

HOW TO DO A TRADEMARK DILUTION SURVEY (OR PERHAPS HOW NOT TO DO ONE)

*By William G. Barber**

“There is no standard criteria for surveying for dilution.”¹

We have been living with state trademark dilution statutes for approximately fifty years now. The much-celebrated federal dilution statute has been in force for over three years.² Yet courts continue to struggle with understanding and applying the law of dilution. Practitioners struggle even more with testing dilution through surveys.

This article will discuss various ways that litigants have approached surveying trademark dilution, and attempt to give some guidance on how (and how not) to conduct a dilution survey.

I. WHY IS DILUTION SO DIFFICULT TO MEASURE?

One of the main problems with proving dilution in litigation is that it is so difficult to detect in the market place.³ Likelihood of confusion, in contrast, can often be detected because there may be evidence that consumers were confused about the source or sponsorship of a product. This evidence typically takes the form of misdirected mail, telephone calls, or customer complaints. But a customer rarely calls a trademark owner and says, “I think the capacity of your mark to identify and distinguish your products is

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1. United States District Judge William Caldwell, March 31, 1998, in *Hershey Foods Corp. v. Mars, Inc.*, 998 F Supp 500, 518 (MD Pa 1998).

2. The Federal Trademark Dilution Act (“FTDA”), §43(c) Lanham Act, 15 USC §1125(c), became effective on January 16, 1996.

3. One court candidly noted that, although a dilution claim requires the plaintiff to prove two elements, distinctiveness (or fame) of its mark and dilution, “Courts focus on the first criterion, distinctiveness, because actual dilution in the absence of confusion is virtually impossible to demonstrate or measure.” *Quill Natural Spring Water, Ltd. v. Quill Corp.*, 1994 WL 559237 at *12 (ND Ill 1994).

being lessened by Company B's use of your mark."⁴ It does not happen very often in the real world.⁵

Over the years, trademark owners and the courts have developed standard and reliable methods for surveying a variety of issues in trademark cases. For example, likelihood of confusion can be measured by exposing respondents to the alleged infringing use, and asking a series of questions to determine who they believe makes or sponsors the product. Secondary meaning and/or fame of a mark⁶ can be objectively measured through brand awareness type tests. Standard methodology has been developed to determine whether an alleged trademark is generic.⁷

But how do you objectively survey whether a mark has been diluted? Standard criteria have yet to emerge. As stated in the Restatement:

Direct evidence of a dilution of distinctiveness is seldom available because the harm at issue is a blurring of the mental associations evoked by the mark, a phenomenon not easily sampled by consumer surveys and not normally manifested by unambiguous consumer behavior.⁸

II. VARIOUS APPROACHES TO SURVEY DILUTION

A. Association Tests

1. Pre-FTDA Cases

Perhaps the most simplistic (and popular) way of trying to survey dilution is to expose respondents to the allegedly diluting use, and ask them what comes to mind when they see it, or what

4. The federal statute defines "dilution" to mean "the lessening of the capacity of a famous mark to identify and distinguish goods or services," regardless of the presence of competition between the parties or likelihood of confusion. Section 45 Lanham Act, 15 USC §1127.

5. One court has suggested that blurring could be detected by proof that the defendant's use has caused a lessening of demand for the plaintiff's products or services or for use of the plaintiff's mark in co-promotions. *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development*, 955 F Supp 605, 616 (ED Va 1997), affd 170 F3d 449, 50 USPQ2d 1065 (CA 4 1999).

6. In order to prevail on a claim for dilution under §43(c) of the Lanham Act, the plaintiff must prove both that its mark is famous and that it is being diluted. Parties often introduce surveys on both of these issues. This article focuses on surveying the second of these issues—dilution—since fame (secondary meaning) surveys are already much better developed and understood.

7. The standard genericness survey, known as the "Teflon Survey," is based on the seminal case of *E.I. duPont de Nemours and Co. v. Yoshida International, Inc.*, 393 F Supp 502, 185 USPQ 597 (EDNY 1975). The Teflon Survey is "[t]he best-known and most frequently cited generic survey design." Phyllis J. Welter, *Trademark Surveys* §22.02[1] at 22-4 (Release No. 5, 1998).

8. Restatement (Third) on the Law of Unfair Competition §25, comment f at 270 (1995) [hereinafter referred to as Restatement Third].

they associate it with. If they mention the plaintiff or its mark or products, so the theory goes, this evidences dilution.

