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# TRADEMARK NOMINATIVE FAIR USE: THE RELEVANCE OF THE “NEW KIDS ON THE BLOCK FACTORS” AFTER THE SUPREME COURT *KP PERMANENT MAKE-UP V. LASTING IMPRESSION* DECISION

By Carl Regelmann\*

## I. INTRODUCTION

In December of 2004, the Supreme Court announced in *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, that a likelihood of confusion did not bar the affirmative defense of descriptive trademark fair use under §33(b)(4) of the Lanham Act.<sup>1</sup> This interest in descriptive fair use by the nation’s highest court encouraged a number of commentators to discuss the issue in depth.<sup>2</sup> However, in the Court’s decision on the future of

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1. *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 124 (2004)

(In sum, a plaintiff claiming infringement of an incontestable mark must show likelihood of consumer confusion as part of the prima facie case, while the defendant has no independent burden to negate the likelihood of any confusion in raising the affirmative defense that a term is used descriptively, not as a mark, fairly, and in good faith.). *Id.* (citations omitted).

2. See David W. Barnes & Teresa A. Laky, *Classic Fair Use of Trademarks: Confusion About Defenses*, 20 SANTA CLARA COMPUTER & HIGH TECH. L.J. 833, 834 (2004) (proposing “adopti[on of] a balancing test for classic fair use of trademarks that allows a use only when the benefits of the descriptive use to consumers and competition outweigh the harm to consumers from confusion and to mark owners from damaged goodwill.”); Nikki Pope, *Still a Ball of Confusion: KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 4 CHI.-KENT J. INTELL. PROP. 289 (2005) (arguing that “the ruling further obfuscated

descriptive fair use, they neglected a significant issue: How will this decision affect nominative fair use?

In the 1992 case of *New Kids on the Block v. News America Publishing, Inc.*, the Ninth Circuit developed a three-prong test for nominative fair use.<sup>3</sup> Under this test, a defendant may be entitled to a nominative fair use defense, “where the defendant uses a *trademark* to describe the *plaintiff’s product*, rather than its own.”<sup>4</sup> Although a number of circuits have applied this test since its inception and some circuits have specifically declined to apply the test, very little has been written on the topic.<sup>5</sup>

The recent decision in *KP Permanent* eliminated one of the last distinctions between descriptive and nominative fair use.<sup>6</sup> After

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trademark law, doing little to clarify the relation of ‘likelihood of confusion’ to fair use”).

3. *New Kids on the Block v. News Am. Publ’g, Inc.*, 971 F.2d 302, 308 (9th Cir. 1992)

([W]here the defendant uses a trademark to describe the plaintiff’s product, rather than its own, we hold that a commercial user is entitled to a nominative fair use defense provided he meets the following three requirements: First, the product or service in question must be one not readily identifiable without use of the trademark; second, only so much of the mark or marks may be used as is reasonably necessary to identify the product or service; and third, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.)

4. *Id.* (emphasis added).

5. The only significant article written on nominative fair use and the *New Kids on the Block* decision was more than ten years ago and less than two years after the decision. However, the author was prophetic in that he believed that the nominative fair use defense was “largely duplicative [of descriptive fair use] . . . making the nominative use defense unnecessary.” In addition, the author believed that “nominative use may be confusing.” Derek J. Westberg, *New Kids on the Block v. News America Publishing, Inc.: New Nominative Use Defense Increases the Likelihood of Confusion Surrounding the Fair Use Defense to Trademark Infringement*, 24 GOLDEN GATE U.L. REV. 685, 701-02 (1994).

6. Before *KP Permanent*, the Ninth Circuit held that a likelihood of confusion barred the affirmative defense of descriptive fair use. See *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 328 F.3d 1061, 1072 (9th Cir. 2003) *vacated by* 543 U.S. 111 (2004). However, the three-factor nominative fair use test in *New Kids on the Block* replaced the likelihood of

the decision, a few commentators briefly noted that the Supreme Court did not discuss how the decision will affect the implementation of nominative fair use in the future.<sup>7</sup> Due to the Court's ambivalence on the future of nominative fair use, this issue has already appeared in one law suit<sup>8</sup> and will become a heavily discussed issue before a standard approach for trademark fair use is determined.

After reviewing the origins of nominative fair use, this article argues that the nominative fair use test developed by the Ninth Circuit in *New Kids on the Block* is confusingly similar to descriptive fair use under §33(b)(4) of the Lanham Act. This article also demonstrates that a number of courts have misapplied the nominative fair use test, and both courts and commentators have confused which tests and factors courts have actually applied. As the Supreme Court's decision in *KP Permanent* eliminated one

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confusion test. *Id.* Therefore, a likelihood of confusion did not bar the affirmative defense of nominative fair use. *See* *Playboy Enters., Inc. v. Welles*, 279 F.3d 796, 801 (9th Cir. 2002).

7. Pope, *supra* note 2, at 300 ("[I]t is important to note that the Court limits its discussion and analysis to statutory fair use, leaving open the question of whether its argument can be applied with any degree of certainty to nominative fair use."). *Id.* The author also argues that the Court "specifically avoided . . . the role of likelihood of confusion as it applies to nominative fair use" and notes that "the Court has never recognized or addressed 'nominative fair use.'" *Id.*; Jonathan Moskin, *The Unfair Case for Fair Use*, *MANAGING INTELL. PROP.*, Feb. 2005, at 80

(Other areas in which the Court's decision gives little express guidance concern the scope of the fair use defence in cases of parody and nominative fair use. . . . [E]ven though the Ninth Circuit decides [nominative fair use] cases without a full likelihood of confusion analysis, not all courts do, and since the defence is not specified by statute, it is unclear how it will be affected, if at all, by *KP Permanent Make-Up*.)

8. *See* *Century 21 Real Estate Corp. v. Lendingtree, Inc.*, 425 F.3d 211 (3d Cir. 2005). During the final editing of this article, the Third Circuit created a new approach for nominative fair use analysis by creating a bifurcated approach using the likelihood of confusion factors and a modified "*New Kids* test." However, a lengthy dissent argues for a modified likelihood of confusion test to replace the nominative fair use test and suggests that the majority's new test "runs afoul of the Lanham Act, *KP Permanent*, [and] *Prestonettes* . . ." *Id.* at 250.

of the few remaining distinctions between the two tests, this article advocates the creation of a unified trademark fair use test under the Lanham Act.

Part II traces the evolution of trademark nominative fair use and the factors that courts currently apply. In part III, the article analyzes the Supreme Court's decision in the descriptive fair use case of *KP Permanent* and why this decision will affect nominative fair use in the future. Part IV explains when nominative fair is not necessary and how any changes to the fair use law will not affect certain trademark applications. In part V, I will review how courts analyze the nominative fair use factors. Part VI discusses the similarities between descriptive and nominative fair use. Finally, part VII argues that there is no need for two separate trademark fair use tests and proposes amendments to the Lanham Act for a unified test.

## II. HISTORY OF NOMINATIVE FAIR USE

### *A. Descriptive and Nominative Fair Uses*

There are two main categories for trademark fair use. The first type of "fair use" in trademark law is "descriptive fair use," which is also referred to as "classic fair use."<sup>9</sup> Descriptive fair use is a defense to trademark infringement when:

the term used by the actor is descriptive or geographically descriptive of the actor's goods, services, or business, or is the personal name of the actor or a person connected with the actor, and the actor has used the term fairly and in good faith solely to describe the actor's goods, services, or business or to indicate a connection with the named person.<sup>10</sup>

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9. 2 J. THOMAS MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 11:45 (4th Ed. 2005).

10. RESTATEMENT (THIRD) OF UNFAIR COMPETITION §28 (1995).

Section 33(b)(4) of the Lanham Act recognizes descriptive fair use as a defense to an incontestable mark.<sup>11</sup> Under §33(b)(4) of the Lanham Act, use of an incontestable mark is subject to defense when:

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 or services of such party, or their geographic origin.<sup>12</sup>

Descriptive fair use has been applied to registered trademarks, unregistered trademarks, common law cases, and under §43(a) of the Lanham Act.<sup>13</sup> The Ninth Circuit Court of Appeals stated that descriptive fair use even applied "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*."<sup>14</sup>

The second type of "fair use" in trademark law, and the one this article will focus on, is "nominative fair use." Unlike descriptive fair use, the Lanham Act does not contain a nominative fair use defense and its implementation has developed entirely under common law. The Ninth Circuit Court of Appeals stated that nominative fair use applies when "the defendant uses a trademark to describe the *plaintiff's* product, rather than its own."<sup>15</sup> The Ninth Circuit expanded this definition by indicating that, "[t]he nominative fair use analysis is appropriate where a defendant has used the plaintiff's mark to describe the plaintiff's product, even if

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11. 15 U.S.C. § 1115(b)(4)(2005).

12. *Id.* (emphasis added).

13. RESTATEMENT (THIRD) OF UNFAIR COMPETITION §28 cmt a (1995).

14. *Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1151 (9th Cir. 2002) (ruling that the Franklin Mint only used Princess Diana's name and likeness to describe the Franklin Mint's statutes of Princess Diana); *New Kids on the Block*, 971 F.2d at 308 (emphasis added).

15. *New Kids on the Block*, 971 F.2d at 308 (emphasis added).

the defendant's ultimate goal is to describe his own product."<sup>16</sup> The definitions and analysis used in applying trademark nominative fair use have evolved significantly over the past century.

### B. History of Collateral Use

The early application of "collateral use" by the United States Supreme Court shows the foundation for the current nominative fair use analysis.<sup>17</sup> In the classic 1924 collateral use case, *Prestonettes, Inc. v. Coty*, Justice Holmes determined that a junior user could repackage the senior user's perfume in smaller bottles and use the senior user's mark "Coty" on the packaging to identify the goods.<sup>18</sup> Justice Holmes declared, "[w]hen the mark is used in a way that does not deceive the public we see no such sanctity in the word as to prevent its being used to tell the truth."<sup>19</sup> The Court would not prevent the use of a trademark that describes a product or service because, unlike a copyright, a trademark does not give the trademark holder the right to prohibit the use of the word.<sup>20</sup> However, the Court also indicated that if the junior user applied the trademark in a print different from other statements found on the bottle, the consumer could be deceived as to the seller.<sup>21</sup> Therefore, under collateral use, the Supreme Court only permitted junior users to use as much of the mark as was reasonably necessary to identify the product.

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

17. Kenneth B. Germain, *Feeling for the Foul Line: Fair Use is Fair, Disparagement is Foul, Parody Hugs the Line*, A.L.I., April 23-24, 2004 ("[Nominative fair use] primarily is a non-statutory concept, traditionally/historically called 'Collateral Use'" and "[m]ore recently, collateral use has been recast as 'nominative fair use.'").

18. *Prestonettes, Inc. v. Coty*, 264 U.S. 359 (1924).

19. *Id.* at 368.

20. *Id.* ("[A trademark] does not confer a right to prohibit the use of the word or words. It is not a copyright. . . . A trade-mark only gives the right to prohibit the use of it so far as to protect the owner's good will against the sale of another's product as his.").

21. *Id.* at 368-69 ("If the name Coty were allowed to be printed in different letters from the rest of the inscription dictated by the District Court a casual purchaser might look no further and might be deceived.").

The Supreme Court continued to clarify the scope of a junior user's permitted collateral use in trademark cases. In 1947, the Supreme Court permitted a junior user to apply the senior user's mark on a reconditioned spark plug that was inferior to the original part "so long as the [original] manufacturer [was] not identified with the inferior qualities of the product resulting from wear and tear or the reconditioning by the dealer."<sup>22</sup> It seems as if the Court did not want to permit the appearance of the original manufacturer endorsing or sponsoring an inferior product. While the nominative fair use doctrine has developed significantly since the decisions in *Prestonettes* and *Champion Spark Plug Co. v. Sanders*, these "collateral use" decisions considered some of the chief issues in the current nominative fair use analysis. Courts continue to analyze factors such as the quantity and manner in which marks are used and whether the use will suggest sponsorship.

