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## STANDARD OF REVIEW

“Reconsideration is proper if the district court (1) is presented with newly discovered evidence; (2) committed clear error or the decision was manifestly unjust; or (3) if there is an intervening change in controlling law.” School Dist. No. 1J Multnomah City v. Acands, Inc., 5 F.3d 1255, 1263 (9th Cir. 1993) (citation omitted).

## DISCUSSION

### 1. The Trademark Dilution Revision Act of 2006

On October 6, 2006, the Trademark Dilution Revision Act of 2006 (the “TDRA”) was signed into law and became effective immediately. See Pub.L. 109-312, 120 Stat. 1730 (Oct. 6, 2006). The amended version of 15 U.S.C. § 1125 applies to federal dilution claims, such as the one C21 filed against Century. Under the TDRA, § 1125 now provides:

Subject to the principles of equity, the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after the owner’s mark has become famous, commences use of a mark or trade name in commerce *that is likely to cause dilution by blurring* or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.

15 U.S.C. § 1125(c)(1), emphasis added.

The TDRA revised the FTDA in three significant ways: (i) a *likelihood of dilution*, rather than *actual dilution*, is now a prerequisite to establishing a dilution claim; (ii) courts may apply four factors to determine whether a mark is famous and protection is denied to marks that are famous in only “niche” markets; and (iii) courts may apply six factors to determine whether there is a likelihood of dilution. See House Report on Trademark Dilution Act of 2005 at 8, 25 (“House Report”); dkts. 235 at 2; 237 at 2-3. Due to this change in the

1 law, the Court will grant C21's request to reconsider its earlier conclusions regarding C21's  
2 federal dilution claim and determine whether the March 16 Order requires modification or  
3 revision. See School Dist. No. 1J Multnomah City, 5 F.3d at 1263. Because the March 16  
4 Order was based on two factors that are not impacted by the change in law, however, the  
5 Court will reaffirm its previous determination that C21's federal dilution claim must be  
6 dismissed as a matter of law.<sup>1</sup> See Dkt. 177 at 46-51. Moreover, as shown below, even  
7 applying the new law, C21's federal dilution claim was properly dismissed.

8 **2. The March 16 Order Properly Dismissed C21's Federal Dilution Claim**

9 In the March 16 Order, the Court dismissed C21's federal dilution claim for two  
10 *alternative* reasons. First, as a matter of law, no reasonable jury could conclude that the term  
11 "Century" is identical, or nearly identical, to the term "Century 21." See dkt. 177 at 46-47.  
12 Although the TDRA no longer requires actual dilution, the new law does not eliminate the  
13 requirement that the mark used by the alleged diluter be "identical," "nearly identical," or  
14 "substantially similar," to the protected mark. See House Report at 8, 25; 15 U.S.C. §  
15 1125(c)(2)(B) ("'dilution by blurring' is association arising from the *similarity* between a  
16 mark or trade name and a famous mark . . .") (emphasis added); Playboy Enters., Inc. v.  
17 Welles, 279 F.3d 796, 806 n.41 (9th Cir. 2002) (elucidating the "identical or nearly identical"  
18 standard for dilution); Thane Int'l, Inc. v. Trek Bicycle Corp., 305 F.3d 894, 906 (9th Cir.  
19 2002) ("[t]he marks must be of sufficient similarity so that, in the mind of the consumer, the  
20 junior mark will conjure an association with the senior"). Because there is no genuine  
21 dispute of fact that the mark "Century 21" is not substantially similar to the mark "Century"  
22 (see dkt. 177 at 19-22, 46-47), the Court will not reverse the March 16 Order's dismissal of  
23 C21's federal dilution claim. See Thane Int'l, 305 F.3d at 906 (similarity of marks test in  
24 dilution context is more stringent than test for infringement).

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26 <sup>1</sup> As noted by Century, Arizona's dilution statute has not changed. See dkt. 237 at 2 n.5.  
27 Thus, the March 16 Order's dismissal of C21's dilution claim under the Arizona statute is not  
28 subject to reconsideration.

1 An *alternative* basis for the March 16 Order’s dismissal of C21’s federal dilution  
2 claim is the Court’s finding that no reasonable jury could conclude that the C21 Marks are  
3 actually diluted by the Century Marks.<sup>2</sup> See Dkt. 177 at 47-51. Although actual dilution is  
4 no longer the proper standard for evaluating a dilution claim, a critical component of “actual  
5 dilution” is mental association between the marks at issue. The March 16 Order specifically  
6 found that C21 failed to show a genuine dispute of material fact regarding the mental  
7 association component of actual dilution. See Dkt. 177 at 48.