One of the first reported decisions mentioning such a survey was *Exxon Corp. v. Exxene Corp.*⁹ In that case, Exxon challenged the defendant's use of the name Exxene in connection with coatings for windshields, goggles, and masks, relying on several grounds, including dilution, under Illinois law. Exxon submitted a survey in which almost half of the people who responded found an "association" between the names Exxene and Exxon.¹⁰ Despite this evidence, the jury returned a verdict for Exxene on Exxon's dilution claims finding that the words "Exxon" and "Exxene" neither look nor sound the same. The Seventh Circuit affirmed, stating "Exxene made vigorous efforts to discredit the survey in the jury's eyes and we cannot say that no reasonable jury could have rejected the survey results."¹¹

Another good example of an association test can be found in the *Dom Poppingnon* case, in which two judges in the same case reached differing conclusions on the probative value of that type of survey design.¹² In this case, the exclusive distributor of DOM PERIGNON champagne sued a company marketing unpopped popcorn under the mark "DOM POPINGNON Champop," which was packaged in a champagne-style bottle bearing a label remarkably similar to the DOM PERIGNON label. The plaintiff initially moved for summary judgment on both infringement and dilution, based partially on a pilot survey of fifty respondents, at least twenty-five years old, who had visited a gourmet food store within the past twelve months.¹³ Respondents were shown the defendants' product and asked:

- (1) What was the first thing that came to mind when you looked at the product? [If they answered champagne or wine, they were then asked whether they had a particular brand in mind.]
- (2) Do you think the company that makes or distributes this product had to get authorization — that is permission — from anyone to market this product?

9. 696 F2d 544, 217 USPQ 215 (CA 7 1982).

10. *Id.* at 550, 217 USPQ 215.

11. *Id.* at 550, 217 USPQ at 219.

12. Compare *Schieffelin & Co. v. Jack Co. of Boca, Inc.*, 1992 WL 156560 (SDNY 1992) with *Schieffelin & Co. v. Jack Co. of Boca, Inc.*, 850 F Supp 232, 31 USPQ2d 1865 (SDNY 1994).

13. At the time plaintiff conducted the pilot survey, defendant's product was sold only in gourmet food stores and restaurant gift shops.

- (3) From whom did they have to get authorization or permission to market the product?

Twenty-eight percent of the respondents answered DOM PERIGNON in response to question (1). Forty-six percent of the respondents answered DOM PERIGNON in response to question (3).

In considering plaintiff's motion for summary judgment, the judge suggested that plaintiff's survey—wherein twenty-eight percent of respondents indicated that seeing DOM POPINGNON made them think of DOM PERIGNON—provided evidence of the kind of mental association required to constitute blurring under the New York dilution law.¹⁴ However, the judge denied the plaintiff's motion, reasoning that the defendants had raised genuine issues of fact with respect to the reliability of the survey results,¹⁵ and that plaintiff had produced no evidence of tarnishment of its marks by defendants' popcorn product.¹⁶

A different judge presided over the trial in this case, and was apparently not as impressed with plaintiff's surveys¹⁷ with regard to the dilution issue. Although the trial judge found in favor of the plaintiff on the issue of likelihood of confusion—citing extensively from plaintiff's surveys—he held that plaintiff presented no evidence showing dilution:

Although defendants' marks bear a close similarity to Schieffelin's marks, Schieffelin cannot identify evidence in the record to establish that the selling power of its marks has been thereby diminished. Nor has Schieffelin demonstrated through competent evidence that the DOM POPINGNON mark has tarnished DOM PERIGNON. The court declines Schieffelin's invitation to speculate on this matter. . . .¹⁸

14. Schieffelin, *supra* note 12, 1992 WL 156560 at *15.

15. The plaintiff's survey expert conceded that a pilot test of fifty respondents is not statistically projectable to a larger population. Since all reasonable inferences must be drawn in favor of the party opposing a motion for summary judgment, the court concluded that a determination of what weight, if any, to accord the pilot survey must await trial. *Id.* at 10.

16. *Ibid.*

17. Between the time of the summary judgment denial and trial, the defendant expanded its distribution channels for the DOM POPINGNON product to other types of retail stores, and added a disclaimer to the label. Plaintiff then conducted a full survey of about two hundred respondents, not limited to gourmet food store shoppers. The full survey yielded results similar to the pilot survey—twenty-two percent of the respondents said that DOM PERIGNON came to mind first when shown the DOM POPINGNON product.

18. Schieffelin, *supra* note 12, 850 F Supp at 251, 31 USPQ2d at 1880.

2. Post-FTDA Cases

Association tests have also been used in cases brought under the FTDA. For example, in *Wawa, Inc. v. Haaf*,¹⁹ the operator of a five-state chain of convenience stores named WAWA sued the operators of a convenience store named HAHA 24 Hr. Market for dilution under the FTDA. Plaintiff commissioned a survey of adult residents in the trading area surrounding defendant's HAHA store. Respondents were shown a photograph of defendant's store and asked:

- (1) What do you think of when you see or hear the name of this store? What else?
- (2) Do you associate this store with anything else?

