

Focusing on the Facts: *Rosetta Stone Ltd. v. Google, Inc.*,
Narrows Trademark Decisions to the Specifics

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I. OVERVIEW OF THE CASE

Between September 3, 2009, and March 10, 2010, Google received 190 reports of paying advertisers using its Web site to sell counterfeit goods bearing the “Rosetta Stone” trademark.¹ This high number of counterfeiters followed a change in Google’s ad policy, under which the popular Internet search engine began to allow third-party advertisers to use others’ trademarks within the text of their ads.² Google’s search uses a keyword entered by a user to return a list of relevant links.³ Contained in this list are paid advertisements called “Sponsored Links.”⁴ These are displayed above the natural results in order to cash in on Internet users’ proclivity to click on the link highest up on the page.⁵ The advertisers purchase “keywords” that when searched for, trigger the appearance of the purchaser’s advertisement and link.⁶ Google’s policy controls what these advertisers can use as their keyword or in the text of their ad.⁷

Before 2004, Google’s policy did not allow the use of trademarks as keywords or in the text of an advertisement at all.⁸ In 2004, Google’s policy changed, and the company began allowing the use of third-party trademarks as keywords.⁹ In 2009, Google further loosened its policy

1. *Rosetta Stone Ltd. v. Google, Inc.*, 676 F.3d 144, 152 (4th Cir. 2012).
2. *Id.* at 151.
3. *Id.* at 150-51.
4. *Id.* at 151.
5. *Id.*
6. *Id.*
7. *Id.*
8. *Id.*
9. *Id.*

and began permitting the use of trademarks as keywords and in advertising text.¹⁰

Rosetta Stone, a publicly traded corporation that produces and markets language-learning software under the same name, alleged that since Google's 2009 policy change, it had been "plagued by counterfeiters."¹¹ Further, the company contended that Google's new policy created confusion among their customers and misled them into purchasing counterfeit Rosetta Stone software.¹²

Rosetta Stone filed suit against Google in the United States District Court for the Eastern District of Virginia, claiming direct trademark infringement, contributory trademark infringement, vicarious trademark infringement, and trademark dilution.¹³ The district court granted Google's motion for summary judgment on these claims.¹⁴ Rosetta Stone appealed, arguing that the district court erroneously ignored facts and appropriate summary judgment legal standards.¹⁵ The United States Court of Appeals for the Fourth Circuit *held* that genuine issues of material fact existed as to whether the Internet search engine operator's auctioning of marks to its users amounted to trademark infringement, contributory infringement, and trademark dilution. *Rosetta Stone Ltd. v. Google, Inc.*, 676 F.3d 144, 152 (4th Cir. 2012).

II. BACKGROUND

A. *Likelihood of Confusion and Nominative Use*

The Lanham Act prevents rivals from free riding off of their competitors' goodwill or reputation by using a trademark in a way that misidentifies the manufacturer or sponsor of a good or service.¹⁶ The Act sets up a list of requirements that a plaintiff must prove in arguing a direct trademark infringement claim:

10. *Id.* at 151-52. Under Google's policy, the trademark could be used in the advertiser's text if "(1) the sponsor is a reseller of a genuine trademarked product; (2) the sponsor makes or sells component parts for a trademarked product; (3) the sponsor offers compatible parts or goods for use with the trademarked product; or (4) the sponsor provides information about or reviews a trademarked product." *Id.*

11. *Id.* at 150, 152.

12. *Id.* at 152.

13. *Id.* Rosetta Stone also filed a claim of unjust enrichment, which was dismissed by the district court. *Id.* Rosetta Stone appealed this dismissal, but the Fourth Circuit affirmed. *Id.* This case note will focus on Rosetta Stone's trademark claims.

14. *Id.*

15. *Id.* at 149.

16. *See* *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 162 (1995).