8 Like the substantial similarity element, the TDRA does not eliminate the requirement  
9 that consumers mentally associate the mark used by the alleged diluter with the protected  
10 mark. See 15 U.S.C. § 1125(c)(2)(B)(“‘dilution by blurring’ is *association* arising from the  
11 similarity between a mark or trade name and a famous mark . . . .”) (emphasis added); Mead  
12 Data Central v. Toyota Motor Sales, U.S.A., 875 F.2d 1026, 1030-31 (2d Cir. 1989)  
13 (applying New York dilution law, which incorporates “likely to cause dilution” standard; no  
14 substantial similarity between LEXIS and LEXUS because dilution requires “mental  
15 association”); Fruit of the Loom, Inc. v. Girouard, 994 F.2d 1359, 1363 (9th Cir. 1993)  
16 (“Whittling away will not occur unless there is at least some subliminal connection in a  
17 buyer’s mind between the two parties’ uses of their marks.”). Because C21 failed to  
18 demonstrate a genuine issue of disputed fact regarding the mental association component of  
19 likely dilution (see dkt. 177 at 48), the Court will not reverse the March 16 Order’s dismissal  
20 of C21’s federal dilution claim. Dkt. 177 at 46-51.

21 **3. The TDRA Factors Require Dismissal of C21’s Federal Dilution Claim**

22 Finally, the Court will not reverse the March 16 Order’s dismissal of C21’s federal  
23 dilution claim because, applying the factors set forth in the TDRA to determine whether a  
24 mark “is likely to cause dilution by blurring,” no reasonable jury could conclude that  
25 Century’s Marks are likely to cause dilution of C21’s Marks by blurring.

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27 <sup>2</sup> The C21 Marks and the Century Marks are defined in the March 16 Order. Dkt. 177 at 1-2.

1 The TDRA specifically provides that

2 In determining whether a mark . . . is likely to cause dilution by  
3 blurring, the court may consider all relevant factors, including  
4 the following:

5 (i) The degree of similarity between the mark or trade  
6 name and the famous mark.

7 (ii) The degree of inherent or acquired distinctiveness of  
8 the famous mark.

9 (iii) The extent to which the owner of the famous mark  
10 is engaging in substantially exclusive use of the mark.

11 (iv) The degree of recognition of the famous mark.

12 (v) Whether the user of the mark or trade name intended  
13 to create an association with the famous mark.

14 (vi) Any actual association between the mark or trade  
15 name and the famous mark.

16 15 U.S.C. § 1125(c)(2)(B)(i)-(vi).

17 In the present case, applying the factors set forth in the TDRA and assuming,  
18 *arguendo*, that C21's Marks are "famous," the Court finds that no reasonable jury could  
19 conclude that Century's Marks are likely to cause dilution by blurring of C21's Marks.

20 **a. The Century Marks are Not Similar to the C21 Marks**

21 In the March 16 Order, the Court found that no jury could reasonably conclude the  
22 mark "Century 21" is similar to "Century," in terms of sound, appearance, and connotation.  
23 Dkt. 177 at 19:20-22:14.<sup>3</sup> Of primary importance to this determination is the undeniable fact

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25 <sup>3</sup> The Court previously compared "Century" and "Century 21," as those are the most similar  
26 of the parties' marks (dkt. 124 ¶141 at 16). *See* Dkt. 177 at 19 n.14. C21's contention that the Court  
27 has not previously compared C21's Marks to the marks specified in the registrations at issue here  
28 – "Century Surety Group" and "Century Insurance Group" – is rejected because "Century" is the  
dominant element of such marks and the descriptive phrases "Surety Group" and "Insurance Group"

1 that the mark “Century 21” must be considered a unitary term, with equal weight provided  
2 to both elements of the mark (*id.* at 21:6-22:2). Because C21’s Marks place equal  
3 significance on the numeral “21” and the word “Century,” there is no genuine dispute of fact  
4 that the Marks at issue here differ visually and aurally, and convey entirely different  
5 commercial impressions and meanings (*id.* at 19:20-21:5).<sup>4</sup> The Court’s finding that dilution  
6 is not likely to result from the contemporaneous use of C21’s and Century’s Marks is  
7 buttressed by undisputed evidence of the commonality of the term “Century” in the real  
8 estate and insurance industries (dkt. 177 at 15:11-18:27, 22:3-7). Given the prevalence of  
9 the term “Century” in the real estate and insurance industries and the fact that C21’s Marks  
10 are unitary, the mere commonality of “Century” in both parties’ marks is an insufficient basis  
11 on which to find substantial similarity, which is necessary to support a federal claim for  
12 dilution (*id.*). *See Playboy Enters., Inc.*, 279 F.3d at 806 n.41 (elucidating the “identical or  
13 nearly identical” standard for dilution); *Thane Int’l, Inc.*, 305 F.3d at 906 (“[t]he marks must  
14 be of sufficient similarity so that, in the mind of the consumer, the junior mark will conjure  
15 an association with the senior”). No reasonable jury could conclude that the Century Marks  
16 are substantially similar to the C21 Marks. Thus, this factor favors Century.

