New Survey Methods May Assess TM Dilution With More Detail

by Rene Befurt, Anne Cai and Joel Steckel; Analysis Group, Inc.

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Rene Befurt


Anne Cai


Joel Steckel

Despite decades of cases involving trademarks, trademark dilution remains one of the most elusive concepts in intellectual property law.

In theory, dilution by blurring occurs when two entities use similar trademarks and cause consumers to think for a moment to determine to which entity the mark refers — a delay that may reflect a barrier to recognizing the trademark correctly.

In dilution matters, a majority of courts have held that plaintiffs need only to show that consumers associate the defendant's mark with the plaintiff's famous marks.

As such, the most commonly relied upon methods in these litigation matters tend to focus on association and do not necessarily measure impairment. However, some courts have held that plaintiffs must also demonstrate that the distinctiveness of the famous mark has been impaired.[1]

Impairment caused by blurring consists of a weakening of consumers' associations with a brand, a compromise of the uniqueness of the associations or a reduction in the favorability of the associations the brand has worked hard to cultivate.

To assess impairment, recent academic research by a New York University research team, which includes Joel Steckel, an author of this article, proposes two new survey-based experimental methods: one that measures the strength of brand associations, and a second that measures preference ranking.[2]

For example, in a recent trademark matter in the U.S. District Court for the Northern District of Oklahoma, BOKF NA v. DOK Corp., the plaintiff BOKF, a national bank with a division branded as Bank of Oklahoma, alleged that cannabis dispensary Dank of Oklahoma infringed on and diluted BOKF's trademarks.

As part of its allegations, BOKF specifically asserted that the cannabis dispensary's name, logo and font were similar to those used by BOKF and therefore were "likely to cause dilution by blurring [...] of BOKF's famous BANK OF OKLAHOMA Marks," which BOKF stated are associated with "high quality, dependable financial services."[3]

In this example, impairment could be measured by assessing whether the alleged infringement weakens the strength of consumers' associations between "Bank of Oklahoma" and, for example, the key characteristic of dependability. Alternatively, impairment could also be measured by assessing whether the alleged infringement causes consumers to prefer or favor the "Bank of Oklahoma" brand less.[4]

Corresponding to these example measures of potential impairment, we will describe two survey-based experimental methodologies that may be more robust than the current standard in case law.

Current Standard May Not Directly Measure Impairment

Historically, many major trademark dilution cases have employed surveys to provide evidence of association, though they may not have directly provided evidence of impairment, i.e., actual dilution by blurring.

One such case was Nike Inc. v. Nikepal International Inc. in the U.S. District Court for the Eastern District of California[5] Sports apparel and equipment brand Nike sought an injunction against Nikepal, a laboratory products and services company, for using the trademark "Nike" in its name.

The plaintiff conducted a telephone survey of existing and potential Nikepal customers asking, "What, if anything, came to your mind when I first said the word 'Nikepal'?" The survey results showed that 87% of respondents associated Nikepal with Nike. Citing the survey results as a factor in their decision, the court ruled that the junior mark, Nikepal, was diluting Nike's mark. Many other cases have used similar surveys to demonstrate dilution by blurring.[6]

Strictly speaking, the Nikepal survey only addresses the question of whether consumers are reminded of the senior brand when presented with the junior brand — it is less than surprising that consumers would think of Nike, one of the world's best-known brand names, when presented with the word "Nikepal." If consumers think of Nike when hearing "Nikepal," it does not necessarily follow that the distinctiveness of the famous mark is in fact impaired.

For example, the consumer may simply be repeating back or parroting the famous part they hear within the name "Nikepal." The Nikepal survey therefore does not allow us to determine whether the effect is a result of simple parroting, or true impairment due to dilution by blurring.

In contrast, academic research has progressed further with respect to the measurement of dilution by blurring by evaluating both association and impairment. For example, a seemingly promising method offered by academic research to assess associations and impairment involves comparing consumers' reaction time when assessing whether two words, e.g., Heineken and beer, are related.

This literature posits that the degree of association is correlated with the speed at which information can be processed.[7] Based on this premise, a number of academic studies have used reaction times to measure trademark dilution by determining the existence and strengths of associations.[8]

However, reaction studies are methodologically and technologically complex, and they require careful execution to confirm that the results are in fact measuring dilution by blurring rather than laboratory artifacts.

In particular, the aforementioned NYU research team found that one of the laboratory artifacts in previous reaction studies is the failure to control for the element of surprise; that is, respondents may have shown slower reaction times because they were surprised by the novelty of the presented stimuli, rather than because of a weakening of associations.

As alternatives, the NYU research team proposed two simpler methodologies that, when designed appropriately, can provide more robust results than the limited methodology used in cases such as Nikepal.[9]

Survey Method: Brand-Association Strength Experiment

The first methodology is an experiment designed to evaluate the strength of brand associations in the presence of diluting advertisements. Respondents assigned to the control group are shown a series of advertisements with truthful representations of well-known brands, for example, Perrier sparkling water. Respondents assigned to the treatment group are shown the same advertisements, as well as an additional diluting brand, for the brand of interest, e.g., an ad for Mercedes-Benz toothpaste.

Respondents in both groups are then shown a number of brand/word pairs, e.g., Chase/money, Coca Cola/thirst, United/plane. The set of brand/word pairs includes pairs in which the terms are associated with the brand of interest — e.g., with a product category, such as Mercedes/cars, or with characteristics, such as Mercedes/wealth and Mercedes/luxury — as well as pairs with unrelated terms — e.g., Mercedes/toothpaste, Mercedes/cheap.