Twenty-nine percent of the respondents mentioned Wawa in response to questions (1) and (2) combined. The court accepted the plaintiff's survey as showing dilution, stating "I find by the preponderance of the evidence that Plaintiff's market survey is credible and supports my own conclusions that HAHA 24 HR. Market is undermining the strength of Wawa either through dilution or parody."²⁰

3. The Problem With Association Tests

The main problem with association tests is that the mere fact that a defendant's mark may call to mind the plaintiff's mark does not necessarily mean that it dilutes it.²¹ Although it is well established that there must be some mental association between the parties' marks for dilution to occur (i.e., if the defendant's use does not at least call to mind the plaintiff's mark then it could hardly dilute it),²² that does not mean that any mental association will cause dilution. There are many possible reasons that one mark could call to mind another mark, particularly a famous one.

For example, if I ask you to list everything that comes to mind when I say "Pepsi," you might at some point mention "Coke" simply because you associate Pepsi and Coke as leading competitors in the soft drink industry. But that does not mean that the mark Pepsi dilutes the mark Coke. Similarly, if I ask you

19. 40 USPQ2d 1629 (ED Pa 1996), *affd w/o opin* 116 F3d 471 (CA 3 1997).

20. *Id* at 1632.

21. See Alexander F. Simonson, *How and When Do Trademarks Dilute: A Behavioral Framework to Judge "Likelihood" of Dilution*, 83 TMR 149, 172-73 (1993) (stating that this type of test for dilution is "less than revealing").

22. See, eg, *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F2d 1026, 1031, 10 USPQ2d 1961 (CA 2 1989), *rev'd* 702 F Supp 1031, 9 USPQ2d 1442 (SDNY 1989), citing 2 J. Thomas McCarthy, *Trademarks and Unfair Competition* §24.13 at 213-14 (2d ed 1984); *Restatement Third*, *supra* note 8, §25, comment f at 270.

to tell me what comes to mind when I say "Black," you might answer "White" because they are opposites, not because they would dilute each other if used as marks. Or if I were to show you an obvious parody of a famous trademark, it had better call to mind the famous trademark or it would not be a very good parody. But not all parodies dilute the trademarks they target.²³

In order for a junior mark to dilute a senior mark, the junior mark must not only call to mind the senior mark; it must blur its distinctiveness or tarnish its reputation. A survey that tests only whether respondents associate the defendant's mark with the plaintiff's in some way may be relevant to the issue of dilution, but it does not establish that dilution has occurred or is likely to occur.²⁴ The key is whether use of the defendant's mark reduces the ability of the plaintiff's mark to identify and distinguish the plaintiff's products or services—either through blurring or tarnishment. That is what a well-designed dilution survey must test.

B. Tarnishment Surveys

A pre-FTDA example of a survey offered on the issue of tarnishment is found in *Anheuser-Busch, Inc. v. Balducci Publications*.²⁵ In that case, the defendant parodied one of Anheuser-Busch's ads for MICHELOB DRY beer in a humor magazine called SNICKER. The parody ad showed Anheuser-Busch's eagle character drenched in oil with the slogan, ONE TASTE AND YOU'LL DRINK IT OILY, MICHELOB OILY. The ad showed someone pouring oil out of a can of MICHELOB OILY. In smaller print, the ad stated, "At the rate it's being dumped into our oceans, lakes and rivers, you'll drink it oily sooner or later, anyway."

Plaintiff commissioned a survey of three hundred one beer drinkers and purchasers who claimed to periodically review magazines or newspapers. Two hundred of the respondents were shown the MICHELOB OILY ad (the "test group"), while the other one hundred one participants were shown an actual MICHELOB

23. At the very least, if an association test is used to show dilution, one or more controls (i.e., similar third-party marks that are not alleged to dilute the plaintiff's mark) should also be tested to weed out the "noise level" caused by these types of irrelevant associations.

24. *Ringling Bros.*, supra note 5, 5 USPQ2d at 1076 (while plaintiff's survey may have shown the requisite threshold "mental association" of the parties' marks, it did not show that A's use had caused any actual harm to its mark in the form of a lessening of the capacity to identify and distinguish its services); cf. *Exxon*, supra note 9 at 550, 217 USPQ 215 (whether two marks are similar enough for dilution to occur is a "threshold question").