(1) that it owns a valid and protectable mark; (2) that [the defendant] uses a “re-production, counterfeit, copy, or colorable imitation” of that mark in commerce and without [the plaintiff’s] consent; and (3) that [the defendant’s] use is likely to cause confusion.¹⁷

Of these factors, the Fourth Circuit in *Sara Lee Corp. v. Kayser-Roth Corp.* identified that the question of infringement boils down to whether the use of a copy or imitation of the mark is likely to cause confusion.¹⁸ Using a list similar to that used in *Sara Lee*, the Fourth Circuit in *George & Co., LLC v. Imagination Entertainment Ltd.* then proceeded to articulate nine factors measuring the likelihood of confusion:

(1) the strength or distinctiveness of the plaintiff’s mark as actually used in the marketplace; (2) the similarity of the two marks to consumers; (3) the similarity of the goods or services that the marks identify; (4) the similarity of the facilities used by the marksholders; (5) the similarity of advertising used by the marksholders; (6) the defendant’s intent; (7) actual confusion; (8) the quality of the defendant’s product; and (9) the sophistication of the consuming public.¹⁹

The court maintained that these factors are not to be used as a rigid formula for finding infringement.²⁰ Instead, they are merely a catalog of considerations that can be relevant depending on the facts of the case.²¹

However, the United States Court of Appeals for the Third Circuit in *Century 21 Real Estate Corp. v. Lendingtree, Inc.* found that several of these factors were particularly unworkable in a case of nominative infringement.²² In nominative use, the defendant is not purporting to sell goods that the plaintiff has trademarked, but rather is referencing the mark in order to describe the plaintiff’s product.²³ For example, in *Volkswagenwerk Aktiengesellschaft v. Church*, an automobile manufacturer could not prevent an automobile repair shop from using the mark, Volkswagen.²⁴ The court held that the defendant could advertise his repair services with the mark as long as it was used in conjunction with the word “independent” to distinguish his business from plaintiff’s in the

17. *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252, 259 (4th Cir. 2007) (quoting 15 U.S.C. § 1114(1)(a) (2006)).

18. 81 F.3d 455, 463 (4th Cir. 1996).

19. 575 F.3d 383, 393 (4th Cir. 2009).

20. *Id.* (citing *Anheuser-Busch, Inc. v. L & L Wings, Inc.*, 962 F.2d 316, 320 (4th Cir. 1992)).

21. *Id.*

22. 425 F.3d 211, 224 (3d Cir. 2005).

23. *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 328 F.3d 1061, 1072 (9th Cir. 2003), *vacated*, 543 U.S. 111 (2004).

24. 411 F.2d 350 (9th Cir. 1969), *supplemented by* 413 F.2d 1126 (9th Cir. 1969).

eyes of the customers.²⁵ As stated by the court in *Century 21 Real Estate*, factors such as similarity between marks and strength of an owner's mark will always point towards a likelihood of confusion in a nominative case, even when confusion was unlikely.²⁶ Thus, in a case of nominative use, not all of the factors aid in the analysis.²⁷

The paramount factor in the likelihood of confusion analysis is often the seventh factor—evidence of actual confusion.²⁸ In *George & Co., LLC v. Imagination Entertainment Ltd.*, the Fourth Circuit held that due to the plaintiff's evidence of only four instances of confusion out of a sale volume of 500,000, there was a presumption against likelihood of confusion occurring in the future; therefore, there was no direct trademark infringement.²⁹ The Third Circuit has stated, however, that even though an absence of actual confusion for an extended period of time creates a strong inference that there is no likelihood of confusion, the seventh factor, like all the other factors, is not a requirement to prove likelihood of confusion.³⁰

B. *Contributory Infringement*

A party may be liable for contributory infringement if it has “culpably facilitat[ed] the infringing conduct of the counterfeiting vendors.”³¹ The United States Court of Appeals for the Second Circuit found in *Tiffany (NJ) Inc. v. eBay, Inc.* that an online auction site proprietor's use of a jewelry seller's mark on its Web site and on sponsored-link advertisements on several search engines did not constitute direct trademark infringement.³² The court's reasoning focused on the proprietor's use of the mark to accurately describe the genuine seller's goods offered for resale on the Web site, as well as the fact that none of the uses suggested that the seller was affiliated with the proprietor.³³

The court in *Tiffany* also considered the issue of contributory infringement and applied the *Inwood* test, which provides that in order for a party to be liable under contributory infringement, the host must “intentionally induces another to infringe a trademark” and also must

25. *Century 21 Real Estate*, 425 F.3d at 214.

