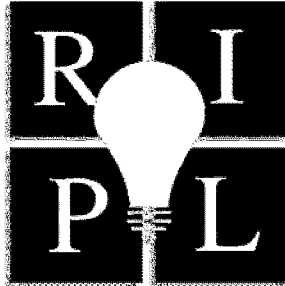


THE JOHN MARSHALL REVIEW OF INTELLECTUAL PROPERTY LAW



ENDING THE CIRCUIT SPLIT OVER USE OF A COMPETING MARK IN ADVERTISING—THE BLACKSTONE CODE

DOUGLAS L. ROGERS

ABSTRACT

In *KP Permanent*, the Supreme Court recently confirmed that plaintiffs in trademark infringement cases under the Lanham Act have the burden of proving likelihood of confusion. As such, this article argues that lower courts do not have the authority to switch that burden of proof for such claims, even though they involve nominative uses (in which defendant is using the actual mark of plaintiff as plaintiff's source identifier and not as a description of the defendant's products or services). This article also argues that because Congress created affirmative fair use defenses for descriptive uses of marks and for trademark dilution, but did not authorize such defense for nominative uses, courts do not have the authority to create a separate fair use test where defendants have the burden of proof on "fairness." Finally, the article shows that there is no need for a separate nominative fair use test and that some of the unique issues that arise with nominative uses may justify switching to defendants the burden of production, but not the burden of proof, on likelihood of confusion.

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Cite as Douglas L. Rogers, Ending the Circuit Split over Use of a Competing Mark in Advertising—The Blackstone Code, 5 J. MARSHALL REV. INTELL. PROP. L. 157 (2006).

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ENDING THE CIRCUIT SPLIT OVER USE OF A COMPETING MARK IN ADVERTISING—THE BLACKSTONE CODE

DOUGLAS L. ROGERS*

INTRODUCTION

William Blackstone, the English jurist who lived in the 1700s, advised that if the legislature “will positively enact a thing to be done, the judges are not at liberty to reject it, for that were to set the judicial power above that of the legislature, which would be subversive of all government.”¹ Interestingly, this advice, given almost 300 years ago, provides the code to unraveling the current split in the federal circuits over the nominative use of a competitor’s trademark in advertising.

Trademarks and service marks identify the source of a product or service.² Such marks are an owner’s way of preventing “others from duping consumers into buying a product they mistakenly believe is sponsored by the trademark owner.”³ The Lanham Act prohibits trademark and service mark infringement in order to prevent confusion about the source or sponsorship of goods and services in the market.⁴ For

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¹ SIR WILLIAM BLACKSTONE, COMMENTARIES ON THE LAWS OF ENGLAND 160 (David S. Berkowitz & Samuel E. Thorne eds., Garland Publishing, Inc. 1978) (1783). “On such occasions the Commentaries are apt to be construed as strictly as if they were a code.” *Id.*

² *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 900 (9th Cir. 2002), *cert. denied* 537 U.S. 1171 (2003) (“A trademark is a word, phrase or symbol that is used to identify a manufacturer or sponsor of a good or the provider of a service.”); *see also* *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 97 (1918) (“There is no such thing as property in a trademark except as a right appurtenant to an established business or trade in connection with which the mark is employed.”), *superseded on other grounds*, *Foxtrap, Inc. v. Foxtrap, Inc.*, 671 F.2d 636, 640, n.5 (D.C. Cir. 1982). *Compare* *TMT N. Am., Inc. v. Magic Touch GmbH*, 124 F.3d 876, 882 (7th Cir. 1997) (“A trademark gives a seller a ‘property right’ in his mark of identification, appurtenant to his property rights in the goods he so marks . . .”), *with* *Dorr-Oliver, Inc. v. Fluid-Quip, Inc.*, 94 F.3d 376, 380 (7th Cir. 1996) (“Because a trademark is an identifier rather than a property ‘right,’ the use of a competitor’s mark that does not cause confusion as to source is permissible.”). A mark is not required to identify the name of the company, but, for example, a consumer has a right to assume that two boxes of cereal with the same mark on them originate from the same source, even if the consumer does not know the source. *See* 2 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 15.8 (4th ed. 2005) (“Association with a single, though anonymous, source”); *see also* 15 U.S.C. § 1127 (2000) (defining trademark and service mark to indicate source, “even if that source is unknown”).

³ *See* *Mattel*, 296 F.3d at 900; *see also* *Chance v. Pac-Tel Teletrac, Inc.*, 242 F.3d 1151, 1156 (9th Cir. 2001) (recognizing that the standards for infringement of trademarks under 15 U.S.C. § 1127 and infringement of service marks under 15 U.S.C. § 1127 are identical); *Lane Capital Mgmt., Inc. v. Lane Capital Mgmt., Inc.*, 192 F.3d 337, 344, n.2 (2d Cir. 1999) (noting that the courts generally use identical standards for trademark and service marks); *Circuit City Stores, Inc. v. CarMax, Inc.*, 165 F.3d 1047, 1054 (6th Cir. 1999) (using identical standards for trademark and service mark infringement regarding proof of secondary meaning).

⁴ *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 767–68 (1992) (“The Lanham Act was intended to make ‘actionable the deceptive and misleading use of marks’ and ‘to protect persons engaged in commerce against unfair competition.’”) (citation omitted); *Park ‘N Fly, Inc. v. Dollar*

instance, the Lanham Act would prohibit a company, Cheap Computers, Inc., from selling its computers with the mark APPLE⁵ because the key to a finding of infringement under the Lanham Act is “likelihood of confusion.”⁶

Park and Fly, Inc., 469 U.S. 189, 198 (1985) (“The Lanham Act provides national protection of trademarks in order to secure to the owner of the mark the goodwill of his business and to protect the ability of consumers to distinguish among competing producers.”).

The Senate Committee on Patents expressed the following views in connection with the passage of the Lanham Act: The purpose of any trade-mark statute is twofold. One is to protect the public so it may be confident that, in purchasing a product bearing a particular trade-mark which it favorably knows, it will get the product which it asks for and wants to get. Secondly, where the owner of a trade-mark has spent energy, time, and money in presenting to the public the product, he is protected in his investment from the misappropriation by pirates and cheats. . . . Trade-marks, indeed, are the essence of competition, because they make possible a choice between competing articles by enabling the buyer to distinguish one from the other.

S. REP. NO. 79-1333, at 1274–75 (1946).

⁵ See U.S. Trademark No. 2808567 (filed October 2, 2002) *available at* <http://tess2.uspto.gov/bin/showfield?f=doc&state=kpa0bd.4.1>. APPLE is a registered mark of Apple Computer, Inc. for the following goods and services:

computer consultation, design, testing, research and advisory services; research and development of computer hardware and software; maintenance and repair of computer software applications; updating of computer software; computer programming services; providing information concerning computers and computer software over computer networks and global communication networks; computer services, namely, hosting web sites and providing web site operation and management services to others; computer services, namely, providing search engines for obtaining data on computer networks and global communication networks; leasing of computers, computer peripherals and computer software.

Id. Furthermore, because marks relate to products or services, two different companies can own the same mark for use with different products or services. *American Steel Foundaries v. Robertson*, 269 U.S. 372, 380 (1926) (“The mere fact that one person has adopted and used a trade-mark on his goods does not prevent the adoption and use of the same trade-mark by others on articles of a different description”). For example, Apple Computers, Inc. owns the mark MACINTOSH for computers, but Miller Harness Company, L.L.C. owns the mark MACINTOSH for horse blankets. U.S. Trademark No. 1460661 (filed May 14, 1984) *available at* <http://tess2.uspto.gov/bin/showfield?f=doc&state=kpa0bd.5.1>; U.S. Trademark No. 2477040 (filed December 8, 1998) *available at* <http://tess2.uspto.gov/bin/showfield?f=doc&state=kpa0bd.6.1>.

⁶ 15 U.S.C. § 1114(1)(a) (2000) provides that:

Any person who shall, without the consent of the registrant . . . use 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 a mistake or to deceive . . . shall be liable in a civil action by the registrant . . .”

(emphasis added). 15 U.S.C. § 1125 (a) (2000) provides that:

Any person who, on or in connection with any goods or services, . . . uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin . . . which . . . is *likely to cause confusion*, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person . . . shall be liable in a civil action by any person [damaged or likely to be damaged].

(emphasis added).

However, instead of trying to expropriate the mark of Apple Computers, Inc., Cheap Computers, Inc. might place an advertisement that compares, by name, computers having the mark CHEAP on them with computers having the mark APPLE on them. Courts refer to this type of use of another company's mark as "nominative use."⁷ Courts focusing on the "fair use" concept developed by two circuits and discussed below as a test separate from likelihood of confusion might hold such nominative use illegal, whereas the Sixth Circuit, focusing on likelihood of confusion, might hold the use legal.⁸

Considering traditional trademark infringement analysis, one of the most important factors in determining if there is a likelihood of confusion is the similarity of the marks used by the defendant and plaintiff.⁹ At first glance, this approach does not seem to bring about the "right" result with nominative uses. In nominative use situations, the defendant is using the exact or almost identical mark as the plaintiff's mark, but there is no likelihood of confusion; hence, using "similarity of marks" as an important factor could result in improper findings of infringement.¹⁰ In comparative advertising, the advertiser is generally expressing the view that its product is better than the competitor's product, and "[t]rademark rights do not entitle the owner to quash an unauthorized use of the mark by another who is communicating ideas or

⁷ As used by the courts, a nominative use includes situations in which a plaintiff's trademark is used to refer to the plaintiff's product. *See* *The New Kids on the Block v. News Am. Publ'g, Inc.*, 971 F.2d 302, 308 (9th Cir. 1992). However, it is also a nominative use for a defendant to use a plaintiff's mark "to refer to the plaintiff trademark owner's product in order to help better describe the defendant's product or service." *Id.*; *Century 21 Real Estate Corp. v. LendingTree, Inc.*, 425 F.3d 211, 218 (3d Cir. 2005). The examples the Third Circuit gave of such a combined nominative use were a person who repaired Volkswagens advertising his business as Volkswagen Services and a former Playboy Playmate advertising herself as Playmate of the Year 1981. A way to describe a nominative use is a use by XYZ corporation of ABC's mark to identify source rather than to use it in any primary descriptive meaning it may have. *Brother Records, Inc. v. Jardine*, 318 F.3d 900, 909 (9th Cir. 2003) (finding that the normative fair use defense shifts the burden of proving likelihood of confusion to the defendant). *See generally* MERRIAM WEBSTER'S DICTIONARY 1535 (10th ed. 2002) (defining nominative as "bearing a person's name.").

⁸ *See* *Ty, Inc. v. Publ'n, Int'l*, No. 99-C-5565, 2005 WL 464688 (N.D. Ill. Feb. 25, 2005). Ninth Circuit cases subsequent to *New Kids* show that the Ninth Circuit's nominative fair use defense has evolved over time. *See, e.g., Cairns v. Franklin Mint Co.*, 292 F.3d 1139 (9th Cir. 2002). *Compare New Kids*, 971 F.3d at 308 (using normative fair use to replace the likelihood of confusion test), *with PACCAR, Inc. v. TeleScan Tech., LLC*, 319 F.3d 243, 256 (6th Cir. 2003) (considering the normative fair use defense as separate from the likelihood of confusion test and analyzing both).

⁹ *Promatek Indus., Ltd. v. Equitrac Corp.*, 300 F.3d 808, 812 (7th Cir. 2002) ("[T]he similarity of the marks, the defendant's intent, and evidence of actual confusion are of particular importance."); *A&H Sportswear, Inc. v. Victoria's Secret Stores, Inc.*, 237 F.3d 198, 216 (3d Cir. 2000) ("The single most important factor in determining likelihood of confusion is mark similarity."); *GoTo.com, Inc. v. Walt Disney Co.*, 202 F.3d 1199, 1205 (9th Cir. 2000) ("[T]he similarity of the marks . . . has always been considered a critical question in the likelihood-of-confusion analysis."); *But cf. Champions Golf Club, Inc. v. The Champions Golf Club, Inc.*, 78 F.3d 1111, 1119 (6th Cir. 1996) ("[W]hile similarity [of marks] alone does not compel a determination that marks are likely to be confused, . . . it is a factor entitled to considerable weight . . .").

¹⁰ *Century 21 Real Estate Corp. v. LendingTree, Inc.*, 425 F.3d 211, 224–25 (3d Cir. 2005) (finding that the court should examine relevant and probative factors when deciding normative fair use, including whether the marks are similar or identical). Sometimes a defendant is using the exact word or letters, but the capitalization, font, or color of the marks may be different. *See, e.g., Volkswagenwerk Aktiengesellschaft v. Church*, 411 F.2d 350, 352 (9th Cir. 1969), *supplemented on other issues by* 413 F.2d 1126 (9th Cir. 1969).

expressing points of view.”¹¹ To avoid improper findings of infringement, some circuits have established what they refer to as a “nominative fair use defense.”¹²

As indicated above, however, the circuits have split on the applicable standard for judging nominative uses. The Ninth Circuit has developed a test, appearing to be a substitute for the traditional test for trademark infringement, that focuses on whether defendant is using the mark fairly, and that places the burden of proving such fairness on the defendant.¹³ The Fifth Circuit has incorporated parts of the Ninth Circuit’s nominative fair use test as a supplement to the traditional test without ruling on who has the burden of proof, but retaining likelihood of confusion as the determinative issue.¹⁴ In October of 2005, a panel of the Third Circuit, with one judge dissenting in part, adopted a nominative fair use test utilizing a truncated version of the traditional likelihood of confusion test, and added a new affirmative fair use defense differing from the affirmative defense used by the Ninth Circuit.¹⁵ The Sixth Circuit has not adopted a nominative fair use test, and has retained the traditional test.¹⁶

Thus, the Ninth and Third Circuits concluded that nominative fair use is an issue separate from nominative likelihood of confusion, whereas the other circuits have not. The Ninth and Third Circuits have also concluded that the defendant has the burden of proof on the issue of fair use, whereas in the other circuits, the burden remains with the plaintiff. This split makes it extremely difficult for lawyers to advise companies doing business over multiple circuits about whether a proposed nominative use is likely to constitute infringement.

This article takes the position that the Supreme Court should resolve the split among circuits by holding that in nominative use cases, courts do not have authority under the Lanham Act to create a separate fair use defense. If the Supreme Court rejected a separate nominative fair use defense, plaintiffs would necessarily have the burden of proof on the determinative issue—likelihood of confusion.

This article also takes the position, however, that the Ninth and Third Circuits have a valid argument: plaintiffs should not have the sole responsibility for proof because the best evidence of nominative use may be in the hands of the defendant. In fact, once a plaintiff has proffered sufficient evidence to survive a motion for directed verdict under the traditional likelihood of confusion test, the burden of production may switch to the defendant to produce rebuttal evidence showing the particular circumstances of the use.

Part I of this article shows that the Lanham Act puts the burden of proving likelihood of confusion on the plaintiff and creates a number of fair use defenses, but not in the case of nominative use. Part II addresses the development of the

¹¹ *L.L. Bean, Inc. v. Drake Publ’r, Inc.*, 811 F.2d 26, 29 (1st Cir. 1987), *cert. denied* 483 U.S. 1013 (1987).

¹² *Brother Records, Inc. v. Jardine*, 318 F.3d 900, (9th Cir. 2003), *cert. denied* 540 U.S. 824, 908 (2003).

¹³ *See The New Kids on the Block v. News Am. Publ’g., Inc.*, 971 F.2d 302, 308–09 (9th Cir. 1992); *Brother Records*, 318 F.3d at 900, *cert. denied* 540 U.S. 824, 908 (2003).

¹⁴ *Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 526, 545–47 (5th Cir. 1998).

¹⁵ *Century 21*, 425 F.3d at 232.

¹⁶ *PACCAR, Inc. v. TeleScan Tech., L.L.C.*, 319 F.3d 243, 256 (6th Cir. 2003) (“This circuit has never followed the nominative fair use analysis We are not inclined to adopt the Ninth Circuit’s analysis here.”).

nominative fair use defense and argues that the Third and Ninth Circuits did not have authority to create a separate nominative fair use defense or switch the burden of proof to defendants. Part III argues that even if the authority existed, there was no need to create such a separate defense because the traditional multi-factor test is flexible enough to address appropriately nominative fair uses. Part IV concludes that courts should reject separate nominative fair use defenses in trademark infringement cases, and instead apply the multi-factor likelihood of confusion test flexibly, while recognizing that the burden of production, but not the burden of proof, may switch to the defendant.

I. THE PLAINTIFF HAS THE BURDEN OF PROOF IN A CLAIM OF TRADEMARK INFRINGEMENT

A. *The Multi-Factor Tests of the Circuits*

The different circuits have adopted different multi-factor tests to determine likelihood of confusion, but these tests are generally similar.¹⁷ For instance, the Sixth Circuit has adopted an eight-factor test: (1) strength of the senior mark; (2) relatedness of the goods or services; (3) similarity of the marks; (4) evidence of actual confusion; (5) marketing channels used; (6) likely degree of purchaser care; (7) intent of the defendant in selecting the mark; and (8) likelihood of expansion of product lines.¹⁸ The Third Circuit has adopted a ten factor test.¹⁹ Other circuits

¹⁷ See, e.g., *Fisons Horticulture, Inc. v. Vigoro Indus., Inc.*, 30 F.3d 466, 472 (3d Cir. 1994). A plaintiff must prove in a trademark infringement case that: (1) “the mark is valid and legally practicable; (2) the mark is owned by the plaintiff; and (3) the defendant’s use of the mark to identify goods and services is likely to create confusion concerning the origin of the goods or services.” *Id.* Under the Lanham Act, a plaintiff must also show that defendant used the mark in commerce without the consent of plaintiff. See *Arrow Fastener Co., Inc. v. Stanly Works*, 59 F.3d 384, 390 (2d Cir. 1995) (“To establish a trademark infringement claim under the Lanham Act, a plaintiff must show that the defendant used in commerce, without the plaintiff’s consent, a . . . ‘colorable imitation of a registered mark’”) (citing 15 U.S.C. § 1114 (2000)). The *Fastener* court also noted that “15 U.S.C. § 1125 prohibits similar conduct, though it is not limited to the uses of registered trademarks.” *Id.* at 390 n.4. “Fox’s use of the domain names at issue cannot on the basis of a claim for trademark infringement because none of the web sites corresponding to those domain names overstep the boundaries of usage established as the 1993 Agreement. . . . [T]he standards for false designation of origin claims . . . are the same as for trademark infringement claims.” *Twentieth Century Fox Film & Marvel Enters. Inc.*, 220 F. Supp 2d 289, 296–97 (S.D.N.Y. 2002). However, § 1114(1) expressly states the use must be “without the consent of the registrant,” whereas § 1125(a) does not expressly state the use must be without the consent of the mark holder. Compare 15 U.S.C. § 1114 (2000), with 15 U.S.C. § 1125(a) (2000).

¹⁸ See *Daddy’s Junky Music Stores, Inc. v. Big Daddy’s Family Music Center*, 109 F.3d 275, 280 (6th Cir. 1997); *Frisch’s Rest., Inc. v. Elby’s Big Boy, Inc.*, 670 F.2d 642, 648 (6th Cir. 1982).