25. 28 F3d 769, 31 USPQ2d 1296 (CA 8 1994), revg 814 F Supp 791, 26 USPQ2d 1180 (ED Mo 1993), cert denied 513 US 1112 (1995).

DRY ad. In response to a series of open-ended questions,²⁶ fifty-five percent of the test group construed the parody as suggesting that Michelob beer is or was in some way contaminated with oil.²⁷ As a result, twenty-two percent of the test group stated they were less likely to buy MICHELOB beer in the future.²⁸ Reversing the district court's dismissal of plaintiff's claims,²⁹ the Eighth Circuit held that the defendant's parody diluted Anheuser-Busch's marks:

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. Moreover, the tarnishment results from a negative, although vague, statement about the quality of the product represented by the trademark. The plain language of the Missouri anti-dilution statute reaches this situation.³⁰

C. Emerging Survey Designs Under the FTDA

1. Modified Confusion Test

A modified version of a source confusion test was presented on the issue of dilution in *Hershey Foods Corp. v. Mars, Inc.*³¹ In that case, Hershey, the maker of Reese's Peanut Butter Cups and Reese's Pieces, objected to a new package design that Mars introduced for its Peanut Butter M&M's candy. The new M&M's

26. It is unclear from the court's opinion what specific questions were asked in the survey.

27. *Id.* at 773, 31 USPQ2d 1296.

28. *Ibid.*

29. See *supra* note 25.

30. *Supra* note 25 at 777, 31 USPQ2d at 1302. Like most state anti-dilution statutes, the Missouri statute follows the old Model State Trademark Bill, stating, "Likelihood of injury to business reputation or dilution of the distinctive quality of a mark . . . shall be a ground for injunctive relief." Mo Rev Stat §417.061.

The Restatement takes the position that this type of situation, where the defendant uses the plaintiff's mark not in a trademark manner to identify the defendant's own goods, but rather to "comment on, criticize, ridicule, parody, or disparage" the plaintiff, is not covered by dilution statutes. Restatement Third, *supra* note 8, §25(2). Although the Restatement acknowledges that such uses can tarnish the plaintiff's mark at least as much as trademark uses can, "extension of the antidilution statutes to protect against damaging nontrademark uses raises substantial free speech issues and duplicates other potential remedies better suited to balance the relevant interests." *Id.* comment i at 272. The Restatement's position is that non-trademark uses are actionable only if they meet the requirements of a cause of action for defamation, invasion of privacy, or injurious falsehood. *Id.* §25(2). The Reporters specifically criticize the Anheuser-Busch case and others as ignoring the distinction between a defendant's trademark and non-trademark use of a plaintiff's mark. *Id.* Reporters' Note, comment g at 281.

31. *Supra* note 1.

package used an orange background similar to the Reese's packages.

To try to prove fame and dilution of its orange package, Hershey commissioned a survey which modified the parties' packages, as well as the packages of six other brands, to remove all trade names, word marks, and logos, and to identify the products as simply BRAND X. Half of the sample³² was shown the modified Reese's Peanut Butter Cup package, while the other half was shown the modified Peanut Butter M&M's package. All respondents were shown the other six packages, and the order of the presentations was shuffled. The respondents were asked the following questions for each package:

- (1) If you think you know, what brand of candy comes from this package?
- (2) What in particular makes you think it is (brand previously named)?

Mars argued that the first question, which is typically used to test for secondary meaning or source confusion, is unprecedented as a test for dilution. Mars asserted that respondents should have been asked a "top of mind" question, i.e., an open-ended question that merely inquired what the stimulus reminded them of. The court rejected this criticism, stating "We think that the question Dr. Jacoby [Hershey's survey expert] used was not objectionable since he allowed the respondents the option of saying they did not know."³³

In response to these questions, ninety-four percent of the respondents correctly identified Reese's modified package with Reese's, with about eighty-eight percent indicating color as the reason for the identification. Only seven percent correctly identified the modified Peanut Butter M&M's package; fifty-one percent identified it as Reese's, with slightly less than forty-nine percent citing color as the reason. Plaintiff's survey expert concluded from these results that: (1) Reese's orange trade dress is famous; and (2) the M&M's Peanut Butter color scheme dilutes Reese's trade dress.

Although the court agreed that the survey provided sufficient evidence of acquired distinctiveness to qualify Reese's trade dress as famous, the court disagreed that the survey established any dilution. Although the court did not appear to have a problem with the basic design of the survey, the court criticized the way in

32. The survey universe consisted of consumers of (1) candy containing chocolate, peanuts, almonds or peanut butter in a sugar-coated shell; (2) chocolate and peanut butter candies; or (3) other kinds of peanut butter candies. *Id.* at 509. The survey was conducted in nineteen markets across the country.

