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INTELLECTUAL PROPERTY UPDATE

Death by Dog Toy: Is Dilution Dead After *Chewy Vuiton*?

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A dispute between Louis Vuitton Malletier S.A. — the French manufacturer of luxury handbags and accessories — and Haute Diggity Dog LLC — a Nevada manufacturer of pet products — set the stage for one of the first cases under the relatively new Trademark Dilution Revision Act.[1] Louis Vuitton Malletier S.A. (LVM) filed suit against Haute Diggity Dog, LLC (HDD) alleging, in part, that HDD's brand of "Chewy Vuiton" dog toys diluted the famous "Louis Vuitton" mark and its recognizable stylized "LV" monogram. Despite HDD's use of the highly similar "CHEWY VUITON" mark and its imitation "CV" monogram on commercially sold dog toys, the US Court of Appeals for the Fourth Circuit held that the Chewy Vuiton toys were parodies of LVM's marks. Thus, even though defendant HDD was using the mark CHEWY VUITON as a trademark and not in a traditionally expressive medium protected by the First Amendment, the court nevertheless found that HDD was not liable to LVM for dilution. By extending the parody defense to the commercial use of a nearly identical mark, the Fourth Circuit's recent decision has led many observers to ask if *Chewy Vuiton* signals the death of dilution.

Generally, the doctrine of trademark dilution protects "strong, well-recognized marks even in the absence of a likelihood of confusion, if defendant's use is such as to tarnish, degrade or dilute the distinctive quality of the mark."[2] Whereas the doctrine of trademark infringement prevents confusingly similar uses of marks because such uses reduce trademarks' effectiveness as source-identifiers, the trademark dilution doctrine developed as a form of "protection from an appropriation of or free riding on the investment [the trademark owner] has made in its [trademark]."[3] More specifically, the injury caused through dilution by blurring is "the whittling away of an established trademark's selling power through its unauthorized use by others upon dissimilar products."[4]

To provide further guidance in evaluating dilution claims, Congress amended the Lanham Act by passing the Trademark Dilution Revision Act of 2006 (the "TDRA") on October 6, 2006. Among other things, the TDRA enumerates six factors that courts should consider in determining whether a defendant's use will likely cause dilution by blurring.[5] Also, in Congress's attempt to balance First Amendment rights with

famous mark owners' rights, the TDRA protects some forms of parody while exposing others to dilution liability. Specifically, the language of the TDRA excludes from dilution liability "any fair use … of a famous mark by another person *other than as a designation of source for the person's own goods or services*, including use in connection with … identifying and parodying, criticizing, or commenting upon the famous mark owner or the goods or services of the famous mark owner."[6] Although this language expressly limits the parody defense to non-trademark uses of a famous mark, the District Court for the Eastern District of Virginia and the Court of Appeals for the Fourth Circuit nevertheless concluded that "Chewy Vuiton" was a parody that insulated HDD from dilution liability.

The District Court's Decision

Ruling on cross-motions for summary judgment, the District Court found in favor of defendant HDD.[7] Although it recited the six factors in the TDRA, the court did not directly apply those factors. The court also discussed three New York cases decided under the New York state anti-dilution act — an older statute considerably distinct from the TDRA. Notably, the New York dilution statute does not contain a list of factors to consider when assessing a blurring claim nor does it expressly limit the parody defense to uses other than as a designation of source.[8] Based on this precedent, the court found that the "Chewy Vuiton" mark's success depended on its association with the "Louis Vuitton" name and, as a matter of law, that no loss of distinctiveness could result from this mere association.[9] Limiting its reasoning to this principle of association, the district court held that the Chewy Vuiton parody could not dilute LVM's famous mark. LVM promptly appealed that decision.

The Fourth Circuit's Review

The Fourth Circuit affirmed the District Court's finding that Chewy Vuiton did not dilute LVM's famous marks, albeit through a different analysis.[10] Writing for the court, Judge Niemeyer recognized the lower court's mistake in not applying the six TDRA factors but ultimately concluded that there was no dilution.[11] The court reasoned that, although parody is not a complete defense under the TDRA when a mark is used for commercial purposes, this does not preclude a court from considering parody as part of the dilution analysis. Accordingly, the court injected an analysis of parody into its application of the TDRA's six factors.[12]

In considering the first factor from the TDRA — the degree of similarity between the marks — through this parody lens, the court reasoned that similarities between the parody and the famous mark are insignificant unless the parody is so similar to the famous mark that it "could be construed as actual use of the famous mark itself."[13] Therefore, by merely mimicking LVM's famous marks, HDD "did not come so close to them as to destroy the success of its parody and, more importantly, to diminish the LVM marks' capacity to identify a single source."[14] However, given the great phonetic and visual similarities between LVM's marks and the Chewy Vuiton mark with its imitation "CV" monogramming, the court's ruling on the necessary *degree* of similarity would seem to construe that factor so narrowly as to require a dilutive mark to be identical to a famous mark.

Furthermore, the court suggested that because the "Louis Vuitton" mark is so famous and distinctive, HDD's parodic use was actually less likely to impair its distinctiveness. Indeed, the court claimed that the similarity between the two marks might *enhance* the famous mark's distinctiveness.[15] Notably, the court's analysis here seems to recast the fame prerequisite for dilution plaintiffs as part of the parody defense.