26. *Id.* at 224-25.

27. *Id.*

28. *CareFirst of Md., Inc. v. First Care, P.C.*, 434 F.3d 263, 268 (4th Cir. 2006).

29. 575 F.3d 383, 399 (4th Cir. 2009).

30. *CareFirst*, 434 F.3d at 269.

31. *Tiffany (NJ) Inc. v. eBay, Inc.*, 600 F.3d 93, 103, 106 (2d Cir. 2010).

32. *Id.* at 103.

33. *Id.* at 106.

“continue[] to supply its [service] to one whom it knows or has reason to know is engaging in trademark infringement.”³⁴ The Second Circuit refused to accept that general knowledge satisfies the standard that the defendant knew or had reason to know of the infringing activity, instead requiring that the service provider have specific knowledge of which particular listings were or would be infringing.³⁵ The Second Circuit thus affirmed the district court’s finding that by removing a challenged listing from its Web site, cancelling fees earned from the listing, and warning buyers and sellers, the defendant was not contributorily liable.³⁶ However, the circuit court did leave a small loophole in that willful blindness would not protect a service provider from liability for contributory infringement.³⁷

C. Dilution

Dilution occurs when the “unauthorized use of a famous trademark causes the famous mark to lose its selling power and commercial magnetism—i.e., its ability to distinguish goods or services in the marketplace.”³⁸ In 1995, Congress passed the Federal Trademark Dilution Act (FTDA) and federalized trademark dilution for the first time.³⁹ Congress substantially revised the FTDA in 2006 by enacting the Trademark Dilution Revision Act.⁴⁰ The FTDA currently protects the owner of a famous mark by entitling him or her to an injunction against a person who uses his or her mark in commerce in a way that is likely to cause dilution by blurring or tarnishment of the famous mark.⁴¹ Dilution can be argued regardless of the presence of consumer confusion or actual economic injury.⁴² The statute defines “dilution by blurring” as the “association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark.”⁴³

34. *Id.* (third alteration in original) (citing *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 854 (1982)).

35. *Id.* at 107 (citations omitted).

36. *Id.* at 106.

37. *Id.* at 109.

38. David J. Franklyn, *Debunking Dilution Doctrine: Toward a Coherent Theory of the Anti-Free-Rider Principle in American Trademark Law*, 56 HASTINGS L.J. 117, 117 (2005).

39. Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, 109 Stat. 985 (1995) (codified as amended at 15 U.S.C. §§ 1051 & note (Short Title of 1996 Amendment), 1125 & note (Effective Date of 1996 Amendment), 1127 (2006)).

40. Trademark Dilution Revision Act of 2006, Pub. L. No. 109-312, 120 Stat. 1730 (2006) (codified as amended in scattered sections of 15 U.S.C.).

41. 15 U.S.C. § 1125(c)(1).

42. *Id.*

43. *Id.* § 1125(c)(2)(B).

It defines “dilution by tarnishment” as the “association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.”⁴⁴ Hence, blurring involves “the ability of the famous mark uniquely to identify a single source and thus maintain its selling power.”⁴⁵ In *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, the Fourth Circuit summarized the statute’s requirements for proving trademark dilution as requiring the plaintiff to show:

- (1) that the plaintiff owns a famous mark that is distinctive;
- (2) that the defendant has commenced using a mark in commerce that allegedly is diluting the famous mark;
- (3) that a similarity between the defendant’s mark and the famous mark gives rise to an association between the marks; and
- (4) that the association is likely to impair the distinctiveness of the famous mark or likely to harm the reputation of the famous mark.⁴⁶

In order for the plaintiff to prove a case of dilution by blurring, the FTDA provides six additional factors that a court may consider.⁴⁷ These largely mirror the factors courts consider under the likelihood of confusion analysis.⁴⁸ Similarly, this list of factors is not exclusive or mandatory.⁴⁹

If these elements of dilution are proven, there is still an affirmative defense available in the “fair use” exception.⁵⁰ The exception specifically suggests advertising and parody as examples of what constitutes a nondiluting fair use of a trademark.⁵¹ To prove fair use, it is the burden of the defendant to prove that the use that is charged to be an infringement

44. *Id.* § 1125(c)(2)(C).

