

KP PERMANENT MAKE-UP, INC. V. LASTING IMPRESSION I, INC.: RECONCILING FAIR USE AND THE LIKELIHOOD OF CONFUSION

By Adrienne Y. Cheng

The Supreme Court's decision in *KP Permanent Make-up, Inc. v. Lasting Impression I, Inc.*¹ revolves around makeup and the use of a single term: *microcolor*. Like makeup, the facts of *KP Permanent* conceal a contemporary conflict over defining the contours of the public and private domains in trademark law. Commerce—encouraged through the protection of valuable assets such as trademark rights—fuels the modern global economy. Considering the quantity of goods and services available in the marketplace, brand recognition by faithful customers, potential consumers, and the public at large is a valuable asset. The association between a brand name, the quality of the product, and the source of that product drives sales and boosts stock prices. Thus, a business's right to use a mark exclusively is vital to its success in an ever-expanding global economy.²

Yet some argue that allowing a business the opportunity to gain a perpetual right in a mark has serious free speech implications since the use of those marks may constitute trademark infringement.³ The Constitution precludes Congress from making any law that limits freedom of expression.⁴ Inherent to this freedom is the right to use every word in the English language. As many free speech proponents have argued, common descriptive words should be freely used by the public, and should not be appropriated by businesses for their own profit. Such proponents are opposed to the power to persecute competitors through infringement suits or impoverish the English language through injunctions.

The balance that trademark law has negotiated between these two competing interests is fundamental to society's sense of entrepreneurship and fair play. The maintenance of this boundary is especially crucial because trademarks, unlike patents or copyrights, have potentially infinite duration.⁵

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1. 543 U.S. 111 (2004).

2. See 1 JEROME GILSON, TRADEMARK PROTECTION AND PRACTICE § 1.03(3)(a) (2005).

3. See *infra* Part III.

4. U.S. CONST. amend. I.

5. See 15 U.S.C. § 1059 (2000).

A trademark protects the source designation of a particular product, denotes its standard of quality, ensures consumer confidence, and protects the public from deception.⁶ As such, consumer *perception* determines whether a mark holder's rights are being infringed.⁷ 15 U.S.C. § 1114 defines trademark infringement as a use in commerce likely to cause confusion.⁸ Once trademark infringement has been established, 15 U.S.C. § 1115 provides a number of affirmative defenses, which protect a secondary user from liability.⁹ One such affirmative defense is the fair use defense.¹⁰

The Supreme Court granted certiorari in *KP Permanent* to resolve a split in the circuit courts' interpretation of the relationship between fair use and likelihood of confusion.¹¹ Under a literal reading of 15 U.S.C. § 1114 and § 1115(b)(4), likelihood of confusion and the fair use defense must necessarily coexist to some degree.¹² The Supreme Court, however, did not offer complete clarification of the relationship between likelihood of confusion and the fair use defense.¹³ Rather it held only that a defendant is not required to affirmatively prove the absence of confusion in order to succeed in presenting the affirmative defense of fair use.¹⁴ The Supreme Court's lack of guidance on the extent to which likelihood of confusion and fair use can coexist enabled the Ninth Circuit on remand to hold that "[s]ummary judgment on the defense of fair use is . . . improper."¹⁵ This subsequent Ninth Circuit holding unduly burdens the court with excess litigation and forces the defendant to litigate the highly fact intensive question of fair use.

Part I of this Note introduces the doctrine of likelihood of confusion, the fair use defense, and the history of the circuit split regarding whether likelihood of confusion preempts fair use. Part II examines in detail the facts of the Supreme Court's decision in *KP Permanent*, including its procedural history as well as subsequent proceedings in the Ninth Circuit on remand. Part III considers the extent to which the Supreme Court's narrow

6. 1 GILSON, *supra* note 2, § 1.03(1).

7. *See* AMF Inc. v. Sleekcraft Boats, 599 F.2d 341, 350 (9th Cir. 1979).

8. 15 U.S.C. § 1114 (2005).

9. 15 U.S.C. § 1115(b) (2005).

10. 15 U.S.C. § 1115(b)(4).

11. *See* KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc., 543 U.S. 111 (2004).

12. *Id.* at 123.

13. *See id.*

14. *Id.* at 124.

15. KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc., 408 F.3d 596, 609 (9th Cir. 2005).

holding concerning the burden of proof and its brief mention of the inherent coexistence of likelihood of confusion and the fair use defense result in an implicit judicial posture favoring trademark infringement plaintiffs while unduly burdening defendants claiming fair use. Part III also presents a possible solution to this conflict: separating the textual element from the mark as a whole in trademark infringement analysis. This Note concludes with Part IV.

I. BACKGROUND: LIKELIHOOD OF CONFUSION AND THE FAIR USE DEFENSE

This Part first explores likelihood of confusion as a threshold for trademark infringement. It then discusses fair use as a statutory defense against infringement, noting the difference in the courts' treatment of classic and nominative fair use, as well as the divergent history in the circuit courts' treatment of the relationship between likelihood of confusion and fair use.

A. Likelihood of Confusion as the Threshold for Trademark Infringement

A trademark distinguishes the source of a particular good from the source of goods manufactured or sold by others.¹⁶ In fact, "in the minds of the public, the primary significance of a [mark] is to identify the source of the product rather than the product itself."¹⁷ Therefore, the touchstone for determining trademark infringement is the extent to which the public is confused as to the source of a good or service. In order to establish infringement, the plaintiff must show that the defendant's practice is likely to cause confusion as to the origin of the goods or services.¹⁸

Under 15 U.S.C. § 1114, a person commits trademark infringement when she, "without the consent of the registrant[,] use[s] in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which *such use is likely to cause confusion*, or to cause mistake, or to deceive."¹⁹ Actual confusion is

16. 15 U.S.C. § 1127 (2005).