33. *Id.* at 518.

which the M&M's package was modified for the survey. For example, the test stimulus omitted certain visual clues on the actual M&M's package, including a cascading design of M&M's candies. In contrast, some of the control stimuli retained analogous clues, such as a blue star on one third-party package and an illustration of a cow on another. The test package also substituted the M&M's logo with a slanted BRAND X logo in all capital letters centered on the package, even though the M&M's logo is only two letters printed in upright lower case lettering slightly off-centered. The court found that these alterations "could have misled respondents into concluding that the M&M's stimulus was a representation of the Reese's trade dress."³⁴

Thus, the court's main problem with Hershey's survey appears to be perceived bias in the way the packages were altered for the survey.³⁵ The court concluded:

Dr. Jacoby's 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.³⁶

The court denied Hershey's motion for a preliminary injunction.

2. Fill-in-the-Blank Test

A unique attempt to test for dilution was presented in *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development*.³⁷ This case probably also provides the best-reasoned and most instructive guidance to date on how to properly design a dilution survey.

Ringling Bros. uses the well-known slogan THE GREATEST SHOW ON EARTH to promote its circuses. In 1962, the Utah Division of Travel Development ("Utah") began using the slogan THE GREATEST SNOW ON EARTH to advertise its winter skiing facilities. Following passage of the FTDA, Ringling Bros. sued Utah for dilution under the federal statute.³⁸

In an attempt to demonstrate dilution, Ringling Bros. commissioned a survey in which respondents were presented with

34. *Id.* at 519.

35. In rebuttal to these criticisms, Hershey introduced a pilot survey that used stimuli which the court found "were not misleading in the same sense as the objectionable portions of the Jacoby stimuli." *Id.* at 519. However, the court chose not to rely on this "pretest" because Hershey did not use it in its case-in-chief, and the court found Hershey's other evidence was not sufficient to grant a preliminary injunction. *Ibid.*

36. *Id.* at 511.

37. *Supra* note 5.

38. The state of Utah does not have a dilution statute.

the statement THE GREATEST _____ ON EARTH (as well as two other statements containing blanks), and asked the following questions:

- (1) What word or words would you use to fill in the blank and complete this statement?
- (2) Who or what, if anything, do you associate the now completed statement with?
- (3) Is there any other way you can think of to complete the statement?

The survey universe consisted of the adult general public, both inside and outside the state of Utah.

The results were as follows. In the Utah group: (a) twenty-five percent of the respondents completed the statement only with SHOW, and correctly associated that slogan with the circus; (b) twenty-four percent completed the statement only with SNOW, and correctly associated that slogan with Utah skiing; and (c) twenty-one percent said both SHOW and SNOW, and correctly identified each completed slogan with the circus and skiing, respectively. In the United States population outside Utah, forty-one percent of the respondents completed the statement only with SHOW, and correctly associated it with the circus. Only one of the two hundred thirty-four respondents outside Utah mentioned SNOW, and that person correctly identified the completed slogan with Utah.

Ringling Bros. and the court had vastly different views on the meaning of these results. Pointing to the fact that almost half of the forty-six percent of Utah respondents who associate THE GREATEST SHOW ON EARTH with the circus have also come to associate THE GREATEST SNOW ON EARTH with the Utah campaign, Ringling's expert concluded, "We believe this is extremely strong evidence that Utah's campaign has seriously diluted the previously unique association of this well known trademark with the circus."³⁹

The court disagreed. Although the survey did demonstrate that Ringling shares "top of the mind" status in Utah with respect to the phrase THE GREATEST _____ ON EARTH, the court rejected the contention that this shows dilution. Ringling's famous mark is the completed phrase THE GREATEST SHOW ON EARTH, not THE GREATEST _____ ON EARTH, the court pointed out. None of the Utah respondents associated Ringling's mark THE GREATEST SHOW ON EARTH with Utah, snow, or skiing. Thus, "respondents had no difficulty keeping the two

39. Plaintiff's Exhibit 53 (emphasis omitted).

marks separate in their minds in terms of the goods and services each mark identifies and distinguishes.”⁴⁰ In fact, a higher percentage of respondents in Utah (forty-six percent) associated the slogan THE GREATEST SHOW ON EARTH with the circus than outside Utah (forty-one percent). The court concluded:

Thus, the power of Ringling’s famous mark to identify and distinguish the Circus is as strong within Utah, where the junior mark is ubiquitous, as it is outside of Utah, where the junior mark is essentially unknown. This is strong evidence of the absence of dilution, not the presence of it.⁴¹

The court entered judgment in favor of Utah, which was affirmed by the Fourth Circuit.