¹⁹ *Century 21 Real Estate Corp. v. LendingTree, Inc.*, 425 F.3d 211, 224 (3d Cir. 2005).

(1) degree of similarity between the owner’s mark and the alleged infringing mark; (2) strength of the owner’s mark; (3) price of the goods and other factors indicative of the care and attention expected of consumers when making a purchase; (4) length of time the defendant has used the mark without evidence of actual confusion; (5) intent of the defendant in adopting the mark; (6) evidence of

have adopted similar multi-factor tests.²⁰ The test for likelihood of confusion under 15 U.S.C. § 1114 is essentially identical to the test under § 1125.²¹

Each factor is not necessarily relevant in each case.²² The Ninth Circuit has indicated that “a district court need not ‘recite and apply’ every factor; they are merely ‘helpful guidelines.’”²³ For instance, if a plaintiff sued a defendant upon receiving notice that the defendant intended to use a particular mark the following week, there could be no actual confusion. As a result, the Sixth Circuit’s fourth factor—evidence of actual confusion—would be irrelevant. Some circuits have stated that courts must consider each factor, but presumably these courts may give such factors no weight.²⁴

The multi-factor test, moreover, is not exhaustive.²⁵ Courts may consider other factors that are relevant to likelihood of confusion. For instance, the Ninth Circuit noted “non-listed variables may often be quite important,” especially in the area of

actual confusion; (7) whether the goods, though not competing, are marketed through the same channels of trade and advertised through the same media; (8) the extent to which the targets of the parties’ sales efforts are the same; (9) the relationship of the goods in the minds of consumers because of a similarity of function; and (10) other facts suggesting that the consuming public might expect the prior owner to manufacture a product in the defendant’s market or that he is likely to expand into that market.

Id.

²⁰ See *Sullivan v. CBS Corp.*, 385 F.3d 772, 776 (7th Cir. 2004) (7 factors); *Lipscher v. LRP Publ’n, Inc.*, 266 F.3d 1305, 1313 (11th Cir. 2001) (7 factors); *Lyons P’ship, L.P. v. Morris Costumes, Inc.*, 243 F.3d 789, 804 (4th Cir. 2001) (7 factors); *Hubbard Feeds, Inc. v. Animal Feed Supplement, Inc.*, 182 F.3d 598, 602 (8th Cir. 1999) (6 factors); *Morningside Group, Ltd. v. Morningside Capital Group, L.L.C.*, 182 F.3d 133, 138–39 (2d Cir. 1999) (8 factors); *Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 526, 543 (5th Cir. 1998) (7 factors); *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 43 (1st Cir. 1998) (8 factors); and *Heartsprings, Inc. v. HeartSpring, Inc.*, 143 F.3d 550, 554 (10th Cir. 1998) (6 factors); and *Dr. Seuss Enters., L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1404 (9th Cir. 1997) (8 factors).

²¹ See *Playtex Prod., Inc. v. Ga.-Pac. Corp.*, 390 F.3d 158, 166–67 (2d Cir. 2004); *Nabisco, Inc. v. Warner-Lambert Co.*, 220 F.3d 43, 45 (2d Cir. 2000); *Therma-Scan, Inc. v. Thermoscan, Inc.*, 295 F.3d 623, 629–30 (6th Cir. 2002); *Holiday Inns, Inc. v. 800 Reservation, Inc.*, 86 F.3d 619, 622–23 (6th Cir. 1996). Section 1125 does, however, prohibit a broader range of practices than § 1114. Two *Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992). Actions under § 1125(a) are often referred to as “false designation of origin” claims. See *Playtex*, 390 F.3d at 167; *Nabisco*, 220 F.3d at 45.

²² See, e.g., *I.P. Lund Trading*, 163 F.3d at 43 (“The factors are . . . not always apt to the particular facts of a case.”).

²³ *Wolfard Glassblowing Co. v. Vanbragt*, 118 F.3d 1320, 1323 (9th Cir. 1997) (citing *Eclipse Assocs., Ltd. v. Data General Corp.*, 894 F.2d 1114, 1118 (9th Cir. 1990)).

²⁴ *Aktiebolaget Electrolux v. Armatron Int’l, Inc.*, 999 F.2d 1, 5–6 (1st Cir. 1993) (examining eight factors); *Daddy’s Junky Music Stores, Inc. v. Big Daddy’s Family Music Center*, 109 F.3d 275, 280 (6th Cir. 1997) (“a court must examine and weigh the following eight factors”); *New Kayak Pool Corp. v. R&P Pools, Inc.*, 246 F.3d 183, 185 (2d Cir. 2001) (finding that it is “incumbent upon the district judge to engage in a deliberate review of each factor, and, if a factor is inapplicable to each case, to explain why”) (quoting *Arrow Fastener Co., Inc. v. Stanley Works*, 59 F.3d 384, 400 (2d Cir. 1995)).

²⁵ See, e.g., *Morningside*, 182 F.3d at 139; *Dr. Seuss*, 109 F.3d at 1404; *Pebble Beach*, 155 F.3d at 543; *I.P. Lund Trading*, 163 F.3d at 43.

emerging technologies.²⁶ Similarly, the Second Circuit has stated “other factors may be added”.²⁷

Courts probably do not specify additional factors because the multi-factor tests are flexible, and the factors are not applied in a mechanistic or mathematical way.²⁸ For instance, courts compare marks within the context and setting in which they appear, rather than considering the two marks in isolation.²⁹ When such context is considered, the use of the defendant’s mark with the plaintiff’s mark can make a court directly conclude confusion is unlikely without resorting to specifying “setting in the marketplace” as a separate factor.³⁰

In other words, courts can adjust the application of the factors to address varying conditions, including nominative uses, while always keeping in mind the ultimate issue—likelihood of confusion. The next section of this article shows why, as a matter of law, it is necessary for courts to keep the burden of proof for likelihood of confusion on the plaintiff.

B. The Burden of Proof for Likelihood of Confusion

In *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, the Supreme Court held that the plaintiff in a trademark infringement case has the burden of proving likelihood of confusion.³¹ Both KP and Lasting made permanent makeup, “a

²⁶ *Brookfield Comm’n, Inc. v. W. Coast Entm’t Corp.*, 174 F.3d 1036, 1054 (9th Cir. 1999) (“Some factors are much more important than others, and the relative importance of each individual factor will be case-specific.”).

²⁷ *Streetwise Maps, Inc. v. VanDam, Inc.*, 159 F.3d 739, 743 (2d Cir. 1998) (“These factors are not always dispositive . . . and other factors may be added or initial factors abandoned.”).

²⁸ *See, e.g., Dr. Suess*, 109 F.3d at 1404; *Pebble Beach Co.*, 155 F.3d at 543; *Century 21*, 425 F.3d at 224; *Daddy’s Junky Music Stores*, 109 F.3d at 280.

²⁹ *Savin Corp. v. Savin Group*, 391 F.3d 439, 458 (2d Cir. 2004) (“[I]mpression’ created by the setting in which the mark is used is often of critical importance”) (quoting *Spring Mills, Inc. v. Ultracashmere House Ltd.*, 689 F.2d 1127, 1130 (2d Cir. 2004)); *Entrepreneur Media, Inc. v. Smith*, 279 F.3d 1135, 1144 (9th Cir. 2002) (“(1) Marks should be considered in their entirety and as they appear in the marketplace; (2) Similarity is best adjudged by, appearance, sound, and meaning”); *People for the Ethical Treatment of Animals v. Doughney*, 263 F.3d 359, 366 (4th Cir. 2001) (“[A] court should not consider ‘how closely a fragment of a given use duplicates the trademarks’, but must instead consider ‘whether the use in its entirety creates a likelihood of confusion’”) (quoting *Anheuser-Busch, Inc. v. L. & L. Wings, Inc.*, 962 F.2d 316, 319 (4th Cir.), *cert. denied* 506 U.S. 872 (1992); *Heartsprings, Inc. v. Heartspring, Inc.*, 143 F.3d 550, 554 (10th Cir. 1998) (“[W]e consider the marks as they are encountered by the consumer in the marketplace”). *Cf.* *Century 21 Real Estate Corp. v. LendingTree, Inc.*, 425 F.3d 211, 225 (3d Cir. 2005) (similarity of the marks “does not leave any room for the context of the use – i.e., that the mark is being used to describe the plaintiff’s own product.”).

³⁰ *AutoZone, Inc. v. Tandy Corp.*, 373 F.3d 786, 796 (6th Cir. 2004); *Nabisco, Inc. v. Warner Lambert Co.*, 220 F.3d 43, 46 (2d Cir. 2000); *cf.* *Americana Trading, Inc. v. Russ Berrie & Co.*, 966 F.2d 1284 (9th Cir. 1992).

³¹ *KP Permanent Make-Up v. Lasting Impression I, Inc.*, 543 U.S. 111 (2004). Lower federal courts had previously held that plaintiffs had the burden of proof for likelihood of confusion in trademark infringement cases. *See, e.g., Americana Trading, Inc. v. Russ Berrie & Co.*, 966 F.2d 1284, 1287 (9th Cir. 1992) (analyzing likelihood of confusion under 15 U.S.C. § 1114 (2000)); *King of the Mountain Sports, Inc. v. Chrysler Corp.*, 968 F.Supp. 568, 572 (D. Colo. 1997), *aff’d* 185 F.3d

mixture of pigment and liquid for injection under the skin to camouflage injuries,” and each used some version of the word “microcolor” while marketing and selling their products.³² Lasting registered the trademark MICRO COLORS in 1993, and by 1999 that registration became incontestable.³³ In 1999, KP distributed a ten-page advertising brochure using the word “microcolors” to describe its products.³⁴ Lasting demanded that KP stop using the term.³⁵ KP sued Lasting, requesting a declaratory judgment that KP’s use of the word did not infringe Lasting’s trademark.³⁶ Lasting counterclaimed for trademark infringement.³⁷

The district court found Lasting had conceded that KP used the term microcolors “only to describe its goods and not as a mark,” and granted summary judgment for KP on the basis of a descriptive fair use defense.³⁸ However, the district court did not inquire whether KP’s use was likely to cause consumer confusion, and the Ninth Circuit reversed because it concluded no use could be fair when consumer confusion was possible.³⁹

On further appeal, the Supreme Court held that, even for incontestable trademarks, the plaintiff in a trademark infringement case must carry the burden of proving likelihood of confusion, and remanded to the Ninth Circuit.⁴⁰ The descriptive fair use defense is available to a person whose “use of the name, term, or device charged to be an infringement is a use . . . which is descriptive of and used fairly and in good faith only to describe the goods or services of such party”⁴¹ The Court noted that “Congress said nothing about likelihood of confusion in setting out the elements of the fair use defense in § 1115(b)(4).”⁴² Indeed, the Court held it was not plausible that Congress would have used the phrase “likely to cause confusion, or to cause mistake, or deceive” to describe an element of trademark infringement in § 1114, but would rely on a different phrase—“used fairly”—in establishing a fair use defense in § 1115(b)(4), if Congress had meant to impose the identical standard.⁴³ Therefore, the fair use defense in § 1115 did not affect the burden on the plaintiff to prove likelihood of confusion.⁴⁴

1084, 1089 (10th Cir. 1999) (analyzing likelihood of confusion claims under 15 U.S.C. §§ 1114, 1125 (2000)).

³² *KP Permanent*, 543 U.S. at 114.

³³ *Id.*

³⁴ *Id.*

³⁵ *Id.*

³⁶ *Id.*

³⁷ *Id.* at 115.

³⁸ *Id.* at 115–16.

³⁹ *KP Permanent Make-Up v. Lasting Impression I, Inc.*, 328 F.3d 1061, 1073 (9th Cir. 2003). *KP Permanent*, 543 U.S. at 116 (finding that the 9th Circuit thought the district courts analysis of fair use without “delving into the matter of possible confusion” was an error).

⁴⁰ *Id.* at 117. The Supreme Court stated 15 U.S.C. § 1114 (2000) “requires a showing that the defendant’s actual practice is likely to produce confusion in the minds of consumers about the origin of the goods or services in question.” *Id.* Additionally, the Court emphasized that “[s]ection 1115(b) [which refers to proof of infringement under § 1114] places a burden of proving likelihood of confusion (that is infringement) on the party charging infringement even when relying on an incontestable registration.” *Id.* at 118.

⁴¹ *Id.* at 118. *See, e.g.*, 15 U.S.C. § 1115(b)(4) (2000).

⁴² *KP Permanent*, 543 U.S. at 118.

⁴³ *Id.* at 118.

⁴⁴ *Id.* at 124.

The Supreme Court did note that the risk of consumer confusion could be a factor in determining whether a use constituted a fair use.⁴⁵ The Court explained, “[o]ur holding that fair use can occur along with some degree of confusion does not foreclose the relevance of the extent of any likely consumer confusion in assessing whether a defendant’s use is objectively fair.”⁴⁶ The Court held that “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”⁴⁷ However, the Court did not address the role of likelihood of confusion in nominative fair use cases or the elements necessary for a defendant to establish the statutory affirmative defense of fair use.⁴⁸

In short, the Court in *KP Permanent* clearly held that the Lanham Act placed the burden of proof for likelihood of confusion on the plaintiff and recognized an affirmative descriptive fair use defense for the defendant, but did not place a burden on the defendant to negate confusion. Although the Court acknowledged that confusion and unfair use might overlap, it is clear that the Court concluded confusion and unfair use are separate concepts.

The next section discusses the two statutory affirmative defenses under the Lanham Act. The first is the descriptive fair use defense in 15 U.S.C. § 1115(b)(4). The second is the fair use defense to claims of dilution of famous trademarks established in § 1125(c)(4)(A). These two defenses are not applicable in nominative use situations. Indeed, Congress did not provide for a nominative fair use defense under the Lanham Act.⁴⁹

⁴⁵ *Id.* at 123.

⁴⁶ *Id.*

⁴⁷ *Id.* at 124.

⁴⁸ *Id.* at 115. On the issue of nominative fair use, the Court said, “Nor do we address the Court of Appeals’s discussion of ‘nominative fair use.’” *Id.* There are a number of questions that remain to be answered about the classic fair use defense as a result of the decision in *K.P. Permanent*. See, e.g., Nikki Pope, *Still a Ball of Confusion: KP Permanent Make-Up, Inc. v. Lasting Impressions I, Inc.*, 4 CHI-KENT J. OF INTELL. PROP. 289, 299–300 (2005) (reasoning that “[t]he court did not . . . offer any guidance as to just how much confusion would be needed to tip the scales against a finding of fair use Issues specifically avoided included . . . whether ‘used fairly’ means the term used accurately described the goods . . .”).

⁴⁹ See *Russello v. U.S.*, 464 U.S. 16, 23 (1983) (finding, as a matter of statutory construction, when “Congress includes particular language in one section of a statute but omits it in another section of the same Act, it is presumed” that it was done “intentionally and purposely”); *N. Haven Bd. of Ed. v. Bell*, 456 U.S. 512, 521 (1982) (using the same concept of statutory construction in an employment matter context); *United States v. Naftalin*, 441 U.S. 768, 773–74 (1979) (reaffirming the same concept of statutory construction on an interpretation of 15 U.S.C. § 77(b)(3) (2000)). Whether state courts should recognize a nominative fair use defense to a state law claim of unfair competition or trademark infringement is beyond the scope of this article.

C. The Statutory Fair Use Defenses

1. Descriptive Fair Use in Trademark Infringement Claims

15 U.S.C. § 1115(b) provides a defense to a claim of trademark infringement when “the use of the name, term, or device charged to be infringement is a use . . . of a term or device which is descriptive of and used fairly in good faith only to describe the goods or services of such party, or their geographical origin”⁵⁰ Courts refer to this statutory provision as the descriptive or classic fair use defense, which is only available when the defendant uses letters that are the plaintiff’s mark to describe the defendant’s own product or service.⁵¹

Sunmark, Inc. v. Ocean Spray Cranberries, Inc. provides a clear example of such descriptive fair use.⁵² Sunmark produced SWEETARTS, a fruit-flavored sugar candy.⁵³ Sunmark sued Ocean Spray for advertising one of Ocean Spray’s sugar-flavored cranberry juice drinks as tasting “sweet and tart” or “sweet-tart.”⁵⁴ Although SWEETARTS was an incontestable mark for the candy in question, Judge Easterbrook noted that the fact did “not make Sunmark the gatekeeper of those words for the whole industry.”⁵⁵ Defendant Ocean Spray did not contest the validity

⁵⁰ 15 U.S.C. § 1115(b)(4) (2000). Although by its terms § 1115 applies to registered trademarks that have become incontestable and defenses that still may be applicable to such marks, the fair use defense in § 1115 has been applied to actions containing both § 1114 and § 1125 claims. *See Car-Freshner Corp. v. S.C. Johnson & Son, Inc.*, 70 F.3d 267, 268–69 (2d Cir. 1995) (“It is a fundamental principle marking an outer boundary of the trademark monopoly that, although trademark rights may be acquired in a word or image with descriptive qualities, the acquisition of such rights will not prevent others from using the word or image in good faith in its descriptive sense, and not as a trademark”); Patrick Frye, *An Internet Advertising Service Can Constitute “Use in Commerce”*, 22 SANTA CLARA COMPUTER & HIGH TECH. L.J. 89, 108 n.210 (2005) (finding that not only does fair use analysis complement a likelihood of confusion analysis but that § 1115(b)(4) is a defense against 15 U.S.C. §§ 1114, 1125 (2000)).

⁵¹ *Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1151 (9th Cir. 2002).

⁵² *Sunmark, Inc. v. Ocean Spray Cranberries*, 64 F.3d 1055 (7th Cir. 1995). The distinction between classic fair use and nominative fair use is not always clear, if the question posed is whether defendant is using the mark to describe its product or to identify plaintiff’s product. *See Brother Records, Inc. v. Jardine*, 318 F.3d 900, 905 (9th Cir. 2003) (finding that “whether classic fair use analysis or nominative fair use analysis applies—is not clear.”). For instance, when a former Playboy Bunny advertised on the web as being a former Playboy Bunny, was she simply describing herself, which could be a classic fair use defense, or was she describing plaintiff’s mark (which could be nominative fair use)? *See Playboy Enter., Inc. v. Terri Welles, Inc.*, 78 F.Supp. 2d 1066, 1075 (S.D. Cal. 1999), *aff’d in part, rev’d in part* *Playboy Enter., Inc.*, 279 F.3d 796 (9th Cir. 2002) (describing the analysis of both the nominative and classic fair use). The better way to identify nominative use is to ask whether defendant is using plaintiff’s mark in its primary descriptive sense (assuming it has a primary descriptive sense) or whether she is using the mark in its trademark sense as a shorthand way of identifying source. *See Brother Records*, 318 F.3d at 908 (“Where the defendant uses the trademark not in its primary descriptive sense, but rather in its secondary trademark sense, the nominative fair use analysis applies.”).

⁵³ *Sunmark, Inc.*, 64 F.3d at 1057.