17. Wal-mart Stores, Inc. v. Samara Bros., 529 U.S. 205, 211 (2000) (quoting Inwood Labs., Inc. v. Ives Labs., Inc., 456 U.S. 844, 851 n.11 (1982)).

18. Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 780 (1992).

19. § 1114(1)(a) (emphasis added).

not necessary, but possible confusion is inadequate.²⁰ The legal standard is likelihood of confusion, which requires proof that an appreciable number of reasonably prudent purchasers would be confused as to the source, sponsorship, and affiliation of the mark.²¹

Extremely relevant to the existence of trademark protection in a mark is a determination of that mark's level of distinctiveness.²² The more distinctive a mark, the greater trademark protection it is afforded. As a matter of law, "generic" marks are not distinctive and do not receive protection,²³ whereas arbitrary, fanciful, and suggestive marks are inherently distinctive and are automatically protected.²⁴ Descriptive marks fall somewhere in the middle of the spectrum, and are not considered inherently distinctive unless secondary meaning is established.²⁵ While a mark with demonstrated secondary meaning receives common law protection through its use in commerce, registering a descriptive mark with the Patent and Trademark Office provides prima facie evidence of validity and ownership and augments infringement remedies.²⁶

Once a mark has been registered and used for five consecutive years in the marketplace without any adverse claims, the court presumes that the trademark holder has an exclusive right to the mark.²⁷ When a senior user²⁸ with an exclusive right to the use of a mark brings an infringement suit against a junior user, the court must determine the likelihood that consumers would confuse goods or services bearing the junior mark as having

20. *Century 21 Real Estate Corp. v. Sandlin*, 846 F.2d 1175, 1178 (9th Cir. 1988) (citing *J.B. Williams Co. v. Le Conte Cosmetics*, 523 F.2d 187, 191 n.5, 6 (9th Cir. 1975), *cert. denied*, 424 U.S. 913 (1976)); 2 GILSON, *supra* note 2, § 5.01.

21. 9-III-43 GILSON, *supra* note 2, § 1125(a)(1)(A).

22. 1 GILSON, *supra* note 2, § 1.02(1)(c).

23. *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 408 F.3d 596, 602 (9th Cir. 2005) ("Generic marks are not capable of receiving protection because they identify the product, rather than the product's source.").

24. *Id.*; *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992).

25. *See Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 194 (1985) ("Merely descriptive marks, which describe the qualities or characteristics of a product, may be registered only if the holder of the mark shows that the mark has acquired distinctiveness through secondary meaning.").

26. *See Coca-Cola Co. v. Overland, Inc.*, 692 F.2d 1250, 1254 (9th Cir. 1982) ("Federal Registration of a trademark endows it with a strong presumption of validity.").

27. 15 U.S.C. § 1115(b) (2005); *Park 'N Fly*, 469 U.S. at 198.

28. The "senior user," in this Note, refers to an individual who has registered a mark with the Patent and Trademark Office, whereas the "junior user" refers to an individual using a similar mark who could potentially be infringing. While the senior user is often the first to use a mark in commerce, a junior user's use of a mark can predate the senior user's use, as demonstrated by *KP Permanent*.

originated from the senior mark holder.²⁹ To do this, Ninth Circuit courts apply³⁰ the multi-factor balancing test outlined in *AMF Inc. v. Sleekcraft Boats*.³¹ According to *Sleekcraft*, the following eight factors are relevant to the likelihood of confusion: (1) the strength of the trademark holder's mark, (2) the proximity of the goods, (3) the similarity of the marks to one another, (4) any actual confusion in the marketplace, (5) overlapping marketing channels, (6) the degree of care exercised by a typical purchaser, (7) the intent of the defendant in selecting the mark, and (8) the probability of expansion such that likelihood of confusion could increase in the future.³²

The *Sleekcraft* factors are not exhaustive.³³ The variables the court considers are dependent on the particular facts presented.³⁴ The strength of the mark is highly probative in determining likelihood of confusion; the court affords it the "widest ambit of protection from infringing uses."³⁵ Evidence of actual confusion is "persuasive proof that future confusion is likely."³⁶ The higher the probability that the public would associate the producers of the related goods to one another, the less similarity is required between the marks for the court to find likelihood of confusion.³⁷

If a plaintiff meets the threshold showing likelihood of confusion, she has proven her prima facie trademark infringement case, and the burden shifts to the defendant to either undercut the plaintiff's evidence or, in the alternative, to assert an affirmative defense barring relief.³⁸

B. Fair Use: Classic and Nominative

Once a senior user demonstrates a prima facie case for trademark infringement, a junior user may avoid liability by claiming the affirmative defense statutorily defined at § 1115(b)(4), and commonly termed "fair use."³⁹ To claim protection under fair use, a junior user must prove "[t]hat

29. See *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 117 (2004).

30. See, e.g., *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 408 F.3d 596, 608 (9th Cir. 2005).

31. 599 F.2d 341, 348-49 (9th Cir. 1979); see also RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 21(a)-(f) (1995).

32. *Sleekcraft*, 599 F.2d at 348-49.