### C. Origin of Modern Nominative Fair Use

#### 1. Before *New Kids on the Block*

After the Lanham Act created a statutory descriptive trademark fair use, courts elaborated on the requirements for a common law nominative fair use. In 1962, the Second Circuit Court of Appeals acknowledged that, "[t]he Lanham Act does not prohibit a commercial rival's truthfully *denominating* his goods a copy of a design in the public domain, though he uses the name of the designer to do so."<sup>23</sup> The Second Circuit refused to enjoin a department store from using the term "Dior" to promote the sale of garments copied from clothes originally designed by the House of Dior.<sup>24</sup> The court gave two principal reasons for their decision. First, "it is difficult to see *any other means* that might be employed

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22. *Champion Spark Plug Co. v. Sanders*, 331 U.S. 125, 130 (1947).

23. *Societe Comptoir De L'Industrie Cotonniere Etablissements Boussac v. Alexander's Department Stores, Inc.*, 299 F.2d 33, 36 (2d Cir. 1962) (emphasis added).

24. *Id.* at 33.



to inform the consuming public of the true origin of the design.”<sup>25</sup> Second, “no deception or confusion existed with respect to the garments being sold or as to *sponsorship* by plaintiffs.”<sup>26</sup> Over time, courts continued to consider these factors when determining fair use.

A case decided twenty-three years before the seminal *New Kids on the Block v. News America Publishing, Inc.* decision on nominative fair use analysis foreshadowed the current 3-prong common law test for nominative fair use. In the 1969 case *Volkswagenwerk Aktiengesellschaft v. Church*, the Ninth Circuit Court of Appeals determined that an automobile repair business did not infringe on Volkswagen’s trademark rights by using the term “Volkswagen” in advertising its repair business.<sup>27</sup> The court laid out three reasons for its decision. First, in advertising the junior user’s Volkswagen repair business, “it would be difficult, if not impossible, for [the junior user] to avoid altogether the use of the word ‘Volkswagen’ or its abbreviation ‘VW,’ which are the normal terms which, to the public at large, signify [the senior user’s] cars.”<sup>28</sup> Second, it is appropriate for the courts to consider “[t]he size, style and appearance of the advertising articles and displays” and “the fact that [the junior user] did not use Volkswagen’s distinctive lettering style or color scheme, nor did he display the encircled ‘VW’ emblem.”<sup>29</sup> Third, the junior user “must not [advertise to the public] in a manner which is likely to suggest to his prospective customers that he is part of Volkswagen’s organization of franchised dealers and repairmen.”<sup>30</sup> Other than describing the practice as a “nominative fair use” and laying out a specific 3-part list that makes it “easy”<sup>31</sup> for judges to follow, this decision was almost identical to the nominative fair use analysis used today.

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25. *Id.* at 36 (emphasis added).

26. *Id.* at 35 (emphasis added).

27. *Volkswagenwerk Aktiengesellschaft v. Church*, 411 F.2d 350 (9th Cir. 1969).

28. *Id.* at 352.

29. *Id.*

30. *Id.*

31. See *infra* Part V and VII for discussion of whether the current 3-prong test is actually *easy* to follow.

## 2. *The "New Kids Factors"*

In 1992, the Ninth Circuit Court of Appeals laid out the definitive 3-prong test for determining whether a commercial user is entitled to a nominative fair use defense. In *New Kids on the Block*, the junior user newspaper used the senior user's band name in a "900 number" poll that cost fifty cents per call.<sup>32</sup> The court stated:

[W]here the defendant uses a trademark to describe the plaintiff's product, rather than its own, we hold that a commercial user is entitled to a nominative fair use defense provided he meets the following three requirements: First, the product or service in question must be one not readily identifiable without use of the trademark; second, only so much of the mark or marks may be used as is reasonably necessary to identify the product or service; and third, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.<sup>33</sup>

The court found that each of the factors (herein referred to as the "New Kids factors" or all three factors together as the "New Kids test") favored the junior user newspaper and, therefore, the use did not infringe on the senior user's trademark. First, there was no other reasonable way of referring to "The New Kids on the Block" as an entity without using the trademark.<sup>34</sup> Second, the junior user "reference[d] the New Kids only to the extent necessary to identify them as the subject of the polls; they [did] not use the New Kids' distinctive logo or anything else that isn't needed to make the announcements intelligible to readers."<sup>35</sup> Third, the

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32. *New Kids on the Block*, 971 F.2d at 304.

33. *Id.* at 308.

34. *Id.* ("It is no more reasonably possible, however, to refer to the New Kids as an entity than it is to refer to the Chicago Bulls, Volkswagen or the Boston Marathon without using the trademark.")

35. *Id.*

announcements actually implied the opposite of sponsorship or endorsements “by asking whether the New Kids might be a ‘turnoff.’”<sup>36</sup> While some courts have refused to rely on the “New Kids factors” for nominative fair use,<sup>37</sup> the Ninth Circuit,<sup>38</sup> the Second Circuit,<sup>39</sup> the Fifth Circuit,<sup>40</sup> and various district courts<sup>41</sup> have applied this 3-prong test when determining nominative fair use. (See Table I in Appendix)

### III. THE KP PERMANENT MAKE-UP V. LASTING IMPRESSION I DECISION

#### *A. Circuit Split Over the Application of the Likelihood of Confusion Test in Descriptive Fair Use Analysis*

Over time, the circuit courts applied the descriptive trademark fair use test with different interpretations and this ultimately led to differing results across the country. The main issue that varied in the application of the test was whether the court should recognize a

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36. *Id.* at 308-09.

37. *See Century 21*, 425 F.3d at 228 (determining that the Ninth Circuit’s “test as written suffers from a lack of clarity” and creates a bifurcated approach involving the likelihood of confusion factors.); *PACCAR Inc. v. Telescan Techs.*, 319 F.3d 243, 256-57 (6th Cir. 2003) (noting the defendant would not meet the second “New Kids factor.” However, the Sixth Circuit only applied the likelihood of confusion test and would not rely on the Ninth Circuit “New Kids factors” nominative fair use test.); *Nat’l Fed’n of the Blind v. Loompanics Enters.*, 936 F. Supp. 1232, 1241 (D. Md. 1996) (noting the defendant would meet the “New Kids test” for use of two of the marks and fail the second “New Kids factor” for the use of the Plaintiff’s emblem. However, it declines to rely on the test because it is not a statute and the Fourth Circuit has not adopted the test.).

38. *See Brother Records, Inc. v. Jardine*, 318 F.3d 900, 908-09 (9th Cir. 2003); *Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1153-55 (9th Cir. 2002); *Playboy Enters., Inc. v. Welles*, 279 F.3d 796, 801 (9th Cir. 2002).

39. *See Chambers v. Time Warner, Inc.*, 282 F.3d 147, 155 (2d Cir. 2002).

40. *See Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 526, 546 (5th Cir. 1998).

41. *See R.J. Reynolds Tobacco Co. v. Premium Tobacco Stores*, 2001 WL 747422 (N.D. Ill. 2001); *Liquid Glass Enters. v. Dr. Ing*, 8 F. Supp. 2d 398, 402-03 (D. N.J. 1998).

descriptive fair use where consumer confusion was probable.<sup>42</sup> If consumer confusion prohibited a descriptive fair use defense, this appeared to put the burden on the junior user to “show absence of consumer confusion.”<sup>43</sup> This called into question whether descriptive fair use was actually an affirmative defense as consumer confusion is necessary for trademark infringement. Ultimately, the issue became so divisive that the Supreme Court stepped in to determine how to apply the descriptive fair use test.

Before the Supreme Court *KP Permanent* decision, some circuits determined that descriptive fair use was a valid affirmative defense even if a likelihood of confusion was established. The Fourth Circuit concluded that descriptive fair use was a defense that was *only* necessary when infringement occurs, and thus likelihood of confusion is established.<sup>44</sup> The majority stated, “[i]f a fair-use defense is not to be considered when there is a likelihood of confusion, then it is never to be considered.”<sup>45</sup> This decision was limited in scope, however, as the court found that a fair use is less likely to apply where the “degree” of confusion is higher.<sup>46</sup> The Restatement supports this holding.<sup>47</sup> In addition, the Second and Seventh Circuit Court of Appeals have permitted a finding of descriptive fair use where there is a likelihood of confusion.<sup>48</sup> This

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42. See *KP Permanent*, 543 U.S. at 116 (“[The Ninth Circuit] took the view that no use could be recognized as fair where any consumer confusion was probable . . .”).

43. *Id.*

44. *Shakespeare Co. v. Silstar Corp. of Am., Inc.*, 110 F.3d 234, 243-44 (4th Cir. 1997) (emphasis added) (dissenting opinion follows the Ninth Circuit determination that no fair use defense is available if likelihood of confusion).

45. *Id.* at 243.

46. *Id.*

47. RESTATEMENT (THIRD) OF UNFAIR COMPETITION §28 cmt. b (1995)  
([A] defendant who uses a descriptive term fairly and in good faith to describe its goods or services is not liable for infringement even if some residual confusion is likely. However, the strength of the plaintiff’s mark and the extent of likely or actual confusion are important factors in determining whether a use is fair.).

48. See *Cosmetically Sealed Indus., Inc. v. Chesebrough-Pond’s USA Co.*, 125 F.3d 28, 30 (2d Cir. 1997); *Sunmark, Inc. v. Ocean Spray Cranberries, Inc.*, 64 F.3d 1055, 1059 (7th Cir. 1995).

approach was very different from what some commentators suggested and from how the Ninth Circuit actually approached descriptive fair use analysis.

Before the *KP Permanent* Supreme Court decision, a few circuits and commentators determined that descriptive fair use should not apply when there is a likelihood of confusion. The Ninth Circuit held that *KP Permanent* could “only benefit from the fair use defense if there [was] no likelihood of confusion between *KP*’s use of the term “micro color” and *Lasting*’s mark.”<sup>49</sup> A leading trademark commentator argued, “it is inconsistent to find both likely confusion and a fair use. Rather, ‘fair use’ should be viewed as merely one type of use which is not likely to cause confusion and hence is a ‘defense’ only in that sense.”<sup>50</sup> Descriptive fair use was also not available as an affirmative defense in the Fifth<sup>51</sup> and Sixth<sup>52</sup> Circuits where there was a likelihood of confusion. (See Table II in Appendix)

#### *B. The Effect of the Supreme Court’s KP Permanent Decision on Descriptive and Nominative Fair Use Analysis*

Ultimately, the Supreme Court determined that a likelihood of confusion does not bar the application of descriptive fair use.<sup>53</sup>

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49. *KP Permanent*, 328 F.3d at 1072; See also *Cairns*, 292 F.3d at 1150 (“[T]he classic fair use analysis only complements the likelihood of customer confusion analysis.”); *Lindy Pen Co. v. Bic Pen Corp.*, 725 F.2d 1240, 1248 (9th Cir. 1984) (refusing to extend interpretation of fair use to include situations where likelihood of confusion had been shown).

50. 2 J. MCCARTHY, *supra* note 9, §11:47.

51. See *Zatarains, Inc. v. Oak Grove Smokehouse, Inc.*, 698 F.2d 786, 791 (5th Cir. 1983) (“[A]nyone is free to use the term in its primary descriptive sense so long as such use does not lead to customer confusion as to the source of the goods or services.”).