17 **b. The C21 Marks are Inherently Distinctive**

18 Although the mark “Century,” standing alone, is not distinctive in either the real  
19 estate or insurance industry (dkt. 177 at 15:11-18:27, 22:3-7), there is no genuine dispute that  
20 the C21 Marks – the term “Century” followed by the numeral “21” – are inherently  
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22 \_\_\_\_\_  
23 have been disclaimed. *See* Dkt. 97, exs. 69-70.

24 <sup>4</sup> Century’s Marks, with their dominant emphasis on the word “Century,” suggest an entity  
25 that has been established for a long time, perhaps one hundred years, and reflects its past history.  
26 C21’s Marks suggest innovation and the future. *See Century 21 Real Estate Corp. v. Century Life*  
27 *of America*, 1992 WL 809137, \*5 (T.T.A.B. 1992). In this respect, C21’s Marks convey ideas of  
28 creativity and innovation. Century’s Marks, on the other hand, imply a well-established and long-  
standing foundation.

1 distinctive and well-recognized in the real estate industry (see dkt. 124 ¶¶72-74 at 123-24).  
2 This factor favors C21.

3 **c. C21 Engages in Substantially Exclusive Use of the C21 Marks**

4 Although the evidence overwhelmingly demonstrates that C21 does not engage  
5 in exclusive use of the term “Century” (see supra at dkt. 177 at 15:11-18:27, 22:3-7), there  
6 is no genuine dispute that C21 engages in substantially exclusive use of the mark “Century  
7 21.” This factor favors C21 only slightly because it is undisputed that Century does not use  
8 the numeral “21” in either “Century Surety Group” or “Century Insurance Group.”

9 **d. Degree of Recognition of the C21 Marks**

10 C21 has not produced any survey information to demonstrate that customers  
11 recognize or associate the word “Century” in isolation with the term “Century 21.” (Dkt.  
12 124, ¶¶108,112 at 14.) However, there is no genuine dispute that the C21 Marks – use of  
13 the term “Century” followed by the numeral “21” – are well-recognized in the real estate  
14 industry. Thus, this factor favors C21. Again, this factor is not especially significant  
15 because it is undisputed that Century does not use the numeral “21” in either of its Marks.

16 **e. Century did Not Intend to Create an Association with the C21 Marks**

17 C21 has presented no evidence that the Century Marks were adopted in order to  
18 trade on C21’s goodwill or to create an association with the C21 Marks. To the contrary,  
19 Century’s evidence shows without dispute that the origination of Century’s Marks had  
20 nothing to do with C21. Century’s former parent company was named Century Agency, Inc.  
21 and the word “Surety” was consistent with the company’s underwriting of surety bonds. See  
22 Dkt. 124 ¶¶2-3 at 7,24-25. As a result, the “Century Surety” mark was formed by combining  
23 the words “Century” and “Surety.” Century’s good faith adoption of its Marks is also shown  
24 by Century’s trademark clearance search to determine the availability of registering the  
25 marks “Century Surety Group” and “Century Insurance Group” before applying to register  
26 them. See Dkts. 86, Exh. 2 at 168-69; 124 ¶¶195 at 23. C21’s unfounded speculation that  
27 Century adopted its Marks in bad faith simply because Century “did not choose to expand  
28

1 its services and territory until after Century 21 was a well known mark” (Dkt. 95 at 16), is  
2 completely unsupported. See Dkt. 124 ¶¶26 at 31. This factor favors Century.