⁵⁴ *Id.*

⁵⁵ *Id.* at 1058. As a general matter, a registered mark in continuous use for five (5) years after registration becomes incontestable. 15 U.S.C. § 1065 (2000). 15 U.S.C. § 1115(b) provides that such “registration shall be conclusive evidence of the validity of the registered mark and of the

of the trademark, but argued Ocean Spray had a right to use the descriptive phrase sweet-tart under the fair use statute, § 1115(b)(4).⁵⁶ The issue was not whether the registered mark as used by Sunmark was descriptive, but rather whether “sweet-tart” as used by Ocean Spray was descriptive.⁵⁷ The Seventh Circuit added that “for a mark to be considered descriptive, it merely needs to refer to a characteristic of the product.”⁵⁸ The fact that the mark was not in the dictionary did not make a difference.⁵⁹ Both words, “sweet” and “tart”, were referring to a characteristic of Ocean Spray’s product, and hence, descriptive.⁶⁰

In *Cosmetically Sealed Industries, Inc. v. Chesebrough-Ponds USA Co.*, the Second Circuit recognized the descriptive fair use defense even though the terms at issue did not refer to a characteristic of the defendant’s product.⁶¹ *Cosmetically Sealed Industries, Inc.*, the holder of a registered mark for lip gloss, SEALED WITH A KISS, sued Chesebrough-Ponds for its use of the phrase “Seal it with a Kiss!”⁶² The Second Circuit stated that descriptive terms were not “narrowly confined to words that described a characteristic of the goods, such as size or quality,” but could include describing the effect of using the product or actions the advertiser expects the consumer could take while using the product.⁶³ Chesebrough-Ponds used the phrase “Seal it with a Kiss!” in a promotional display inviting consumers to use a Chesebrough-Ponds lip gloss to put a kiss on a postcard and mail the postcard to someone the consumer knew.⁶⁴ The court added that “if any confusion results, that is a risk that plaintiff accepted when it decided to identify its product with a mark that uses a well-known descriptive phrase.”⁶⁵

registration of the mark, of the registrant’s ownership of the mark and of the registrant’s exclusive right to use the registered mark in commerce.” 15 U.S.C. § 1115(b) (2000). This is subject to certain defenses in 15 U.S.C. § 1115(b), including the fair use defense in 15 U.S.C. § 1115(b)(4).

⁵⁶ *Sunmark, Inc.*, 64 F.3d at 1059.

⁵⁷ *Id.*

⁵⁸ *Id.* The court added: “We have some difficulty understanding how Ocean Spray can be said to use the words ‘sweet-tart’ as a way of identifying the origin of its product, an essential ingredient of usage as a trademark.” *Id.* McCarthy says the issue is not whether plaintiff’s mark is descriptive, albeit with secondary meaning, but instead that “the key is the junior user’s descriptive use The policy rationale is that no one competitor can use trademark law to exclude others from use of a word in its primary, descriptive and non-trademark sense.” 2 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 11:45 (4th ed. 2005).

⁵⁹ *Sunmark, Inc.*, 64 F.3d at 1059.

⁶⁰ *Id.* Of course, “tart” can be a noun, but was not being used as a noun (*e.g.*, a small pie or pastry shell) in *Sunmark*.

⁶¹ *Cosmetically Sealed Indus., Inc. v. Chesebrough-Pond’s USA Co.*, 125 F.3d 28 (2d Cir. 1997).

⁶² *Id.* at 29–30.

⁶³ *Id.* at 30.

⁶⁴ *Id.* at 29–30. The court looked favorably on the fact that Chesebrough-Pond’s clearly used its own trademark stating, “The non-trademark use of the challenged phrase and the defendants’ good faith are both evidenced by the fact that the source of the defendants’ product is clearly identified by the prominent display of the defendants’ own trademarks.” *Id.* at 30.

⁶⁵ *Id.* See also *In Re Dual-Deck Video Cassette Recorder Antitrust Litig.*, *Go-Video, Inc.*, 11 F.3d 1460, 1466–67 (9th Cir. 1993) (using the term VCR-2 to designate one of two VCR jacks on videocassette recorders was a descriptive fair use in spite of Go-Video’s trademark registration of VCR-2 for a two-deck videocassette recorder); *Wonder Labs, Inc. v. Proctor & Gamble Co.*, 728 F. Supp. 1058, 1062 (S.D.N.Y. 1990) (using the phrase “Dentists choice” in P&G’s promotion of Crest toothpaste was a classic fair use, in spite of the existence of WonderLab’s trademark DENTIST’S CHOICE for use on the toothbrushes); *Sugar Busters LLC v. Brennan Co.*, 177 F.3d 258, 270–71

A company uses a word as a trademark when it identifies the source of the product or service.⁶⁶ When a word can be both descriptive and used as a mark, determination of which use is at issue can depend on the location, capitalization, or font of the word.⁶⁷ In *TCPIP Holding Co., Inc. v. Haar Communications, Inc.*, for instance, the holder of the mark THE CHILDREN'S PLACE sued Haar Communications for using the domain name "thechildrensplace.com".⁶⁸ The Second Circuit rejected the descriptive fair use defense, finding that the domain name registration and use was "not simply an adjectival use, as might be the case if Haar named his web site otherwise, but referred to it in publicity materials as A Children's Place."⁶⁹ In *Engineered Mechanical Services, Inc. v. Applied Mechanical Technology, Inc.*, the owner of the trademark METALOCK used the mark to identify a process for repairing cracked or broken machinery or castings, as well as to identify the metal bars or fasteners used as "locks."⁷⁰ The owner sued the defendant for its use of the word "Metalock."⁷¹ Rejecting the fair use defense, the court noted "defendants' use has been in the trademark sense. Defendants have used a word in capital letters and have otherwise made it prominent in their advertising brochures."⁷² These cases make clear that the fair use defense in § 1115(b)(4) is not available if defendant is using the letters or words in question as a mark.

(5th Cir. 1999) ("The fair-use defense allows a party to use a term in good faith to describe its goods or services. . . . The fair-use defense does not apply if a term is used as a mark to identify the markholder's goods or services . . ."). Courts have rejected the classic fair use defense when the court determined the defendant was not acting in good faith. *See, e.g.,* *Wash. Speakers Bureau, Inc. v. Leading Authorities, Inc.*, 33 F.Supp. 2d 488, 502 (E.D. Va. 1999), *aff'd* 217 F.3d 843 (4th Cir. 2002).

⁶⁶ *See* *Park'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 194 (1985) ("A 'merely descriptive' mark . . . describes the qualities or characteristic of a good or service, and this type of mark may be registered only if the registrant shows that it has acquired secondary meaning, i.e., it 'has become distinctive of the applicant's goods in commerce' . . . 15 U.S.C. §1052(e), (f)"); *Official Airline Guides, Inc. v. Goss*, 6 F.3d 1385, 1391 (9th Cir. 1993) (holding that when used to describe marks are "used to describe a product" and the mark "does not inherently identify a particular source and therefore cannot be protected It may nevertheless be entitled to protection if it has acquired distinctiveness through secondary meaning. . . . A mark acquires secondary meaning if customers associate the mark with a particular source."); 2 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 11:25 (4th ed. 2005) (stating that "[t]rademark protection for descriptive marks is extended only in recognition of consumer acceptance and recognition of such marks is denoting only one seller or source").

⁶⁷ *See, e.g.,* *TCPIP Holding Co., Inc. v. Haar Commc'ns., Inc.*, 244 F.3d 88, 104 (2d Cir. 2001) (finding that, even though "a children's place" was used as an adjective, its use in publicity materials disqualified it as a fair use defense under 15 U.S.C. § 1115(b)(4)).

⁶⁸ *Id.* at 92.

⁶⁹ *Id.* at 104.

⁷⁰ *Eng'rd. Mechal. Servs., Inc. v. Applied Mechal. Tech., Inc.*, 584 F. Supp. 1149, 1153 (E.D. La. 1984).

⁷¹ *Id.*

⁷² *Id.* at 1158.

2. Fair Use in Trademark Dilution Cases

Congress created a civil cause of action for the dilution of famous trademarks in 15 U.S.C. § 1125(c) in 1995.⁷³ The elements of a claim of trademark dilution are that: (1) the senior mark is famous; (2) the senior mark became famous before the use of the junior mark began; (3) the junior mark must be a commercial use in commerce; (4) the senior mark must be distinctive; and (5) the use of the challenged mark “causes dilution of the distinctive quality of the mark.”⁷⁴ In contrast to a claim of trademark infringement, likelihood of confusion is not an element of trademark dilution.⁷⁵

As part of the Federal Trademark Dilution Act, Congress created a dilution fair use defense. Specifically, § 1125(c)(4) provides that “[f]air 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” is not actionable as trademark dilution.⁷⁶ Of course, by its terms, the defense created in § 1125(c)(4) is not applicable to a claim of trademark infringement.⁷⁷

D. The Failure of Congress to Enact a Nominative Fair Use Defense

Congress provided an affirmative fair use defense in § 1115(b)(4) to a claim of trademark infringement when a defendant is using a word only in its descriptive sense, and not as a mark.⁷⁸ Congress provided another fair use defense in § 1125(c)(4) to a claim of trademark dilution when defendant is using a famous mark as a mark.⁷⁹ Congress did not provide for a fair use defense to a claim of trademark infringement for the use of letters or words as a mark. As a result, courts must conclude that Congress did not intend to authorize a nominative fair use defense in a trademark infringement case.⁸⁰

⁷³ *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 420, 430–31 (2003). The Federal Trademark Dilution Act of 1995 became effective on January 16, 1996. The Federal Trademark Dilution Act, Pub. L. No. 104-98, 109 Stat. 985 (1996).

⁷⁴ *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 215 (2d Cir. 1999). This was cited by the Supreme Court in *Moseley*. *Moseley*, 537 U.S. at 425–26. Other circuits, however, have not held that distinctiveness is a separate element of the cause of action. *Savin Corp. v. Savin Group*, 391 F.3d 439, 449 (2d Cir. 2004); and *Times Mirror Magazines, Inc. v. Las Vegas Sports News, L.L.C.*, 212 F.3d 157, 163, 166 (3d Cir. 2000), *cert. denied* 531 U.S. 1071 (2001); *A. M. Gen. Corp. v. Daimlerchrysler Corp.*, 311 F.3d 796, 811 (7th Cir. 2002).

⁷⁵ *Moseley*, 537 U.S. at 429 (“Neither the absence of confusion nor the absence of competition, however, provides a defense to the statutory dilution claim Unlike traditional infringement law, the prohibitions against trademark dilution are not the product of common-law development, and are not motivated by an interest in protecting consumers”). 15 U.S.C. § 1127 defines dilution to mean “the lessening of the capacity of a famous mark to identify and distinguish goods or services.” 15 U.S.C. § 1127 (2000).

⁷⁶ 15 U.S.C. § 1125(c)(4) (2000).

⁷⁷ *Id.*

⁷⁸ *Id.*

⁷⁹ *Id.*

⁸⁰ *See* *Russello v. U. S.*, 464 U.S. 16, 23 (1983) (quoting *U.S. v. Wong Kim Bo*, 472 F.2d 720, 722 (5th Cir. 1972)) (affirming, as a rule of statutory construction, when “Congress includes particular language in one section of a statute but omits it in another section of the same Act, it is

The next section of the article discusses the development of the nominative fair use defense by courts and the concomitant switching of the burden of proof to the defendant when it raises the defense.

II. THE JUDICIAL CREATION OF NOMINATIVE FAIR USE DEFENSES

Part A of this section explains that the Ninth Circuit's nominative fair use defense is a substitute for the traditional likelihood of confusion test and places the burden of negating likelihood of confusion on the defendant.⁸¹ Part B discusses the recent Third Circuit decision on nominative use which keeps the burden of proof for likelihood of confusion on the plaintiff, but creates a separate fair use defense that places the burden of proof on the defendant for the issue of fair use.⁸² Part C discusses the Fifth Circuit's conclusion that the fact-finder should add elements to the traditional likelihood of confusion test rather than create a separate nominative fair use defense.⁸³ This section concludes that the Fifth Circuit's approach was correct based on the facts presented in that case, but suggests additional procedures to apply in other nominative use cases.

A. The Ninth Circuit Creates a Nominative Fair Use Test That Is a Substitute for the Traditional Multi-Factor Test and That Switches the Burden of Proof.

1. A Separate Nominative Fair Use Defense on Likelihood of Confusion

The first court to adopt nominative fair use test was the Ninth Circuit in *New Kids on the Block v. News America Publications, Inc.*⁸⁴ *New Kids* involved newspaper polls asking the public which member of The New Kids On The Block was most popular, using NEW KIDS and NEW KIDS ON THE BLOCK in the polls.⁸⁵ The New Kids On The Block sued and alleged, among other things, trademark infringement.⁸⁶ The district court granted summary judgment to the defendants on the ground that the First Amendment right to freedom of the press protected the defendants.⁸⁷

The Ninth Circuit affirmed on different grounds, holding that when a defendant uses a trademark to identify the plaintiff's product, the defendant is entitled to a

presumed" that it was done "intentionally and purposely . . ."); *see also, e.g.*, *N. Haven Bd. of Ed. v. Bell*, 456 U.S. 512, 521 (1982) (using the same concept in employment matters); *United States v. Naftalin*, 441 U.S. 768, 773-74 (1979) (using the same concept in a 15 U.S.C. § 77(b)(3) matter).

⁸¹ D.J. Westberg, *New Kids on the Block v. News Am. Publ'g, 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, 709 (1994).

⁸² *Century 21 Real Estate Corp. v. LendingTree, Inc.*, 425 F.3d 211, 232 (3d Cir. 2005).

⁸³ *Pebble Beach Co. v. Tour 18 I, Ltd.*, 155 F.3d 526, 547 (5th Cir. 1998).

⁸⁴ *The New Kids on the Block v. News Am. Publ'g., Inc.*, 971 F.2d 302, 308 (9th Cir. 1992).

⁸⁵ *Id.* at 304. The Ninth Circuit described The New Kids on the Block as "reputedly one of today's hottest musical acts." *Id.*

⁸⁶ *Id.* at 304.

⁸⁷ *The New Kids on the Block v. News Am. Publ'g., Inc.*, 745 F. Supp. 1540 (C.D. Calif. 1990).

nominative fair use defense—if he meets three requirements.⁸⁸ Those three requirements are:

- (1) the product or service in question must be one not readily identifiable without the use of the trademark;⁸⁹
- (2) only so much of the mark or marks may be used as is reasonably necessary to identify the product or service;⁹⁰ and
- (3) the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.⁹¹

According to the court, one need for this new test was that “it is often virtually impossible to refer to a particular product for purposes of comparison, criticism, point of reference or any other such purpose without using the mark.”⁹² Accordingly, the Court found nominative fair use “does not constitute unfair competition; such use is fair because it does not imply sponsorship or endorsement by the trademark holder.”⁹³

The Ninth Circuit gave as examples of nominative fair use, cases involving a Volkswagen dealer using VOLKSWAGEN in advertisements, a television station advertising that it would broadcast news about the BOSTON MARATHON, parodies, and companies comparing their products with the products of competitors.⁹⁴ In each of the examples cited by the court, nominative use of the mark had been held to be permissible because the defendant had been using the words to indicate correctly the source of the product or service.⁹⁵ However, in the cases cited in *New Kids* the courts did not use a separate nominative fair use test but nevertheless approved the uses, raising the question of whether a separate nominative fair use test is necessary.⁹⁶ The Ninth Circuit in *New Kids* did not state why a court could not address nominative fair use under the multi-factor test, and did not expressly state that the

⁸⁸ *The New Kids on the Block*, 971 F.2d at 308–10.

⁸⁹ *Id.* at 308.

⁹⁰ *Id.*; see also *Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1154 (9th Cir. 2002) (“[w]here . . . the description of the defendant’s product depends on the description of the plaintiff’s product, more use of the plaintiff’s trademark is ‘reasonably necessary’ to identify the plaintiff’s product than in cases where the description of the defendant’s product does not depend on the description of the plaintiff’s product.”).

⁹¹ *Cairns*, 292 F.3d at 1154.

⁹² *The New Kids on the Block*, 971 F.2d at 306. This justification became factor (1) of the nominative fair use test. As an example of this factor, the Ninth Circuit said, “reference to a large automobile manufacturer based in Michigan would not differentiate among the Big Three.” *Id.* at 306–07. The Ninth Circuit based the second factor of the nominative fair use test on two cases cited in footnote 7 of its opinion. *Id.* at 308 n.7. These cases stated that using more of a plaintiff’s mark than is necessary constitutes infringement. *Id.*

⁹³ *The New Kids on the Block*, 971 F.2d at 308 (9th Cir. 1992). Doing nothing that implies sponsorship or endorsement became factor (3) of the nominative fair use test. *Id.*

⁹⁴ See *Volkswagenwerk Aktiengesellschaft v. Church*, 411 F.2d 350 (9th Cir. 1969); *WCVB-TV v. Boston Athletic Ass’n*, 926 F.2d 42 (1st Cir. 1991); *Girl Scouts of U.S. v. Personality Posters Mfg. Co.*, 304 F. Supp. 1228 (S.D.N.Y. 1969); *Smith v. Chanel, Inc.*, 402 F.2d 562 (9th Cir. 1968).

⁹⁵ *The New Kids on the Block*, 971 F.2d at 309.

⁹⁶ See generally *Westberg*, *supra* note 81.

nominative fair use defense was a substitute for the traditional multi-factor test on likelihood of confusion.⁹⁷

However, in *Playboy Enterprises, Inc. v. Welles*, the Ninth Circuit expressly held that the nominative fair use test was a substitute for the traditional multi-factor test.⁹⁸ In *Welles*, the defendant used the terms “Playboy” and “Playmate” in her website advertising because she had been Playboy’s “Playmate of the Year 1981.”⁹⁹ Playboy claimed that the following four uses of its trademarked terms on the defendant’s website constituted trademark infringement: (1) the terms “Playboy” and “Playmate” in the metatags of the website; (2) “Playmate of the Year 1981” on the masthead of the website; (3) “Playboy Playmate of the Year 1981” and “Playmate of the Year 1981” on various banner ads; and (4) the repeated use of the abbreviation “PMOY 81” as a watermark on website pages.¹⁰⁰ The district court granted defendant Welles summary judgment on all the trademark infringement claims on the basis of both descriptive fair use under § 1115(b)(4) and nominative fair use.¹⁰¹

⁹⁷ *Id.* at 686. Westberg analyzed the decision in *New Kids* and said nominative fair use was an unnecessary and confusing addition to trademark law. *Id.* at 685. Westberg also said “the first requirement of nominative use, that the product not be readily identifiable without using its trademark, is included within the [descriptive] fair use requirement that the trademark be used in a descriptive sense.” *Id.* at 704. However, although in the nominative use situation the mark may be descriptive to the extent that it describes or identifies the source of a product, generally a mark does not describe the actual product. For instance, the mark APPLE owned by Apple Computers, Inc. does not describe, as a word, any products made by Apple Computers, Inc.. The mark simply tells the consumer the source of the products. Similarly, the mark MACINTOSH is also owned by Apple Computers, but the word does not describe the product. The descriptive fair use defense can only apply to use of “a term or device which is descriptive of and uses fairly and in good faith *only* to describe the goods or services of such party” 15 U.S.C. § 1115(b) (2000) (emphasis added). If the descriptive use is only part of the reason for using another’s mark, then the descriptive fair use defense in § 1115(b)(4) is inapplicable. *Id.* at 694. Of course, one may believe that Congress should not have used the word “only” in § 1115(b)(4), but because Congress did, § 1115(b)(4) is inapplicable to nominative uses that even in part refer to someone other than the defendant as a source of products or services. *Id.* at 704.