52. See *PACCAR*, 319 F.3d at 255-56 (“[A] finding of a likelihood of confusion forecloses a fair use defense.”).

53. *KP Permanent*, 543 U.S. at 124

(In sum, a plaintiff claiming infringement of an incontestable mark must show likelihood of consumer confusion as part of the prima facie case, while the defendant has no independent burden to negate the likelihood of any confusion in raising the affirmative defense that a term is used descriptively, not as a

The Supreme Court granted *KP Permanent*'s petition for certiorari to "address a disagreement among the Court of Appeals on the significance of likely confusion for a fair use defense to a trademark infringement claim, and the obligation of a party defending on that ground to show that its use is unlikely to cause consumer confusion."<sup>54</sup> The Court stated that if Congress wanted evidence of consumer confusion to completely bar descriptive fair use, then Congress would have specifically stated this in § 33(b)(4) of the Lanham Act.<sup>55</sup> In addition, the Court agreed with the Fourth Circuit's analysis of the affirmative descriptive fair use defense and stated that, "it is only when a plaintiff has shown likely confusion by a preponderance of the evidence that a defendant could have any need of an affirmative defense, but under [the Ninth Circuit's analysis] the defense would be foreclosed in such a case."<sup>56</sup> However, the Court acknowledged that the method for the future analysis of descriptive fair use is far from final.

In dicta from the *KP Permanent* decision, the Supreme Court suggested other factors that courts may consider when applying a descriptive fair use analysis. The Court was careful to limit its decision by stating that while some likelihood of confusion is permitted with descriptive fair use, likelihood of confusion may still be considered when determining "whether a defendant's use is objectively fair."<sup>57</sup> The Court also hinted that "the door is not closed" to other factors such as "commercial justification and the strength of the plaintiff's mark."<sup>58</sup> While this decision will have an immediate impact on how courts apply descriptive fair use, it may

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mark, fairly, and in good faith.). (citations omitted).

54. *Id.* at 116.

55. *Id.* at 118

(It is just not plausible that Congress would have used the descriptive phrase 'likely to cause confusion, or to cause mistake, or to deceive' in §1114 to describe the requirement that a markholder show likelihood of consumer confusion, but would have relied on the phrase 'used fairly' in §1115(b)(4) in a fit of terse drafting meant to place a defendant under a burden to negate confusion.).

56. *Id.* at 120.

57. *Id.* at 123.

58. *Id.*

also have an impact on how courts consider nominative fair use.

Before the Supreme Court's *KP Permanent* decision, one clear distinction between the descriptive and nominative fair use tests was the effect of the results of a "likelihood of confusion" test. While the Ninth Circuit held that a likelihood of confusion barred the affirmative defense of descriptive fair use,<sup>59</sup> the "New Kids test" replaced the likelihood of confusion test when applying nominative fair use.<sup>60</sup> The court believed that "[t]he three-factor ["New Kids"] test better evaluates the likelihood of confusion in nominative use cases" and "better addresses concerns regarding the likelihood of confusion in nominative use cases."<sup>61</sup> This distinction was eliminated by the Supreme Court as the likelihood of confusion is no longer dispositive of whether descriptive fair use can be cited as an affirmative defense.

After the *KP Permanent* Supreme Court decision, descriptive and nominative fair use are more similar than ever. Shortly after the decision in *Playboy Enterprises, Inc. v. Welles*, and before the *KP Permanent* Supreme Court decision, the Ninth Circuit elaborated on the differences between descriptive and nominative fair uses:

The distinction between classic and nominative fair use is important for two reasons: (1) classic and nominative fair use are governed by different analyses; and (2) the classic fair use analysis only *complements* the likelihood of customer confusion analysis set forth in *Sleekcraft*, whereas the nominative fair use analysis *replaces* the *Sleekcraft* analysis.<sup>62</sup>

Now that the Supreme Court has determined that descriptive fair

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59. See *KP Permanent*, 328 F.3d at 1072; *Cairns*, 292 F.3d at 1151; *Lindy*, 725 F.2d at 1248.

60. *Playboy Enters., Inc. v. Welles*, 279 F.3d 796, 801 (9th Cir. 2002).

61. *Id.* Where a trademark is used nominally, the use is identical to the plaintiff's mark. Using the *Sleekcraft* test would most likely result in all nominative uses being "confusing" since the test focuses on the similarity of the uses.

62. *Cairns*, 292 F.3d at 1150 (footnote omitted).

use no longer simply complements the likelihood of customer confusion analysis,<sup>63</sup> the Ninth Circuit's rationale for a distinction between descriptive and nominative fair use is limited to one reason. However, is there any real difference between the analysis of descriptive and nominative fair use? If so, are these differences necessary?

#### IV. WHEN NOMINATIVE FAIR USE IS UNNECESSARY UNDER THE LANHAM ACT

Before discussing whether a common law nominative fair use test is necessary, it is important to distinguish situations where nominative fair use is not normally considered.

##### *A. When Use Fails to Meet Infringement Requirements*

If a mark is not used in commerce, there cannot be a violation of § 32 or § 43(a) of the Lanham Act. Section 32(1)(a) of the Lanham Act states that for infringement, a person who does not have the consent of the registrant must:

*[U]se 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; or [meet section (b)].<sup>64</sup>*

Section 32(1)(b) has very similar requirements for infringement including the "inten[t] to be used in commerce."<sup>65</sup> Likewise, in § 43(a) of the Lanham Act, there can only be infringement where a person "*uses in commerce* any word, term, name, symbol, or device" that "is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such

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63. See *KP Permanent*, 543 U.S. at 124.

64. 15 U.S.C. § 1114(1)(a) (emphasis added).

65. 15 U.S.C. § 1114(1)(b) (2205).



person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person.”<sup>66</sup> Therefore, under § 32(1) and § 43(a)(1)(A) of the Lanham Act, there will be no infringement, and thus no need for the nominative fair use affirmative defense, where a plaintiff is unable to show that a defendant used the plaintiff’s mark for purely commercial purposes.

### *B. When Classic Fair Use Applies*

The Lanham Act provides for the descriptive fair use defense when the mark is used otherwise than as a mark. As is discussed above in section II(a), under § 33(b)(4) of the Lanham Act, use of an incontestable mark is subject to the descriptive fair use defense when the mark is used “*otherwise than as a mark*” and in “*good faith* only to describe the goods or services of such party, or their geographic origin.”<sup>67</sup> Therefore, if a defendant is able to show that the mark was not used as the plaintiff’s mark, and it was used in good faith only to describe the defendant’s goods or services, descriptive fair use will apply under § 33(b)(4) of the Lanham Act and nominative fair use will not be necessary.

### *C. When Comparative Fair Use Applies*

When “comparative fair use” may be applied, nominative fair use is unnecessary. A third type of affirmative defense not yet discussed is “comparative fair use,” which may only be raised for dilution causes of action under the Lanham Act. Under § 43(c)(4) of the Lanham Act, the following uses are not actionable for § 43(c) dilution causes of action: “(A) Fair use of a famous mark by another person in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark. (B) Noncommercial use of a mark. (C) All forms of news reporting and news commentary.”<sup>68</sup> This is different from descriptive fair use because it permits someone,

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66. 15 U.S.C. § 1125(a)(1)(A) (2005) (emphasis added).

67. 15 U.S.C. § 1115(b)(4) (2005) (emphasis added).

68. 15 U.S.C. § 1125(c)(4) (2005).

other than the trademark owner, to use the mark as the actual trademark. However, this fair use defense is not applicable to infringement claims. Although there is substantial debate over how to define non-commercial use for dilution claims, this defense often succeeds where the defendant shows that the work is non-commercial, the trademark is used for purposes of parody, and the trademark is not used to sell knock-off products.<sup>69</sup> Therefore, where there is a dilution cause of action and the mark is used for comparative advertising, non-commercial purposes, news reporting, or commentary, nominative fair use is unnecessary.

#### *D. Art and Parody Under the First Amendment*

The Lanham Act is “appli[ed] to artistic works only where the public interest in avoiding consumer confusion outweighs the public interest in free expression.”<sup>70</sup> Courts have held that, “literary titles [that use trademarks] do not violate the Lanham Act unless the title has no artistic relevance to the underlying work whatsoever, or, if it has some artistic relevance, unless the title explicitly misleads as to the source or the content of the work.”<sup>71</sup> As far as the content of works that use trademarks, the works enjoy First Amendment protection. In *Hoffman v. Capital Cities/ABC, Inc.*, without receiving permission, a magazine published a picture of Dustin Hoffman from the movie *Tootsie* with different clothes in the spring fashion section.<sup>72</sup> The court found that where the

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69. See *Mattel, Inc. v. MCA Records, Inc.*, 28 F.Supp. 2d 1120, 1156 (C.D. Cal. Aug. 10, 1998) (using trademark “Barbie” in a song was non-commercial and for purposes of parody. Therefore the defendant received summary judgment for the dilution claim.); See also *Girl Scouts of Am. v. Personality Posters Mfg. Co.*, 304 F. Supp 1228 (S.D.N.Y. 1969) (using slogan “be prepared” underneath image of pregnant teenage girl in Girl Scout uniform was a parody and not enjoined). But see *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200 (2d Cir. 1979) (finding no parody in pornographic film in which actress appeared in Dallas Cowboy cheerleader uniform).

70. *Rogers v. Grimaldi*, 875 F.2d 994, 999 (2d Cir. 1989).

71. *Mattel, Inc. v. MCA Records*, 296 F.3d 894, 902 (9th Cir. 2002) (quoting *Rogers*, 875 F.2d at 999).

72. *Hoffman v. Capital Cities/ABC, Inc.*, 255 F.3d 1180, 1183 (9th Cir. 2001).

speech does more than simply propose a commercial transaction, it is not “purely commercial” and, thus, is entitled to full First Amendment protection.<sup>73</sup>

However, there are times when courts apply nominative fair use to artistic endeavors. In *Mattel Inc. v. Walking Mountain Prods.*, an artist photographed Barbie dolls being attacked by vintage household appliances.<sup>74</sup> After applying the “New Kids test” to the artist’s works, the court found the use of the “Barbie” trademark to be nominative.<sup>75</sup> The court also acknowledged that the artist most likely had a claim of First Amendment protection for his use of the “Barbie” trademark as the mark has attained a significant cultural status.<sup>76</sup> However, the court did not decide the case on First Amendment grounds as it was able to decide it on the narrower

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73. *Id.* at 1185-86.

74. *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 796 (9th Cir. 2003)

([The artist] produce[d] photographs with social and political overtones. In 1997, Forsythe developed a series of 78 photographs entitled ‘Food Chain Barbie,’ in which he depicted Barbie in various absurd and often sexualized positions. Forsythe use[d] the word ‘Barbie’ in some of the titles of his works. While his works var[ied], Forsythe generally depict[ed] one or more nude Barbie dolls juxtaposed with vintage kitchen appliances. For example, ‘Malted Barbie’ feature[d] a nude Barbie placed on a vintage Hamilton Beach malt machine.) (footnote omitted).

75. *Id.* at 811-12 (“Critical works are much less likely to have a perceived affiliation with the original work . . . We hold that [the artist’s] use of Mattel’s Barbie qualifies as nominative fair use.”) (citing *New Kids on the Block*, 971 F.2d at 309).

76. *Id.* at 807. The court noted that:

[W]hen marks ‘transcend their identifying purpose’ and ‘enter public discourse and become an integral part of our vocabulary,’ they ‘assume[] a role outside the bounds of trademark law.’ *Id.* (quoting *MCA Records*, 296 F.3d at 900. Further, “where a mark assumes such cultural significance, First Amendment protections come into play. In these situations, the trademark owner does not have the right to control public discourse whenever the public imbues his mark with a meaning beyond its source-identifying function. *Id.* (citations omitted).

ground of nominative fair use.<sup>77</sup> Therefore, while nominative fair use may be applied to artistic works that utilize trademarks, it is generally only because it is easier to permit the artistic expression through trademark nominative fair use than through First Amendment law. If an artist fails on nominative fair use grounds, they could still rely on First Amendment protection.