45. *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252, 265 (4th Cir. 2007).

46. *Id.* at 264-65.

47. 15 U.S.C. § 1125(c)(2)(B). These 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.
- (vi) Any actual association between the mark or trade name and the famous mark.

Id.

48. *Compare id. with Sara Lee Corp. v. Kayser-Roth Corp.*, 81 F.3d 455, 463 (4th Cir. 1996).

49. *Louis Vuitton*, 507 F.3d at 266.

50. 15 U.S.C. § 1125(c)(3)(A). The defense includes “[a]ny fair use, including a nominative or descriptive fair use.” *Id.*

51. *Id.* § 1125(c)(3)(A)(i)-(ii).

is descriptive and in good faith.⁵² Hence, the burden is on the plaintiff to establish a prima facie case of dilution by blurring or tarnishment, and the defendant may rebut the presumption of infringement by demonstrating that their use was fair.⁵³

To obtain injunctive relief under dilution, the mark must have powerful consumer associations such that they are “famous.”⁵⁴ The statute defines this quality as “widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark’s owner.”⁵⁵ The United States Court of Appeals for the Ninth Circuit elucidated that a famous mark is one that is a “household name.”⁵⁶ The court also held that the defendant’s first diluting use of a famous mark fixes the time by which famousness is to be measured.⁵⁷ Hence, the mark must be considered famous at the time of the first diluting use in order to obtain injunctive relief.⁵⁸

III. COURT’S DECISION

In the noted case, the Fourth Circuit adopted a very fact-specific interpretation of trademark infringement and dilution evidenced by its use of a flexible legal framework and rejection of precedent based on factual dissimilarities.⁵⁹ The court began by analyzing the likelihood of confusion element that goes into direct trademark infringement and choosing which legal factors of confusion would be relevant to the facts.⁶⁰ The Fourth Circuit then rejected the use of the *Tiffany* case as controlling in contributory infringement due to differences in the legal standard of review.⁶¹ Finally, the court analyzed the burdens necessary to prove a prima facie case of dilution as well as what evidence is needed to raise a fair use defense, providing the district court with detailed instructions on what to consider on remand.⁶²

The court first narrowed the direct infringement claim to an analysis of the likelihood of confusion.⁶³ It recognized the nine factors articulated

52. KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc., 543 U.S. 111, 118 (2004).

53. *See id.*

54. 15 U.S.C. § 1125(c)(1).

55. *Id.* § 1125(c)(2)(A).

56. Nissan Motor Co. v. Nissan Computer Corp., 378 F.3d 1002, 1011 (9th Cir. 2004).

57. *Id.* at 1013.

58. *Id.*

59. *See Rosetta Stone Ltd. v. Google, Inc.*, 676 F.3d 144, 152, 156 (4th Cir. 2012).

60. *Id.* at 152-53.

61. *Id.* at 164-65.

62. *Id.* at 168-71.

63. *Id.* at 152.

in *George & Co.* as generally relevant to the likelihood of confusion.⁶⁴ Citing the precedent in *Louis Vuitton*, the Fourth Circuit held that the list of factors is not mandatory or exclusive.⁶⁵ To highlight this idea, the court applied the finding in *Century 21* that some factors are not workable in nominative cases due to their inapplicability.⁶⁶ For the noted case, the court found that the factors of intent and actual confusion were the only genuine issues of fact regarding direct infringement, reasoning that, as in the nominative example, all but those two factors were irrelevant to this case.⁶⁷

The Fourth Circuit clarified that the sixth factor of intent to create confusion is proven when a defendant acts with knowledge that confusion was very likely to result from its use of the marks.⁶⁸ Then, citing *George & Co.*, the court allowed evidence of actual confusion that came from anecdotes, in-house reports, and consumer confusion survey reports as long as it showed a high number of consumers who were confused under the defendant's actual practice as to the source or sponsorship of the good.⁶⁹ Moving to the ninth factor, sophistication of the public, the Fourth Circuit disagreed with the district court's decision on the sophistication of the consumer drawn from the nature of the product or its price, finding that such a decision fell in line with credibility determinations and the weighing of evidence as firmly a jury function.⁷⁰

Then, the Fourth Circuit briefly addressed the claims of contributory infringement, vicarious infringement, and unjust enrichment.⁷¹ The court rejected the use of the *Tiffany* case as controlling on

64. *Id.* at 153 (citing *George & Co., LLC v. Imagination Entm't Ltd.*, 575 F.3d 383, 393 (4th Cir. 2009)).