33. *Id.* at 348.

34. *Id.*

35. *Id.* at 349.

36. *Id.* at 352.

37. *Id.* at 350.

38. *KP Permanent Make-up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 120 (2004).

39. 15 U.S.C. §1115(b)(4) (2000); *KP Permanent*, 543 U.S. at 116.

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 of 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 and services of such party, or their geographic origin."⁴⁰

Under the fair use defense, if the senior user employs in commerce a descriptive term with incontestable secondary meaning as an element of a trademark, the junior user may still use the term without liability to describe his own product. But, if the term refers to the senior user's mark and thereby profits from the senior user's hard-earned reputation, the court would likely enjoin the junior user from use of the mark.⁴¹ A court will look at the good faith of the junior user and whether the junior user had intent to profit through the similarity of the terms.⁴²

Two types of fair use exist within trademark law: classic and nominative.⁴³ Nominative fair use is the use of the mark to "describe the [trademark holder's] product, *even if the [alleged infringers'] ultimate goal is to describe his own product.*"⁴⁴ For example, an advertisement by Adobe that its product Acrobat is compatible with the Microsoft XP operating system uses Microsoft's trademark to describe Microsoft's own product with the ultimate goal of conveying to Adobe's customers that its product is compatible with Microsoft's product. Employing a mark in such a way would constitute nominative fair use. Nominative fair use is an important defense against infringement, as the use of a trademark is often the only practical way of referring to a particular product or service.⁴⁵

Classic fair use, on the other hand, applies "where a defendant has used the plaintiff's mark only to describe his own product, and not at all to describe the plaintiff's product."⁴⁶ This situation most commonly arises where a mark with both a primary and secondary meaning is used in its primary descriptive sense. For example, while MOBILE gas may have the exclusive right to the use of their trademark name, it cannot prevent the

40. § 1115(b)(4).

41. See 1 GILSON, *supra* note 2, § 1.03(6)(b).

42. See *Sleekcraft*, 599 F.2d at 349.

43. Cairns v. Franklin Mint Co., 292 F.3d 1139, 1150 (9th Cir. 2002).

44. *Id.*

45. *New Kids on the Block v. New Am. Publ'g, Inc.*, 971 F.2d 302, 308 (9th Cir. 1992) ("Such nominative use of a mark- where the only word reasonably available to describe a particular thing is pressed into service . . . it does not implicate the source-identification function that is the purpose of trademark . . . such use is fair because it does not imply sponsorship or endorsement . . .").

46. *Cairns*, 292 F.3d at 1151.

use of the word “mobile” to describe a gas pump that can be moved to different places.⁴⁷ As detailed in Part II below, *KP Permanent* involves classic fair use.

C. Disagreement Among the Circuits

While application of the likelihood of confusion test is fairly consistent across the circuits, the circuit courts are split in their interpretations of fair use as a defense to trademark infringement. One line of cases holds that fair use is an absolute defense against likelihood of confusion,⁴⁸ while the other holds that prima facie evidence of likelihood of confusion preempts any claims of fair use.⁴⁹ This circuit split prompted the Supreme Court to grant certiorari in *KP Permanent*.⁵⁰

The Second, Fourth, and Seventh Circuits have interpreted fair use as protecting the use of descriptive words in commerce regardless of likelihood of confusion.⁵¹ In support of this holding, the Fourth Circuit reasoned that it “defies logic to argue that a defense may not be asserted in the only situation where it even becomes relevant.”⁵² Similarly, the Seventh Circuit reasoned that “the use of a similar name . . . to truthfully describe [one’s] own product does not constitute a legal . . . wrong, even if its effect [is] to cause the public to mistake the origin of the product.”⁵³

In contrast, the Fifth, Sixth, and Ninth Circuits held that likelihood of confusion bars a finding of fair use.⁵⁴ Specifically, the Fifth Circuit held that others are “free to use . . . words . . . in their ordinary, descriptive sense, so long as such use will not tend to confuse customers as to the

47. See Michael J. Smith, THE METROPOLITAN CORPORATE COUNSEL, “*A Beach Boy, a Playmate, and Five Guys from Boston Walk Into a Courtroom...*” – *Nominative Fair Use of Trademarks* (Akin Gump Strauss Hauer & Feld LLP), Feb. 2004, available at <http://www.akingump.com/docs/publication/648.pdf>.

48. See, e.g., *Cosmetically Sealed Industries, Inc. v. Chesebrough-Pond’s USA Co.*, 125 F.3d 28, 30 (2d Cir. 1997); *Shakespeare Co. v. Silstar Corp. of Am.*, 110 F.3d 234, 243 (4th Cir. 1997); *Sunmark, Inc. v. Ocean Spray Cranberries*, 64 F.3d 1055, 1059 (7th Cir. 1995).

49. See, e.g., *Zatarains, Inc. v. Oak Grove Smokehouse, Inc.*, 698 F.2d 786, 796 (5th Cir. 1983); *Paccar Inc. v. Telescan Techs.*, 319 F.3d 243, 256 (6th Cir. 2003); *KP Permanent Make-up, Inc. v. Lasting Impression I, Inc.*, 328 F.3d 1061, 1072 (9th Cir. 2003).

50. *KP Permanent Make-up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 116 (2004).

51. *Cosmetically Sealed Industries*, 125 F.3d at 30; *Shakespeare*, 110 F.3d at 243; *Sunmark*, 64 F.3d at 1059.

52. *Shakespeare*, 110 F.3d at 243.