## V. HOW COURTS ANALYZE NOMINATIVE FAIR USE

After the *KP Permanent* Supreme Court decision, one of the only remaining distinctions between nominative and descriptive fair use is the difference in the analysis of the common law “New Kids test” and the §33(b)(4) Lanham Act descriptive fair use affirmative defense. However, when closely analyzed, it is questionable how different these tests really are.

### A. *Nominative Fair Use Factor 1: Not Readily Identifiable Without Use of the Trademark*

The first factor in the “New Kids test” is that “the product or service in question must be one not readily identifiable without use of the trademark.”<sup>78</sup> In *New Kids on the Block*, the court determined that there was no other reasonable means of referring to the musical group without using the trademark “The New Kids on the Block.”<sup>79</sup> Courts have held that the first factor was met for numerous terms including “Princess Diana,”<sup>80</sup> “The Beach Boys,”<sup>81</sup>

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77. *Id.* at 808 n.14 (“By instead employing the nominative fair use test – which, incidentally works well in a case like this – we are following the time-honored tradition of avoiding constitutional questions where narrower grounds are available.”) (citations omitted).

78. *New Kids on the Block*, 971 F.2d at 308.

79. *Id.* (asking “[H]ow could someone not conversant with the proper names of the individual New Kids talk about the group at all?”).

80. *Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1153 (9th Cir. 2002) (“[O]ne might refer to ‘the English princess who died in a car crash in 1997,’ but it is far simpler (and more likely to be understood) to refer to ‘Princess Diana.’”).

81. *Jardine*, 318 F.3d at 908 (“[It is] virtually impossible to refer to the Beach Boys without using the trademark.”).

and “Godzilla.”<sup>82</sup> Of the three nominative fair use factors, this appears to be the easiest factor for the courts to apply. With only two exceptions, to the author’s knowledge, every time courts applied the “New Kids test” in nominative fair use cases, the trademark met the first prong. However, both exceptions involved litigation of the same powerful trademark.

According to the author’s research, the only trademark that failed to meet the first factor of the “New Kids test” is variations on the trademark “Playboy.” In the first example, without receiving permission from Playboy Enterprises, a former “Playmate of the Year” used the Playboy trademark in four different areas of her personal commercial website: 1) The metatags (for search engine identification), 2) The masthead of the website, 3) Banner advertisements (which may be transferred to other websites), and 4) “[T]he repeated use of the abbreviation “PMOY ‘81” [for “Playmate of the Year 1981”] as the watermark on the pages of the website.”<sup>83</sup> The court found that the use of the terms “Playboy,” “Playmate,” “Playmate of the Year 1981,” and “Playboy Playmate of the Year 1981” all met the first prong for their use in the metatags, the masthead, and the banner advertisements.<sup>84</sup> The Ninth Circuit agreed with the district court’s explanation that “[t]here [was] no other way that Ms. Welles [could] identify or describe herself and her services without venturing into absurd descriptive phrases.”<sup>85</sup> However, the court’s

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82. Toho Co., Ltd. v. William Morrow & Co., 33 F. Supp. 2d 1206, 1211 (C.D. Cal. 1998) (“The product (the Godzilla character) is one not readily identifiable without the use of the trademark. A ‘giant sized pre-historic dragon-like monsters [sic.]’ may be an adequate description of Plaintiff’s product, but use of the ‘Godzilla’ mark is required to readily identify Plaintiff’s product.”).

83. Playboy Enters., Inc. v. Welles, 279 F.3d 796, 802-03 (9th Cir. 2002).

84. *Id.* at 800-04 (stating that for the masthead and banner advertisements, “[j]ust as the newspapers in *New Kids* could only identify the [New Kids on the Block] clearly by using its trademarked name, so can Welles only identify herself clearly by using [the Plaintiff’s] trademarked title.”).

85. *Id.* at 802 (adding, “[t]o describe herself as the ‘nude model selected by Mr. Hefner’s magazine as its number-one prototypical woman for the year 1981’ would be impractical as well as ineffectual in identifying Terri Welles to the public.”) (quoting *PEI v. Welles*, 78 F. Supp. 2d 1066, 1079 (S.D. Cal. 1999)).

analysis of the repeated use of “PMOY ‘81” ended in a different result.

The first reason the use of “PMOY ‘81” failed the first factor of the “New Kids test” is because of its repetition. The court stated, “[t]he *repeated* depiction of “PMOY ‘81” [was] not necessary to describe Welles. “‘Playboy Playmate of the Year 1981’ [was] quite *adequate*.”<sup>86</sup> It appears from this statement as though the court misapplied the “New Kids test.” The use of the word “repeated” in the first sentence suggests that the *repetition* of the term is the reason it failed the first factor. This is supported by the use of the word “adequate” in the second sentence. Both “repeated” and “adequate” are terms that refer to *quantities* of the mark that may be used. If the court rejected the first factor for a reason other than the quantity of the depictions, the use of the word “repeated” would be mere surplusage. However, the first prong of the “New Kids test” does not have any words that refer to the quantity of the use. The first factor only deals with whether or not a term can be identified without use of the trademark. On the other hand, the second prong of the “New Kids test” does refer to the quantity of the use: “[O]nly so *much* of the mark or marks may be used as is reasonably necessary to identify the product or service.”<sup>87</sup> This argument is supported by the Ninth Circuit itself when they cited their “first prong analysis” in *Welles* as a citation in their “second prong analysis” in *Cairns v. Franklin Mint Company*.<sup>88</sup>

In *Mattel, Inc. v. MCA Records, Inc.*, the court applied the first factor of the “New Kids test” correctly in a similar situation.<sup>89</sup> Under the first factor, the *use* of terms other than “Barbie” will not be sufficient to specifically parody the product “Barbie.”<sup>90</sup> Under the second factor, referring to the *quantity* of the use of the term “Barbie,” “the *repeated* use of the words “Barbie” and “Ken” are

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86. *Id.* at 804 (emphasis added).

87. *New Kids on the Block*, 971 F.2d at 308 (emphasis added).

88. *See Cairns*, 292 F.3d at 1154. The court compared the *Welles* first factor analysis to the second factor analysis in *MCA Records*. Interestingly, one of the circuit judges sat for both cases. *Id.*

89. *See MCA Records*, 28 F. Supp. 2d at 1142.

90. *Id.* (“First, defendants cannot effectively parody or comment on the Barbie doll without mentioning her by name.”).

reasonably necessary for the purposes of parody.”<sup>91</sup> While use of the term “PMOY ‘81” may not have been a nominative fair use due to its repetition, according to the “New Kids test,” this should have been addressed under the second factor in *Welles*. In addition, even if the court determined that “PMOY ‘81” was simply an impermissible *variation* on “Playboy Playmate of the Year 1981” under the first factor, it failed to explain why the variations of “Playmate” and “Playmate of the Year 1981” were permissible.

The second reason the use of “PMOY ‘81” failed the first factor of the “New Kids test” is because it did not appear to describe Welles. The court stated, “the term [“PMOY ‘81”] does not even appear to describe Welles – her name or likeness do not appear before or after each ‘PMOY ‘81.’”<sup>92</sup> It was arguable that the abbreviation “PMOY” was not entitled to trademark protection. However, for the purposes of the case, the court accepted that the term “PMOY” was entitled to protection.<sup>93</sup> Therefore, this would suggest that “PMOY ‘81” was entitled to the same protection as the terms “Playboy,” “Playmate,” “Playmate of the Year 1981,” and “Playboy Playmate of the Year 1981.” However, the court was inconsistent in its analysis. When discussing the nominative fair use of these other terms, the court did not consider the proximity of Welles’s name or likeness.<sup>94</sup> For example, when analyzing the metatags, there was no indication that Welles’s name was included next to the terms “Playboy” and “Playmate” that were specifically included so search engine results would include her site in search results.<sup>95</sup> In addition, even if every other use of the trademark were in close proximity to Welles’s name or likeness, if “PMOY ‘81” was used as the wallpaper, then the phrase would appear on the computer screen next to the images and descriptions of Welles in the actual content of the website. In

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91. *Id.* (emphasis added).

92. *Welles*, 279 F.3d at 804.

93. *Id.* (“Accepting, for the purposes of this appeal, that the abbreviation ‘PMOY’ is indeed entitled to protection, we conclude that the repeated, stylized use of this abbreviation fails the nominative use test.”).

94. *See id.* at 802-04.

95. *See id.* at 803.

other words, it is difficult to determine where the content on the wallpaper ends, and the content on the actual site (with Welles's name and likeness) begins.

In the second example, nearly two years after *Welles*, the Ninth Circuit found Netscape's use of the trademarks "Playboy" and "Playmate" for "keying" purposes to have violated the first prong of the "New Kids test."<sup>96</sup> In *Playboy Enterprises, Inc. v. Netscape Communications Corp.*, Netscape "keyed" terms that "allow[ed] certain [Internet] advertisers to target individuals with certain interests by linking advertisements to pre-identified terms."<sup>97</sup> Netscape "keyed" adult-oriented entertainment advertisers to lists of adult-oriented and sexual terms including "Playboy" and "Playmate."<sup>98</sup> In addition to using the trademarked terms, Netscape "[required all] adult-oriented companies to link their ads to [the set of words including 'Playboy' and 'Playmate.']"<sup>99</sup>

Despite acknowledging that certain uses of "Playboy" in Netscape's "keying" system could be permitted under nominative fair use, the court found that Netscape failed the first "New Kids factor" because the advertisements displayed did not have a label or comparison to Playboy Enterprises, Inc.<sup>100</sup> The court

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96. *Playboy Enters., Inc. v. Netscape Communications Corp.*, 354 F.3d 1020, 1030 (9th Cir. 2004) (It is interesting to note that in both *Welles* and *Netscape*, the same panel decided the case (Judges Fletcher, Nelson, and Berzon) and both opinions were written by the same judge (Judge Nelson)).

97. *Id.* at 1022-23

(To take an innocuous example [of 'keying'], a person who searches for a term related to gardening may be a likely customer for a company selling seeds. Thus, a seed company might pay to have its advertisement displayed when searchers enter terms related to gardening. After paying a fee to [Netscape], that company could have its advertisements appear on the page listing the search results for gardening-related terms: the ad would be "keyed" to gardening-related terms.).

98. *Id.* at 1023. The lists included over 400 terms besides "Playboy" and "Playmate." "Thus, when a user types in "Playboy," "Playmate," or one of the other listed terms, those companies' banner ads appear on the search results page." *Id.*

99. *Id.*

100. *Id.* at 1030.



acknowledged that the use of Playboy's marks that resulted in the listing of Playboy owned sites, or other sites that are permitted to use Playboy's marks, were not at issue.<sup>101</sup> The court made this distinction so it would remain consistent with its decision in *Welles* where it found nominative fair use when the Defendant used the same trademarks in the metatags of her website without the permission of Playboy Enterprises, Inc.<sup>102</sup> The court also stated that it was not considering situations where the advertisements clearly identified source.<sup>103</sup> However, by narrowing the analysis of the situation before actually applying the "New Kids test," the Ninth Circuit virtually applied the second and third "New Kids factors."

The Ninth Circuit misapplied the first "New Kids factor" in *Netscape* and should have decided the case based on the second or third factor. The court contradicts itself in *Netscape* by implying that "Playboy" can be used in some aspects of "keying," and then stating that Netscape's use in particular situations did not meet the first "New Kids factor."<sup>104</sup> If the term "Playboy" can be used for certain types of "keying," but not other types, it is the use of the mark that should be at issue, and not the mark itself. In this case, the court clearly felt that Netscape used the trademarks more than was reasonably necessary as every adult-oriented advertiser was "keyed" to the marks.<sup>105</sup> This excessive use of the mark would have failed the second "New Kids factor" because not every adult-oriented advertiser had to be "keyed" to the marks.<sup>106</sup> In *Netscape*,

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101. *Id.* (noting "that defendants' use of [the Plaintiff's] marks to trigger the listing of [the Plaintiff's] sites, and other sites that legitimately use [the Plaintiff's] marks, is not at issue here") (citation omitted).