⁹⁸ *Playboy Enters., Inc. v. Terri Welles, Inc.*, 279 F.3d 796, 801 (9th Cir. 2002). The court said that when a “defendant raises a nominative fair use test, the above three-factor test should be applied instead of the test for likelihood of confusion set forth in *Sleekcraft*.” *Id.* *Sleekcraft* is the Ninth Circuit case establishing the 8 factor test used by the Ninth Circuit to determine likelihood of confusion. *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348–349 (9th Cir. 1979). *See also Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1151 (9th Cir. 2002) (“nominative fair use analysis . . . replaces the likelihood of customer confusion analysis set forth in *Sleekcraft*.”).

⁹⁹ *Playboy Enters., Inc.*, 279 F.3d at 800.

¹⁰⁰ *Id.* at 800.

¹⁰¹ *Playboy Enters., Inc. v. Terri Welles, Inc.*, 78 F.Supp. 2d 1066, 1078, 1090–1091 (S.D. Calif. 1999). The district court said “in order to constitute a non-trademark, ‘fair use’, the use cannot amount to a trademark infringement or unfair competition.” *Id.* at 1081. That “test,” however, puts the cart before the horse. A party may be using XYZ as a mark, without infringing the mark APPLE, because the two marks are not similar, and consumers would have no reason to believe a product marked XYZ came from the same source as the product marked APPLE. The lack of infringement does not mean XYZ was not being used as a mark, but means there was no likelihood of confusion between XYZ and APPLE. The district court also applied the eight *Sleekcraft* factors and found “the totality of the *Sleekcraft* factors does not compel a finding of a likelihood of confusion.” *Id.* at 1082. This again raises the question of what is the need for a nominative fair use test.

On appeal, the Ninth Circuit analyzed the nominative fair use defense only.¹⁰² The court explained that the test for nominative fair use could arise “when a trademark also describes a person”.¹⁰³ Such use is use as a mark because PLAYBOY PLAYMATE necessarily suggested to the consumer that Playboy Enterprises, Inc. had endorsed her position.¹⁰⁴ The words PLAYBOY PLAYMATE were a short-hand method for identifying the sponsor of her prior role.¹⁰⁵

The Ninth Circuit’s decision in *Playboy Enterprises* showed that the first element of the nominative fair use test, established in *New Kids*, was not the impossibility of describing a product or person without use of the trademark, but was practicality.¹⁰⁶ In Ms. Welles’ case, “describ[ing] herself as the ‘nude model selected by Mr. Heffner’s magazine as its number-1 prototypical woman for the year 1981’ would be impractical as well as ineffectual in identifying Terry Welles to the public.”¹⁰⁷ On the second element of the nominative fair use test—only using so much of the mark as is reasonably necessary—the court concluded that “Welles’ banner advertisements and headlines satisfy this element because they use only the trademarked words, not the font or symbols associated with the trademarks.”¹⁰⁸ On the third element, the court concluded that “it would be unreasonable to assume that [Playboy] currently sponsors or endorses someone who describes herself as a ‘Playboy Playmate of the Year in 1981.’”¹⁰⁹ The court affirmed the finding of nominative fair use on the first three claims.¹¹⁰

2. *Switching the Burden of Proof to the Defendant*

In *Brother Records, Inc. v. Jardine*, the Ninth Circuit expressly held that the defendant had the burden of proof in the nominative fair use defense on the issue of likelihood of confusion, something not explicitly decided in *New Kids* or *Welles*.¹¹¹ In *Jardine*, the holder of the mark THE BEACH BOYS, Brother Records, sued a former

¹⁰² *Playboy Enters., Inc.*, 279 F.3d at 802.

¹⁰³ *Id.* at 802.

¹⁰⁴ *Id.* at 803.

¹⁰⁵ *Id.* at 804.

¹⁰⁶ *Id.* at 803.

¹⁰⁷ *Id.* at 802. The first element is “the product or service in question must be one not readily identifiable without the use of the trademark.” *Id.*

¹⁰⁸ *Id.* at 802. The second element is “only so much of the mark may be used as is reasonably necessary to identify the product or service.” *Id.*

¹⁰⁹ *Id.* at 803. The Third element is “the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.” *Id.* at 802. The court said it did not express an opinion whether an individual’s use of a current title would suggest sponsorship or endorsement. *Id.*

¹¹⁰ *Id.* at 804. The court reversed on the use of PMOY81 as background on the site, noting “the term does not even appear to describe Welles,” and thus failed the first part of the nominative fair use test. *Id.*

¹¹¹ *Brother Records, Inc. v. Jardine*, 318 F.3d 900, 909 (9th Cir. 2003). (“whereas plaintiff carries the burden of persuasion in a trademark infringement claim to show likelihood of confusion, . . . the nominative fair use defense shifts to the defendant the burden of proving no likelihood of confusion.”) Since the nominative fair use defense is a substitute for the multi-factor test, plaintiff should have no burden. *Id.* However, presumably after plaintiff shows that defendant is using plaintiff’s mark as a mark, the defendant has the burden to negate confusion. *Id.*

member of the Beach Boys, Al Jardine, for using THE BEACH BOYS in connection with his new band.¹¹² The district court granted summary judgment for plaintiff, and the Ninth Circuit affirmed.¹¹³ The Ninth Circuit concluded that because the defendant did not use the mark in its primary descriptive meaning, descriptive fair use was not applicable.¹¹⁴ The Ninth Circuit then applied the *New Kids* nominative fair use factors, but, in addition, considered actual consumer confusion in affirming the district court's finding of trademark infringement.¹¹⁵ The court concluded that "Jardine's use of the trademark caused actual consumer confusion, as both event organizers that booked Jardine's band and people who attended Jardine's shows submitted declarations expressing confusion about who was performing."¹¹⁶

The Ninth Circuit noted that its third nominative fair use factor—"the lack of anything that suggests sponsorship or endorsement—is merely the other side of the likelihood of confusion coin."¹¹⁷ The Ninth Circuit stated that in a traditional trademark infringement case, the plaintiff has the burden of proving likelihood of confusion.¹¹⁸ However, without citing any authority, the court held "the nominative fair use defense shifts to the defendant the burden of proving no likelihood of confusion."¹¹⁹

Interestingly, in *Jardine*, the Ninth Circuit admitted that in nominative use situations, "the defendant uses the trademark not in its primary, descriptive sense, but rather in its secondary, trademark sense."¹²⁰ The Ninth Circuit concluded that because the defendant had not used THE BEACH BOYS in the primary descriptive sense, the descriptive fair use defense in § 1115(b)(4) could not apply.¹²¹

¹¹² *Id.* at 901–03.

¹¹³ *Id.* at 903.

¹¹⁴ *Id.* at 907. The Ninth Circuit said the primary descriptive meaning of the term was "boys who frequent a stretch of sand beside the sea." *Id.* The Ninth Circuit noted the difficulty at times in distinguishing between a classic fair use situation and a nominative fair use situation:

"Jardine illustrates this point with his conflicting arguments (1) that his use of 'The Beach Boys' mark describes the Beach Boys' product, thus requiring application of the nominative fair use analysis, and (2) that, in the alternative, his use of 'The Beach Boys' mark only describes himself—a founding member of the Beach Boys—and not at all to describe the Beach Boys' product, thus requiring application of the classic fair use analysis In these situations, the reference-to-trademark-holder distinction often prove more frustrating than helpful."

Id. at 905.

¹¹⁵ *Id.* at 905–06.

¹¹⁶ *Id.* at 908. This article does not address the separate question of whether consumers would be more confused by seeing a band called the Beach Boys performing without Al Jardine or by seeing Al Jardine perform with a group that could not use the name Beach Boys. In other words, in some situations, does trademark law not prevent consumer confusion but only promote business rights?

¹¹⁷ *Id.* at 909.

¹¹⁸ *Id.* at 909.

¹¹⁹ *Id.* at 909.

¹²⁰ *Id.* at 908. Although the court cited *New Kids*, for this proposition, as noted above, in *New Kids*, the Ninth Circuit said, "Cases like these [nominative use cases] are best understood as involving or non-trademark use of a mark" *The New Kids on the Block v. News Am. Publ'g., Inc.*, 971 F.2d 302, 307 (9th Cir. 1992). In other words, the Ninth Circuit's analysis appeared to be evolving. This makes it difficult, of course, to predict outcomes in future cases.

¹²¹ *Brother Records, Inc.*, 318 F.3d at 907. Nevertheless, the Ninth Circuit analyzed both the descriptive fair use defense and nominative fair use defense. *Id.* at 905. They found that Jardine failed under both tests. *Id.* at 907–09. See C. J. Doellinger, *Nominative Fair Use : Jardine and the*

Even though the Lanham Act does not create a fair use defense for nominative uses, the Ninth Circuit, in effect, created its own nominative fair use defense.¹²² Such creation conflicts with the principle that where “Congress includes particular language in one section of a statute but omits it in another section of the same Act, it is generally presumed that Congress acts intentionally and purposely in the disparate inclusion or exclusion.”¹²³ Federal courts do not have the authority to add a provision to a federal statute that Congress chose to omit.¹²⁴

3. *The Ninth Circuit Failed to Apply the Likelihood of Confusion Factors Flexibly.*

In *Welles*, the Ninth Circuit stated that the “three-factor test better evaluates the likelihood of confusion in nominative use cases” than the *Sleekcraft* test, the Ninth Circuit’s multi-factor test precedent.¹²⁵ The court explained that “application

Demise of a Doctrine, 1 NW. J. TECH. & INTELL. PROP. 5 (2003). According to Doellinger, “[f]ollowing *Jardine*, the nominative fair use doctrine collapses,” because in *Jardine* the Ninth Circuit said “the third requirement of the nominative fair use defense—the lack of anything that suggests sponsorship or endorsement—is merely the other side of the likelihood-of-confusion coin.” *Id.* at n.17. Also, “[s]ince the threshold issue, namely likelihood of confusion, is now the same in both tests [*Sleekcraft* and nominative fair use], nominative fair use serves no function not already encompassed under *Sleekcraft*.” *Id.* at n.18.

Yet there is a different burden of proof between the two tests, and the second nominative fair use factor (Did defendant only use so much of the marks as was reasonably necessary to identify the product or service?) does not necessarily relate to confusion, but can relate instead to some concept of “fairness.” Moreover, if the nominative fair use test is a substitute for the *Sleekcraft* test, as *Welles* stated, *see supra* discussion Part III.A.1., other elements normally considered for likelihood of confusion would not be analyzed, leaving substantive differences between the two tests. On the other hand, by taking into account both confusion as part of the third nominative fair use element in *Jardine* and subsequent decisions, *see infra* discussion at Part III.D., the Ninth Circuit may be moving toward a position on nominative use similar to that of the recent Fifth Circuit decision in *Century 21* discussed *infra* Part III.B. Even if the tests of the Ninth and Third Circuits are becoming more alike, there remains a conflict between these two circuits and the remaining circuits. These remaining circuits have neither switched any burden of proof to defendants in trademark infringement claims involving nominative uses nor created a separate nominative fair use defense.

¹²² See *Brother Records, Inc.*, 318 F.3d at 907.

¹²³ *Russello v. United States*, 464 U.S. 16, 23 (1983) (quoting *United States v. Wong Kim Bo*, 472 F.2d 720, 722 (5th Cir. 1972) and citing *N. Haven Bd. of Educ. v. Bell*, 456 U.S. 512, 521 (1982) and *United States v. Naftalin*, 441 U.S. 768, 773–74 (1979).

¹²⁴ *Cervantes-Ascencio v. U.S. I.N.S.*, 326 F.3d 83, 86 (2d Cir. 2003), *cert. denied* 540 U.S. 990 (2003) (“When construing statutes, we look to the statutory language which, if clear on its face, ends our analysis. We presume that omissions of the sort at issue here are intentional, and we are without authority, absent substantial evidence to the contrary, to ‘add terms or provisions where Congress has omitted them’”); *United States v. Watkins*, 278 F.3d 961, 965 (9th Cir. 2002) (“a court should not read words into a statute that are not there”); *Root v. New Liberty Hosp. Dist.*, 209 F.3d 1068, 1070 (8th Cir. 2000) (“Courts are obligated to refrain from embellishing statutes by inserting language that Congress has opted to omit.”); *Trevan v. Office of Pers. Mgmt.*, 69 F.3d 520, 526 (Fed. Cir. 1995) (“[W]e must enforce the statute as written and are not free to ignore a conscious choice by Congress to permit.”). Whether state courts should or could create a nominative fair use defense for state law claims of unfair competition is beyond the scope of this article.

¹²⁵ *Playboy Enters., Inc. v. Terri Welles, Inc.*, 279 F.3d 796, 801 (9th Cir. 2002); *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 351 (9th Cir. 1979).

In determining whether confusion between related goods is likely, the following factors are relevant: 1. strength of the mark; 2. proximity of the goods; 3.

of the *Sleekcraft* test, which focuses on the similarity of the mark used by the plaintiff and the defendant, would lead to the incorrect conclusion that virtually all nominative uses are confusing.¹²⁶ In *Sleekcraft*, however, the Ninth Circuit said that its list of eight factors to consider was “not exhaustive [because] other variables may come into play depending on the particular facts presented.”¹²⁷ The court in *Sleekcraft* added that the similarity of marks “must be considered as they are encountered in the marketplace.”¹²⁸ Using the earlier hypothetical, if Apple Computers, Inc. advertises that APPLE computers work for 10 years but CHEAP computers break down in the first year, will any consumer think that Apple Computers, Inc. produces or supports Cheap Computers, Inc.? Moreover, in the same year *Welles* was decided, the Ninth Circuit recognized that courts should not rigidly assign weights to the various factors, and that the relative importance of the various factors may vary from case to case.¹²⁹

This flexibility enables a trial judge or jury to address each of the Ninth Circuit’s three nominative fair use factors as part of the traditional multi-factor analysis when evaluating the similarity of the marks, intent, marketing channels used, or as additional factors to consider in a nominative use situation.¹³⁰ Put another way, each of the three factors set forth by the Ninth Circuit for the nominative fair use defense are factors reasonable to consider within the likelihood of confusion analysis rather than separately.¹³¹ It is important to note that the Ninth Circuit has given no explanation for their decision not to apply the more flexible eight *Sleekcraft* factors flexibly.¹³²

4. Summary

The Ninth Circuit’s formulation of the nominative fair use defense falls short on three points. First, contrary to the Lanham Act, the Ninth Circuit created a fair use defense as a substitute for the traditional likelihood of confusion test. Second, contrary to the Lanham Act, the Ninth Circuit’s fair use defense switches the burden of proof to the defendant. Third, the Ninth Circuit did not demonstrate a practical

similarity of the marks; 4. evidence of actual confusion; 5. marketing channels used; 6. type of goods and the degree of care likely to be exercised by the purchaser; 7. defendant’s intent in selecting the mark; and 8. likelihood of expansion of the product lines.

Id. at 348–49.

¹²⁶ *Playboy Enters., Inc.*, 279 F.3d at 801.

¹²⁷ *AMF, Inc.*, 599 F.2d at 348.

¹²⁸ *Id.* at 351.

¹²⁹ *Thane Intern., Inc. v. Trek Bicycle Corp.*, 305 F.3d 894, 901 (9th Cir. 2002).

¹³⁰ *The New Kids on the Block v. News Am. Pub., Inc.*, 971 F.2d 302, 307 (9th Cir. 1992). In *New Kids*, the Ninth Circuit concluded that “[c]ases like these are best understood as involving a non-trademark use of a mark.” *Id.* However, the Ninth Circuit recognized that trademarks serve as source identifiers. *Id.* at 305. It seems clear that NEW KIDS ON THE BLOCK identified a source, a particular singing group, and did not itself describe the music that group sang (although of course marks can conjure up a type of product or service, not by the regular meaning of the words used, but by the association by the consumer of the words with the source).

¹³¹ *Playboy Enters., Inc.*, 279 F.3d at 801.

¹³² *Id.* at 801.

need for a separate nominative fair use test when the court had the flexible multifactor test at its disposal.

B. The Third Circuit Creates a Nominative Fair Use Test That Gives Defendant the Burden of Proof for Fair Use, Not Confusion.

In October 2005, the Third Circuit recognized a nominative fair use defense that did not switch the burden of proof to the defendant on likelihood of confusion.¹³³ However, the Third Circuit did create a nominative fair use test as a supplement to the traditional multi-factor test on likelihood of confusion, and held that the defendant had the burden of proving that its nominative uses of the marks in question were “fair uses.”¹³⁴

1. The Facts and Proceedings Leading to the Decision of the Third Circuit in Century 21—Complementary Services

The Third Circuit addressed nominative fair use not in the context of comparative advertising, but complementary services.¹³⁵ LendingTree is an Internet business that helps consumers identify and select qualified lenders, real estate brokers, auto insurers, and other financial service companies. As a practical matter, LendingTree must identify the lenders, brokers, insurers, and financial service companies, or LendingTree’s services would be of no use to consumers. Therefore, LendingTree included the names of some of these entities in advertisements, such as Century 21, Coldwell Banker, and ERA.¹³⁶

¹³³ *Century 21 Real Estate Corp. v. LendingTree, Inc.*, 425 F.3d 211 (3d Cir. 2005). The docket reflects that on December 27, 2005, the Third Circuit denied Century 21’s petition for rehearing en banc.

¹³⁴ *Id.* at 224. (Stating that “Nominative fair use is said to occur when the alleged infringer uses the [trademark holder’s] product, even if the alleged infringer’s ultimate goal is to describe his own product).

¹³⁵ By complementary products/services, this article means products or services that are used with each other or which relate to each other. There seem to be two rules in tension with respect to such products. On one hand, confusion between marks is more likely where producers of complementary products are involved. *See E. & J. Gallo Winery v. Gallo Cattle Co.*, 967 F.2d 1280, 1291 (9th Cir. 1992); *Fuji Photo Film Co., Inc. v. Shinohara Shoji Kabushiki Kaisha*, 754 F.2d 591, 598 (5th Cir. 1985); *1 Plus Prod. v. Plus Disc. Foods, Inc.*, 722 F.2d 999, 1008 (2d Cir. 1983). On the other hand, the Ninth Circuit has said that in nominative use situations, where the defendant is using the mark to describe both the plaintiff and the defendant, the defendant has more reason to use the mark of plaintiff. *Cairns*, 292 F.3d at 1153–54. The resolution of this apparent tension is to consider not simply the marks, but the use of the marks in context to determine likelihood of confusion.