53. *Sunmark*, 64 F.3d at 1059.

54. *Zatarains*, 698 F.2d at 796; *Paccar*, 319 F.3d at 256; *KP Permanent*, 328 F.3d at 1072.

source of the goods.”⁵⁵ The Sixth Circuit held that “a finding of a likelihood of confusion forecloses a fair use defense.”⁵⁶ The Ninth Circuit held that a defendant “can only benefit from the fair use defense if there is no likelihood of confusion.”⁵⁷

II. *KP PERMANENT MAKE-UP, INC. V. LASTING IMPRESSION I, INC.*

A. Facts and Procedural History

KP Permanent and Lasting Impression I (“Lasting Impression”) are competitors in the permanent makeup industry.⁵⁸ Each company used the term “microcolor,” variously as one or two words and in singular or plural form, to describe a mixture of pigment and liquid used for injection under the skin.⁵⁹ KP Permanent used the term “microcolor” between 1990 and 1991 on advertising brochures, and since 1991 on pigment bottles.⁶⁰ In 1992, Lasting Impression applied for trademark registration on the words “Micro Color” in white scripts on a black square with a green line.⁶¹ In 1993, Lasting Impression’s application was approved, and in 1999, the registration became incontestable.⁶²

In 1999, KP Permanent released a ten-page brochure prominently displaying the term “microcolor” in a stylized font.⁶³ Lasting Impression demanded that KP Permanent cease its use of this trademark.⁶⁴ KP Permanent sought a declaratory judgment in federal district court, declaring KP Permanent’s use of the “microcolor” mark to be noninfringing, and Lasting Impression counterclaimed for trademark infringement.⁶⁵

Despite the incontestable standing of Lasting Impression’s mark as a whole (including the graphical elements such as the square and line), the district court held that both KP Permanent and Lasting Impression employed the word “microcolor” descriptively and not as a trademark, and

55. *Zatarains*, 698 F.2d at 796.

56. *Paccar*, 319 F.3d at 256.

57. *KP Permanent*, 328 F.3d at 1072.

58. *KP Permanent Make-up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 114 (2004) (Permanent make-up is “a mixture of pigment and liquid . . . [injected] under the skin to camouflage injuries and modify nature’s dispensations”).

59. *Id.*

60. *Id.*

61. *Id.*

62. *Id.*

63. *Id.*

64. *Id.*

65. *Id.*

that neither party had acquired secondary meaning in the term.⁶⁶ This determination was relevant both to the degree of protection afforded to Lasting Impression, and the application of the fair use defense to KP Permanent's actions. Furthermore, because KP Permanent had used the term continuously throughout Lasting Impression's use and for a longer duration than Lasting Impression, the court held that KP Permanent had acted fairly and in good faith.⁶⁷ Thus, because KP Permanent had used the term microcolor in its ordinary descriptive sense, it had successfully proven a prima facie case of classic fair use.⁶⁸ Because the district court held that fair use was an absolute defense to trademark infringement, determining likelihood of confusion was not necessary and summary judgment was granted in favor of KP Permanent.⁶⁹

The Ninth Circuit disagreed with the district court's analysis and overturned their grant of summary judgment. First, the Ninth Circuit reasoned that the court could not separate the text from the mark in analyzing the degree of distinctiveness.⁷⁰ Thus, since the mark as a whole had become incontestable, the textual element "microcolor" had also become incontestable.⁷¹ The court further held that because Lasting Impression's mark had attained incontestability, Lasting Impression was entitled to a presumption of secondary meaning.⁷² In determining the proper application of the fair use defense, the court held that, unlike in a case of nominative fair use, "when the classic fair use defense is raised, it is still necessary to analyze likelihood of confusion."⁷³ In so holding, the court relied on the previous Ninth Circuit case of *Transgo, Inc. v. Ajac Transmission Parts Corp.*, stating "anyone is free to use a term in its primary, descriptive sense, as long as such use does not result in consumer confusion."⁷⁴ According to the Ninth Circuit, the classic fair use defense "requires that there not be a likelihood of confusion."⁷⁵ Therefore, the district court erred in not addressing likelihood of confusion before considering KP Perma-

66. *Id.*

67. *Id.*

68. *Id.*

69. *Id.*

70. *KP Permanent Make-up, Inc. v. Lasting Impression, Inc.*, 328 F.3d 1061, 1068-69 (9th Cir. 2003) (quoting *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.* 469 U.S. 189 (1985)).

71. *See id.* at 1068-69.

72. *Id.* at 1071.

73. *Id.* at 1072.

74. *Id.* at 1072 (citing *Transgo, Inc. v. Ajac Transmission Parts Corp.*, 911 F.2d 363, 366 n.2 (9th Cir. 1990)).