3 **f. There is No Mental Association Between the Marks**

4 In the context of dilution, it is important to emphasize that C21 seeks to enjoin  
5 Century from using marks beginning with the word Century even though the mark “Century  
6 21” contains the word Century *and* the numeral “21.” (Dkt. 124 ¶¶ 20,109-110,141 at  
7 9,14,16,58-59.) Therefore, the main problem with C21’s dilution theory is that C21 has  
8 never registered the term “Century” alone, does not use or advertise the word “Century”  
9 alone, prohibits Franchisees from abbreviating or shortening the name “Century C21” to  
10 “Century,” and has not produced any survey information to demonstrate that consumers  
11 recognize or associate the term “Century” (in isolation) with the mark “Century 21.”  
12 See Dkt. 124, ¶¶108-12 at 14,58-59. Moreover, there is no dispute that the word “Century”  
13 is extensively employed in both the real estate and insurance industries and therefore is  
14 clearly not distinctive. See Dkt. 124, ¶¶148-150 at 64-69; Dkt. 126, Ex. 60 at ¶2 and Ex. 61  
15 at ¶¶2,10 (at least 44 insurance businesses use the term “Century” to promote sales of  
16 insurance and at least 126 real estate businesses use the term “Century” to promote sales of  
17 real estate).<sup>5</sup> Because C21 has made a concerted effort to ensure that its Marks contain two  
18 terms – both “Century” and “21”– there is no factual basis from which a reasonable jury  
19 could find that consumers mentally associate the lone word “Century” with the C21 Marks.

20 The lack of evidence regarding “mental association” is further shown by  
21 undisputed evidence that, during the parties’ 15 years of (undisputed) co-existence, none of  
22 C21’s 4,500 Franchisees (who employ a total of over 120,000 agents) have ever mentioned  
23 Century to C21 despite their duty to report infringing uses of the C21 Marks. See Dkt. 124,  
24 ¶¶165, 177-179, 181, 183-87 at 20-22. It is also undisputed that C21 itself only became  
25 aware of Century’s existence when Century’s registration applications were published for

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27 <sup>5</sup>Although C21 disagrees with a small percentage of the names on Century’s third-party use  
28 list (see Dkt. 97, Ex.39), the Court relies only on the number of *undisputed* third-party users.



1 opposition by the United States Patent and Trademark Office (id. ¶120 at 14). See Accuride  
2 Int'l, Inc. v. Accuride Corp., 871 F.2d 1531, 1539 (9th Cir. 1989) (“the parties’ concurrent  
3 use of ‘Accuride’ as a trademark for twenty-five years effectively precluded a finding that  
4 the value of “Accuride” trade name could be diluted). C21 does not dispute that it knows of  
5 no instance in which anyone has ever mentally associated its Marks with the Century Marks  
6 and it has produced no evidence of such mental association. See Dkt. 124, ¶¶186-87 at 22.  
7 Because C21 has not demonstrated a genuine dispute of fact regarding the mental association  
8 component of likely dilution, this factor favors Century overwhelmingly.

9 **g. Conclusion on Dilution**

10 Given the Court’s findings on (i) the dissimilarity of the parties’ Marks and  
11 (ii) the lack of mental association between “Century” and the mark “Century 21,” no jury  
12 could reasonably conclude Century’s Marks are likely to dilute the C21 Marks. See Fruit  
13 of the Loom, Inc., 994 F.2d at 1362-63 (applying likelihood of dilution standard; “if ‘FRUIT’  
14 by itself fell within the protected domain, it could be protected under the Anti-dilution statute  
15 against all users, . . . [t]he humble, humdrum word FRUIT would be barred from use by the  
16 Fruit Basket, The Fruit Gallery, and Fruit King, to name only three businesses currently listed  
17 in the San Francisco telephone directory”).

18 For the reasons set forth above, the Court will affirm its conclusion in the March 16,  
19 2006 Order granting summary judgment to Century on C21’s federal dilution claim. See dkt.  
20 177.

21 **IT IS HEREBY ORDERED GRANTING** Century 21’s Motion for  
22 Reconsideration, but **DENYING** C21’s request to reverse the March 16, 2006 Order’s  
23 determination that summary judgment must be granted in favor of Century on C21’s federal  
24 dilution claim. (Dkt. 235.)

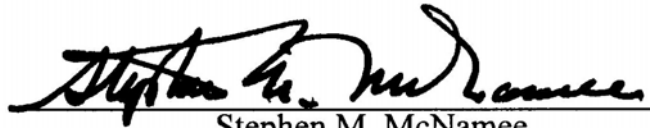
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1           **IT IS FURTHER ORDERED** that the Clerk of Court shall strike and remove from  
2 the Court's docket C21's Sealed Reply in Support of Motion to Reconsider Order on Dilution  
3 (docket number 238), on the grounds that it is improperly filed in violation of this Court's  
4 Local Rules. See Local Rule 7.2(g).

5           DATED this 5<sup>th</sup> day of February, 2007.

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8           Stephen M. McNamee  
9           United States District Judge  
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