102. *Welles*, 279 F.3d at 803 ("Applying the three-factor test for nominative use, we conclude that the use of the trademarked terms in *Welles*' metatags is nominative.").

103. *Netscape*, 354 F.3d at 1030 ("[W]e are not addressing a situation in which a banner advertisement clearly identifies its source with its sponsor's name, or in which a search engine clearly identifies a banner advertisement's source.") (footnote omitted).

104. *See id.* ("The situation with which we are dealing runs afoul of the first requirement for nominative use."); *see supra* text accompanying note 101.

105. *See supra* text accompanying note 99.

106. *See New Kids on the Block*, 971 F.2d at 308 ("[O]nly so much of the mark or marks may be used as is reasonably necessary to identify the product or

the court also clearly felt that Netscape “keyed” the marks to advertisements with no identification of source which would lead viewers to believe that Playboy Enterprises sponsored the banner advertisements.<sup>107</sup> This use of the marks would have failed the third “New Kids factor” as Netscape “keyed” many adult-oriented advertisements to the marks which suggested sponsorship by Playboy Enterprises, Inc.<sup>108</sup> Therefore, Netscape’s use should not have been deemed nominative, but not because it failed the first “New Kids factor.”

The first prong of the “New Kids test” is useless and should be eliminated as a factor when determining nominative fair use. If a product or service is identifiable without the use of a trademark, a party will use a generic term, there will be no infringement claim, and thus no need for a nominative fair use defense and the first prong. On the other hand, where the specific product or service is not identifiable without the use of a trademark, the courts have found that *every* trademark has passed the first prong. The only exceptions to this are the *Welles* and *Netscape* decisions where the court improperly applied the “New Kids test” for the “Playboy” trademark. As not one decision in thirteen years should have turned on the first factor, and there is no clear hypothetical situation (to the author’s knowledge) where it could affect the outcome of the “New Kids test,” it should be eliminated.

*B. Nominative Fair Use Factor 2: Only So Much of the Mark that is Reasonably Necessary*

The second factor in the “New Kids test” is that “only so much of the mark or marks may be used as is reasonably necessary to identify the product or service.”<sup>109</sup> In *New Kids on the Block*, the Court determined that the newspaper only used the mark “to the extent necessary to identify them as the subject of the polls” and

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service.”).

107. See *supra* text accompanying note 103.

108. *Netscape*, 354 F.3d at 1023; cf. *New Kids on the Block*, 971 F.2d at 308 (“[T]he user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.”).

109. *New Kids on the Block*, 971 F.2d at 308.

did “not use the New Kids’ distinctive logo.”<sup>110</sup> A number of other trademark uses have also passed the second prong. For example, multiple references to “Princess Diana” in a statute advertisement,<sup>111</sup> a single use of the name “Lew Alcindor” in a car commercial,<sup>112</sup> and repeated use of “Barbie” in a parody song<sup>113</sup> have all been deemed as “reasonably necessary” to identify the product or service. However, unlike the first prong of the “New Kids test,” multiple nominative fair use cases have turned on the second prong of the nominative fair use test.

The application of the second factor of the “New Kids test” is distinguishable from the application of the first factor because the Ninth Circuit has determined that nominative fair use may be based on its outcome. Well before the introduction of the “New Kids test,” the Ninth Circuit found that the use of a plaintiff’s logo, “distinctive lettering style[,] or color scheme” should be considered when determining fair use.<sup>114</sup> The Ninth Circuit Court of Appeals used this same analysis in the second factor of the “New Kids test” and found that the use of the mark “Godzilla” failed the second prong because the defendant’s use of the plaintiff’s lettering style “exceed[ed] its legitimate referential purpose.”<sup>115</sup> Similarly, as discussed above, if the Ninth Circuit had

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110. *Id.*

111. *Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1154 (9th Cir. 2002) (“[A] caption reading “Diana” is “reasonably necessary” to identify Princess Diana. Similarly, a photograph showing Princess Diana wearing her royal tiara and bolero jacket is “reasonably necessary” to identify these accessories of Princess Diana.”).

112. *Kareem Abdul-Jabbar v. General Motors Corp.*, 85 F.3d 407, 412-13 (9th Cir. 1996) (“General Motors could not refer to plaintiff without using his name, and it used no more than was necessary to refer to him.”).

113. *MCA Records*, 28 F.Supp. 2d at 1142 (“[T]he repeated use of the words “Barbie” and “Ken” are reasonably necessary for the purposes of parody.”) (emphasis added).

114. *Volkswagenwerk*, 411 F.2d at 352 (“Another [factor] was the fact that [the defendant] did not use Volkswagen’s distinctive lettering style or color scheme, nor did he display the encircled ‘VW’ emblem.”) *aff’d*, 413 F.2d 1126 (9th Cir. 1969).

115. *Toho Co., Ltd. v. William Marrow & Co., Inc.*, 33 F. Supp. 2d 1206, 1211 (“The cover of the [defendant’s] book contains [the plaintiff’s] trademark in bold orange lettering prominently displayed. This prong of the test does not

properly applied the test, nominative fair use *would* have turned on the second factor in *Welles* as the *repeated* depiction of “PMOY ‘81” would not have been “reasonably necessary to identify” Terri Welles.<sup>116</sup>

The second prong appears to be similar to the “used fairly and in good faith” descriptive fair use requirement in § 33(b)(4) of the Lanham Act. It is arguable that the use of the lettering style in *Toho Co., Ltd. v. William Morrow and Co., Inc.* and the repetitive use of “PMOY ‘81” in *Welles* was intended to confuse the reader as to the source of the product or service. As the district court stated in *Toho*, “[t]he second prong . . . appears to derive from a concern that confusion as to affiliation may result if the defendant’s use of the plaintiff’s mark exceeds its legitimate referential purpose.”<sup>117</sup> In other words, this may not have been used in “good faith.” However, it is also necessary to consider the third prong before analyzing the similarities between the descriptive and nominative fair use tests.

### *C. Nominative Fair Use Factor 3: Nothing that Suggests Sponsorship or Endorsement*

The third factor in the “New Kids test” is that “the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.”<sup>118</sup> In *New Kids on the Block*, the court determined that the announcements in the newspaper did not suggest sponsorship or endorsement by the musical group.<sup>119</sup> A number of trademark uses have been determined not to suggest sponsorship or endorsement under the

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appear to be satisfied because [the defendant’s] use exceeds its legitimate referential purpose.”).

116. *Welles*, 279 F.3d at 804; *See supra* Section V(A); *See also Cairns*, 292 F.3d at 1154 (citing *Welles* decision under the second prong analysis).

117. *Toho*, 33 F. Supp. 2d at 1211.

118. *New Kids on the Block v. News. Am. Publ’g, Inc.*, 971 F.2d 302, 308 (9th Cir. 1992).

119. *Id.* at 308-09 (“[N]othing in the announcements suggests joint sponsorship or endorsements by the New Kids. The *USA Today* announcement implies quite the contrary by asking whether the New Kids might be ‘a turn off.’”).

third “New Kids factor.” For example, use of “Playboy Playmate of the Year 1981” on the masthead of Terri Welles’s website with a disclaimer,<sup>120</sup> “Princess Diana” in a statute advertisement without the term “authorized,”<sup>121</sup> and “Barbie” in a parody song with a disclaimer on a CD case,<sup>122</sup> have not suggested sponsorship or endorsement by the trademark holders. However, nominative fair use has turned on the third factor where courts found a suggestion of sponsorship or endorsement by the trademark owner.

The application of the third factor of the “New Kids test” is distinguishable from the application of the first factor as Ninth Circuit nominative fair use decisions have relied on whether there is a suggestion of sponsorship or endorsement by the trademark owner. Use of “The Beach Boys” by a single member of the musical group failed the third prong of the “New Kids test” because it suggested sponsorship by the entire group.<sup>123</sup> In addition, use of the name “Lew Alcindor” in an automobile

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120. *Welles*, 279 F.3d at 803 (“[I]t would be unreasonable to assume that [Playboy] currently sponsors or endorses someone who describes herself as a ‘Playboy Playmate of the Year in 1981.’ The designation of the year . . . shows that any sponsorship or endorsement occurred in the past. . . . In addition . . . Welles affirmatively disavows any sponsorship or endorsement [with a clear disclaimer].”).

121. *Cairns*, 292 F.3d at 1154-55

(None of Franklin Mint’s advertisements for its Diana-related products claim that these products are sponsored or endorsed by the [Diana, Princess of Wales Memorial] Fund. . . . Franklin Mint’s advertisements for some of its other celebrity-related products in the same catalogue *do* state that they are “authorized” by a trademark holder. The absence of similar statements in Franklin Mint’s advertisements for its Diana-related products suggests that they are *not* sponsored or endorsed by the Fund.)

122. *MCA Records*, 28 F.Supp. 2d at 1142 (The “album identifies on the CD case that the song ‘is a social comment and was not created or approved by the makers of the doll’ . . . This warning suggests that defendants attempted to disassociate themselves from Mattel . . .”).

123. *Brother Records, Inc. v. Jardine*, 318 F.3d 900, 908 (9th Cir. 2003) (“[The defendant’s] promotional materials display “The Beach Boys” more prominently and boldly than “Family and Friends,” suggesting sponsorship by the Beach Boys.” There is also evidence that the name was used “to create or enhance marquee value.”).

advertisement,<sup>124</sup> and the name and image of a surfer in a clothing advertisement,<sup>125</sup> have been deemed issues of fact that *could* result in a failed nominative fair use defense because their use may have implied endorsement or sponsorship.

While the Ninth Circuit has not required a disclaimer by the junior user in order to meet the third prong of the nominative fair use test, it appears as though the court has relied heavily on their presence in cases after *New Kids on the Block*. In *Welles*, the Ninth Circuit stated that while they recognized the affirmative disclaimer that there was no sponsorship by Playboy Enterprises, Inc., affirmative disclaimers are not necessary to establish nominative fair use.<sup>126</sup> This was consistent with its decisions in *MCA Records* where the court relied on a CD disclaimer to determine sponsorship under the third "New Kids factor."<sup>127</sup> In *Cairns*, while the Ninth Circuit found no suggestion of sponsorship or endorsement even without a disclaimer, the court found the *absence* of a disclaimer for the "Diana" doll suggested no sponsorship because the catalog was full of figurines that were specifically "authorized" by trademark holders.<sup>128</sup> Therefore, the Ninth Circuit still relied on disclaimers to determine sponsorship under the third factor. On the other hand, in cases where the court

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124. *Abdul-Jabbar v. Gen. Motors Corp.*, 85 F.3d 407, 413 (9th Cir. 2003) (determining that the third prong was a question of fact for the jury because: use of celebrity endorsements in television commercials [was] so well established by commercial custom that a jury might find an implied endorsement in [the defendant's] use of the celebrity's name in a commercial . . . . Many people may assume that when a celebrity's name is used in a television commercial, the celebrity endorses the product advertised.).

125. *Downing v. Abercrombie & Fitch*, 265 F.3d 994, 1009 (9th Cir. 2001) (determining that the third prong [was] a question of fact for the jury because the defendant used the celebrity plaintiffs' names and pictures "in its catalog that was intended to sell its goods.").