75. *Id.* at 1073.

ment's affirmative defense.⁷⁶ The Ninth Circuit reversed the district court's grant of summary judgment, and remanded to the district court for further proceedings in accordance with its opinion.⁷⁷ KP Permanent appealed, and the Supreme Court granted certiorari.⁷⁸

B. The Supreme Court's Decision

On its grant of certiorari, the Supreme Court limited its review to considering "whether a party raising the statutory affirmative defense of fair use to a claim of trademark infringement . . . has a burden to negate any likelihood that the practice complained of will confuse consumers about the origin of the goods or services affected."⁷⁹ The Supreme Court answered this question in the negative, holding unanimously that an accused infringer need not make a showing of the absence of consumer confusion as part of the presentation of a claim of fair use.⁸⁰ As to the relationship between fair use and likelihood of confusion, it recognized the necessary coexistence between the two, but did not decide whether or to what extent proof of likelihood of confusion bars the fair use defense.⁸¹

1. *Alleged Infringer Not Required to Prove Absence of Confusion in Order to Invoke Fair Use Defense*

The Court found that it was "incoheren[t]" to put the burden of proving absence of confusion on KP Permanent.⁸² If Lasting Impression meets its prima facie burden of proving probable confusion, KP Permanent may defend either by contradicting Lasting Impression's evidence of confusion or asserting an affirmative defense barring relief.⁸³ If the defendant had the burden of negating likelihood of confusion as part of the fair use defense, and successfully proved an absence of confusion, the plaintiff's case for infringement would also be negated, and the fair use defense would be superfluous.⁸⁴

76. *Id.*

77. *Id.* at 1073.

78. *KP Permanent Make-Up, Inc. v. Lasting Impression, Inc.*, 540 U.S. 1099 (2004).

79. *KP Permanent Make-up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 114 (2004). The Court noted that while the Ninth Circuit did not explicitly address the burden of proof on this issue, "it appears to have placed it on KP [Permanent] to show absence of consumer confusion." *Id.*

80. *Id.* at 124.

81. *Id.* at 123-24.

82. *Id.* at 120.

83. *Id.*

84. *Id.*

Recognizing the disagreement among the Circuit Courts, the Supreme Court turned directly to the source—the black letter trademark legislation. Trademark infringement is defined (in part) in the United States Code as a “use in commerce . . . which . . . is likely to cause confusion, or to cause mistake, or to deceive.”⁸⁵ A necessary element of a plaintiff’s trademark infringement claim, then, is some measure of confusion between the plaintiff and defendant’s mark. The statutorily-defined fair use defense functions, according to the court, not as an extension of the definition of infringement but, as a defense to infringement, and therefore also serves to counteract the legal effect of evidence of likelihood of confusion.⁸⁶ The legislature created § 1115(b)(4) as a protection for the good-faith infringer who has been employing an incontestable mark descriptively.⁸⁷ It applies to the use of the “name, term, or device . . . otherwise than as a mark . . . 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.”⁸⁸ It would be unreasonable, the Court reasoned, to interpret the phrase “used fairly” in § 1115 to mean used in the absence of consumer confusion.⁸⁹ If the legislature had taken great lengths to elucidate probable confusion as the standard of infringement, it would not have been so careless as to tersely apply the phrase “used fairly” in the fair use defense to imply the lack of likelihood of confusion.⁹⁰ Therefore, the Court held that there was no requirement to prove non-confusion as part of the fair use defense.⁹¹

In the instant case, the fair use defense should apply once Lasting Impression has met the *prima facie* threshold of probable confusion.⁹² Therefore, KP Permanent may use the supposedly infringing term likely to cause confusion, if the use is fair, descriptive, and in good faith and is used singly to describe its own goods and services.⁹³

85. 15 U.S.C. § 1114(1)(a) (2000).

86. *See KP Permanent*, 543 U.S. at 119, 121.

87. *See* 15 U.S.C. § 1115(b)(4) (2000).

88. *Id.*

89. *KP Permanent*, 543 U.S. at 118.

90. *Id.*

91. *See id.* at 118.

92. *See id.* at 120.

93. *See* 15 U.S.C. § 1115(b)(4) (2005).

2. *The Coexistence of Likelihood of Confusion and Fair Use*

While the Supreme Court stated that the “mere risk of confusion will not rule out fair use,”⁹⁴ it did not elaborate further on the proper balancing between the two.

The Court noted in their analysis of the structural framework of trademark rights, trademark infringement, and the defenses against infringement, that tension between likelihood of confusion and the fair use defense was inevitable, because to some degree the two elements must necessarily coexist.⁹⁵ A plaintiff’s incontestable trademark creates the presumption that there is conclusive evidence of an exclusive right to use the registered mark in commerce.⁹⁶ Once exclusivity is proven, to assert a claim for trademark infringement in a court of law, a plaintiff must also show likelihood of confusion.⁹⁷ Only at this point, after the presentation of proof of the likelihood of confusion, does it become necessary for an alleged infringer to present the affirmative defense of fair use—therefore, fair use will never arise in a case where the likelihood of confusion is not also an issue.⁹⁸ This conception of fair use and the likelihood of confusion as co-existent is consistent with the Second, Fourth, and Seventh Circuits’ interpretation of the fair use defense, but conflicts with the Fifth, Sixth, and Ninth Circuits’ holdings that probable confusion bars fair use.

3. *Subsequent History*

The Ninth Circuit on remand held that while the degree of customer confusion does not *bar* fair use, it factors in evaluating fair use.⁹⁹ In fact, the Ninth Circuit followed the holding in *Shakespeare* by explicitly stating that “[t]o the degree that confusion is likely, a use is less likely to be found fair.”¹⁰⁰ The court went further to say that because likelihood of confusion is a highly factual matter, “[s]ummary judgment on the defense of fair use is . . . improper.”¹⁰¹

94. *KP Permanent*, 543 U.S. at 123.

95. *Id.*

96. *See* 15 U.S.C. § 1115(b).

97. *See* 15 U.S.C. § 1114(1)(a).

98. *See KP Permanent*, 543 U.S. at 121-22.

99. *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 408 F.3d 596, 609 (9th Cir. 2005).