¹³⁶ *Century 21*, 425 F.3d at 215. The alleged infringement here was based on the following uses of CCE’s marks:

(1) A Coldwell Banker "For Sale" sign with a woman, purporting to be a real estate agent, next to it, on which the blue and white Coldwell Banker logo was somewhat obscured by the word "SOLD." [LendingTree’s] phone number was at the bottom. This scene was depicted at the bottom of [LendingTree’s] homepage on its website.

Century 21 and other entities named in the advertisements sued LendingTree for trademark infringement. The district court issued a preliminary injunction, but the Third Circuit reversed and remanded to the district court for further proceedings under a new test.¹³⁷

2. *The Majority in Century 21 Applied the Multi-Factor Test Flexibly.*

The Third Circuit majority agreed with the Ninth Circuit that a different test was needed in the case of nominative fair use, but rejected the approach of the Ninth Circuit. The Third Circuit majority held that when nominative fair use was raised, the analysis would consist of two phases.

The first phase is a modified multi-factor test for likelihood of confusion in which the plaintiff has the burden of proof for likelihood of confusion. In the Third Circuit, courts traditionally have considered ten factors to determine if there is a likelihood of confusion.¹³⁸ In *Century 21*, however, the Third Circuit concluded that some of these

- (2) A statement by [LendingTree] on its "Find a Realtor" homepage stating that [LendingTree] will "give you access to a national network of brokers representing the country's leading real estate companies, including Coldwell Banker, ERA and Century 21." These three names headed a bullet-pointed list of all such realtors to whom LT promised access. The marks on those pages were in block letter format.
- (3) [LendingTree's] statement on its website's Help Center that [LendingTree] is "represented by large independent real estate companies and members of major franchises - Coldwell Banker, Century 21, Prudential, ERA, ReMAX, GMAC (formerly Better Homes & Gardens), and Realty Executives."
- (4) [LendingTree's] use of printed marketing materials that stated that "[LendingTree] is affiliated with more than 700 certified brokers such as Coldwell Banker, Century 21, Prudential, ERA and RE/MAX."

Id. at 215–16. Subsequent to the initiation of the litigation, LendingTree changed the background color of the For Sale sign (first bullet point above) from blue to red, removed the phone number, changed the location of some text and added the following disclaimer: "LendingTree is not sponsored by or affiliated with the parent franchisor companies of any of the participating members of its network." *Id.* at 216.

¹³⁷ *Id.* at 216, 232. A defendant can argue that only using the name of a company is not using a trademark but only the company's trade name. 15 U.S.C. § 1127 defines "trade name" as "any name used by a person to identify his or her business or vocation." Under 15 U.S.C. § 1127 (2000), "trademark" refers to words and symbols that identify and distinguish the mark holder's goods from those manufactured or sold by others. *Martahus v. Video Duplication Servs., Inc.*, 3 F.3d 417, 421 (Fed. Cir. 1993). Although in general trade names cannot be registered as mark, companies can register their trade names or trade marks if they also serve as trademarks. In fact, Apple Computers, Inc. has registered APPLE COMPUTER, INC. (disclaiming the exclusive right to use "Computer, Inc." apart from the remainder of the mark. U.S. Trademark No. 2273661 (filed December 4, 1997). However even if a trade name is not registered, 15 U.S.C. § 1125(a) (§ 43(a) of the Lanham Act) protects trade names, not just trademarks. *See Accuride Intern., Inc. v. Accuride Corp.*, 871 F.2d 1531, 1534 (9th Cir. 1989) ("analogous actions for trade name infringement can be brought under section 43(a)" of the Lanham Act); *Walt-West Enter., Inc. v. Gannett Co., Inc.*, 695 F.2d 1050, 1054, n.5 ("an action for trade name infringement is nonetheless proper under 15 U.S.C. § 1125(a)"); *Metric & Multistandard Components Corp. v. Metric's, Inc.*, 635 F.2d 710, 714 (8th Cir. 1980). *See also* 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 9:1, 9:4 (4th ed. 2005). ("Protection against the confusing use of commercial and corporate names is afforded upon the same basic principles as apply to trademarks in general.")

¹³⁸ *Century 21*, 425 F.3d at 224. The ten factors are as follows:

factors were unworkable or otherwise not suited as indicators of confusion in the case at hand, and that some of the factors “applied mechanically would inevitably point toward the likelihood of confusion where no likelihood of confusion may actually exist.”¹³⁹ For instance, the Third Circuit stated that the first factor in the multi-factor test, similarity of the two marks—“does not leave any room for the consideration of the context of the use—i.e., that the mark is being used to describe the plaintiff’s own product.”¹⁴⁰

Yet the Third Circuit created its multi-factor test, and could have made the first factor more flexible—to consider the context of the use of the mark. For instance, if Cheap Computers, Inc. refers to Apple Computers, Inc. in an advertisement as a means of comparison of products, Cheap Computers could be using both its mark, CHEAP COMPUTERS, and also the exact mark of its competitor, APPLE COMPUTERS, but would anyone be confused? The issue in *Century 21* was more complex than such comparative advertising, however, because generally in comparative advertising the named companies or marks clearly compete. In *Century 21*, the other named companies were not competitors, and the consumer might have concluded the named entities agreed to LendingTree’s use of their marks.

Based on the Supreme Court’s decision in *KP Permanent*, the Third Circuit concluded the burden of proving likelihood of confusion must remain with the plaintiff. The majority determined that out of the traditional ten factors, there were four relevant factors to consider on likelihood of confusion:

- (1) the price of the goods and other factors indicative of the care and attention expected of consumers when making a purchase;¹⁴¹
- (2) the length of time the defendant has used the mark without evidence of actual confusion;¹⁴²
- (3) the intent of the defendant in adopting the mark;¹⁴³ and

(1) degree of similarity between the two marks; (2) strength of owner’s mark; (3) care and attention used by consumers when making a purchase of product or service in question; (4) length of time defendant has used the mark without evidence of actual confusion; (5) intent of defendant in adopting the mark; (6) evidence of actual confusion; (7) whether the goods or services are marketed through the same channels of trade; (8) extent to which the products or services are the same; (9) the relationship between the goods or services in the mind of consumers because of the similarity of function; and (10) factors suggesting that the public might expect the owner to expand into the market of the defendant. *Id.* See also *Interpace Corp. v. Lapp, Inc.*, 721 F.2d 460, 463 (3d Cir. 1978) (indicating that the Third Circuit refers to these ten factors as the *Lapp* factors).

¹³⁹ *Century 21*, 425 F.3d at 224.

¹⁴⁰ *Id.* at 225.

¹⁴¹ *Id.* at 226.

¹⁴² *Id.* at 227.

¹⁴³ *Id.* The court explained the issue of intent as follows: “The relevant question in this context is not whether the defendant intended to use the plaintiff’s mark, which it always has in a fair use case, but whether it used the mark with the intent to confuse the public as to the *relationship* between the defendant and the plaintiff.” *Id.* The majority said there were “myriad factors” that a plaintiff might point to on the issue of intent, including “a defendant’s persistence in adopting a mark despite being warned of potential confusion.” *Id.* Presumably a factor which could show bad intent is using more of the mark than is needed or failure to have a disclaimer about affiliation, which alternatively could be considered under “similarity of marks”, if the context of the ads were

(4) the evidence of actual confusion.¹⁴⁴

The majority, however, stated that a district court might consider more of the 10 factors in other nominative fair use cases to determine likelihood of confusion, but only four were relevant to the facts of *Century 21*.¹⁴⁵ Notably, the majority in *Century 21* created an affirmative defense for the second phase of the new test.

3. *The Third Circuit's New Nominative Fair Use Test*

The majority in *Century 21* decided that once a plaintiff met its burden of proving that confusion was likely, the *burden of proof shifted to the defendant, not to negate confusion, but to show that the defendant's nominative use of the plaintiff's mark was a fair use*. The majority stated that a "nominative use defendant need only prove fairness and is not required to negate confusion."¹⁴⁶ Yet, in *KP Permanent* the Supreme Court based its conclusion on the availability of a fair use defense created by statute, 15 U.S.C. §1115(b)(4).¹⁴⁷ In *Century 21*, there was no statute on which the majority could base its decision.¹⁴⁸

The majority concluded that three questions should be asked on the issue of nominative fair use:

- (1) is the use of plaintiff's mark necessary to describe (a) plaintiff's product or service and (b) defendant's product or service?
- (2) is only so much of the plaintiff's mark used as is necessary to describe plaintiff's product or services?
- (3) does the defendant's conduct or language reflect the true and accurate relationship between plaintiff and defendant's product or services?¹⁴⁹

taken into account. Responding to Judge Fisher's concurring/dissenting opinion that the majority's fair use defense created a duplicative inquiry into intent, the majority responded that the tests for confusion and fairness are not duplicative, however, because a plaintiff can also establish likelihood of confusion through seven other *Lapp* factors besides intent. It is the circumstance in which a court does not find bad intent but does find confusion that a nominative fair use *defense* will be most useful.

Id. at 227 n.7. Of course, the fact a defense may be useful does not mean the Lanham Act authorizes that defense.

¹⁴⁴ *Century 21*, 425 F.3d at 225–26.

¹⁴⁵ *Id.* at 225. "We find that all of the other *Lapp* factors, while perhaps not appropriate for analysis in this particular case, could be analyzed in future nominative use cases, depending on the factual situation." *Id.* at 225.

¹⁴⁶ *Id.* at 223 n.3.

¹⁴⁷ *KP Permanent Make-Up v. Lasting Impression I, Inc.*, 543 U.S. 111, 118 (2004).

¹⁴⁸ *Id.* at 119. *KP Permanent* was not applicable authority, since it involved classic/descriptive fair use, not nominative fair use.

¹⁴⁹ *Century 21*, 425 F.3d at 228. This first prong of the majority's test is different than the first prong of the Ninth Circuit's test, which only considers whether use of plaintiff's mark is necessary to describe plaintiff's products or services. The majority in *Century 21* noted that the Ninth Circuit considered the needs of defendant in its second prong. *Id.* at 229 n.9. However, the majority in *Century 21* asked, "[W]hile it should be asked whether plaintiff's product needs to be described by

The majority added, however, that it did not actually mean “necessary” in connection with the first test.¹⁵⁰ Instead, it noted that a “court need only be satisfied that the identification by the defendant of plaintiff’s product or service would be rendered significantly more difficult without use of the mark.”¹⁵¹

The majority indicated that the third factor of the Ninth Circuit test asked “whether the user did anything that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder.”¹⁵² The majority, however, thought that a slightly different question was more appropriate: “Does the defendant’s conduct or language reflect the true and accurate relationship between plaintiff and defendant’s products or services?”¹⁵³ The majority explained, “sometimes a plaintiff’s relationship with defendant may be one of endorsement, but the nature of the endorsement as reflected by defendant’s employment of plaintiff’s mark may not be accurate.”¹⁵⁴

4. *The Concurrence and Dissent in Century 21*

In *Century 21*, Judge Fisher concurred, stating that the burden of proof for likelihood of confusion must remain with the plaintiff and that the case should be remanded to the district court for a new analysis on likelihood of confusion.¹⁵⁵ However, Judge Fisher dissented from the majority on the bifurcated analysis of the majority: “The majority . . . errs in treating its test as an affirmative defense because that defense, even as modified, analyzes nothing more than core issues of likelihood of confusion, issues that are within the purview of plaintiff’s case.”¹⁵⁶ He argued that because the second phase of the nominative fair use test analyzed elements of likelihood of confusion, this test effectively and improperly switched the burden of proof to the defendant.¹⁵⁷

Because prior cases analyzed nominative uses without resorting to a separate test that placed the burden on defendants, Judge Fisher indicated a separate test was unnecessary.¹⁵⁸ He quoted Justice Holmes for the applicable test: “When the mark is used in a way that does not deceive the public, we do not see such sanctity in the word as to prevent its being used to tell the truth.”¹⁵⁹ Additionally, Judge Fisher

reference to its mark, should it not also, be examined whether defendant’s use of it, at all, is necessary to accurately describe what defendant does or sells, or whether its reference to plaintiff’s mark is actually gratuitous.” *Id.* at 229.

¹⁵⁰ *Id.* at 229.

¹⁵¹ *Id.* at 229.

¹⁵² *Id.* at 230.

¹⁵³ *Id.* at 228.

¹⁵⁴ *Id.* at 230–31. On remand, the majority said the district court “should consider whether the disclaimer [provided by LendingTree on its web site] was an affirmative action by [Lending Tree] that effectively negated an inaccurate implication of sponsorship or endorsement . . .” *Id.* at 231.

¹⁵⁵ *Id.* at 232.

¹⁵⁶ *Id.* at 236 n.13.

¹⁵⁷ *Id.* at 223. (indicating that Judge Fisher also argued that the majority’s “test is judicially unmanageable, because it requires courts to examine identical likelihood of confusion factors on both sides of the analysis.”).

¹⁵⁸ *Id.* at 236.

¹⁵⁹ *Id.* at 237 (quoting *Prestonettes, Inc. v. Coty*, 264 U.S. 359, 368 (1924)).

added that “*Prestonettes* is clearly a nominative use case, and the Supreme Court did not treat the use as one that had to be justified by the defendant.”¹⁶⁰

Judge Fisher went on, “[t]he panel is unanimous in holding that in an appropriate case, all but the first two . . . factors may be relevant to the nominative use analysis.”¹⁶¹ It is not clear why he thought the “similarity of marks” factor could not take into account the context of the marks, since other circuits have indicated courts should take into account context of use.¹⁶² Judge Fisher did recognize that competitors often make nominative use of other companies’ marks for purpose of comparison and criticism, and, in such context, the consumer is unlikely to believe the mark of the competitor is similar to the mark of the advertiser.¹⁶³

He continued by stating “descriptive fair use and nominative use are very different animals: in descriptive fair use, the key inquiry is whether a plaintiff’s mark is being used in a descriptive sense, but in nominative use cases, courts ask one question alone: is the defendant’s use likely to confuse?”¹⁶⁴ In *KP Permanent*, the Supreme Court indicated that the statutory defense may not limit the parties to the issue of whether or not defendant used the mark in a descriptive sense.¹⁶⁵ The Court added that “the proceedings in this case so far raise no occasion to evaluate some other concerns that courts might pick as relevant, quite apart from attention to confusion.”¹⁶⁶ This indication that other considerations could be issues to consider in

¹⁶⁰ *Id.* at 237.

¹⁶¹ *Id.* at 239 n.18 (similarity of the marks and strength of the marks.).

¹⁶² *Savin Corp. v. Savin Group*, 391 F.3d 439, 458 (2d Cir. 2004) (“[I]mpression’ created by the setting in which the mark is used is often of critical importance”) (quoting *Spring Mills, Inc. v. Ultracashmere House Ltd.*, 689 F.2d 1127, 1130 (2d Cir. 2004); *Entrepreneur Media, Inc. v. Smith*, 279 F.3d 1135, 1144 (9th Cir. 2002) (“(1) Marks should be considered in their entirety and as they appear in the marketplace; (2) Similarity is best adjudged by, appearance, sound, and meaning”); *People for the Ethical Treatment of Animals v. Doughney*, 263 F.3d 359, 366 (4th Cir. 2001) (“[A] court should not consider ‘how closely a fragment of a given use duplicates the trademarks’, but must instead consider ‘whether the use in its entirety creates a likelihood of confusion’”) (quoting *Anheuser-Busch, Inc. v. L. & L. Wings, Inc.*, 962 F.2d 316, 319 (4th Cir.), *cert. denied* 506 U.S. 872 (1992); *Heartsprings, Inc. v. Heartspring, Inc.*, 143 F.3d 550, 554 (10th Cir. 1998) (“[W]e consider the marks as they are encountered by the consumer in the marketplace”). *Cf.* *Century 21 Real Estate Corp. v. LendingTree, Inc.*, 425 F.3d 211, 225 (3d Cir. 2005) (similarity of the marks “does not leave any room for the context of the use – i.e., that the mark is being used to describe the plaintiff’s own product.”).

¹⁶³ *Century 21* 425 F.3d. at 239. Judge Fisher said that four factors the majority seemed to reject in *Century 21* could in fact be relevant on remand: (1) whether the goods are marketed through the same channels of trade; (2) the extent to which the consumers of the products are the same; (3) the relationship of the goods in the minds of consumers because of the similarity of function; and (4) other factors suggesting that the consuming public might expect the owner to manufacture a product in the defendant’s market or to expand into that market. *Id.* at 239 n.18, 247–49. Judge Fisher said that although “the majority expresses doubt regarding the weight of the last four *Lapp* factors to this particular dispute, . . . at no point does it hold that the District Court is prohibited from considering them.” *Id.* at 239 n.18, 246–47.

¹⁶⁴ *Id.* at 245–46.

¹⁶⁵ *KP Permanent Make-Up v. Lasting Impression I, Inc.*, 543 U.S. 111, 123 (2004) (The Court said “our holding that fair use can occur along with some degree of confusion does not foreclose the relevance of the extent of any likely consumer confusion in assessing whether a defendant’s use is objectively fair.”).

¹⁶⁶ *Id.* (The Court said “we likewise do not pass upon the position of the United States, as *amicus*, that the ‘used fairly’ requirement in § 1115(b)(4) demands only that the descriptive term describe the goods accurately.”).

determining whether a defendant was fairly using a mark in its descriptive sense does not mean that these issues should have been relevant to the outcome in *Century 21*, which did not involve 15 U.S.C. § 1115.

Although the majority in *Century 21* recognized the difference between descriptive fair use and nominative fair use, the majority questioned “why we should ask radically different questions when analyzing a defendant’s ability to refer to a plaintiff’s mark in the two contexts.”¹⁶⁷ The clear answer to this question is that Congress established a fair use defense in 15 U.S.C. § 1115(b)(4) for a defendant to describe its own product, but has not provided the same defense in the event of use by a defendant of a third party’s mark to identify the third party’s product.

The majority argued that confusion and fairness were distinct issues and courts should apply *KP Permanent* to nominative fair use and consider both confusion and fairness in nominative use situations.¹⁶⁸ Although the majority appears to be correct that *KP Permanent* shows that fair use is distinct from likelihood of confusion, there is still no statutory authority for an affirmative defense of fairness for nominative uses.¹⁶⁹

5. Summary

In recognition of the decision in *KP Permanent* that plaintiff has the burden of proof for likelihood of confusion in a trademark infringement case, the majority in

¹⁶⁷ *Century 21*, 425 F.3d at 223.

¹⁶⁸ *Id.* at 222–24.