In a couple of passages of its decision, the district court gives helpful guidance on how to properly design a dilution survey. The overriding message from the court’s opinion is that a dilution survey should focus on the plaintiff’s mark, because it is the injury to that mark that is in issue.⁴² For example, the defendant criticized the universe used for the plaintiff’s survey (which was the adult general public) as too broad, arguing that the survey should have focused on wealthy travelers and skiers, the group targeted by Utah’s winter sports promotions. The court rejected this argument, stating:

It is Ringling’s famous mark that should be the focus of the dilution survey, for it is injury to that mark that is in issue. It follows that the survey’s focus on shoppers generally—in essence a cross-section of the general population—is appropriate because it is this universe of persons that comprises the market for Ringling’s goods and services.⁴³

Similarly, the court suggested that a better survey design would have been to show respondents a card displaying the plaintiff’s mark THE GREATEST SHOW ON EARTH (as opposed to the incomplete phrase THE GREATEST _____ ON EARTH). If they had mistakenly associated that mark with Utah’s winter sports, dilution would have been shown.⁴⁴

40. Id at 617, 42 USPQ2d at 1169. In footnote 23 of the opinion, the court stated that “had respondents completed the statement with SHOW, but associated the resulting statement, THE GREATEST SHOW ON EARTH, with Utah, snow, or skiing, blurring would have been shown.” Id at 618 fn 23, 42 USPQ2d at 1170.

41. Ibid.

42. Contrast this to association tests, which focus on the defendant’s mark.

43. Id at 617, 42 USPQ2d at 1169 (footnote omitted).

44. Id at 618 fn 23, 42 USPQ2d at 1170. This type of approach is discussed below in Section III.

*D. Secondary Meaning Surveys
Do Not Establish Dilution*

Although secondary meaning surveys are often presented by plaintiffs in dilution cases to show that their mark is famous or well-known, several courts (both before and after the FTDA) have pointed out that such surveys do not establish dilution. For example, in *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*,⁴⁵ the owner of the mark LEXIS for a computerized legal research service sued to enjoin Toyota's introduction of the mark LEXUS for a line of luxury automobiles relying on various grounds, including dilution under New York law. Mead introduced a survey showing that seventy-six percent of lawyers and twenty-six of accountants readily identify LEXIS with attributes of its computerized legal research service. Toyota countered with a survey (which used the same methodology as Mead's survey) showing that, among the general public, only two percent (at most) recognize LEXIS as identifying Mead's service, while seventy-percent of the general population associated LEXIS with nothing at all.

The district court found that these surveys demonstrated that the mark LEXIS is "distinctive" within the meaning of the New York anti-dilution statute, since they showed that a large majority of people associate LEXIS either with the Mead service or nothing at all.⁴⁶ The district court further found that Toyota's upcoming advertising blitz for the introduction of its LEXUS cars would dwarf the LEXIS mark, which the court felt would violate the anti-dilution statute. The district court stated:

Suppose the telephone surveys conducted in this case were conducted two or three years after the introduction of the LEXUS line of automobiles, with the concomitant blitz of advertising and media attention. The court doubts whether three-quarters of the general population would respond that the word LEXIS or LEXUS brought nothing to mind. Moreover, it is more than likely that, even among Mead customers, the word "lexis" might first bring to mind Toyota's car.⁴⁷

The Second Circuit reversed, holding that Toyota's use of LEXUS would not dilute the LEXIS mark. In his concurring opinion, Judge Sweet responded to the district court's concern about the effect of Toyota's advertising blitz as follows:

45. *Supra* note 22.

46. *Id.* 702 F Supp at 1042-43, 9 USPQ2d 1442.

47. *Id.* at 1044, 9 USPQ2d at 1453.

Because the LEXIS mark possesses selling power only among lawyers and accountants, it is irrelevant for dilution analysis that the general public may come to associate LEXIS or LEXUS with Toyota's automobile rather than nothing at all. Second, the district court offered no evidence for its speculation that LEXUS's [sic] fame may cause Mead customers to associate "lexis" with Toyota's cars. It seems equally plausible that no blurring will occur—because many lawyers and accountants use Mead's services regularly, their frequent association of LEXIS with those services will enable LEXIS's [sic] mark to withstand Toyota's advertising campaign.⁴⁸