126. *Welles*, 279 F.3d at 803 n.26 ("By noting *Welles*' affirmative actions, we do not mean to imply that affirmative actions of this type are necessary to establish nominative use. *New Kids* sets forth no such requirement, and we do not impose one here.").

127. *MCA Records*, 28 F. Supp. 2d at 1142-43; *See supra* text accompanying note 122.

128. *Cairns*, 292 F.3d at 1154-55.

did not discuss any evidence of a disclaimer, such as in *Brother Records, Inc. v. Jardine*,<sup>129</sup> *Kareem Abdul-Jabbar v. General Motors Corporation*,<sup>130</sup> and *Downing v. Abercrombie & Fitch*,<sup>131</sup> the courts found a suggestion of sponsorship or endorsement. Therefore, while the Ninth Circuit may assert that it does not *require* an affirmative disclaimer to prove no suggestion of sponsorship or endorsement, most of its decisions since *New Kids on the Block* suggest that the outcome of the third factor is based on the presence or absence of disclaimers.

## VI. SIMILARITIES BETWEEN THE DESCRIPTIVE FAIR USE TEST AND THE “NEW KIDS TEST”

Other than the requirements for *when* descriptive fair use actually applies, the application of the descriptive fair use test under § 33(b)(4) of the Lanham Act is very similar to the “New Kids test.” “Section 33(b)(4) of the Lanham Act requires the defendant to prove three elements to establish a fair use defense: 1. Defendant’s use of the term is not as a trademark or service mark; 2. Defendant uses the term “fairly and in good faith”; and 3. “Only to describe” its goods or services.”<sup>132</sup> For comparison purposes, these will be referred to as the “three prongs” of the descriptive fair use test.

### A. *The First Prong of Descriptive Fair Use*

The first prong in both fair use tests are only present to determine which analysis courts should apply in a given trademark fair use case. Under § 33(b)(4) of the Lanham Act, in a trademark fair use case where the trademark is *not* used as a trademark, descriptive fair use is possible.<sup>133</sup> For example, although a senior user may have a valid trademark for the term “fish-fri,” a junior user is permitted to use the term “fish fry” to describe their own

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129. See *Jardine*, 318 F.3d 900.

130. See *Abdul-Jabbar*, 85 F.3d 407.

131. See *Downing*, 265 F.3d 994.

132. MCCARTHY *supra* note 9, § 11:49; See 15 U.S.C. §1115(b)(4) (2005).

133. See 15 U.S.C. §1115(b)(4).

coating for fish.<sup>134</sup> On the other hand, under the “New Kids test,” if the trademark is used as a trademark, and “the product or service in question [is] one not readily identifiable without use of the trademark,”<sup>135</sup> then there may be nominative fair use. However, because the Ninth Circuit determined that virtually every trademark it considered has met the “readily identifiable” requirement for the first nominative fair use factor, as is discussed above, if the mark is used as a trademark, then nominative fair use is possible. Therefore, the first prongs of both the descriptive and nominative fair use tests simply determine which test applies and does not help to determine if there was actually a fair use.

### B. *The Third Prong of Descriptive Fair Use*

The purpose of the third prong of the descriptive fair use test is also intended to determine which test to apply in a given trademark fair use case and only assists the court in determining whether the use is “other than as a mark.” “The purpose of [§33(b)(4)] is to ensure that the according of monopoly trademark rights over descriptive marks (upon a showing of acquired secondary meaning) will not over-broadly deprive society of the use of those terms in their descriptive sense in commercial communication.”<sup>136</sup> In *U.S. Shoe Corporation v. Brown Group, Inc.*, the court went on to explain how the Defendant used the trademark “feels like a sneaker” to describe the product and did not use it as a trademark.<sup>137</sup> Therefore, descriptive fair use was possible in that

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134. *Zatarains*, 698 F.2d at 796 (5th Cir. 1983) (“Zatarain’s has no legal claim to an exclusive right to the original, descriptive sense of the term; therefore, [the defendants] are still free to use the words ‘fish fry’ in their ordinary, descriptive sense.”).

135. *New Kids on the Block*, 971 F.2d at 308 (9th Cir. 1992).

136. *U.S. Shoe Corp. v. Brown Group, Inc.*, 740 F. Supp. 196, 199 (S.D.N.Y. 1990).

137. *Id.*

(In this case, the defendant use[d] the phrase ‘feels like a sneaker’ in a descriptive sense, claiming a virtue of the product. It essentially restate[d] the key selling claim of defendant’s product – that the Townwalker shoe was designed specifically to incorporate the comfort of athletic shoes.



case. Using a similar analysis in *National Football League Properties v. Playoff Corp.*, the court found that the defendant used images of football uniforms as a trademark and they were not descriptive because the uniforms were fanciful or arbitrary.<sup>138</sup> It is also worth pointing out that, “[a]lthough the Court note[d] that Defendant could fulfill the *New Kids* test and that the rationale underlying that decision [wa]s attractive,” it declined to find nominative fair use in *NFL Properties* because the Fifth Circuit had not yet adopted the “*New Kids* test.”<sup>139</sup>

The combinations of outcomes above that discuss both the first and third prong of the descriptive fair use test (“1. Descriptive/Use Other than as a Mark” in *U.S. Shoe* and “4. Not Descriptive/Use as a Mark” in *NFL Properties* – See Table III in Appendix), would appear to be the most logical outcomes when analyzing the descriptive fair use factors. It would make sense that phrases could be used *either* to describe the product/service, *or* as a trademark to gain attention for the product/service, but not both. This is supported by numerous decisions where the court has dealt with both factors by simply stating that the defendants used the trademark to describe the product and therefore it could not have been used as a trademark.<sup>140</sup> These analyses suggest that many courts view these factors as entwined and not mutually exclusive. However, some courts have specifically stated otherwise.

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Moreover, defendant is not using the phrase as an identifier or trademark to indicate origin or source.).

138. *National Football League Props. v. Playoff Corp.*, 808 F. Supp. 1288, 1293 (N.D. Tex. 1992) (“Because the marks involved here are more in the nature of fanciful or arbitrary rather than descriptive, . . . even if the marks are used descriptively, the defense remains unobtainable because the marks themselves are not descriptive marks.”).

139. *Id.* at 1293-94.

140. *See* *WCVB-TV v. Boston Athletic Ass’n*, 926 F.2d 42, 46 (1st Cir. 1991) (“This is not a case where it is difficult to decide whether a defendant is using particular words primarily as a mark, *i.e.*, as an ‘attention getting symbol,’ or primarily as a description.”); *Wonder Labs, Inc. v. Proctor & Gamble Co.*, 728 F. Supp. 1058, 1064 (S.D.N.Y. 1990) (“These factors indicate that the defendant’s use is not a trademark use but rather is a descriptive or explanatory use.”); *Clarke v. Joseph H. Dahlkemper, Inc.*, 468 F. Supp. 441, 442 (W.D. Penn. 1979) (“These factors . . . indicate that the defendants used the phrase ‘the safety ball target game’ to describe their game and not as a trademark.”).

When a mark has been used descriptively, it may still function as a trademark. In *Sands, Taylor & Wood Co. v. Quaker Oats Co.*, the Defendant argued that because they used the Plaintiff's mark descriptively along with their own trademark, the Defendant's use of the Plaintiff's mark could not be a trademark use as well.<sup>141</sup> However, while the Defendant relied on a past "observation [by the court] that descriptive terms are "unlikely" to function as trademarks . . . [the court has] never said . . . that a descriptive term can *never* function as a trademark."<sup>142</sup> This statement is supported by numerous decisions where the court found both descriptive use and use as a trademark.<sup>143</sup> However, of the three possible outcomes discussed when considering the first and third descriptive factors, ("1. Descriptive/Use Other than as a Mark" in *U.S. Shoe*, "4. Not Descriptive/Use as a Mark" in *NFL Properties*, "2. Descriptive/Use as a Mark" in *Sands*, – See Table III in Appendix), a §33(b)(4) fair use defense has only *turned* on the "descriptive" factor in the "1. Descriptive/Use Other than as a Mark" combination. In the "2. Descriptive/Use as a Mark" and "4. Not Descriptive/Use as a Mark" combinations, no descriptive fair use is possible even if the mark is descriptive since it is used as a mark. In addition, it appears that the courts have based their decision of descriptive use on their analysis of how the trademark was depicted in the "1. Descriptive/Use Other than as a Mark"

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141. *Sands, Taylor & Wood Co. v. The Quaker Oats Co.*, 978 F.2d 947, 953 (7th Cir. 1992).

142. *Id.* at 953-54 (citation omitted).

143. *See Sands*, 978 F.2d at 953-54 ("The evidence of [the defendant's] advertisements supports the district court's conclusion that [the defendant] used 'Thirst Aid' as a trademark. [The defendant's] ads do not simply use the words 'Thirst Aid' in a sentence describing Gatorade, but as an 'attention-getting symbol.'") (citation omitted); *Lindy Pen Co. v. Bic Pen Corp.*, 725 F.2d 1240, 1248 (9th Cir. 1984) ("Nor is [the defendant] using the word merely to describe the size of its PF pen's ballpoint. We conclude that [the defendant] is making a trademark use of the word 'Auditor's,' and is not immune from liability for infringement on the basis of the fair use defense."); *Beer Nuts, Inc. v. Clover Club Foods Co.*, 711 F.2d 934, 937-38 (10th Cir. 1983) (holding that 'Brew Nuts' is descriptive and "the record clearly establishes that [the defendant] used the words 'Brew Nuts' in conjunction with an overflowing stein as a trademark.").

combination.<sup>144</sup> Therefore it is important to consider the last possible combination, “3. Not Descriptive Use/Use Other than as a Mark” to determine whether the “descriptive” requirement is actually necessary.

The “descriptive” requirement in descriptive fair use is only a threshold question to determine if the court should consider whether the mark was “used fairly and in good faith.” In *EMI Catalogue P’ship v. Hill, Holliday, Connors, Cosmopulos Inc.*, the phrase “Swing Swing Swing” was supposed to appear in a television golf commercial while the famous Benny Goodman song “Sing, Sing, Sing (With a Swing)” played in the background.<sup>145</sup> However, due to the high cost of licensing the song, the Defendant chose to use stock swing music instead.<sup>146</sup> The court determined that while the Plaintiff did have trademark rights in the song title, the Defendant’s did not use the phrase as a mark.<sup>147</sup> However, the Second Circuit disagreed with the district court’s finding that the use was descriptive and determined that this was a material issue of fact to be determined on remand.<sup>148</sup> Therefore, the combination of “3. Not Descriptive Use/Use Other than as a Mark” may determine whether descriptive fair use applies and the decision may turn on whether the use is descriptive.

While the “descriptive” use factor can determine whether to apply the descriptive fair use test, court analyses of this factor

144. See *supra* text accompanying note 140.

145. *EMI Catalogue P’ship v. Hill, Holliday, Connors, Cosmopulos Inc.*, 228 F.3d 56, 59-60 (2d Cir. 2000).

146. *Id.* at 60.

147. *Id.* at 64 (“In this case, defendants did not use the phrase ‘Swing Swing Swing’ as a mark . . . .”).

148. *Id.* at 65-66

(Had the single word ‘Swing’ appeared in the commercial, it could not be doubted that defendants’ use was descriptive. However, it was error to rule that the alliterative phrase actually used was necessarily identical to the single descriptive word. While ‘Swing’ is descriptive, ‘Swing Swing Swing’ is not necessarily so. . . . A material issue of fact remains as to whether the use of ‘Swing Swing Swing’ as related to the goods or action displayed in the final commercial was descriptive.).

suggests that this is merely a threshold requirement. In other words, the “descriptive use” factor is often combined with the “use other than as a mark” factor to determine whether the court should look at the “used fairly and in good faith” factor. Therefore, the heart of the descriptive fair use test is the “used fairly and in good faith” factor.