100. *Id.* at 607-08 (quoting *Shakespeare Co. v. Silstar Corp. of Am.*, 110 F.3d 234, 243 (4th Cir. 1997)).

101. *Id.* at 608-09.

III. DISCUSSION

The Court's decision in *KP Permanent* leaves unresolved the ambiguity surrounding the precise contours of the relationship between likelihood of confusion and fair use. As a means of partially alleviating this tension, this Note proposes that the textual elements of marks should be isolated to allow for free expression while respecting the need for trademark protection.

A. The Unresolved Tension Between Likelihood of Confusion and Fair Use

Trademarks are intended to protect the commercial relationship between the producer and consumer.¹⁰² As such, the identity of the source is all-important, and the likelihood of confusion stands as the most obvious boundary line between legitimate and infringing uses. At the same time, the legislature created the classic fair use defense in order to protect the good-faith use of descriptive terms.¹⁰³ Without such a defense, descriptive terms employed in commerce would be removed from the public domain. The English language would be the subject matter of countless lawsuits. Likelihood of confusion is the touchstone of trademark infringement, but in certain circumstances, good faith should trump that confusion and protect an accused infringer from liability.

The Supreme Court was faced with this unresolved tension in *KP Permanent*. But instead of adding clarity to this inherent tension in trademark jurisprudence, the Supreme Court only acknowledged the tension, holding that "some degree" of confusion can coexist with a fair use defense, but not defining that degree.¹⁰⁴ The Supreme Court's decision, therefore, all but forced the Ninth Circuit to hold that "[s]ummary judgment on the defense of fair use is . . . improper," thus unduly burdening a trademark defendant.¹⁰⁵

The fair use defense should be a means of cutting short the length, burden, and cost of trial. Instead, by holding that "[s]ummary judgment on the defense of fair use is . . . improper," the Ninth Circuit forces defendants to choose between a lengthy and costly legal battle or settlement even if their use is fair.¹⁰⁶ While the Supreme Court described the legislative purpose of the Lanham Act's fair use defense, by not clearly ruling

102. See 1 GILSON, *supra* note 2, § 1.03[1].

103. See 15 U.S.C. § 1115(b)(4) (2005).

104. *KP Permanent Make-up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 123-24 (2004).

105. *KP Permanent*, 408 F.3d at 609.

106. *Id.*

that fair use is an independent and prevailing defense against likelihood of confusion, the holding severely limits the effectiveness of the defense to protect a good-faith user.

The facts of *KP Permanent* would seem to epitomize the ideal case of fair use.¹⁰⁷ Both *KP Permanent* and *Lasting Impression* were competitors in the same market, a situation in which it is important to prevent a junior user from being unjustly enriched based on the goodwill of a competitor.¹⁰⁸ In addition, the term “microcolor” was (according to the district court) classified as descriptive, highlighting the issue of protecting descriptive terms from being permanently removed from the public domain.¹⁰⁹ Finally, *KP Permanent*’s use of the mark prior to *Lasting Impression*’s use of “microcolor” to describe their pigment technology tends to show a good-faith use.¹¹⁰

Yet, the Supreme Court did not delineate what degree of risk of confusion would rule out fair use, let alone indicate whether it thought *KP Permanent* was deserving of the fair use defense. In the absence of the Court’s guidance on this issue, the lower courts are left to negotiate an amorphous test which balances the likelihood of confusion with the good-faith intent of the infringer, likely leading, as before, to a divergent range of lower court rulings.

In the absence of more concrete direction from the Supreme Court regarding to what extent fair use may coexist with likelihood of confusion, trademark law will overly prejudice a defendant claiming fair use. By the time a claim has reached the court, the plaintiff will likely have met the threshold necessary to prove some likelihood of confusion. To only allow a defendant to assert fair use in situations of minimal likelihood of confusion would virtually nullify this defense. Jurisdictions that, before the Supreme Court’s decision in *KP Permanent*, held that the fair use defense was completely barred by evidence of likelihood of confusion will likely adopt a similar pro-plaintiff standard. By not delineating some standard for the balancing of probable confusion and fair use, the Supreme Court effectively condoned a continued split in interpretation, and perpetuated a system of inequitable justice dependant on one’s jurisdiction.

The lack of clarity in this matter also has a dampening effect on commerce. This rule, which in effect extends the protection of descriptive words in commerce, will likely handicap new entrants into existing mar-

107. See 3 GILSON, *supra* note 2, § 11.08(3)(d)(i).

108. *KP Permanent*, 543 U.S. at 114; see 1 GILSON, *supra* note 2, § 1.03[1].

109. *KP Permanent*, 543 U.S. at 115.

110. *Id.* at 114.

kets. As fewer and fewer English words are available for use, businesses, fearful of costly litigation, will opt to choose words less conducive to explaining their products to the public. Instead of furthering the goals of trademark protection by protecting businesses, courts could potentially stunt the growth of the commercial sector.

**B. Separating the Textual Element from the Mark as a Whole:
One Possible Solution to Resolving the Likelihood of
Confusion and Fair Use Dilemma**

Finding a solution to this inherent conflict is no easy task. For the sake of America's economic health and in the spirit of entrepreneurship, the government must endeavor to protect the goodwill capital of businesses. This goal is in direct competition with the public policy of fostering free speech and the right of the public to freely use common descriptive words.

