
US Supreme Court Removes Confusion from Trademark Fair-Use Analysis

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Introduction

Resolving a split among federal circuit courts of appeal on the elements of the "fair-use" defense to a claim of trademark infringement, the US Supreme Court has held, in *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 125 S. Ct. 542 (2005), that possible consumer confusion between a plaintiff's mark and an infringement defendant's mark does not foreclose application of the fair-use defense. Consequentially, an accused trademark infringer asserting the affirmative defense of fair use does not have to prove the absence of a likelihood of confusion.

Background

The [Lanham Act](#) establishes both the elements of trademark infringement and the defense of fair use. To establish infringement, a mark holder must show that the accused infringer has used the mark in commerce, and that "such use is likely to cause confusion, or to cause mistake, or to deceive." [15 U.S.C. § 1114\(1\)](#). This depends on whether the public is likely to be deceived or confused by any similarity between the mark holder's mark and the accused infringer's mark.

"Fair use" is an affirmative defense to infringement when the accused infringer uses a word, other than as a trademark of its own, merely to describe its goods or services fairly and in good faith. The fair-use defense applies only in actions involving *descriptive* terms, and only when the accused infringer is using the term in its descriptive sense, rather than in its trademark sense, i.e., to identify the producer of the product bearing the mark.

The fair-use defense is rooted in the idea that "[e]verybody has got a right to the use of the English language and has got a right to assume that nobody is going to take that English language away from him." Hearings on H.R. 102 et al. before the Subcommittee on Trade-Marks of the House Committee on Patents, 77th Cong., 1st Sess., 72 (1941) (testimony of Wallace Martin, Chairman, American Bar Association Committee on Trade-Mark Legislation). In other words, the Lanham Act's protections for trademark holders were not meant "to deprive commercial speakers of the ordinary utility of descriptive words." *KP Permanent Make-Up*, 125 S. Ct. at 550.

A split of authority developed among the federal circuit courts of appeal over the requirements to

show that the mark is used fairly and in good faith. Some circuits held that the likelihood of confusion forecloses a fair-use defense [*PACCAR Inc. v. TeleScan Technologies, L.L.C.*, 319 F.3d 243, 256 (6th Cir. 2003) and *Zatarains, Inc. v. Oak Grove Smokehouse*, 698 F.2d 786, 796 (5th Cir. 1983)], while other circuits held that the likelihood of confusion does not foreclose a fair-use defense [*Cosmetically Sealed Industries, Inc. v. Chesebrough-Pond's USA Co.*, 125 F.3d 28, 30-31 (2d Cir. 1997); *Shakespeare Co. v. Silstar Corp.*, 110 F.3d 234, 243 (4th Cir. 1997); and *Sunmark, Inc. v. Ocean Spray Cranberries, Inc.*, 64 F.3d 1055, 1059 (7th Cir. 1995)]. The Supreme Court took the *KP Permanent Make-Up* case to resolve this split.

Facts

KP Permanent Make-Up, Inc. and Lasting Impressions I, Inc. both sell "permanent makeup"—a pigmented liquid injected under the skin. In 1999, after Lasting's registration of the mark MICRO COLORS had become incontestable, KP produced an advertising brochure using the term "microcolor" in a large, stylized typeface. This brochure prompted Lasting to demand that KP immediately cease and desist use of the term "microcolor." KP sought a declaratory judgment that KP could use "microcolor," and Lasting counterclaimed for infringement.

The district court granted summary judgment for KP, concluding that KP had established the defense of fair use, and held that KP used the term "microcolor" descriptively and in good faith. The district court did not evaluate whether KP's use of the term "microcolor" was likely to cause confusion, i.e., whether consumers would likely be confused about which company made KP's "microcolor" product, whether there was some affiliation or sponsorship between the two companies, or whether Lasting otherwise approved of this use. The Ninth Circuit reversed, holding that the failure to consider whether a likelihood of confusion existed in the analysis of the fair-use defense was in error.

The Supreme Court's Decision

The Supreme Court vacated the Ninth Circuit's holding in a unanimous decision. Writing for the Court, Justice Souter noted that it is "just not plausible" that Congress silently incorporated a need to demonstrate the absence of likely confusion in the test for fair use. *KP Permanent Make-Up*, 125 S. Ct. at 548.

Moreover, the Court reasoned that in a typical infringement case, the plaintiff has the burden of proving infringement by demonstrating that a likelihood of confusion exists. As the Court explained, if (and only if) the plaintiff succeeds, the burden shifts to the defendant to assert affirmative defenses, including fair use. Thus, "it is only when a plaintiff has shown likely confusion by a preponderance of the evidence that a defendant could have any need of an affirmative defense, but under Lasting's theory the defense would be foreclosed in such a case."

Having concluded that a likelihood of confusion does not **preclude** a fair-use defense, the Court nevertheless recognized that a likelihood of confusion might be a **relevant** factor in the fair-use analysis.

Conclusion

The Supreme Court's decision in *KP Permanent Make-Up* allows an accused infringer to assert the fair-use defense regardless of whether a likelihood of confusion exists. However, likely confusion can be considered in determining whether the use is fair or in good faith. In any event, accused infringers seeking to rely on the fair-use defense cannot use the word(s) in question to identify the producer of goods or products, but only to describe, for example, the qualities or geographic origin of their goods or products.

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