¹⁶⁹ Whether *Century 21* had a valid claim for false advertising is beyond the scope of this article, but it is worth noting that false advertising claims may overlap with false designation of origin claims. While prior to 1989 both claims would have been based on the same words in § 43(a), effective in 1989, Congress split the claims into two subsections, now § 43(a)(1)(A) and § 43(a)(1)(B). 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION §§ 27:09–27:10 (4th ed. 2005). Subsection (A) refers to a representation which “is likely to cause confusion, or to cause mistake, or to deceive as to affiliation, connection, or association of such person with another person, or as to *origin, sponsorship, or approval of his or her goods, services or commercial activities by another person*” (trademark infringement) (emphasis added). Subsection (B) refers to a representation which “in commercial advertising or promotion, misrepresents *the nature, characteristic, qualities or geographic origin of his or her or another person’s goods, services, or commercial activities*” (false advertising) (Emphasis added). The elements of the two types of claims are distinct. *Compare Johnson & Johnson—Merck Consumer Pharms. Co. v. Rhone-Poulenc Rorer Pharms, Inc.*, 19 F.3d 125, 129 (3d Cir. 1994) and 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 27:24 (4th ed. 2005) (false advertising) with *Fisons Horticulture, Inc. v. Vigoro Indus., Inc.*, 30 F.3d 466, 472 (3d Cir. 1994) and 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 27:13 (4th ed. 2005) (trademark infringement). However, if a plaintiff cannot show it has a protectable unregistered mark, it could nevertheless have a claim under subsection (B) for false advertising. If a plaintiff can prove that an ad was literally false, it does not have to prove that the ad mislead any consumer in order to prove false advertising. *Johnson & Johnson—Merck*, 19 F.3d at 129. If a plaintiff does have a protectable mark, the plaintiff could have both a false advertising claim and a trademark infringement claim for the same advertisement. For instance, advertisements that the products of Cheap Computers, Inc. are compatible with APPLE products could result in both claims. See, e.g., *Creative Labs, Inc. v. Cyrix Corp.*, 42 U.S.P.Q.2d 1872 (N.D. Calif. 1997); 43 U.S.P.Q.2d 1778 (N.D. Calif. 1997), *aff’d* 141 F.3d 1174 (9th Cir. 1998); 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 25:51.1.

Century 21 technically did not switch the burden of proof for likelihood of confusion to the defendant. However, the court did create a separate defense not authorized by statute, and held that the defendant had the burden of proof to show “fair use.” This reasoning was contrary to Judge Fisher’s argument that the “fair use elements” were really likelihood of confusion elements and that the majority decision actually switched the burden of proof for no likelihood of confusion to the defendant.¹⁷⁰

Judge Fisher was correct in his opposition to a separate nominative fair use test, but he failed to address practical questions about possible consequences of not adopting a separate nominative fair use test. For instance, wouldn’t a defendant be more able than a plaintiff to produce evidence that: (1) a prohibition on defendant’s use of plaintiff’s mark would make it significantly more difficult for defendant to discuss plaintiff’s products; and (2) defendant’s conduct and language—such as the use of disclaimers—reflected the true and accurate relationship between plaintiff and defendant’s products or services? If so, shouldn’t the courts place some burden on defendants in the nominative use situation?

The next section addresses the decision of the Fifth Circuit to adopt a nominative “fair use” supplement to the traditional multi-factor test that avoids some of the problems resulting from the approaches of the Ninth and Third Circuits.

C. The Fifth Circuit Creates a Nominative Fair Use Test As a Supplement to the Traditional Multi-Factor Test Without Deciding the Procedure.

1. The Decision of the Fifth Circuit in Pebble Beach

Pebble Beach Co. owned the nationally known Pebble Beach golf course in California and sued Tour 18 I, Ltd. for trademark infringement at Tour 18’s golf course in Humble, Texas.¹⁷¹ The Humble public golf course had a collection of 16 replica golf holes from famous golf courses, including Pebble Beach.¹⁷² Among other things, Tour 18 identified the golf holes that it had copied by using the trademarks of the courses in question.¹⁷³ Tour 18 included disclaimers on the course and in some promotional material that the original golf courses were not affiliated with Tour 18.¹⁷⁴ Considering the service mark infringement claim filed by Pebble Beach, the district court found there was a likelihood of confusion and entered judgment for Pebble Beach.¹⁷⁵

The Fifth Circuit affirmed, but treated nominative fair use differently than the Ninth Circuit. First, the Fifth Circuit stated “we cannot say that the district court committed clear error in finding actual confusion and in finding a likelihood of

¹⁷⁰ *Century 21*, 425 F.3d at 246.

¹⁷¹ *Id.* at 533.

¹⁷² *Id.*

¹⁷³ *Id.* at 535.

¹⁷⁴ *Id.*

¹⁷⁵ *Id.* at 535.

confusion.”¹⁷⁶ Then the court turned to the nominative fair use defense, acknowledged that courts “have long recognized that one who lawfully copies another’s product can appropriately tell the public what he has copied”, and added that it is appropriate for one company to use the mark of a second company to truthfully identify the second company’s goods or services in order to describe or compare the product or services.¹⁷⁷

The Fifth Circuit adopted two elements from the nominative fair use defense set forth in *New Kids*: a “defendant (1) may only use so much of the mark as necessary to identify the product or service and (2) may not do anything that suggests affiliation, sponsorship, or endorsement by the mark holder.”¹⁷⁸ The Fifth Circuit stated it would not impose the first requirement of *New Kids*, that the product or service in question must not be readily identifiable without use of the trademark, because in the context of direct comparative advertising, this requirement would always be satisfied.¹⁷⁹

In contrast to the Ninth Circuit, the Fifth Circuit used the two nominative fair use factors as a supplement to the traditional multi-factor test rather than as a substitute. The Fifth Circuit explained that “a court is not limited to considering only the standard digits of confusion.”¹⁸⁰ The court added that “the traditional likelihood of confusion analyses is applicable in a comparative-advertising situation, but the court should usually consider the nominative-use claim in conjunction with its likelihood of confusion analysis to avoid lowering the standard of confusion.”¹⁸¹ In other words, the Fifth Circuit flexibly used the two nominative fair use factors as a part of the traditional multi-factor test.¹⁸²

The Fifth Circuit did not conclude whether or not consideration of the two mentioned nominative fair use factors switched any burden to the defendant. Instead, the court appeared to defer that question for another case, saying, “[w]e do not prescribe any particular method for this consideration because this case does not present a situation in which nominative use is a significant factor in the liability determination.”¹⁸³

¹⁷⁶ *Id.* at 545.

¹⁷⁷ *Id.* The reference to “lawfully copies” eliminates the possibility that copyright law protected what defendant copied.

¹⁷⁸ *Id.* at 546.

¹⁷⁹ *Id.* at 546 n.13. It is not clear if the Fifth Circuit was suggesting that in nominative fair use cases that did not involve direct comparative advertising, the first factor from the Ninth Circuit’s test would be applied.

¹⁸⁰ *Id.* at 546.

¹⁸¹ *Id.* at 547.

¹⁸² Mark A. Thurman, *Recent Developments in Trademark Law*, 7 TEX. INTELL. PROP. L.J. 179, 189–90, (“[In *Pebble Beach*] Defendant had used plaintiff’s word marks in a variety of contexts, many of which could not be justified under this nominative use theory, and such uses were enjoined.”). The Fifth Circuit did refer to the nominative use as use by a defendant of the mark of plaintiff simply to identify the plaintiff, not to imply defendant was affiliated with the plaintiff. *Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 526, 546 (5th Cir. 1998). The Fifth Circuit in fact based its decision on the traditional likelihood of confusion test, flexibly applied, concluding “Tour 18 has used the marks in ways suggesting affiliation, sponsorship, or approval.” *Id.* The court added, “Because Tour 18 used the Plaintiffs’ marks in more than merely nominative sense, a different approach would not have altered the result.” *Id.* at 547. The different approach, that the Fifth Circuit did not use, was a separate nominative fair use defense.

¹⁸³ *Id.* at 547 n.14.

2. Summary

The Fifth Circuit decision on the issues presented to it in the *Pebble Beach* makes sense. The Fifth Circuit did not create a nominative use defense to replace the multi-factor test, and instead used the multi-factor test flexibly to address the special circumstances presented by nominative fair use—not similarity between marks, but rather likelihood of confusion about an affiliation between the plaintiff and defendant. Also, because the court did not create a separate defense, the burden of proof for likelihood of confusion remains with the plaintiff in the Fifth Circuit.

The facts in *Pebble Beach*, however, show why it makes sense not to keep all responsibility on the plaintiff. A significant issue in *Pebble Beach* was the use of disclaimers by Tour 18. The Fifth Circuit noted the following disclaimers were on the scorecards and yardage guides: “The design of this course was inspired by great holes from 16 different golf courses. None of the courses endorse, sponsor, or are affiliated with Tour 18.”¹⁸⁴

However, the Fifth Circuit also noted that “several advertisements and promotional materials do not contain any disclaimers.”¹⁸⁵ The court concluded that “Tour 18 has used the marks in images suggesting affiliation, sponsorship, or approval.”¹⁸⁶

In a nominative use case, the issues are more likely to include a wider range of actions by the defendant than simply the using of a mark because of the question: Did defendant take any action that might lead the consumer to believe defendant and plaintiff were affiliated? Furthermore, information on this wider range of actions may be easier for defendant to obtain than plaintiff. In fact, as part E of the next section shows, the burden of production may need to switch to the defendant to show that no actions were taken to confuse consumers, without switching the ultimate burden of persuasion to the defendant.

III. COURTS DO NOT NEED A SEPARATE NOMINATIVE FAIR USE DEFENSE

There are numerous examples of courts examining nominative uses in trademark infringement cases without resorting to a separate nominative fair use defense.¹⁸⁷ This section discusses some of these cases to show that there is no need for a separate nominative fair use test. The section closes by showing that although there is no need for a separate test, switching the burden of production for likelihood of confusion, but not the burden of proof, may be helpful in nominative use cases.

¹⁸⁴ *Id.* at 535. The same or similar disclaimers were on signs at each golf tee box. *Id.*

¹⁸⁵ *Id.*

¹⁸⁶ *Id.* at 546.

¹⁸⁷ See e.g., *PACCAR, Inc. v. Telescan Tech. LLC*, 319 F.3d 243 (6th Cir. 2003); *Volkswagenwerk Aktiengesellschaft v. Church*, 411 F.2d 350 (9th Cir. 1969); *Ty, Inc. v. Publ'ns Int'l, Ltd.*, No. 99 C 5565, 2005 WL 464688 (N.D. Ill. Feb. 25, 2005).

A. Defendant's Use of Plaintiff's Products or Services—Complementary Products or Services

1. PACCAR

Unlike the Third Circuit in *Century 21*, the Sixth Circuit recently ruled on a trademark infringement claim involving nominative use without adopting a separate nominative use defense.¹⁸⁸ Plaintiff PACCAR manufactured heavy trucks and truck parts under the trademarks PETERBILT and KENWORTH, and also administered a used truck locator service on its web site, www.paccar.com.¹⁸⁹ Defendant TeleScan owned several web sites providing truck locator services that contained a database of dealers selling different types of new and used trucks, including Peterbilt and Kenworth trucks.¹⁹⁰ TeleScan also had manufacturer specific websites, including the domain names www.peterbiltnewtrucks.com and www.kenworthnewtrucks.com, and displayed PACCAR's "marks in the wallpaper underlying the manufacturer-specific web sites in fonts similar to the distinctive fonts in PACCAR's trademarks . . . and . . . in the site's metatags."¹⁹¹

Defendant argued its use of the marks was a nominative fair use, but the Sixth Circuit declined to adopt the Ninth Circuit's analysis.¹⁹² However, the Sixth Circuit analyzed the situation using both the traditional multi-factor test and nominative fair use test, and found trademark infringement under either analysis.¹⁹³ The Sixth Circuit cited the same factors as being determinative in its nominative fair use analysis as it considered determinative in the multi-factor test.¹⁹⁴

In support of its nominative fair use defense, TeleScan argued that using PACCAR's trademarks was the only way to describe the products being marketed through TeleScan's web pages.¹⁹⁵ The Sixth Circuit explained the argument could have had merit if TeleScan limited its use of the marks to the words on its web sites, but noted that "TeleScan . . . included PACCAR's trademarks in its domain names, thereby describing its own products—its web sites."¹⁹⁶ The Sixth Circuit also noted TeleScan would not satisfy the nominative fair use defense because "repeating the

¹⁸⁸ *PACCAR*, 319 F.3d 243.

¹⁸⁹ *Id.* at 247.

¹⁹⁰ *Id.*

¹⁹¹ *Id.* at 247–48.

¹⁹² *Id.* at 256. The Sixth Circuit rejected the argument of defendant that its use of the marks satisfied the classic/descriptive fair use defense, because the Sixth Circuit concluded that defendant's use of the marks in its domain name confused consumers over the source of the products—as a mark—and did not describe the products. *Id.* at 250–51, 255.

¹⁹³ *Id.* at 257–58.

¹⁹⁴ *Id.* at 256.

Using PACCAR's trademarks in its domain names, repeating the marks in the main titles of the web sites and in the wallpaper underlying the web sites, and mimicking the distinctive fonts of the marks go beyond using the marks "as is reasonably necessary to identify" PACCAR's trucks, parts, and dealers. As discussed above, TeleScan's use of PACCAR's trademarks in its domain names creates a likelihood of confusion as to whether its web sites are affiliated with PACCAR.

Id.

¹⁹⁵ *Id.* at 256.

¹⁹⁶ *Id.*

marks in the main titles of the web sites and in the wallpaper underlying the web sites, and mimicking the distinctive fonts of the marks, go beyond using the marks ‘as is reasonably necessary to identify’ PACCAR’s trucks, parts, and dealers.”¹⁹⁷ In short, there was no need for a separate nominative fair use defense in PACCAR because the Sixth Circuit considered all the nominative fair use factors in applying the multi-factor test.¹⁹⁸

2. Volkswagenwerk

Even the Ninth Circuit has analyzed trademark infringement claims involving nominative uses of marks without employing a separate nominative fair use defense. For instance, in *Volkswagenwerk Aktiengesellschaft v. Church*, the Ninth Circuit upheld the right of a Volkswagen repair serviceman to advertise his business as servicing Volkswagens.¹⁹⁹ The court explained that “Church’s prominent use of the word ‘independent’ whenever the terms “Volkswagen” or “VW” appeared in his advertising was sufficient to distinguish his business in the eye of the customer exercising the care, caution, and power of perception that the public may be expected to exercise.”²⁰⁰ In addition, the Ninth Circuit cited the fact that Church did not use Volkswagen’s distinctive lettering style or color scheme, nor did he display the encircled VW emblem in his advertisements.²⁰¹ Without resorting to a separate nominative fair use defense, the Ninth Circuit in *Volkswagenwerk* stated the basic principal: if “another uses the marks in a manner which tends to deceive the public, [the plaintiff] is entitled to protection.”²⁰² Put simply, one company’s use of another company’s mark can be analyzed adequately under a likelihood of confusion test—without creating a separate test.²⁰³

¹⁹⁷ *Id.*

¹⁹⁸ The Sixth Circuit prefaced its multi-factor analysis by stating that courts should apply the test not with mathematical precision and not by counting who won on most of the factors, but should apply the factors to determine the question “whether ultimate consumers are likely to believe that the products or services offered by the parties are affiliated in some way.” *PACCAR*, 319 F.3d at 250 (quoting *Daddy’s Junky Music Stores, Inc. v. Big Daddy’s Family Music Center*, 109 F.3d 275, 280 (6th Cir. 1997)). Under the factor “marketing channels,” the Sixth Circuit concluded Telescan’s use of a disclaimer of affiliation on its web site was too late to prevent likelihood of confusion resulting from reviewing the domain names. *Id.* at 253. Since a disclaimer is not really a marketing channel, but evidence of how a marketing channel is used, the Sixth Circuit’s consideration of the disclaimer shows how flexible the multi-factor test can be in considering nominative use fact patterns.

¹⁹⁹ *Volkswagenwerk Aktiengesellschaft v. Church*, 411 F.2d 350, 351 (9th Cir. 1969).

²⁰⁰ *Id.* at 352.

²⁰¹ *Id.*

²⁰² *Id.* at 352.

²⁰³ *Cf. Bijur Lubricating Corp. v. Devco Corp.*, 332 F.Supp.2d 722, 727–34 (D.N.J. 2004) (applying the traditional likelihood of confusion multi-factor test for the claim of trademark infringement and the Ninth Circuit’s nominative fair use defense to the claim of trademark dilution).

3. Ty

Another case considering complementary products was *Ty, Inc. v. Publications International, Ltd.*, in which the maker of Beanie Babies toys sued a publisher of a series of books and magazines designed to be collectors' guides for Beanie Baby products.²⁰⁴ The court recognized that the nominative fair use defense extended to the situation in *Ty* where defendant used the plaintiff's mark to identify not just a source of plaintiff's products, but to identify both the plaintiff's and defendant's products.²⁰⁵ The court decided that such dual reference was "*presumptively* confusing,"²⁰⁶ and added, "[a]bsent other information, [defendant's] use of Ty's mark is inherently, almost inescapably confusing: standing alone, a consumer cannot tell whether [Publications's] product is sponsored by, endorsed by or affiliated with Ty."²⁰⁷ The court explained the nominative fair use test "*assumes* the likelihood of confusion, and notwithstanding that confusion, provides an opportunity to determine whether the defendant's use of the mark infringes or can be defended as 'fair use.'"²⁰⁸ The court referred to such presumption and assumption of likelihood of confusion even though on the front cover of every book there appeared the following disclaimer: "This publication is not authorized or licensed by Ty, Inc. Publications International Ltd. is not affiliated with Ty, Inc."²⁰⁹

Citing *KP Permanent*, the district court stated that the "common law of unfair competition support[s] the premise that fair use can occur along with some degree of confusion."²¹⁰ In *KP Permanent*, however, the Supreme Court considered the common law treatment of descriptive fair use, not nominative use.²¹¹ The existence of a common law fair use defense to a common law claim of trademark infringement does not justify the application of such a defense to a federal statutory claim under the Lanham Act, where Congress has presumptively excluded application to nominative uses by only adopting such defense in different parts of the Lanham Act for other situations.²¹²

²⁰⁴ *Ty, Inc. v. Publ'ns Int'l., Ltd.*, No. 99 C 5565, 2005 WL 464688, *1 (N.D. Ill. Feb. 25, 2005).

²⁰⁵ *Id.* at *5. Both to the original products of Ty, BEANIE BABIES and, in part, to the books of defendant about BEANIE BABIES. *Id.* In cases of comparative advertising, by contrast, use of a competitor's mark only refers directly to the competitor. However, the comparison of the products does at least indirectly serve to inform the public about the product of the advertiser.

²⁰⁶ *Id.*

²⁰⁷ *Id.*

²⁰⁸ *Id.* at *6 (Emphasis added).

²⁰⁹ *See id.* at *9, *10; *Ty, Inc. v. Publ'ns Int'l., Ltd.*, No. 99 C 5565, 2000 WL 1499449, *3 (N.D. Ill. 2000), *rev'd*, 292 F.3d 512 (7th Cir. 2002), *cert. denied*, 537 U.S. 1110 (2003).

²¹⁰ *Ty, Inc.*, No. 99 C 5565, 2005 WL 464688 at *6.

²¹¹ *KP Permanent Make-Up v. Lasting Impression I, Inc.*, 543 U.S. 111, 123 (2004) ("[T]he common law of unfair competition also tolerated some degree of confusion from a descriptive use of words contained in another person's trademark").