### *C. The Second Prong of Descriptive Fair Use*

The second prong of the descriptive fair use test is the heart of the court’s fair use analysis and its outcome is what determines whether there is a descriptive fair use. § 33(b)(4) requires the mark to be “used fairly and in good faith” for a finding of descriptive fair use.<sup>149</sup> As “fair use” is defined partly by the term “used fairly,” courts and commentators focus on the “good faith” of the definition to avoid the circular logic, “there is fair use because it was used fairly.” One leading commentator points out that “the requirement of “good faith,” has not often been litigated.”<sup>150</sup>

The courts have discussed a number of factors that may be considered when determining a defendant’s good faith. Where the defendant breaches an agreement not to use the mark of the plaintiff, an inference of bad faith may be drawn.<sup>151</sup> However, courts have acknowledged that continued use of a mark after a plaintiff’s claim that the use is infringing is not enough to show a lack of good faith.<sup>152</sup> There is also no inference of bad faith where

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149. 15 U.S.C. § 1115(b)(4) (2005).

150. MCCARTHY *supra* note 9, § 11:49 (referring to the “used fairly and in good faith” prong, McCarthy only refers to “good faith” and does not refer to “used fairly”).

151. *Inst. for Scientific Info., Inc. v. Gordon & Breach, Sci. Publishers, Inc.*, 931 F.2d 1002, 1009 (3d Cir. 1991) (determining that where the defendant agreed not to use the term “current contents” in journals, and subsequently used the term despite the agreement, “an adverse inference of bad faith may be drawn”).

152. *Andy Warhol Enters., Inc. v. Time Inc.*, 700 F. Supp. 760, 766 (S.D.N.Y. 1988) (finding in the court’s *Polaroid* analysis, “[t]he fact that, prior to the commencement of the lawsuit, defendant did not abandon its project at plaintiff’s suggestion, does not itself evidence a lack of good faith”).

a subsequent user had full knowledge of the previous use as similar products will often require similar terms to describe their features.<sup>153</sup> Other than violating a specific agreement, most of the cases discuss what does *not* result with an inference of “bad faith.” However, some of the factors that result in affirmative inferences of “good faith” are similar to the second and third prongs of the “New Kids test.”

The analysis of the second prong of the descriptive fair use test is strikingly similar to the third prong of the “New Kids test.” The Restatement’s discussion of descriptive fair use states that there is no good faith where the subsequent user intends to confuse the consumer as to the “source or sponsorship.”<sup>154</sup> This is nearly identical to the third prong of the “New Kids test.”<sup>155</sup> For example, in the descriptive fair use case of *Sierra On-Line, Inc. v. Phoenix Software, Inc.*, the court found that the Defendant’s good faith was an issue as they might have used the mark to trade on the Plaintiff’s “good will and product identity” even though the Defendant could have used other phrases.<sup>156</sup> In *Inst. for Scientific Info., Inc. v. Gordon & Breach, Sci. Publishers, Inc.*, even though the court determined that a breach in an agreement not to use a

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153. *U.S. Shoe*, 740 F. Supp. at 199 n.3 (“While it is clear that defendant designed its marketing strategy in full knowledge of plaintiff’s ad campaign, and with appreciation of the success of plaintiff’s sneaker metaphor . . . that is not necessarily evidence that defendant acted with the specific intent to misappropriate plaintiff’s good will.”); *see also* *Car-Freshner Corp. v. S.C. Johnson & Son, Inc.*, 70 F.3d 267, 270 (2d Cir. 1995) (“As [the Defendant] was fully entitled to use a pine-tree shape descriptively notwithstanding [the Plaintiff’s] use of a tree shape as a mark, the fact that it did so without consulting counsel has no tendency to show bad faith.”).

154. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 28 cmt. d (1995) (“[I]f the evidence establishes that the subsequent user intends to trade on the good will of the trademark owner by creating confusion as to source or sponsorship, the use is not in good faith.”).

155. *New Kids on the Block*, 971 F.2d at 308 (“[T]he user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.”).

156. *Sierra On-Line, Inc. v. Phoenix Software, Inc.*, 739 F.2d 1415, 1423 (9th Cir. 1984) (“[The Defendant’s] good faith is in issue: its choice of the phrase ‘Hi-Res Adventure’ when other phrases were available could indicate an intent to trade on Sierra’s good will and product identity.”).

mark could result in a finding of bad faith, the court's rationale was based on the "possible inference that defendants intended to trade upon and dilute the good will represented by the [Plaintiff's] mark."<sup>157</sup> Clearly, the courts look to whether the subsequent use of a mark will suggest sponsorship or endorsement by the trademark holder when determining "good faith" in their descriptive fair use analyses.

The analysis of the second prong of the descriptive fair use test is also strikingly similar to the second prong of the "New Kids test." Courts have looked to the copying of typestyle and labels of junior users to determine whether there is a "good faith" use under the descriptive fair use test. In *Venetianaire Corp. of Am. v. A & P Corp.*, the Second Circuit found no good faith when the Defendant used a trademark and wrapper nearly identical to that of the Plaintiff's.<sup>158</sup> On the other hand, the Fifth Circuit found good faith in *Zatarains, Inc. v. Oak Grove Smokehouse, Inc.* where the Defendants consciously packaged their products to avoid confusing the consumers as to the source.<sup>159</sup> This is very similar to the second prong of the "New Kids test."<sup>160</sup> In addition, this is similar to the nominative fair use analyses in *Volkswagenwerk*<sup>161</sup> and *Toho*<sup>162</sup> where the courts looked at the extent of use of the

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157. *Inst. for Scientific Info.*, 931 F.2d at 1010.

158. *Venetianaire Corp. of Am. v. A & P Imp. Co.*, 429 F.2d 1079, 1083 (2d Cir. 1970)

([A]lthough the district court found it unnecessary to 'consider whether defendant's use was 'fair' and in 'good faith'' in determining an infringing usage, the record makes it plain that defendant, knowing of plaintiff's packaging, adopted a trademark and wrapper almost identical to plaintiff's. That fact eliminates any doubt that defendant was not entitled to claim fair use of a descriptive term as a defense to infringement of plaintiff's trademark.).

159. *Zatarains*, 698 F.2d at 796 ("[The Defendants] consciously packaged and labeled their products in such a way as to minimize any potential confusion in the minds of consumers.").

160. *New Kids on the Block*, 971 F.2d at 308 ("[O]nly so much of the mark or marks may be used as is reasonably necessary to identify the product or service.").

161. See *supra* text accompanying note 114.

162. See *supra* text accompanying note 115.

logos and the use of a similar style of lettering. By analyzing the use of similar features on wrappers in determining “good faith,” the courts are looking at how much of the mark is used that is reasonably necessary to identify the product.

Finally, the Ninth Circuit’s recent decision in *KP Permanent*, on remand from the Supreme Court, listed a number of factors to consider when determining whether a use is fair. Three of the factors include whether alternative descriptive terms are available, the extent of the use of the term before the mark’s registration, and “the degree of likely confusion.”<sup>163</sup> These three factors are strikingly similar to all three of the “New Kids factors.” Future litigation based on the Ninth Circuit’s new “descriptive factors” may lead to even more similarities between nominative and descriptive fair use. Both tests consist of threshold questions that determine which test should apply. However, in both tests, the courts ultimately look at the use of the marks and determine whether the mark was used to *trade on the good will of a prior user*. Given that both tests result in the same analysis, it is arguable that one form of fair use should be eliminated.

## VII. DISCUSSION OF THE NEED FOR NOMINATIVE FAIR USE

### *A. Is Nominative Fair Use Necessary?*

#### *1. Nominative Fair Use Cases with a Classic Fair Use Look*

A leading commentator on trademark law has described a well-

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

(Among the relevant factors for consideration by the jury in determining the fairness of the use are the degree of likely confusion, the strength of the trademark, the descriptive nature of the term for the product or service being offered by [the Plaintiff] and the availability of alternative descriptive terms, the extent of the use of the term prior to the registration of the trademark, and any differences among the times and contexts in which [the Plaintiff] has used the term.).

known nominative fair use case as being resolved with a classic fair use defense. In *Welles*, the Defendant and the court clearly relied on nominative fair use.<sup>164</sup> There is no citation to § 33(b)(4) of the Lanham Act in *Welles* and no discussion of whether the mark was “used fairly and in good faith.” However, in McCarthy’s treatise on the fair use doctrine, McCarthy describes the *Welles* case as an example of descriptive fair use.<sup>165</sup> The commentary states, “[t]he court held that defendant Welles’s use of the words “Playmate of the Year 1981” in her title on her homepage and “Playboy Playmate of the Year 1981” and “Playmate of the Year 1981” in her advertising banners fell within the *classic fair use* defense.”<sup>166</sup> However, McCarthy’s treatise is not the only place where a nominative fair use analysis is confused due to its descriptive fair use “look.”

In addition to a commentator confusing the tests, the restatement has described the “good faith” analysis of descriptive fair use by discussing all three nominative fair use factors. First, “if there are *other terms* equally suited to the legitimate commercial needs of the subsequent user, the prominent use of any form of the particular term in which trademark rights exist may in some circumstances support an inference of bad faith.”<sup>167</sup> This is nearly identical to the first prong of the “New Kids test.”<sup>168</sup> Second, “[c]opying aspects of another’s trademark that are *unrelated* to its descriptive significance, such as *lettering style or color*, can indicate bad faith, as does evidence of other similarities in labeling or packaging that contribute to the likelihood that the subsequent

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164. *Welles*, 279 F.3d at 800 (“Except for the use of [the plaintiff’s] protected terms in the wallpaper of [the defendant’s] website, we conclude that [the defendant’s] uses of [the plaintiff’s] trademarks are permissible, *nominative uses*.”). *Id.* (emphasis added).

165. 2 MCCARTHY, *supra* note 9, § 11:48 n.17.1.

166. *Id.* (emphasis added) (adding, “[h]er public persona is based on these titles and . . . [they] accurately describe her . . .”).

167. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 28 cmt. d (1995) (emphasis added).

168. *New Kids on the Block*, 971 F.2d at 308 (“[T]he product or service in question must be one not readily identifiable without the use of the trademark.”).



use will confuse prospective purchasers.”<sup>169</sup> This is similar to the second prong of the “New Kids test”<sup>170</sup> and its subsequent analysis in *Toho*.<sup>171</sup> Third, “if the evidence establishes that the subsequent user intends to trade on the good will of the trademark owner by creating confusion as to source or *sponsorship*, the use is not in good faith.”<sup>172</sup> This is very similar to the third prong of the “New Kids test.”<sup>173</sup> In essence, the Restatement suggests that in order to determine the core factor of descriptive fair use, courts are basically applying a nominative fair use test. While it appears that nominative fair use analysis has been referred to as descriptive fair use on multiple occasions, classic fair use has also been described as a nominative fair use.

## 2. Classic Fair Use Cases with a Nominative Fair Use Look

The Ninth Circuit Court of Appeals has described a well-known descriptive fair use case as a nominative fair use matter. In *WCVB-TV v. Boston Athletic Association*, the First Circuit clearly relied on descriptive fair use when determining whether a television station could use the phrase “Boston Marathon” in promoting the station’s marathon coverage.<sup>174</sup> Although the First Circuit decided *WCVB-TV* almost a year and a half before the Ninth Circuit established the “New Kids test,” there is no

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169. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 28 cmt. d (1995) (emphasis added).

170. *New Kids on the Block*, 971 F.2d at 308 (“[O]nly so much of the mark or marks may be used as is reasonably necessary to identify the product or service.”).

171. See *supra* text accompanying note 115.

172. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 28 cmt. d (1995) (emphasis added).

173. *New Kids on the Block*, 971 F.2d at 308 (“[T]he user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.”).