Any line that the Supreme Court could draw between likelihood of confusion and fair use would be transitory at best, considering the ability of the legislative branch to effectuate a statutory solution. Even if the Supreme Court were to hold, for example, that a high likelihood of confusion preempts fair use but a low likelihood of confusion does not, all would not be solved. Such a solution would provide only a vague and unreliable metric and would effectively make fair use a "relative" defense, a result which does not seem to be supported by the statutory definition of fair use.¹¹¹

To solve a complicated problem with an equally complicated solution would be cruel. Any attempt at a meaningful solution to simplify the likelihood of confusion/fair use dilemma should be practical and easy to apply for the sake of providing businesses with a means to make quick judgments with low transaction costs. In seeking a solution for trademark law, it is helpful to examine how other areas of law deal with fair use in a comparable setting. Copyright law, for example, provides one possible solution in its emphasis on separating protectable from non-protectable elements during infringement analysis.¹¹² While the Supreme Court in *KP Permanent* never addressed this matter, both the district court and the Ninth Circuit Court of Appeals built their likelihood of confusion/fair use analysis upon the foundational question of whether the textual element can or cannot be separated from the incontestable mark as a whole.¹¹³ Follow-

111. See 15 U.S.C. § 1115(b)(4) (2005).

112. See 4 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 13.03[B][2] (2005).

113. *KP Permanent Make-up, Inc. v. Lasting Impression I, Inc.*, 328 F.3d 1061, 1068-69 (9th Cir. 2003).

ing this approach, namely delineating the textual element as a non-protectable element of a trademark, may allow circumvention of the potentially much more complex balancing test.

In the copyright context, courts remove the non-protectable elements of a copyrighted work from consideration before proceeding with the infringement analysis and comparing the original work with the allegedly infringing one to determine substantial similarity—the touchstone of copyright infringement.¹¹⁴ Courts then examine both the remaining protectable work as a whole to identify non-literal copying as well as the remaining protectable work in fragmented pieces to identify literal copying.¹¹⁵ Once substantial similarity has been determined, a defendant can argue the affirmative defense of fair use.¹¹⁶ In determining whether a use is fair, courts balance four factors: (1) the purpose and character of the use, (2) the nature of the copyrighted work, (3) the amount and substantiality of copying, and (4) the effect on the potential market for the copyrighted work.¹¹⁷

In *KP Permanent*, the district court considered the issue of protectable and non-protectable matter and analyzed the case based on its finding that the mark's textual element was not protectable.¹¹⁸ The Ninth Circuit reversed based on its own prior decision in *Park 'N Fly v. Dollar Park & Fly*.¹¹⁹ Plaintiff Park 'N Fly operated long-term parking lots near airports in several cities across the United States.¹²⁰ In 1969, plaintiff registered a mark of an airplane accompanied by the phrase "Park 'N Fly."¹²¹ By 1977, their mark became incontestable.¹²² Plaintiff then sued for infringement against defendant, Dollar Park and Fly, who operated an isolated long-term parking service near the airport in Portland, Oregon.¹²³ The district court held for the plaintiff on the grounds that "Park 'N Fly" was not a common descriptive term, nor a generic mark and that the defendant's mark was confusingly similar to the plaintiff's incontestable mark.¹²⁴

114. *See id.*

115. 4 NIMMER, *supra* note 112 § 13.03[A][1][c], [e][2].

116. 17 U.S.C. § 107 (2005); 3 NIMMER, *supra* note 112, §12.04[A][3][f][V].

117. 17 U.S.C. § 107.

118. *KP Permanent*, 328 F.3d at 1066.

119. 718 F.2d 327 (9th Cir. 1983), *rev'd on other grounds*, 469 U.S. 189 (1985).

120. *Id.* at 329.

121. *Id.* Park 'N Fly did not register for a service mark consisting of the phrase until 1977. *Id.*

122. *Id.*

123. *Id.*

124. *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 1982 U.S. Dist. LEXIS 10039, at *6-*9 (D. Or. Jan. 22, 1982).

On appeal, the Ninth Circuit held that the textual element was the most salient feature of the trademark as a whole, and therefore the textual element itself deserved protection.¹²⁵ With regards to the term “park and fly,” the court reasoned that:

a trademark infringer need not expropriate the entire mark of another to be guilty of an enjoined offense if the imitation is of the most salient feature of the mark in question.’ Since the words ‘park and fly’ constitute the most salient feature of [the plaintiff’s registered mark], any infringement on [the textual element] would also be an infringement on [the mark as a whole].¹²⁶

On a subsequent grant of certiorari, the Supreme Court, went even further to hold “that the holder of a registered mark may rely on incontestability to enjoin infringement and that such an action may not be defended on the grounds that the mark is merely descriptive.”¹²⁷

Park 'N Fly's Ninth Circuit and Supreme Court holdings are problematic. First, the Ninth Circuit's reliance on the reasoning in *Carter-Wallace*, holding that the textual element—as the most salient feature of the mark as a whole—should be afforded the same protection as the mark as a whole, creates too strong of a presumption of incontestability for terms that qualify as common descriptive English phrases.¹²⁸ Second, the Supreme Court's holding that an allegation of infringement of an incontestable mark may not be defended against on the ground of descriptiveness eliminates any possibility of correcting a Patent and Trademark Office registration mistake.¹²⁹

If a potentially descriptive textual element cannot be separated from the incontestable mark, then the presumption of incontestability strongly favors the plaintiff's claim by effectively automatically accruing secondary meaning to the textual element.¹³⁰ Proponents of the “most salient feature” theory would argue that if the textual element truly is descriptive, the good-faith user should have been using the mark prior to the mark reaching incontestable status and asserted a claim for the mark. This analysis is flawed, however, in that a good-faith user who has the understanding that he or she is using the mark descriptively would not seek to

125. *Park 'N Fly*, 718 F.2d at 331.