²¹² The Lanham Act, 15 U.S.C § 1114 (2000) creates the cause of action for infringement of registered marks. 15 U.S.C § 1125 (2000) creates the cause of action for infringement of unregistered marks and for dilution of famous trademarks. 15 U.S.C § 1115 (2000) creates the descriptive fair use defense, and 15 U.S.C § 1125 (2000) creates the fair use defense to dilution of famous trademarks. "Where Congress includes particular language in one section of a statute but omits it in another section of the same Act, it is generally presumed that Congress acts intentionally and purposely in the disparate inclusion or exclusion." *Russello v. United States*, 464 U.S. 16, 23

The court in *Ty* presumed likelihood of confusion, despite finding that the disclaimer, referred to above, “satisfied the third prong of the nominative fair use defense”—that defendant had not suggested plaintiff sponsored or endorsed the product.²¹³ Because there was a question of fact about whether Publications used more of plaintiff’s mark than was necessary—the second element of the nominative fair use test—the court denied Publications’s motion for summary judgment.²¹⁴

The decision in *Ty* shows the importance of which nominative fair use test a court applies. Because of the conspicuous disclaimer that appeared to eliminate any suggestion of affiliation or sponsorship, a court in the Fifth and Sixth Circuits would probably have granted Publications’s motion for summary judgment.²¹⁵ However, applying the Ninth Circuit’s nominative fair use defense, the court denied Publications’s motion for summary judgment because there was a question of fact about whether it was “fair” that Publications had used the mark as much as it had.²¹⁶

4. Summary

The foregoing cases support the argument that a separate nominative fair use test is unnecessary in evaluating likelihood of confusion. The decision in *Ty* might suggest that there is a need for a separate nominative fair use defense to consider the issue of “fairness,” but then one must ask: what is the basis for a court to add a separate fairness test when Congress did not see fit to provide one for trademark infringement claims pertaining to nominative uses?

(1983) (quoting *United States v. Wong Kim Bo*, 472 F.2d 720, 722 (5th Cir. 1972)); see also *KP Permanent*, 543 U.S. at 118 (quoting *Russello*, 464 U.S. at 23).

²¹³ *Ty, Inc.*, No. 99 C 5565, 2005 WL 464688 at *10.

²¹⁴ *Id.* at *9. This second element may be distinct from a likelihood of confusion. For instance, no matter how many times a defendant uses a competitor’s mark, if the use does not suggest affiliation or sponsorship, it seems unlikely there could be confusion. On the other hand, the second element of the nominative fair use test could be evidence of intent to confuse, and, as indicated *supra*, Part III.A.1., some courts have analyzed the intent element of the traditional multi-factor test in this manner. However, to the extent how extensively a defendant has used a mark is inserted as part of a separate defense, it seems likely to focus attention on some abstract concept of “fairness” rather than likelihood of confusion, thus altering the result in certain cases.

²¹⁵ The mere use of a disclaimer by defendant or the use of defendant’s mark with the mark of a plaintiff may not be enough for a court to find no likelihood of confusion, but courts should consider the effect such disclaimers and uses of two marks may have on the likelihood of confusion. *Conopco, Inc. v. May Dept. Stores Co.*, 46 F.3d 1556, 1566–68 (Fed. Cir. 1994), *cert. denied*, 514 U.S. 1078 (1995); *Arrow Fastener Co. Inc. v. Stanley Works*, 59 F.3d 384, 394–96 (2d Cir. 1995); *Am. Legion v. Matthew*, 144 F.3d 498, 499 (7th Cir. 1998); *Auto Zone, Inc. v. Tandy Corp.*, 373 F.3d 786, 796–97 (6th Cir. 2004), *cf. Americana Trading, Inc. v. Russ Berrie & Co.*, 966 F.2d 1284, 1289 (9th Cir. 1992); *Int’l Kennel Club of Chicago, Inc. v. Mighty Star, Inc.*, 846 F.2d 1079, 1092–93 (7th Cir. 1988); *Harley Davidson, Inc. v. Grottanelli*, 164 F.3d 806, 813 (2d Cir. 1999) (specific disclaimers or use of defendant’s mark insufficient to avoid confusion). Since the court in *Ty* held that under the third element of the nominative fair use test defendant had taken no steps to suggest affiliation, it is difficult to see how a court—just looking at likelihood of confusion—could have denied defendant’s motion for summary judgment.

²¹⁶ *Ty, Inc.*, No. 99 C 5655, 2005 WL 464688 at *8. The court did grant defendant’s motion for summary judgment on plaintiff’s common law claim of infringement, not on the issue of likelihood of confusion, but because *Ty* did not have the common law rights it claimed. *Id.* at *4 n.4.

B. Comparative Advertising

Courts recognize companies may use the trademarks of competitors in comparative advertising in many situations.²¹⁷ For instance, in *SSP Agricultural Equipment, Inc. v. Orchard-Rite Ltd.*, the Ninth Circuit agreed that the defendant's use of the plaintiff's trademark TROPIC BREEZE for purposes of comparing the plaintiff's wind machines with the defendant's wind machines, marketed under the trademark ORCHARD-RITE, did not constitute trademark infringement.²¹⁸ The Ninth Circuit noted that the district court found "sellers of wind machines were well known to potential purchasers in the area where Orchard-Rite's advertisement was distributed and there was no likelihood that they would be confused as to the source or identity of Orchard-Rite's product."²¹⁹ The Ninth Circuit did not find it necessary to use a separate nominative fair use test to reach the conclusion that there was no trademark infringement, even though the defendant had been using its competitor's mark to indicate the source of the plaintiff's products.²²⁰

Similarly, the Third Circuit did not need a separate nominative fair use test in *G. D. Searle & Co. v. Hudson Pharmaceutical Corp.*,²²¹ a case involving a comparison of laxatives. Hudson characterized its product as "equivalent to METAMUCIL," identifying the source of a competitor's product by use of the competitor's mark.²²² The Third Circuit noted "[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."²²³ However, because of the overall similarity in packaging, the "eye-catching display of the METAMUCIL mark," and "the absence of any reference to Searle's ownership rights in its trademark," the district court concluded there was "a substantial likelihood that consumers will be confused and will purchase REGACILIUM thinking they are buying a cheaper version of the product from the

²¹⁷ In fact, the Federal Trade Commission has promulgated a regulation acknowledging the benefits of truthful comparative advertising: "Comparative advertising, when truthful and nondeceptive, is a source of important information to consumers and assists them in making rational purchase decisions. Comparative advertising encourages product improvement and innovation, and can lead to lower prices in the marketplace." 16 C.F.R. § 14.15(c) (2005). See also 4 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 25:52 (4th ed. 2005).

²¹⁸ *SSP Agric. Equip., Inc. v. Orchard-Rite Ltd.*, 592 F.2d 1096, 1102–03 (9th Cir. 1979).

²¹⁹ *Id.* at 1103.

²²⁰ *Id.* at 1102–03.

²²¹ *G.D. Searle & Co. v. Hudson Pharm. Corp.*, 715 F.2d 837 (3d Cir. 1983).

²²² *Id.* at 842.

²²³ *Id.* at 843. Quoting earlier cases, the Third Circuit added that "collateral and truthful references to the trademark of another are permissible as long as the 'unauthorized' reference does not cause confusion as to the source of the product advertised." *Id.* at 841 n.9; see also *Bally Total Fitness Holding Corp. v. Faber*, 29 F.Supp.2d 1161 (C.D. Calif.1998) (web page/domain name of "Bally sucks" did not constitute trademark infringement under multi-factor test); *Sw. Recreational Indus., Inc. v. FieldTurf, Inc.*, No. 01-50073, 2002 WL 32783971 at *8 n.39 (5th Cir. 2002) (although the court referred to a nominative use of plaintiff's mark, it said that apart from certain false and misleading statements about plaintiff on defendant's website, "the present claim concerns the separate question of whether Fieldturf's use of the Astro Turf trademark created a likelihood of confusion as to the source of information on Fieldturf's website").

same company that manufactures METAMUCIL.”²²⁴ The Third Circuit affirmed, and neither court needed a separate nominative fair use test to reach the outcome.²²⁵

C. Parodies

Because the Lanham Act regulates false or misleading commercial speech, traditional trademark infringement claims do not run afoul of the First Amendment’s protection of freedom of speech and freedom of press.²²⁶ As the Ninth Circuit explained, “[w]hatever first amendment rights you may have in calling the brew you make in your bathtub ‘Pepsi’ are easily outweighed by the buyer’s interest in not being fooled into buying it.”²²⁷ Parodies, however, can raise both nominative use and First Amendment freedom of speech issues. In cases where First Amendment considerations were more prominent, the failure to use a nominative use analysis might have been the result of First Amendment considerations and not the adequacy of the traditional multi-factor analysis for likelihood of confusion.²²⁸

In *Dr. Seuss Enterprises, P.P. v. Penguin Books, USA, Inc.*, the Ninth Circuit affirmed the preliminary injunction prohibiting Penguin Books from publishing “The Cat NOT in the Hat!”, a satire on the O.J. Simpson trial that used a variety of Dr. Seuss trademarks.²²⁹ The Ninth Circuit explained that “parody” was not a separate defense, “but merely a way of phrasing the traditional response that customers are

²²⁴ *Searle*, 715 F.2d at 839.

²²⁵ *Id.* at 841.

²²⁶ *Taubman Co. v. Webfeats*, 319 F.3d 770, 774 (6th Cir. 2003) (“The Lanham Act is constitutional because it only regulates commercial speech, which is entitled to reduced protections under the First Amendment”) (citing *Central Hudson Gas & Elec. v. Pub. Serv. Comm’n of N.Y.*, 447 U.S. 557, 563 (1980) (“[T]here can be no constitutional objection to the suppression of commercial messages that do not accurately inform the public about lawful activity. The government may ban forms of communications more likely to deceive the public than inform it.”)).

²²⁷ *Mattel, Inc. v. MCA Records, Inc.*, 296 F.3d 894, 900 (9th Cir. 2002) (quoting Alex Kozinski, *Trademarks Unplugged*, 68 N.Y.U.L. REV. 960, 973 (1993)).

²²⁸ As a result, most trademark cases involving parodies are not discussed here. However, see discussion of First Amendment issues both with trademark infringement and trademark dilution claims in *Mattel, Inc.*, 296 F.3d at 900. (“Were we to ignore the expressive value that some marks assume, trademark rights would grow to encroach upon the zone protected by the First Amendment”). See also *L.L. Bean, Inc. v. Drake Publ’r, Inc.*, 811 F.2d 26, 33 (1st Cir. 1987) (“The Constitution does not, however, permit the range of the anti-dilution statute to encompass the unauthorized use of a trademark in a noncommercial setting such as an editorial or artistic context”). In *Harley-Davidson, Inc. v. Grotanelli*, 164 F.3d 806 (2d Cir. 1999) the court concluded that a parody (First Amendment) “defense” did not apply and there was likelihood of confusion and thus infringement. The court said, “We have accorded considerable leeway to parodists whose expressive works aim their parodic commentary at a trademark or trademarked product . . . but have not hesitated to prevent a manufacturer from using an alleged parody of a competitor’s mark to sell a competing product.” *Id.* at 812–13.

²²⁹ *Dr. Seuss Enter., L.P. v. Penguin Books, USA, Inc.*, 109 F.3d 1394 (9th Cir. 1997). In a footnote, the Ninth Circuit said, “[w]e reject outright Penguin and Dove’s claim that the injunction in this case constitutes a prior restraint in violation of free speech guaranteed by the United States Constitution.” *Id.* at 1403 n.11 (citing *Anheuser-Busch, Inc. v. Balducci Publ’n*, 28 F.3d 769 (8th Cir. 1994), *cert. denied* 513 U.S. 1112 (1995)); *Silverman v. CBS, Inc.*, 870 F.2d 40, 49 (2d Cir. 1989), *cert. denied*, 492 U.S. 907; *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 206 (2d Cir. 1979).

not likely to be confused as to the source, sponsorship or approval.”²³⁰ In applying the multi-factor test for determining likelihood of confusion, the court noted the 8 factor list was not exhaustive; other factors could be relevant in certain cases, and there was no mechanistic formula to apply in determining likelihood of confusion.²³¹ Even though *Dr. Seuss* clearly involved a nominative use by Penguin of Dr. Seuss marks, the court only reviewed and affirmed the preliminary injunction based on likelihood of confusion, not on the basis of a separate nominative use defense.²³²

D. False Endorsement

Use by an advertiser of the name of a famous person is a nominative use of that person’s name by a third party, sometimes resulting in claims of false endorsement under section 43 of the Lanham Act, 15 U.S.C § 1125.²³³ There are two different bases for liability under section 43: (1) “false representations concerning the origin, association, or endorsement of goods or services through the wrongful use of another’s distinctive mark, name, trade dress or other device” and (2) “false advertising” about the “qualities of goods or services”.²³⁴ Some courts have interpreted the types of representations covered under false representations broadly enough to cover items not traditionally thought of as marks, including famous names.²³⁵

²³⁰ *Dr. Seuss*, 109 F.3d at 1405.

²³¹ *Id.* at 1404.

²³² *See id.* Gripe sites and other cases involving domain names on the Web that use trademarks of other companies often involve non-commercial uses, so they also are not discussed here, even though those situations involve nominative uses and have not applied nominative fair use defenses. *See, e.g.*, Lamparello v. Falwell, 420 F.3d 309 (4th Cir. 2005); Bosley Med. Inst., Inc. v. Kremer, 403 F.3d 672 (9th Cir. 2005).

²³³ In contrast to 15 U.S.C. § 1114 (2000), which only prohibits infringement of registered marks, 15 U.S.C. § 1125 (2000) prohibits certain uses of “any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact . . .” 15 U.S.C. § 1114, 1125 (2000).

²³⁴ *L. S. Heath & Son, Inc. v. AT&T Info. Sys., Inc.*, 9 F.3d 561, 575 (7th Cir. 1993); *see also* *Stanfield v. Osborne Indus., Inc.*, 52 F.3d 867, 873 (10th Cir. 1995), *cert. denied* 516 U.S. 920 (1995); and *Waits v. Frito-Lay, Inc.*, 978 F.2d 1093, 1108 (9th Cir. 1992), *cert. denied* 506 U.S. 1080 (1993).

²³⁵ *Waits v. Frito-Lay, Inc.*, 978 F.2d at 1106 (involving the imitation of a singer’s “gravely” voice, the Ninth Circuit said “courts have recognized false endorsement claims brought by plaintiffs, including celebrities, for the unauthorized imitation of their distinctive attributes, where those attributes amount to an unregistered commercial ‘trademark.’”); *White v. Samsung Elecs. Am., Inc.*, 971 F.2d 1395, 1400 (9th Cir. 1992) (involving the use of the likeness of Vanna White, the Ninth Circuit said, “In cases involving confusion over endorsement by a celebrity plaintiff, ‘mark’ means the celebrity’s persona”); *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200 (2d Cir. 1979); *Allen v. Nat’l Video, Inc.*, 610 F. Supp. 612 (S.D.N.Y. 1985). *Cf.* *Advanced Res., Int’l. v. Tri-Star Petroleum Co.*, 4 F.3d 327, 335 (4th Cir. 1993) (“The concept of mark may be broadly defined yet it does not stretch so far as to embrace ARI’s report”). Plaintiffs may also file false endorsement claims under various state laws not discussed in this article. Even if cases involving claims of false endorsement are more appropriately considered false advertising than false designation of origin claims under the Lanham Act, by analogy the ability of courts to apply a likelihood of confusion test in such cases supports the argument there is no need to replace the likelihood of confusion test with a separate nominative fair use defense for trademark infringement claims.

In *Cairns v. Franklin Mint Co.*, the executors of the estate of Princess Diana sued Franklin Mint Co. for false endorsement under § 1125(a)(1).²³⁶ The plaintiff based its claims on defendant's use of the name and likeness of Princess Diana on commercially sold jewelry, plates, dolls and advertisements for these products after her death.²³⁷ The Ninth Circuit explained, “[u]nder the law of false endorsement, likelihood of customer confusion is the determinative issue.”²³⁸ The court noted that between 1981 and 1997, many products bore the name and likeness of Princess Diana, who had neither endorsed nor objected to any of these products, and many of these products were largely indistinguishable from the defendant's products.²³⁹ The court concluded that consumers had no reason to believe the defendant's products were endorsed by Princess Diana.²⁴⁰

The court then switched to using the nominative fair use defense in analyzing whether there was false endorsement under § 1125(a).²⁴¹ The court explained that the distinction between descriptive and nominative fair use was important for two reasons.²⁴² First, they were governed by different analyses, and second, descriptive fair use complements the likelihood of customer confusion analysis “whereas the nominative fair analysis *replaces* the . . . analysis.”²⁴³ The court concluded the

²³⁶ *Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1144 (9th Cir. 2002). The applicable law (of Princess Diana's domicile, Great Britain) did not recognize a post-mortem right of publicity. *Id.* at 1149. In *Waits*, the Ninth Circuit held the celebrity had standing. *Waits*, 978 F.2d at 1107–10. Some circuits have expressly rejected the Ninth Circuit's approach on standing in cases of celebrities. See *Conte Bros. Auto., Inc. v. Quaker State-Slick 50, Inc.*, 165 F.3d 221, 232 (3d Cir. 1998) (“We reject the Ninth Circuit's approach”). For two additional cases discussing whether a person other than a competitor has standing to file a suit under § 43(a) of the Lanham Act, see *Stanfield v. Osborne Indus., Inc.*, 52 F.3d 867, 872–73 (10th Cir. 1995); *Serbin v. Ziebart Int'l. Corp., Inc.*, 11 F.3d 1163 (3d Cir. 1993).

²³⁷ *Cairns*, 292 F.2d at 1144.

²³⁸ *Id.* at 1149.

²³⁹ *Id.*

²⁴⁰ *Id.* at 1150.

²⁴¹ *Id.* at 1149. In the Introduction to its analysis of the false endorsement claim, the court said, “[u]nder the law of false endorsement, likelihood of consumer confusion is the determinative issue.” *Id.* The court noted that many products bearing the likeness of Princess Diana had been on the market for years, even though Princess Diana had neither endorsed nor objected to the products. *Id.* It concluded, “Under these circumstances, there was no likelihood of confusion as to the origin of Franklin Mint's Diana related products.” *Id.* at 1150. “In addition, Franklin Mint is entitled to a ‘fair use’ defense for its references to Princess Diana to describe its Diana-related products” and subsequently applied the nominative fair use test to the case. *Id.* at 1150–55. This use of “in addition” suggests that the Ninth Circuit may in certain cases consider the nominative fair use test as a supplement to, rather than as a substitute for, the traditional likelihood of confusion test. See also *Downing v. Abercrombie & Fitch*, 265 F.3d 994 (9th Cir. 2001); *Abdul-Jabbar v. Gen. Motors Corp.*, 85 F.3d 407 (9th Cir. 1996) (involving false endorsement claims in which the Ninth Circuit analyzed both likelihood of confusion and nominative fair use). Perhaps the Ninth Circuit treats false endorsement cases as *sui generis*, or perhaps the Ninth Circuit is evolving to using nominative fair use as a supplement to the traditional likelihood of confusion test. Even if the Ninth Circuit now applies both in some cases, similar questions would arise: what authority does a court have to impose a burden of proof on the defendant on likelihood of confusion or on “fair use” in a trademark infringement action in the case of nominative uses, when § 1115(b)(4) does not apply unless the defendant is using a mark *only* to describe the defendant's product?