In applying the fifth and sixth factors — the intent to create an association with the famous mark and the existence of any actual association — the court stated that a parody always intentionally creates an association but if it proves successful, the parody will also communicate that it is not the famous mark but rather a satire.[16] In the court's opinion, HDD's Chewy Vuiton dog toys were an "immediate" and "unmistakable" parody that "irreverently presents haute couture as an object for casual canine destruction."[17] However, the court's determination appears to undercut the TDRA's attempt to introduce a degree of objectivity into the dilution analysis by adding specific factors designed to enhance consistency among dilution decisions. By incorporating the parody defense into each factor's application, the Fourth Circuit's decision reduces the certainty of those factors by tying them to an individual's subjective interpretation of an alleged parody.

The Fourth Circuit's decision implicitly extends the First Amendment immunization granted non-commercial parodies in § 1125(c)(3)(A) to commercial uses of famous marks so long as the defendant can fashion some argument that it is using a mark as a parody. Given that "LVM also markets a limited selection of luxury pet accessories,"[18] the Chewy Vuiton dog toys may not be so obvious or outlandish as to immediately express this humor to the consumer. Even if consumers are unlikely to confuse the two sources of goods, "the injury from dilution usually occurs when consumers *aren't* confused about the source of a product."[19] Moreover, while the injury resulting from dilution involves the whittling away of a mark's distinctiveness or the tarnishing of a mark's reputation, "[t]he overriding purpose of anti-dilution statutes is to prohibit a merchant of noncompetitive goods from selling its products by trading on the goodwill and reputation of another's mark."[20] In this case, how successful would HDD's sales be without the obvious association with the widely recognizable and highly valuable Louis Vuitton mark?

Ultimately, the specific language of the TDRA demonstrates that Congress did not intend to immunize commercial uses of highly similar marks used to designate a source whenever a defendant can make some argument that such use is protected social commentary. Nevertheless, in the wake of the Fourth Circuit's expansive interpretation and application of the parody defense to "Chewy Vuiton" dog toys, trademark owners must now ponder whether the dilution cause of action has any bite left before they attack allegedly parodic uses of their marks under the TDRA.

Footnotes

1 *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252 (4th Cir. 2007); 15 U.S.C. § 1125 (2006).

2 J. THOMAS MCCARTHY, TRADEMARKS & UNFAIR COMPETITION § 24.13 (2007); *see also Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 903 (9th Cir. 2002) ("By contrast to trademark

infringement, the injury from dilution usually occurs when consumers *aren't* confused about the source of a product.") (emphasis in original).

3 *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 50 (1st Cir. 1998); *see also Ty, Inc. v. Perryman*, 306 F.3d 509, 511–12 (7th Cir. 2002).

4 *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*, 875 F.2d 1026, 1031 (2d Cir. 1989).

5 15 U.S.C. § 1125(c)(2)(B) (2006). The factors are: "(i) The degree of similarity between the mark or trade name and the famous mark; (ii) the degree of inherent or acquired distinctiveness of the famous mark; (iii) the extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark; (iv) the degree of recognition of the famous mark; (v) whether the user of the mark or trade name intended to create an association with the famous mark; and (vi) any actual association between the mark or trade name and the famous mark."

6 15 U.S.C. § 1125(c)(3)(A)(ii) (2006) (emphasis added).

7 *Louis Vuitton Malletier, S.A. v. Haute Diggity Dog, LLC*, 464 F. Supp. 2d 495 (E.D. Va. 2006).

8 *See* N.Y. GEN. BUS. LAW § 360-1. *See also* Brief for International Trademark Association as Amicus Curiae Supporting Appellant at 11, *Louis Vuitton Malletier, S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252 (4th Cir. 2007) (No. 06-2267), 2007 WL 834028.

9 *Louis Vuitton*, 464 F. Supp. 2d at 504–05.

10 *Louis Vuitton Malletier, S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252 (4th Cir. 2007).

11 *Id.* at 265–66.

12 *Id.* at 266–67.

13 *Id.* at 267–68. The court and HDD conceded that the second, third and fourth factors favored LVM since "LVM's marks are distinctive, famous, and strong." *Id.* at 267.

14 *Id.* at 268.

15 *Id.* at 267.

16 *Id.* at 267–68.

17 *Id.* at 261.

18 *Id.* at 258.

19 *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 903 (9th Cir. 2002) (emphasis in original).

20 *L.L. Bean, Inc. v. Drake Publishers, Inc.*, 811 F.2d 26, 30 (1st Cir. 1987). *See also* H.R. REP. NO. 109-23, at 4 (Report by Rep. James Sensenbrenner).

If you have any questions about this information, please contact any of the attorneys listed below:

Richard M. Assmus
312 701 8623
rassmus@mayerbrown.com

Deborah Schavey Ruff
312 701 8601
druff@mayerbrown.com

Christopher C. Mackey
312 701 8755
cmackey@mayerbrown.com

Jason L. White
312 701 7283
jlwhite@mayerbrown.com