Respondents are asked to indicate their level of association between the brand/word pairs on a five-point scale, from associating the brand with the word not at all to a great deal.

The results are analyzed by comparing the levels of association for the treatment group to those of the control group. If exposure to the diluting ad caused dilution by blurring, respondents in the treatment group, who saw the diluting advertisement, e.g., Mercedes/toothpaste, would associate the brand of interest with a related word, e.g., Mercedes/cars, less strongly than respondents in the control group.

Survey Method: Preference-Ranking Experiment

The second study methodology measures the impact alleged dilution has, if any, on the selling power of the famous brand by testing consumer preference for the brand in the presence of diluting advertisements. As with the first method, respondents are divided into treatment and control groups.

First, out of a list of brands, all respondents are asked to indicate several brands with which they are familiar. Then, respondents in the control group are shown a series of text-only advertisements with truthful representations of the brand, as well as a diluting ad for another brand not of interest, e.g., a Nike toothpaste ad for a study interested in studying the Mercedes brand.

Respondents in the treatment group are shown the three text-only ads, as well as a diluting ad for the brand of interest, e.g., a Mercedes toothpaste ad for a study interested in studying the Mercedes brand. After viewing the ads, all respondents are asked to rank, on a numbered scale from 1, favorite, to 5, least favorite, the several brands with which they indicated familiarity.

The results are analyzed by comparing the average preference ranking for the brand of interest in the treatment group to that in the control group. A statistically significant difference in preference ranking would suggest evidence of dilution by blurring.

Conclusion

Thus far, trademark dilution cases have primarily relied on association studies as evidence of dilution by blurring. However, association studies as observed in various cases, as well as reaction time studies carried out in a laboratory, may not necessarily measure impairment.

As previously explained, they may instead measure the effect of parroting seemingly similar-sounding words or the effect of a surprising stimulus, rather than directly demonstrating any impairment of the distinctiveness of the mark.

Recent academic research proposes two alternative methods that more directly assess impairment. The first brand-strength association experiment assesses impairment by determining whether diluting ads reduce consumers' associations between a brand and key attributes.

The second preference-ranking experiment measures impairment by determining whether diluting ads reduce consumers' preferences for familiar brands. When both association and impairment need to be assessed, these two survey-based experimental methods may provide more robust assessments of association and impairment than the surveys used in cases such as Nikepal.

Rene Befurt is a vice president at Analysis Group Inc.

Anne Cai is an associate at Analysis Group.

Joel Steckel is a professor of marketing and vice dean for doctoral education at NYU Stern School of Business.

Rebecca Kirk Fair, a managing principal at Analysis Group, and Riddhima Sharma, a senior analyst at the firm, contributed to this article.

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Endnotes

1 The Trademark Dilution Revision Act of 2006 (TDRA) states that "'dilution by blurring' is "association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark." The act states that courts can consider all relevant factors in determining the likelihood of dilution, including an assessment of "[a]ny actual association between the mark or trade name and the famous mark" (15 USC § 1125(c)(2)(B)).

2 Beebe, Barton, Roy Germano, Christopher Jon Sprigman, and Joel H. Steckel, "Testing for Trademark Dilution in Court and the Lab," The University of Chicago Law Review, 2019, Vol. 86, No. 3, pp. 611–668.

3 Plaintiff's Original Complaint, BOKF, NA v. DOK Corporation, United States District Court, Northern District of Oklahoma, Case No. 4:20-cv-00100-CVE-JFJ, March 11, 2020, ¶¶ 7–8, 21, 32.

4 This matter was recently resolved, as the cannabis dispensary agreed to drop the name "Dank of Oklahoma," as well as other similar logos and marks. Consent Injunction and Final Judgment, BOKF, NA v. DOK Corporation, United States District Court, Northern District of Oklahoma, Case No. 4:20-cv-00100-CVE-JFJ, June 9, 2020.

5 Nike Inc. v. Nikepal International Inc., 84 U.S.P.Q.2d 1820, 1824–25 (E.D. Cal. 2007).

6 Starbucks Corp. v. Wolfe's Borough Coffee, Inc., 736 F3d 198, 210–11 (2d Cir 2013). For example, in Starbucks Corp. v. Wolfe's Borough Coffee (2013), the plaintiffs conducted a telephone survey asking respondents, "What is the first thing that comes to your mind when you hear the name 'Charbucks,' spelled C-H-A-R-B-U-C-K-S?"

7 Anderson, John R., "A Spreading Activation Theory of Memory," Journal of Verbal Learning and Verbal Behavior, 1983, Vol. 22, No. 3, pp. 261–295.

8 See, for example, Morrin, Maureen and Jacob Jacoby, "Trademark Dilution: Empirical Measures for an Elusive Concept," Journal of Public Policy & Marketing, 2000, Vol. 19, No. 2, pp. 265–276; Pullig, Chris, Carolyn J. Simmons, and Richard G. Netemeyer, "Brand Dilution: When Do New Brands Hurt Existing Brands?" Journal of Marketing, 2006, Vol. 70, No. 2, pp. 52–66. See also, Greenwald, Anthony G., Debbie E. McGhee, and Jordan L. K. Schwartz, "Measuring Individual Differences in Implicit Cognition: The Implicit Association Test," Journal of Personality and Social Psychology, 1998, Vol. 74, No. 6, pp. 1464–1480.

9 Beebe, Barton, Roy Germano, Christopher Jon Sprigman, and Joel H. Steckel, "Testing for Trademark Dilution in Court and the Lab," The University of Chicago Law Review, 2019, Vol. 86, No. 3, pp. 611–668.