²⁴² *Cairns*, 292 F.2d at 1150.

²⁴³ *Id.*

defendant's use of the name and likeness of Princess Diana was a permissible nominative fair use.²⁴⁴

In short, the court first concluded there was no likelihood of confusion.²⁴⁵ Then, using the nominative fair use defense, the court concluded the use was a fair use.²⁴⁶ This is another case that supports the argument that a separate nominative fair use test is unnecessary because the traditional likelihood of confusion test can bring about the same result.

E. Switching the Burden of Production vs. the Burden of Persuasion

The split in the circuits over nominative fair use may in part be the result of confusion over the difference between "burden of proof" and "burden of production."²⁴⁷ Burden of proof refers to "the ultimate burden of persuasion, in order to convince a fact-finder, by the appropriate standard, based on all of the evidence."²⁴⁸ In contrast, the burden of production refers to the party who has, at a particular time, the burden of providing evidence to the court.²⁴⁹ The "burden of production, also called the burden of going forward, is initially upon the person with the burden of proof, and generally requires a production of sufficient evidence to support a finding in favor of that person."²⁵⁰ Once a party with a burden of proof has submitted such evidence, the "burden of production" may then shift "to the other party, who must, in turn, produce enough evidence to raise a question of material fact."²⁵¹ However, during this process, the burden of proof does not change "in the sense of answering the question of who wins if all the evidence is inadequate or unconvincing."²⁵²

Employment discrimination cases are one example of how the burden of production and burden of proof can interact at trial. In *Reeves v. Sanderson Plumbing Products, Inc.*,²⁵³ Reeves sued Sanderson for age discrimination, and the jury found for Reeves, but the Fifth Circuit reversed.²⁵⁴ The Supreme Court assumed the burden of production framework used in race discrimination cases applied to age

²⁴⁴ *Id.* at 1155; see also *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989) (holding that the movie "Ginger and Fred" did not violate the Lanham Act rights of Ginger Rogers).

²⁴⁵ *Cairns*, 292 F.2d at 1150.

²⁴⁶ *Id.*

²⁴⁷ See *Dir., Office of Workers' Comp. Programs, Dept. of Labor v. Greenwich Collieries*, 512 U.S. 267, 272–86 (1994) (discussing history and meaning of burden of proof and production).

²⁴⁸ *Bruner v. Office of Personnel Management*, 996 F.2d 290, 293 n. 1 (Fed.Cir. 1993); see also *Director*, 512 U.S. at 276. ("[W]e conclude that as of 1946 the ordinary meaning of burden of proof was persuasion, and we understand the APA's unadorned reference to 'burden of proof' to refer to the burden of persuasion.").

²⁴⁹ *Bruner*, 996 F.2d at 293.

²⁵⁰ *Id.* This article does not address what constitutes sufficient evidence to switch the burden of production to the other party.

²⁵¹ *Bruner*, 996 F.2d at 293.

²⁵² *Id.* See also 2 CHARLES T. MCCORMICK, MCCORMICK ON EVIDENCE § 336, at 409 (John W. Strong ed., West Group 5th ed. 1999) (1954) ("The burden of persuasion becomes a crucial factor only if the parties have sustained their burdens of producing evidence and only when all of the evidence has been introduced.").

²⁵³ *Reeves v. Sanderson Plumbing Prods.*, 530 U.S. 133 (2000).

²⁵⁴ 197 F.3d 688 (5th Cir. 1999).

discrimination cases.²⁵⁵ Under this framework, the plaintiff has the burden of producing evidence sufficient to “establish a prima facie case of discrimination.”²⁵⁶ Once the plaintiff has satisfied this burden, the defendant has the burden of producing evidence “that the plaintiff was rejected, or someone else was preferred, for a legitimate, nondiscriminatory reason.”²⁵⁷

The Court in *Reeves* added that this burden on the defendant was a “burden of production, not [a burden of proof],” and in considering whether the defendant had met that burden, the court could not weigh the credibility of the witness providing that evidence.²⁵⁸ The burden of proof remained with the plaintiff.²⁵⁹ The Court held that plaintiff had produced sufficient evidence to submit the case to the jury.²⁶⁰ The Court therefore reversed the judgment of the Fifth Circuit.²⁶¹

Summary judgment proceedings can also reflect the interplay between burden of proof and burden of production.²⁶² A party moving for summary judgment has the burden to identify, for the court, the portions of the record the party believes “demonstrate the absence of a genuine issue of material fact.”²⁶³ If the party opposing summary judgment has the burden of proof at trial, the moving party is not required to submit affidavits, but may rely on “pleadings, depositions, answers to interrogatories, and admissions on file.”²⁶⁴ If the moving party satisfies this burden of production, the party with the burden of proof cannot rely on its pleadings to oppose summary judgment but must produce evidentiary material permitted by Rule 56(c) to show there is a genuine issue of fact for trial.²⁶⁵ In *Celotex*, the Court reversed the D.C. Circuit’s holding that defendant Celetex’s motion for summary judgment was defective, because Celetex had not submitted any evidence with its motion tending to negate plaintiff Catrett’s exposure to Celetex’s asbestos products.²⁶⁶ The Supreme Court remanded the case in order to determine “the

²⁵⁵ *Id.* at 142. (stating case precedents “have ‘established an allocation of the burden of production and an order for the presentation of proof in . . . discriminatory-treatment cases’”). See also *McDonnell Douglas Corp. v. Green*, 411 U.S. 792, 802 (1973) (stating “[t]he complainant . . . must carry the initial burden . . . of establishing a prima facie case of racial discrimination”).

²⁵⁶ *Reeves*, 530 U.S. at 142.

²⁵⁷ *Id.* (quoting *Texas Dept. of Cmty. Affairs v. Burdine*, 450 U.S. 248, 254 (1981)).

²⁵⁸ *Reeves*, 530 U.S. at 142.

²⁵⁹ *Id.* at 143 (stating “the ultimate burden of persuading the trier of fact that the defendant intentionally discriminated against the plaintiff remains at all times with the plaintiff.”).

²⁶⁰ *Id.* at 153-54.

²⁶¹ *Id.* at 154.

²⁶² *Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986) (“The moving party is ‘entitled to a judgment as a matter of law’ because the nonmoving party has failed to make a sufficient showing on an essential element of her case with respect to which she has the burden of proof [at trial].”).

²⁶³ *Id.* at 323.

²⁶⁴ *Id.* at 324.

²⁶⁵ *Id.* The Court in *Celotex* said the nonmoving party did not have to produce evidence that would be admissible at trial. *Id.* The Court stated “Rule 56(e) permits a proper summary judgment motion to be opposed by any kinds of evidentiary materials listed in Rule 56(c), except the mere pleadings themselves, and it is from this list that one would normally expect the nonmoving party to make the showing to which we have referred.” *Id.*

²⁶⁶ *Id.* at 321 (“The majority of the Court of Appeals held that petitioner’s summary judgment was rendered ‘fatally defective’ by the fact that petitioner ‘made no effort to adduce *any* evidence . . . to support its motion.’”).

adequacy of the showing made by respondent [Catrett on his exposure to Celetex's asbestos products] in opposition to petitioner's [Celetex] motion for summary judgment" and "the question of whether such a showing, if reduced to admissible evidence, would be sufficient to carry respondent's burden at trial."²⁶⁷

In *Whirlpool Properties, Inc. v LG Electronics USA, Inc.*, the district court discussed the burden of proof, within the context of a motion for summary judgment for a case involving claims of trademark infringement and false designation or origin.²⁶⁸ The district court explained that when "the moving party did not have the burden of proof, he need only show that the opponent cannot sustain his burden at trial."²⁶⁹ On the other hand, when "the moving party bears the burden of [proof] at trial, the moving party's initial summary judgment burden is higher 'in that it must show that the record contains evidence satisfying the burden of [proof] and that the evidence is so powerful that no reasonable jury would be free to disbelieve it.'"²⁷⁰

Courts determine, during a civil proceeding, whether a party has met its burden of production, whereas the finder of fact—often a jury—determines whether the party with the burden of persuasion has met that burden.²⁷¹ Courts "generally attempt to resolve burden allocation questions by deferring, when possible, to legislative intent."²⁷² In situations where a plaintiff does not have access to evidence that the defendant considers important, or that will help the defendant, it is logical to place the burden of production on the defendant, as long as it does not shift the burden of proof imposed by statute.²⁷³

The burden of production, in other words, may switch to the defendant in a trademark infringement case after the plaintiff has presented its evidence, albeit probably without any formal announcement.²⁷⁴ In that situation, the defendant would have the burden of producing evidence on likelihood of confusion, without changing the ultimate burden of persuasion.²⁷⁵ If the defendant did not put forward

²⁶⁷ *Id.* at 327. The court stated "the case is remanded for further proceedings consistent with this opinion" *Id.* at 328. The issues remanded to the D.C. Circuit include the "adequacy of the showing made by the respondent" and "whether such a showing would be sufficient to carry respondent's burden of proof at trial. *Id.* at 327.

²⁶⁸ *Whirlpool Props., Inc. v. LG Elec.*, No. 1:03-CV-414, 2005 WL 3088339, at *1 (W.D. Mich. Nov. 17, 2005).

²⁶⁹ *Id.* at *2.

²⁷⁰ *Id.* (quoting *Arnett v. Myers*, 281 F.3d 552, 561 (6th Cir. 2002)).

²⁷¹ CLIFFORD S. FISHMAN, *JONES ON EVIDENCE CIVIL AND CRIMINAL*, § 3:4, at 232–33 n.2 (Lawyers Cooperative Publishing 7th ed. 1992).

²⁷² *Id.* § 3:14. *See also* *Steadman v. S.E.C.*, 450 U.S. 91, 95 (1981) ("[W]here Congress has spoken, we have deferred to 'the traditional powers of Congress to prescribe rules of evidence and standards of proof in the federal courts' absent countervailing constitutional restraints.").

²⁷³ *See Fishman, supra* note 271, at §§ 3:24–3:28 (discussing some factors that can warrant shifting the burden of production); *see also McCormack, supra* note 252, § 338.

²⁷⁴ *See Raco Car Wash Sys., Inc. v. Smith*, 730 F.Supp 695, 702 (S.C. 1989) (stating "[e]vidence that the defendant intentionally copied a product feature or term is sufficient to establish a prima facie case of secondary meaning and shift the burden of production to the defendant.").

²⁷⁵ If at the close of a plaintiff's case the defendant moves for a directed verdict, the court could deny the directed verdict and indicate that if defendant did not present evidence, she would grant a directed verdict for the plaintiff. In that case the burden of production would have switched to the defendant. On the other hand, the court could deny the motion for directed verdict without comment, and that might simply mean if the defendant did not put on any evidence, there had been sufficient evidence submitted by the plaintiff to send the case to the jury and not that the court

any evidence after plaintiff rested, the plaintiff would be entitled to a directed verdict on liability.²⁷⁶

The fact that a plaintiff may not present all the evidence relevant to a defense of nominative use does not mean there is a need for a separate affirmative defense. It simply may mean the defendant needs to recognize that the burden of production may have switched to the defendant to put on evidence about the nominative fair use factors identified by the Ninth and Third Circuits.

For instance, in *Ty v. Publication*, Ty could have put forth its evidence on likelihood of confusion resulting from Publications's use of the Beanie Baby marks without mentioning the disclaimers that Publications had placed on the front cover of the books.²⁷⁷ Recognizing that the burden of production may have switched to them, Publications could have put on evidence about the disclaimers, and argued that based on these disclaimers, Ty did not meet its burden of proving likelihood of confusion. There would have been no creation of an unauthorized defense, no switching of the burden of proof, and the parties would have presented all the necessary evidence to the jury or court for its consideration of the nominative use in the case. There is simply no need for a separate, affirmative nominative fair use test if the courts apply the traditional multi-factor tests flexibly.

The Federal Circuit expressly discussed shifting the burden of production in a false designation of origin counterclaim under the Lanham Act in *Thompson v. Haynes*.²⁷⁸ The counterclaimant presented evidence of confusion, there was no credible evidence in the record to rebut that evidence, and the district court found for the counterclaimant.²⁷⁹ Yet Thompson, the counterclaim defendant, argued that the counterclaimant had the obligation to present another witness on the issue of confusion.²⁸⁰ The Federal Circuit rejected that argument, stating, "Thompson confuses the burden of [proof] in the . . . counterclaim, which remains with [the counterclaimant] . . . with the burden of going forward with the evidence—the burden

would then grant plaintiff a directed verdict. Some might argue as a practical matter the burden of production was on the defendant in the later case, and certainly the opportunity for production would then be on the defendant. Whether announced or unannounced, in the first example, the burden of production would have switched to the defendant.

²⁷⁶ Directed verdicts and judgments as a matter of law for a plaintiff in a civil case are rare, but in the appropriate situations federal courts can grant them. *See, e.g.,* *Marrero v. Goya of Puerto Rico, Inc.*, 304 F.3d 7, 22 (1st Cir. 2002) ("[T]he party with the burden of proof is entitled to judgment as a matter of law only if it has established its case by 'testimony that the jury is not at liberty to disbelieve.'" (quoting *Jordan v. U.S. Lines, Inc.*, 738 F.2d 48, 49 (1st Cir. 1984); *see also* *Serv. Auto Supply Co. of Puerto Rico v. Harte & Co., Inc.*, 533 F.2d 23, 24–25 (1st Cir. 1976) (stating a directed verdict in "favor of the party having the burden of proof is rare", but allowed where that party "has established by testimony that the jury is not at liberty to disbelieve." However, "the standard of proof to be met is a strict one."); *see also* 9A WRIGHT AND MILLER, FEDERAL PRACTICE AND PROCEDURE, Civil 2d § 2535, at 325-29, (West Publishing Company 2d ed. 1995) (1971) ("Not surprisingly . . . a motion for judgment as a matter of law is granted less frequently for the party who carries the burden than it is for the opposing party."); *see also* *Union Pac. Ry. Co. v. McDonald*, 152 U.S. 262, 283-84 (1894) (stating "the court may . . . direct a verdict for the plaintiff or the defendant . . . where the evidence is undisputed, or is of such conclusive character [to that] court . . .").

²⁷⁷ *See* *Ty, Inc. v. Publ'n Int'l Ltd.*, No. 99 C 5565, 2005 WL 464688 (N.D. Ill. Feb. 25, 2005).

²⁷⁸ *Thompson v. Haynes*, 305 F.3d 1369, 1375–76 (Fed. Cir. 2002).

²⁷⁹ *Id.* at 1375–1376.

²⁸⁰ *Id.*

of production—that can shift back and forth.”²⁸¹ The Federal Circuit added that once the counterclaimant met its burden of production on confusion, “the burden of going forward with the evidence shifted to Thompson to rebut [counterclaimant’s] showing of actual confusion.”²⁸² However, the burden of proof had not changed.²⁸³ Although not involving a nominative use defense, the procedure recognized in *Thompson*, of shifting the burden of production but not the burden of proof, is applicable to cases alleging trademark infringement involving nominative uses.²⁸⁴

IV. CONCLUSION

The separate roads traveled by the Ninth and Third Circuits reveal an insurmountable problem with creating and applying a separate fair use test: they are roads Congress did not authorize.

There is no basis for the Ninth Circuit’s road of imposing the burden of proving likelihood of confusion on the defendant, because the Lanham Act places that burden on the plaintiff.²⁸⁵ Congress did create an affirmative defense for a defendant who only uses a mark in its primary descriptive meaning to describe defendant’s product.²⁸⁶ The failure of Congress to create any affirmative defense for nominative uses of a competitor’s mark shows that, under the Lanham Act, a plaintiff in a trademark infringement case involving nominative use must retain the burden of proof for likelihood of confusion.²⁸⁷

Similarly, there is no basis for the Third Circuit’s road of creating a fair use defense for nominative uses of marks.²⁸⁸ The Third Circuit’s creation of such test falls into a similar trap to that created by the Ninth Circuit. Because Congress has only enacted fair use as a defense to the use of a mark in a primary descriptive sense, courts cannot legislate a fair use defense for a defendant’s nominative use of a mark.²⁸⁹

There is no reason, moreover, to bend what Congress has enacted, because rejecting a separate fair use test and keeping the burden of proof on plaintiff should not result in unfair outcomes. Courts can and should apply the multi-factor tests flexibly to take into account matters such as the context of the advertisement in which the defendant used the plaintiff’s mark.²⁹⁰ In addition, the parties and courts should recognize that after the plaintiff’s presentation of evidence, the burden of production—but not the burden of proof—may switch to the defendant, so that the

²⁸¹ *Id.* (quoting *Dir. Office of Workers’ Comp. Programs, Dep’t of Labor v. Greenwich Collieries*, 512 U.S. 267, 272-74 (1994)).

²⁸² *Thompson*, 305 F.3d at 1377.

²⁸³ *Id.* at 1377.

²⁸⁴ *Id.*

²⁸⁵ *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 121-22 (2004).

²⁸⁶ *Id.* at 118.

²⁸⁷ *Id.*

²⁸⁸ *Century 21 Real Estate Corp. v. Lendingtree, Inc.*, 425 F.3d 211, 233 (3d Cir. 2005).

²⁸⁹ *Id.* at 235.

²⁹⁰ *Cambell v. Acuff-Rose Music*, 510 U.S. 569, 577 (1994).

defendant can present evidence on elements relevant to likelihood of confusion that plaintiff avoided or did not possess.²⁹¹

By keeping the burden of proof for likelihood of confusion with the plaintiff, and by rejecting a separate fair use test for nominative uses, the Supreme Court would end the conflicting tests in the circuits over nominative uses. Also, by applying the traditional tests flexibly and recognizing that the burden of production may switch to the defendant in cases of nominative use, the federal courts would have settled upon a method of resolving trademark infringement claims involving nominative uses that are both fair and consistent with the expressed will of Congress under the Lanham Act.

Will Rogers once said, “If I studied all my life, I couldn’t think up half the number of funny things passed in one session of Congress.”²⁹² Although that statement from the 20th Century has a certain ring of truth to it, the statement of Blackstone perhaps 200 years earlier should control on the issue of resolving the circuit split on the existence and application of a nominative use defense: because Congress enacted the Lanham Act, “the judges are not at liberty to reject it, for that were to set the judicial power above that of the legislature, which would be subversive of all government.”²⁹³

²⁹¹ Nissan Fire & Marine Ins. Co. v. Fritz Cos., 210 F.3d 1099, 1103 (9th Cir. 2000).

²⁹² *FDA chief David Kessler joins the hysteria over silicone*, THE WASH. TIMES, Jan. 31, 1992, at F2.

²⁹³ See BLACKSTONE, *supra* note 1, at 160.