65. *Id.* at 154 (citing *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252, 266 (4th Cir. 2007)).

66. *Id.* (citing *Century 21 Real Estate Corp. v. Lendingtree, Inc.*, 425 F.3d 211, 224 (3d Cir. 2005)).

67. *Id.* at 155.

68. *Id.* at 155-56.

69. *Id.* at 156.

70. *See id.* at 159-60. Following its discussion of likelihood of confusion, the court reviewed the district court's holding that the Rosetta Stone mark was functional. *Id.* at 161. The functionality doctrine precludes trademark law from protecting features that are functional, because this hinders free and legitimate competition. *Id.* (quoting *Qualitex v. Jacobson Prods. Co.*, 514 U.S. 159, 164-65 (1995)). The court held that the functionality doctrine "simply [did] not apply in these circumstances," and it explained that the district court focused on whether the Rosetta Stone mark "made *Google's* product more useful," rather than looking at the functionality of the mark itself. *Id.* at 162. According to the court, "*Google* may well be able to establish that its use of Rosetta Stone's marks in its Ad Words program is not an infringing use . . . however, [it] will not be able to do so based on the functionality doctrine." *Id.* at 162-63.

71. *Id.* at 163-66.

the issue of contributory infringement because it was an appeal of a judgment of a bench trial.⁷² The court reasoned that such a case with a drastically different procedural position could not be controlling or informative on another case.⁷³ On the vicarious liability charge, the court required proof that the defendant acted jointly with advertisers.⁷⁴ The court found that the defendant's joint control of the appearance of the infringing ads was not sufficient to show apparent partnership and impose liability.⁷⁵

The Fourth Circuit next turned to Rosetta Stone's trademark dilution claim and reviewed the two bases on which the district court granted summary judgment for Google.⁷⁶ First, the court found that the district court erred in stating that Rosetta Stone could not establish a dilution claim without demonstrating that Google used Rosetta Stone's mark to identify Google's products and services.⁷⁷ According to the Fourth Circuit, the district court incorrectly incorporated the defendant's burden in asserting a fair use defense in determining Rosetta Stone's burden of proof.⁷⁸ The court explained, "[O]nce the owner of a famous mark establishes a prima facie case of dilution . . . , it falls to the defendant to demonstrate that its use constituted a 'fair use . . . other than as a designation of source for the [defendant's] own goods or services.'" ⁷⁹ Thus, Rosetta Stone should not have been required to demonstrate that Google used the Rosetta Stone mark as a source identifier in order to present a prima facie case of trademark dilution.⁸⁰ Further, the court found, "[T]he district court erred when it ruled that Google was not liable for dilution simply because there was no evidence that Google uses the Rosetta Stone marks to identify Google's own goods and services."⁸¹ According to the Fourth Circuit, just because a use qualifies as a "nontrademark use" does not mean that the defendant escapes liability; the use must specifically fall into the confines of the fair use defense.⁸² The district court failed to conduct this important analysis.⁸³

72. *Id.* at 165.

73. *Id.*

74. *Id.*

75. *Id.*

76. *Id.* at 168.

77. *Id.*

78. *Id.*

79. *Id.* at 168-69 (quoting 15 U.S.C. § 1125(c)(3)(A) (2006) (emphasis added)).

80. *Id.*

81. *Id.* at 169.

82. *Id.*

83. *Id.* at 169-70.