126. *Id.* (internal citations omitted) (quoting *Carter Wallace, Inc. v. Proctor & Gamble, Co.*, 434 F.2d 794 (9th Cir. 1970)).

127. *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 205 (1985).

128. *See Park 'N Fly*, 718 F.2d at 331.

129. *See Park 'N Fly*, 469 U.S. at 196.

130. *See Park 'N Fly*, 718 F.2d at 331.

assert any claim for his or her descriptive use. Rather, the mark holder, as the one in the best position to defend his or her rights, should be prevented from bringing an infringement suit, if he or she fails to take timely action against a secondary user of the mark.

The Supreme Court's absolute threshold of incontestability in *Park 'N Fly* unfairly favors the plaintiff. While incontestability should create a presumption of ownership and validity, holding the incontestable standard too high keeps a defendant from any meaningful avenue of redress. Just as in the patent system, where a defendant may try to invalidate the plaintiff's patent, a defendant in a trademark dispute needs a valid way of appealing what he or she considers a wrongful grant of registration.¹³¹ By acknowledging descriptiveness as a defense against incontestability, the Patent and Trademark Office recognizes that in the process of efficient and important work it sometimes makes mistakes. A registered mark might not have the secondary meaning it is purported to have.

KP Permanent's use of the textual element predating the registration of the mark should cast particular doubt on the true incontestability of the mark. This doubt in turn should weaken the strongly held presumption of Lasting Impression's absolute ownership. In *Park 'N Fly*, defendant Dollar Park and Fly claimed to have priority over Park 'N Fly in their use of the similar term through privity with a Seattle corporation sharing common ownership.¹³² Because the district court found no privity between the two companies, it did not address in what way prior usage affected incontestability.¹³³ Even if the Supreme Court were to hold that incontestability creates a virtually insurmountable threshold for an exclusive right to use, the Court should specifically consider the situation of prior usage. Prior use highlights the good-faith nature of the fair use infringer. Prior use also decreases the likelihood that the plaintiff's mark has accrued secondary meaning in the mark's textual element. By separating the textual element from the mark as a whole, the courts can still protect the overall look and feel of the registered mark, protecting the plaintiff's reliance in the validity of his or her mark while strengthening protection of the good-faith infringer.

The public policy of free speech supports the strengthening of the fair use defense by separately analyzing the textual element and the mark as a whole. Proponents of free speech have little interest in the mark as a whole since use of the mark itself is not necessary to ensure uninhibited expres-

131. 4 DONALD S. CHISUM, CHISUM ON PATENTS § 11.07(4) (2006).

132. *Park 'N Fly*, 469 U.S. at 192.

133. *Id.*

sion. But a textual element, if truly descriptive, should be maintained in the public domain. Hence, automatically lumping the text with the mark as a whole and granting the textual element incontestable status robs the public of the right to use common English words.

Some might argue that a defendant may use a descriptive term that is a textual element in a plaintiff's trademark if there is no other way for the defendant to describe his or her product. This argument does not resolve the issue of the court-endorsed removal of English verbiage from the public domain into an individual user's intellectual property portfolio. Since whether a textual element has secondary meaning or is merely descriptive is a matter of fact and not of law, a trier of fact ought to decide whether the textual element is descriptive. The district courts should therefore be given more discretion in this matter. The district court in *KP Permanent* did just this analysis, and held that "microcolor" was indeed descriptive.¹³⁴

The Supreme Court in *KP Permanent* did not address the Ninth Circuit's "most salient feature" argument.¹³⁵ By simply reversing the holding that the textual element is the most salient feature of a trademark as a whole, the Court could have strengthened the fair use defense without lowering the high likelihood of confusion threshold. The likelihood of confusion threshold can still be maintained in considering a mark as a whole. But by separately analyzing the textual element, a truly descriptive textual element is not as likely to confuse within its particular context as decided by a trier of fact.

IV. CONCLUSION

The Supreme Court's ruling clarifies the burden of proof for likelihood of confusion stating that the defendant does not have to prove absence of confusion.¹³⁶ This ruling, in a small way, protects the good-faith user from the highly insurmountable task of negating probable confusion, the element already shown by the plaintiff in his or her claim of infringement.¹³⁷ Despite the utility and benefits this clarification provides for trademark defendants, the ruling's narrow scope leaves open the question of the proper balance between likelihood of confusion and fair use. Lower

134. *KP Permanent Make-up, Inc. v. Lasting Impression I, Inc.*, 328 F.3d 1061, 1065 (9th Cir. 2003).

135. *See KP Permanent Make-up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 123-24 (2004).

136. *Id.* at 124.

137. *See id.*

courts, offered little guidance, will continue in their split of interpretation of this essential feature of trademark infringement cases.

A ruling by the Supreme Court in favor of separating the textual element from the mark as a whole would have counterbalanced the strong judicial presumption against defendants by allowing defendants the legitimate use of descriptive terms contained within marks having incontestable standing. It would have protected the free use of English words without lowering the likelihood of confusion protection. The separation of the textual element from the mark as a whole would have delicately negotiated a practical resolution between the competing policy interests of protecting commercial goodwill and ensuring the free use of descriptive words for future generations.