A secondary meaning survey met with a similar fate in *Snap-On Tools Co. v. C/NET, Inc.*⁴⁹ In that case, the owner of the mark SNAP-ON for tools challenged the defendant's use of the mark SNAP! ONLINE, for a service designed to facilitate Internet use, on several grounds including dilution under the federal statute. The plaintiff presented surveys showing that more than fifty percent of the public correctly associated SNAP-ON with tools. Although the court acknowledged that the mark SNAP-ON appeared to be famous, it pointed out that "fame does not mean dilution, and not all uses of a famous mark cause dilution."⁵⁰ The court found that plaintiff failed to submit evidence showing that the mark SNAP-ON had lost any of its capacity to identify and distinguish its product and service line because of C/NET's use of SNAP! ONLINE, pointing out that plaintiff's survey showed no evidence that SNAP-ON conjured an association with the Internet or any online service.⁵¹ To the contrary, plaintiff's secondary meaning surveys showed that a majority of respondents recognized the SNAP-ON mark and correctly associated it with tools.⁵² The court concluded that Snap-On had failed to demonstrate a likelihood of dilution by blurring,⁵³ and denied its motion for a temporary restraining order.

This can leave a trademark owner seeking to prove that its mark is well-known in a bit of a "Catch 22" situation: a strong secondary meaning survey can be powerful evidence to show fame or distinctiveness of the plaintiff's mark, but may tend to negate

48. *Id.* 875 F2d at 1039-40, 10 USPQ2d at 1973.

49. 1997 US Dist LEXIS 14581 (ND Ill 1997).

50. *Id.* at *22-23. Accord, *Mead Data*, *supra* note 22 at 1031, 10 USPQ2d 1961 ("it does not follow that every junior use of a similar mark will dilute the senior mark"); *Ringling Bros.*, *supra* note 5 at 614, 42 USPQ2d at 1166 ("Not every use of a similar mark will blur a famous mark.")

51. *Id.* at *28.

52. *Ibid.*

53. *Id.* at *34.

a contention that the mark is being diluted. However, the converse is not necessarily true—i.e., a weak secondary meaning survey does not establish a dilution claim. This point was poignantly made by the court in *R.L. Winston Rod Co. v. Sage Mfg. Co.*⁵⁴ In that case, the plaintiff sought to preliminarily enjoin the defendants from selling graphite fly-fishing rods in any shade of green. In an attempt to prove secondary meaning, the plaintiff offered a survey of sellers of fly-fishing rods. Although the court questioned the survey on several grounds,⁵⁵ it found that the survey did not establish secondary meaning even if taken at face value since respondents identified a number of other manufacturers of green fishing rods. Plaintiff argued that those responses were evidence of successful dilution by defendants. The court rejected this argument, stating:

But Winston cannot have it both ways. If all the responses to the survey had mentioned Winston, it would argue that it had established secondary meaning; if no response had mentioned Winston, it would argue that it had established dilution. For all these reasons, I can give Plaintiff's survey little weight. . . .⁵⁶

III. SUGGESTED APPROACH: A COMPARISON TEST

We have now looked at various survey designs that have been used by litigants to attempt to show dilution. Although a few have been successful, overall these surveys have met with less than enthusiastic acceptance by the courts. Why is that?

The main problem with the various approaches discussed above is that they do not really get at the precise issue addressed by dilution law. Dilution is defined in the federal statute as “the lessening of the capacity of a famous mark to identify and distinguish goods or services. . . .”⁵⁷ The legislative history states that dilution “applies when the unauthorized use of a famous mark reduces the public’s perception that the mark signifies something unique, singular, or particular.”⁵⁸ These definitions logically suggest a test comparing the strength or association of the plaintiff’s mark absent the alleged diluting use

54. 838 F Supp 1396, 29 USPQ2d 1779 (D Mont 1993).

55. For example, the court noted that plaintiff’s survey solicited the views of sellers of the product, not the consuming public. However, the proper measure of secondary meaning is the association of the mark with a particular source by the ultimate consumers, the court stated. *Id* at 1401, 29 USPQ 1779.

56. *Id* at 1402, 29 USPQ2d at 1783.

57. Section 45 Lanham Act, 15 USC §1127.

58. HR Rep No 104-374, 104th Cong, 1st Sess at 3 (1995).

with its strength/association in the presence of the alleged diluting use. If such strength/association has been adversely affected by the alleged diluting use, then dilution is shown.