The second aspect of the district court's reasoning in granting summary judgment for Google was that Rosetta Stone failed to demonstrate that Google's use was "likely to impair the distinctiveness of the famous mark or likely to harm the reputation of the famous mark."⁸⁴ According to the court, while the FTDA provides a nonexhaustive list of six factors that may be considered in making this determination, the district court only examined one of the factors—the degree and recognition of the famous mark.⁸⁵ Further, the district court looked to the holding in *Louis Vuitton* as support for its assertion that "no claim for dilution by blurring exists when there is evidence that public recognition of the defendants' product increased," but the Fourth Circuit explained that this reflected a misunderstanding of the analysis in *Louis Vuitton*, especially in light of the factual differences between the two cases (in *Louis Vuitton*, the basis of the defendant's fair use claim was that it was a parody).⁸⁶ The court ultimately held that the FTDA only required that Rosetta Stone demonstrate "a *likelihood* of dilution" and that it "need not prove actual economic loss or reputational injury."⁸⁷ It directed the district court to consider on remand any relevant factors enumerated under the FTDA to determine whether Google's use was likely to impair the distinctiveness or harm the reputation of Rosetta Stone's mark.⁸⁸

As a final issue, the Fourth Circuit looked to when Rosetta Stone's mark became famous, as the FTDA allows the owner of a famous mark to "obtain injunctive relief against any 'person who, *at any time after* the owner's mark has become famous, *commences use* of a mark . . . in commerce that is likely to cause dilution."⁸⁹ Citing *Nissan Motor Co.*, the court stated, "[T]he defendant's first diluting use of a famous mark 'fixes the time by which famousness is to be measured' for purposes of the FTDA."⁹⁰ Thus, on remand, the Fourth Circuit instructed the district court to determine whether the Rosetta Stone mark was famous, requiring the court to determine first when Google's first dilutive use occurred, and second, whether Rosetta Stone's mark was famous at the time of that first dilutive use.⁹¹

84. *Id.* at 170 (quoting *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252, 265 (4th Cir. 2007)).

85. *Id.*

86. *Id.* at 170-71.

87. *Id.* at 171.

88. *Id.*

89. *Id.* (quoting 15 U.S.C. § 1125(c)(1) (2006)).

90. *Id.* at 172 (citing *Nissan Motor Co. v. Nissan Computer Corp.*, 378 F.3d 1002, 1013 (9th Cir. 2004)).

91. *Id.* at 173.

IV. ANALYSIS

The Fourth Circuit's decision in the noted case properly adopted a very fact-specific interpretation of trademark infringement and dilution. The court evidenced this fact-focus through a legal framework that adapts its factors to the situation as well as through strongly distinguishing its ruling from precedential cases. Both of these applications are in accord with standing procedure, principles, and practical considerations.

The Lanham Act leaves elements to the court's judgment, which allows judicially created rules to govern how laws can be applied to facts and vice versa.⁹² In § 1114(1)(a), direct trademark infringement is defined as "us[ing] in commerce any reproduction . . . of a registered mark in connection with the sale . . . of any goods or services . . . with which such use is likely to cause confusion, or to cause mistake, or to deceive."⁹³ Yet throughout the rest of the statute and throughout the other trademark statutes, Congress at no point explained how likelihood of confusion should be determined.⁹⁴ To fill this void, courts stepped in to create a list of factors that establish likelihood of confusion.⁹⁵ The court-created rule gives courts the freedom to do more than merely serve as a trier of fact that applies the law to the facts; it allows courts to look at the facts and then decide which of the legal factors are relevant to apply. Such a rule allows judges to choose the legal framework that they will apply to a case. The noted case's use of fact-relevant factors to create a legal framework is well established⁹⁶ and prevalent among the circuits.⁹⁷ The use of a fact-selective legal framework even achieved institutionalization in 2006 when Congress included it in the amended FTDA, decreeing that to prove dilution by blurring, the court could consider all relevant factors as the court deemed fit.⁹⁸

92. See 15 U.S.C. § 1114(1)(a).

93. *Id.*

94. See *id.*; see also *id.* §§ 1052 (2002), 1115 (2006).

95. Sara Lee Corp. v. Kayser-Roth Corp., 81 F.3d 455, 463 (4th Cir. 1996).

96. *Id.* (citing Pizzeria Uno Corp. v. Temple, 747 F.2d 1522, 1526 (4th Cir. 1984)).

