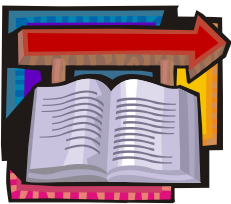


Trademarks and Fair Use



The Effect of *KP Permanent Make-Up v. Lasting Impression I*

The term “trademark” is defined by the Lanham Act as:

[A]ny word, name, symbol, or device, or any combination thereof -

- (1) used by a person, or
- (2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this Act, to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown. 15 U.S.C. §1127



Everyday we are bombarded by trademarks (e.g. Pepsi®, Coca Cola®, Xerox®, Ford®). These marks are used in advertising to signify or otherwise associate quality with a given product as well as the source of the product.

A cottage industry seems to be developing wherein owners of these various marks will file suit

against an individual or entity claiming trademark infringement at the slightest use of the word/symbol. The reasons seem to vary from policing the mark to insure it remains valid to a form of revenue generation.

One defense to a claim of trademark infringement is commonly referred to as the “Fair Use Doctrine,” set forth under the Lanham Act at 15 U.S.C. §1115(b)(4):

That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, of the party’s individual name in his own business or the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin ...



The strength of the defense of “fair use” has been interpreted differently by the various circuit courts. The 6th Circuit Federal Court of Appeals has held “[A] finding of a likelihood of confusion forecloses a fair use defense.” See *PACCAR Inc. v. TeleScan Technologies, L.L.C.*, 319 F.3d 243, 256 (C.A.6 2003). In other circuits the defense of fair use may continue even where there has been a finding of likelihood of confusion. *Cosmetically Sealed Industries, Inc. v. Chesebrough-Pond’s USA Co.*, 125 F.3d 28, 30-31 (C.A.2 1997).

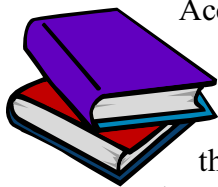
In recognition of this split of authority, certiorari was granted by the United States Supreme Court in the matter of *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 125 S.Ct. 542 (2004).



KP filed a declaratory judgment action against Lasting in the federal district court for a determination that Lasting's registered mark "Micro Colors" was not entitled to protection. The district court, upon concluding that Lasting conceded KP's use of the term "microcolor" was used solely in a descriptive manner, and not as a mark, held that KP was acting fairly and entitled to the "fair use" defense.

Lasting, unsatisfied with this result, appealed the matter to the 9th Circuit Federal Court of Appeals. The 9th Circuit, believing that the trial court had not addressed the issue of likelihood of confusion by the consuming public, eventually reversed the trial court. In effect, the 9th Circuit's opinion suggested that a defendant asserting the defense of "fair use" assumes the burden of establishing the absence of confusion, thus shifting the burden of proof to defendant.

In *KP* the Supreme Court acknowledged that a plaintiff alleging infringement, even of an incontestable mark, must still show likelihood of consumer confusion as part of its *prima facie* case. In other words, the mere fact that another party is using the claimed mark is not, in and of itself, sufficient to defeat a claim of fair use. When analyzing this defense, a court must look to 15 U.S.C. §1115(b)(4) which, as noted above, provides for the fair use of a term when the term is being used, for example, solely for its descriptive properties and not to identify a particular good or service, in this case "microcolor."



According to the Supreme Court's ruling in *KP*, the burden of proving likelihood of confusion remains with the plaintiff. The defense of fair use does not shift the burden to the defendant to establish that there does not exist confusion or likelihood of confusion. The court went so far as to state:

... [I]t follows [] that some possibility of consumer confusion must be compatible with fair use, and so it is.

In reaching this conclusion, the court recognized that in order for certain terms (e.g. descriptive terms) to qualify for registration as trademarks, they must first obtain secondary meaning, a meaning distinctive and separate from the term's definition so as to be associated with the given product or service. Recognizing this

necessity, one who holds a trademark cannot claim exclusive rights to the term, including its descriptive definition. Rather, a trademark holder is limited to claiming a "monopoly" on the word only to the extent it is associated with the mark holder's goods, that is to say, its secondary definition or meaning.



The ruling in *KP* effectively overturns the 6th Circuit's position on fair use as set forth in *PACCAR* (no longer is the mere finding of likelihood of confusion the death knell of the fair use doctrine.) While the *KP* opinion is not a license for one company to begin using another's marks, it is a significant blow to what was the current state of affairs in the 6th Circuit with respect to the Fair Use Doctrine. Now, defendants may once again assert the Fair Use Doctrine, claiming the use was in good faith and used solely in a descriptive manner (or otherwise) even when plaintiff is able to show "some possibility of consumer confusion".

The court refused to address how much confusion (degree of consumer confusion) may be sufficient to defeat the defense of "fair use". This question, and those inquiring as to the accuracy with which a term describes the goods in question, as opposed to source identification, remain available to the trial court to assess the defense of fair use in a given matter.

To discuss this opinion or any questions you have regarding coverage in trademark, copyright and patent infringement cases, please contact the authors:

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