's multifactor approach. After all, dilution by blurring is defined by the statute as an 'association arising from the similarity between a mark . . . and a famous mark.'" *Id.* (citing § 1125(c)(1)(B)). "It is also the *first* factor listed in the multifactor approach. Nevertheless, Congress's decision to make 'degree of similarity' one consideration in a multi-factor list strongly suggests that it did not want 'degree of similarity' to be the necessarily controlling factor." *Id*. The Ninth Circuit's elucidation of the multiple dilution factors highlights the powerful tool that the TDRA affords famous trademark owners to combat dilution by blurring.