97. See, e.g., *id.* ("[The factors] are 'only a guide-catalog of various considerations that may be relevant . . .'"); see also Nissan Motor Co. v. Nissan Computer Corp., 378 F.3d 1002, 1013 (9th Cir. 2004) (listing nonexclusive factors for a court to consider in determining whether a mark is distinctive and famous); Century 21 Real Estate Corp. v. Lendingtree Inc., 425 F.3d 211, 224 (3d Cir. 2005) ("Although [the likelihood of confusion factors] are often helpful in determining whether a certain use of a mark is likely to confuse consumers, we have recognized that the Lanham Act does not require that they be followed precisely so long as the relevant comparisons suggested by the test are made." (internal quotation marks omitted)).

98. See 15 U.S.C. § 1125(c)(2)(B).

In principle, trademark law encourages the production of quality products.⁹⁹ It discourages those who sell inferior products by capitalizing on a consumer's inability to evaluate quickly the quality of an item offered for sale.¹⁰⁰ A trademark assures potential customers that the item with this particular mark is made by the same producer as other goods bearing the same mark that they may or may not have liked.¹⁰¹ The United States Supreme Court identified this as the governing principle behind trademark law.¹⁰² In line with these objectives, a fact-based inquiry is the best fit. A fact-focused decision does not create an important precedent or develop a judicially created rule. As demonstrated in the noted case, a fact-centered decision is narrowly applicable to other situations. The court in the noted case specifically rejected two cases as distinguished even though they have similar facts in order to craft a narrow, fact-specific decision that stands less for legal precedent.¹⁰³ Focusing on a case's individual facts allows courts to directly encourage a specific company to make quality goods (and discourage inferior competitors). A fact-focused decision is truest to trademark principles by tailoring encouragement to the companies who are making quality goods.

However, the court shows inconsistency by rejecting *Louis Vuitton*.¹⁰⁴ In its discussion of trademark dilution, the court cited its previous decision in *Louis Vuitton* as informative on how to establish a prima facie case of dilution.¹⁰⁵ The court then rejected the use of *Louis Vuitton* as controlling or informative on the issue of dilution because the defendant's fair use claim was based on parody, a far different fact pattern.¹⁰⁶ It found that the district court erred in relying on the case.¹⁰⁷ The court's error evidences the difficulties that can arise from looking to a fact-based trademark case for precedent when the court may wish to cite another court's established process for assessing the problem without being tied to following through to a similar legal conclusion.

The predominate negative effect of a fact-centric decision is that its precedential value is quite low. When the decision focuses so closely on

99. *Qualitex v. Jacobson Prods. Co.*, 514 U.S. 159, 164 (1995).

100. *Id.*

101. *Id.*

102. *See id.*

103. *See Rosetta Stone Ltd. v. Google, Inc.*, 676 F.3d 144, 170-71 (4th Cir. 2012) (citing *Louis Vuitton Malletier S.A. v. Haute Diggity Dog, LLC*, 507 F.3d 252, 266 (4th Cir. 2007)); *see also id.* at 164-65 (citing *Tiffany (NJ) Inc. v. eBay Inc.*, 600 F.3d 93, 106 (2d Cir. 2010)).

104. *See id.* at 168-69.

105. *Id.*

106. *Id.* at 171.

107. *Id.*

the facts of the case, it is unlikely that its findings will be applicable in future cases. This could stunt the natural development and adaptation of trademark law. However, multiple circuits have used a fact-centric legal framework for likelihood of confusion for more than twenty years.¹⁰⁸ Their continued use of the fact-centered approach evidences that it is functioning well enough that it has not been replaced.

Using fact-centric reasoning is especially practical for trademark decisions, where fact situations can vary widely. As in the noted case, technology and technological services are constantly growing and being created. In these new fields, trademark law must be flexible enough to adapt to the changing circumstances of the parties involved. This can only be done through use of a fact-centered ruling. For the aforementioned reasons, the court's fact-specific interpretation of trademark infringement and dilution is proper for the dynamic world of trademark law.

Melinda Schlinsog*

108. See *Sara Lee Corp. v. Kayser-Roth Corp.*, 81 F.3d 455, 463 (4th Cir. 1996) (citing *Pizzeria Uno Corp. v. Temple*, 747 F.2d 1522, 1527 (4th Cir. 1984)); *Century 21 Real Estate Corp. v. Lendingtree, Inc.*, 425 F.3d 211, 221 (3d Cir. 2005).

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