A. Design

This proposed survey design would show the plaintiff's mark to two groups of relevant consumers: (1) a control group of respondents who have not been exposed to the defendant's mark; and (2) a test group of respondents who have been exposed to the defendant's mark. Each group would be asked what (if anything) they associate the plaintiff's mark with, or what goods or services (if any) they identify it with, or similar questions. If the test group identifies the plaintiff's mark with the defendant or defendant's products to a greater extent than the control group, or if the test group associates the plaintiff's mark with negative images associated with the defendant or defendant's products to a greater extent than the control group, then this would show dilution.⁵⁹

B. Identifying the Control Group and Test Group

In order to do this type of survey, the surveyor must develop a way to identify two distinct groups of respondents: a control group consisting of consumers who have not been (or likely have not been) exposed to the defendant's mark, and a test group of consumers who have been (or likely have been) exposed to the defendant's mark. Measuring the strength or association of the plaintiff's mark among the control group then serves as a benchmark to determine whether the presence of the defendant's mark has reduced the strength or tarnished the association of the plaintiff's mark among the test group.

Probably the most practical way to do this is to use as the control group a sample of consumers in geographic areas remote from where the defendant is using the accused mark.⁶⁰ The test group would then be taken from geographic areas where both parties are using their marks. Although identifying a control group in this manner may not be possible in a case where the defendant's use is national (or covers at least the same area as the plaintiff's use), that is likely to be the exception rather than the rule. In many cases, the defendant is only a local user. Even

59. For a detailed discussion of this type of approach, see Simonson, *supra* note 21.

60. This procedure would not guarantee that the respondents in the control group had never been exposed to the defendant's mark, but would substantially reduce the likelihood that they had. The surveyor could either assume that the control respondents had not been exposed to the defendant's mark, or perhaps do a post-interview screening to ask them whether they have ever seen the defendant's mark.

national companies often introduce a new product in local or regional test markets before rolling out nationally, and a survey could ideally be done before the roll out.

Another possible control would be to use data regarding the plaintiff's mark prior to the defendant's introduction of the accused mark. Owners of famous marks should be encouraged to maintain reliable, comparable data regarding the strength and associations of their marks to use as benchmarks in dilution litigation. However, in many cases, such data may not exist.⁶¹

Where neither of these alternatives is feasible, the surveyor may be able to develop a control group in some other way. For example, the surveyor could ask all of the respondents post-interview questions to determine which ones had been previously exposed to the defendant's mark. Those who had not would be categorized in the control group, those who had in the test group.

IV. CONCLUSION

Most of the surveys offered on the issue of dilution to date have focused on the similarity of the defendant's mark with the plaintiff's mark. But to really test for dilution, one must focus on the effect of the defendant's mark on the plaintiff's mark. Only if the defendant's use reduces or damages the selling power (i.e., distinctiveness) of the plaintiff's mark has dilution really occurred. That is the true test of dilution. The survey design suggested above attempts to measure this reduction in distinctiveness by comparing the strength or association of the plaintiff's mark with and without the alleged diluting use.

There may be other ways to test for dilution,⁶² and perhaps

61. Although many companies routinely do market research studies on a variety of issues, such studies likely will not suffice to serve as benchmarks for dilution litigation surveys. For example, the precise questions asked in a dilution survey for litigation may not have been asked in routine market research, and this may result in an apples-to-oranges comparison. Further, market research done by companies in the ordinary course of business is not typically designed or executed with the same rigor as a litigation survey, and may not withstand intense cross-examination and judicial scrutiny. Thus, in order to develop acceptable benchmarks for dilution litigation, companies likely will have to conduct periodic surveys specifically designed for that purpose. See Simonson, *supra* note 21 at 171-72. Unfortunately, many companies may lack the foresight, or may be unwilling to devote the resources, to conduct surveys for lawsuits they may or may not encounter in the future.

62. For other approaches suggested by commentators, see Sandra Edelman and Bruce R. Ewing, *The Federal Trademark Dilution Act of 1995: A Litigation Perspective*, 86 TMR 485, 502-03 (1996) (suggested approaches include testing the speed in which relevant respondents correctly identify the source of the plaintiff's mark, or testing the impairment of the brand equity of the plaintiff's mark); E. Staffin, *The Dilution Doctrine: Towards a Reconciliation with the Lanham Act*, 6 Fordham Intellectual Property Media and Entertainment Law Journal 105 (1995) (proposes testing negative associations if plaintiff's mark placed on inferior or commonplace items); Jonathan E. Moskin, *Dilution or Delusion: The Rational Limits of Trademark Protection*, 83 TMR 122 (1993) (proposes testing whether consumers exposed to defendant's mark are less likely to purchase plaintiff's product than

in the future one or more techniques will become the accepted standard. Until then, practitioners should continue to try to develop reliable survey methods to test the issue of dilution.

those not exposed); Steve Hartman, *Brand Equity Impairment—The Meaning of Dilution*, 87 TMR 418 (1997) (suggests several ways to test impairment of the brand equity of plaintiff's mark).