174. *WCVB-TV*, 926 F.2d at 46 (citing §33(b)(4) and the well-known *Zatarains* descriptive fair use case, the court stated that, “[i]n technical trademark jargon, the use of words for descriptive purposes is called a ‘fair use,’ and the law usually permits it even if the words themselves also constitute a trademark”).

discussion of the application of any form of nominative fair use.<sup>175</sup> The Restatement also cites *WCVB-TV* as an example of descriptive fair use.<sup>176</sup> However, the Ninth Circuit has cited *WCVB-TV* as an example of the *nominative fair use* doctrine. In *Jardine*, the court cited *WCVB-TV* as a nominative fair use case to “illustrate the distinction” between when descriptive and nominative fair use should apply.<sup>177</sup> The Ninth Circuit also uses the “Boston Marathon” as an example of the first factor in the “New Kids test.”<sup>178</sup> It is not clear from these discussions whether *WCVB-TV* should be a nominative fair use case or not.

There are a few explanations for why there are different opinions as to whether *WCVB-TV* should be a nominative or descriptive fair use case. On one hand, maybe *WCVB-TV* would clearly be a nominative fair use case only *after* the introduction of the “New Kids test.” However, the First Circuit failed to cite the *New Kids on the Block* pre-cursor, *Volkswagenwerk*, or discuss any form of nominative use in its decision.<sup>179</sup> In addition, the court specifically stated that there was evidence that the mark was used “primarily as a description” and little evidence that the mark was used “primarily as a mark.”<sup>180</sup> As the First Circuit had no interest in discussing nominative fair use before the “New Kids test,” the

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175. *See id.* at 42.

176. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 28 Reporter’s Note, cmt. c. (1995) (asserting that *WCVB-TV* shows that “[e]ven a prominent use of a descriptive term that is another’s trademark may qualify as a fair use”).

177. *Jardine*, 318 F.3d at 904

(To illustrate [the distinction between where descriptive and nominative fair use is appropriate], we cited a number of cases that applied the nominative fair use analysis. . . . In [*WCVB-TV*], a television station referred to and made broadcasts of the trademarked “Boston Marathon.” In all these cases, the defendant used the plaintiff’s trademark to refer to the plaintiff’s product, and therefore the nominative fair use analysis applied.) (citations omitted).

178. *New Kids on the Block*, 971 F.2d at 308 (“It is no more reasonably possible, however, to refer to the New Kids as an entity than it is to refer to the Chicago Bulls, Volkswagens or the Boston Marathon without using the trademark.”).

179. *See WCVB-TV*, 926 F.2d at 42.

180. *Id.* at 46.

Ninth Circuit's statements on the matter can only be read as an explanation of how the *Ninth Circuit* would have handled *WCVB-TV* should the case have appeared in the Ninth Circuit after the *New Kids on the Block* decision. On the other hand, the discrepancy could simply be a mistake by the court. This would be a great example of judicial irony since the Ninth Circuit intended to clarify the differences between the two types of fair use and in the end, confused the tests thus adding to the uncertainty. Perhaps the analysis of the *WCVB-TV* decision simply illustrates that courts don't really need two distinct fair use tests and they should simply apply a unified fair use test in all trademark matters.

### *B. Some Proposals for Life After The New Kids on the Block*

In light of the striking similarities between the two trademark fair use tests, I propose that the distinction between "nominative" and "descriptive" fair use should be eliminated so courts can more accurately determine when a mark is used fairly, and trademark users can understand when and how they are permitted to use such marks. While this may not have changed the outcome of how past trademark fair use cases would have turned out, it will make the trademark fair use process less confusing and clearly delineate how marks may be used in the future.

#### *1. A Modest Proposal: Modify Descriptive Fair Use in § 33(b)(4) of the Lanham Act*

To eliminate the distinction between "descriptive" and "nominative" fair use, I propose the removal of the phrases "otherwise than as a mark" and "descriptive of and" from § 33(b)(4) of the Lanham Act. This would eliminate the need for the nominative fair use test and the *only* trademark fair use defense under § 33(b)(4) of the Lanham Act would read:

That the use of the name, term, or device charged to be an infringement is a use 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 used fairly and in good faith only to describe the goods or services of such party, or their geographic origin.<sup>181</sup>

In addition, the term “describe the goods or services” should be interpreted broadly to encompass situations where the defendant uses the plaintiff’s mark to describe his own product and situations where the defendant uses the plaintiff’s mark to describe the plaintiff’s product where the ultimate goal is to describe his own product.<sup>182</sup>

This fair use test removes the threshold questions from the descriptive and nominative fair use tests and allows courts and users to focus on whether the mark is used in good faith to describe the goods or services. Courts will ultimately have to determine what factors result in an inference of good faith and what factors result in an inference of bad faith. However, this will be relatively straightforward since courts have considered some “good faith” factors in past descriptive and nominative fair use cases. Ultimately, the courts and trademark users will spend more of their resources considering whether the use was actually fair and less time and energy on which test should apply. This test will focus on the issue at the heart of trademark fair use: Did the subsequent user apply the mark in an attempt to exploit the goodwill of the trademark holder?

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181. See *supra* text accompanying note 12 for §33(b)(4) of the Lanham Act without alteration.

182. This interpretation is intended to avoid confusion as to what “description” entails. As discussed in *Cairns*, this encompasses both the descriptive and nominative fair use standards of how to determine what is included in “description.” See *Cairns*, 292 F.3d at 1151

(The nominative fair use analysis is appropriate where a defendant has used the plaintiff’s mark to describe the plaintiff’s product, *even if the defendant’s ultimate goal is to describe his own product*. Conversely, the classic fair use analysis is appropriate 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*.)

## 2. *A Modest Alternative Proposal: Apply Concepts from the EU Trademark Directive to the Lanham Act*

In the alternative, to eliminate the distinction between “descriptive” and “nominative” fair use, I propose the removal of § 33(b)(4) of the Lanham Act and its replacement with a provision similar to Article 6(1) of the EU Trade Marks Directive (89/104/EEC). Article 6(1) states:

The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade, his own name or address; indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of goods or services; the trade mark where it is *necessary* to indicate the intended purpose of a product or service, in particular as accessories or spare parts; provided he uses them in accordance with *honest practices* in industrial or commercial matters.<sup>183</sup>

A provision similar to article 6(1)(c) would replace the need for descriptive and nominative fair use. This would permit the use of trademarks where it is necessary to clearly identify the product or service to the public while making sure that users are not taking advantage of the good will of trademark owners. While courts will clearly have to define the scope of the terms “necessary” and “honest practices,” the European Court of Justice has recently set out straightforward factors and definitions that are similar to factors considered by courts in the United States.<sup>184</sup> Like the first

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183. First Council Directive 89/104/EEC, art. 6(1), 1988 O.J. (L 40) 1 (emphasis added).

184. Case C-228/03, *Gillette Co. v. LA-Labs. Ltd Oy*. 2005 E.C.J. CELEX LEXIS 77 (Mar. 17, 2005)

(Use of the trade mark by a third party who is not its owner is necessary in order to indicate the intended purpose of a product marketed by that third party where such use in practice constitutes the only means of providing the public

proposal, this will allow courts and trademark users to spend more of their resources considering whether the use was actually fair and less time and energy on which test should apply.

### C. Conclusion

In conclusion, the application of descriptive and nominative trademark fair use defenses are extremely similar after the recent Supreme Court decision in *KP Permanent*.<sup>185</sup> The analysis of each test is so similar that numerous courts have confused their application and they cannot agree on which test should apply for a given fact pattern.<sup>186</sup> Since their analyses have converged and resulted in confusion, the Lanham Act should be amended so courts and trademark users can more accurately determine how marks can be protected, and what uses are fair.<sup>187</sup>

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with comprehensible and complete information on that intended purpose in order to preserve the undistorted system of competition in the market for that product. . . . [U]se of the trade mark will not comply with honest practices in industrial or commercial matters where, first, it is done in such a manner that it may give the impression that there is a commercial connection between the reseller and the trade mark proprietor. Nor may such use affect the value of the trade mark by taking unfair advantage of its distinctive character or repute. . . . [A]ccount should be taken of the overall presentation of the product marketed by the third party, particularly the circumstances in which the mark of which the third party is not the owner is displayed in that presentation, the circumstances in which a distinction is made between that mark and the mark or sign of the third party, and the effort made by that third party to ensure that consumers distinguish its products from those of which it is not the trade mark owner. . . . [T]he condition of 'honest use' within the meaning of Article 6(1)(c) . . . constitutes in substance the expression of a duty to act fairly in relation to the legitimate interests of the trade mark owner.) (citations omitted).

185. See *Supra* Section III.

186. See *Supra* Section VI.

187. See *Supra* Section VII(B).

APPENDIX

Table I

<b>Circuits that Apply “New Kids” Nominative Fair Use Analysis</b>	<b>Circuits That Do Not Apply “New Kids” Nominative Fair Use Analysis</b>
2 <sup>nd</sup> Circuit – <u>Chambers v. Time Warner</u>	3 <sup>rd</sup> Circuit – <u>Century 21 Real Estate Corp. v. Lendingtree, Inc.</u>
5 <sup>th</sup> Circuit – <u>Pebble Beach Co. v. Tour 18</u>	4 <sup>th</sup> Circuit – <u>National Federation of the Blind v. Loompanics Enterprises</u>
9 <sup>th</sup> Circuit – <u>Brother Records v. Jardine</u>	6 <sup>th</sup> Circuit – <u>Paccar v. Telescan</u>

Table II

<b>Before 2004 KP Permanent Supreme Court Decision</b>	
<b>Circuits Where Likelihood of Confusion Barred Descriptive Fair Use Defense</b>	<b>Circuits Where Likelihood of Confusion Did Not Bar Descriptive Fair Use Defense</b>
5 <sup>th</sup> Circuit – <u>Zatarains v. Oak Grove Smokehouse</u>	2 <sup>nd</sup> Circuit – <u>Cosmetically Sealed Industries v. Chesebrough-Pond’s</u>
6 <sup>th</sup> Circuit – <u>Paccar v. Telescan Technologies</u>	4 <sup>th</sup> Circuit – <u>Shakespeare Company v. Silstar</u>
9 <sup>th</sup> Circuit – <u>KP Permanent Make-Up v. Lasting Impression</u>	7 <sup>th</sup> Circuit – <u>Sunmark v. Ocean Spray Cranberries</u>

*Table III*

Four Possible Outcomes of Two Descriptive Fair Use Factors: “Use Other than as a Mark” and “Descriptive” Use
<i>Outcomes that May Result in Descriptive Fair Use</i>
<b>1) Descriptive/Use Other than as a Mark</b>
- <u>U.S. Shoe</u> – Use of “Feels like a sneaker” in a women’s shoe advertisement
- <u>Clarke</u> – Use of “safety ball” on packaging of ball game
- <u>WCVB-TV</u> – Use of “Boston Marathon” on television broadcast
- <u>Wonder Labs</u> – Use of “The Dentists’ Choice” on toothpaste
<i>Outcomes that Cannot Result in Descriptive Fair Use</i>
<b>2) Descriptive/Use as a Mark</b>
- <u>Sands</u> – Use of “Thirst-Aid” on beverage container
- <u>Beer Nuts</u> – Use of “Brew Nuts” on peanut packaging
- <u>Lindy Pen</u> – Use of “Auditor’s” on pen
<b>3) Not Descriptive/Use Other than as a Mark</b>
- <u>EMI Catalogue*</u> – Use of “Swing Swing Swing” in golf commercial
<i>(*Descriptive use was a material issue of fact to be determined on remand)</i>
<b>4) Not Descriptive/Use as a Mark</b>
- <u>NFL Properties</u> – Use of images of football players in NFL uniforms on trading cards



