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KP PERMANENT MAKE-UP, INC. v. LASTING IMPRESSION I, INC.: AN ANALYSIS OF THE FAIR USE DEFENSE

ABSTRACT

The U.S. Supreme Court has yet again been forced to mitigate the Ninth Circuit's creative interpretation of statutory law. In KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc., decided in 2004, the Supreme Court was faced with a circuit split over the Lanham Act's fair use defense. In a decision that failed to rock the earth from its axis, the Court sided with a strict interpretation of the statute and disregarded the Ninth Circuit's two-part fair use analysis as inconsistent with the Lanham Act.

This note analyzes the competing fair use defense tests in effect across the circuits, the rationale employed by the Supreme Court in reaching its decision in KP, and an analysis of some of the more recent trademark and intellectual property cases before the Court. These decisions prompted a further return to strict construction and an abandonment of some more creative approaches to statutory interpretation. In sum, while the following decision came as little surprise to those following the Supreme Court, the case stands for a continued emphasis by the Court that the lower courts comply strictly with the letter of the statute. The Supreme Court also seeks to give further notice and warning to those intellectual property owners and attorneys who have continued to stretch these laws to their advantage.

I. INTRODUCTION

On December 8, 2004, the U.S. Supreme Court decided the matter of KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc. The Court faced a decision as to what constitutes a fair use defense to a trademark infringement claim. In KP, the Court chose to decide a case where the issue was whether to employ a strict constructionist reading of the Lanham Trademark Act (Lanham Act), to adopt one of the various interpretations followed by the circuits, or to devise its own interpretation of the language of the Act. This note explores the recent KP case, an analysis of the

conflicting circuit decisions, and other recent trademark cases which have led to the Court's ultimate decision. Finally, an evaluation of the decision and the possible positive and negative effects on corporate ideology, branding strategies and protection of businesses against potential competitors will be examined.

II. BACKGROUND

The issue raised in KP was whether a "fair use" defense in a trademark infringement action required the defendant to affirmatively establish the absence of a likelihood of confusion as to the source of the trademark before a fair use defense could be raised.3 This issue reached the Supreme Court by way of the Ninth Circuit's decision in KP Permanent Make-up, Inc. v. Lasting Impression I, Inc.4 The decision ultimately forced the Court to decide on one consistent test, choosing between either requiring a likelihood of confusion analysis as part of the fair use defense5 or a stricter reading of the Lanham Act by allowing an affirmative fair use defense regardless of any possible confusion.6

A. The Trademark at Issue

The trademark at the center of this issue was the term "micro colors" (as one word or two, singular or plural). The term was the subject of an incontestable U.S. Trademark Registration by Lasting Impression Inc. (Lasting) for a design/logo mark.7 While it is debatable as to whether the U.S. Patent and Trademark Office (USPTO) should have allowed Lasting's incontestability affidavit due to the generic nature of the terms and possible incapability of acquiring secondary meaning or distinctiveness, Lasting thereafter attempted to preclude use of the term "microcolor" in advertising

3KP, 125 S. Ct. at 545-56.
4KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc., 328 F.3d 1061, 1072 (9th Cir. 2003).
5Ibid.
6See infra note 33 and accompanying text.
7Trademark Registration No. 1,769,592, Registered May 11, 1993 by Lasting Impression I, Inc. Trademark acquired incontestable status via filing of Section 15 Affidavit of Incontestability on July 1, 1999. See http://tarr.uspto.gov/servlet/tarr?regser=serial&entry=74280488. Although KP used the single word "microcolor," and Lasting used either two words "micro color" or hyphenated "micro-color," this difference did not appear to be meaningful to the resolution of this case. KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc., 125 S. Ct. 542, 546 (2004).
by competitor K.P. Permanent Make-up, Inc. (KP) in reliance upon its now incontestable registration.\footnote{KP Permanent Make-Up, 328 F.3d at 1066.}

Both parties are direct competitors and solicit the same customers in the permanent makeup or micropigmentation industry.\footnote{Id. at 1065.} Lasting's "micro colors" mark was first used in commerce in 1992 on bottles of its permanent makeup and acquired Registration from the USPTO in 1993.\footnote{Id.; see also Trademark Registration No. 1,769,592, Registered May 11, 1993 by Lasting Impression I, Inc. (including International Class 02 goods and services description for "color pigment").} In 1999, the mark reached incontestable status upon establishing an acquired secondary meaning or distinctiveness and filing a Section 15 Affidavit with the USPTO.\footnote{Trademark acquired incontestable status via filing of Section 15 Affidavit of Incontestability on July 1, 1999. See http://tarr.uspto.gov/servlet/tarr?regser=serial&entry=74280488.}

KP's similar use of the term "microcolor" first occurred in commerce in 1990 on its similar bottle labels and was used continuously by KP since 1991 without a Federal Trademark Registration.\footnote{KP Permanent Make-Up, 328 F.3d at 1065.} In 1999, KP began using the term in a stylized format on its marketing brochures and labels as part of a new design featuring the terms "microcolor pigment" and included a picture of a vial overflowing with color pigment.\footnote{Id. at 1066.} In response to KP's new marketing scheme, Lasting challenged that this new use of the term "microcolor" was infringement of its registered trademark.

It is important to note that KP did not have a Registered U.S. Trademark for either its original use of the words "micro color" or its newly stylized design incorporating the same terms. Additionally, Lasting's USPTO Registration, which provided the basis for the infringement action, was not merely a word-mark registration for the "micro colors" terms, but a design or logo mark in which the disputed terms were also included. The design displayed the term "Micro" appearing above "Colors," both within a black rectangle and printed in reverse white lettering and separated by a green horizontal bar.\footnote{Id. at 1065.}

\section*{B. KP's Argument}

KP's defense was that while it was aware of Lasting's Registered Trademark, its use was appropriate under the fair use provisions of the
Lanham Act. Additionally, KP argued that its use of the term "MicroColor" was appropriate since Lasting's Registration contained only generic or descriptive terms and thus could not be subject to a valid incontestable Registration. The Ninth Circuit ignored this second issue of generic and descriptive terms by relying solely on the Supreme Court's ruling in *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*

KP further argued that even if Lasting had an incontestable mark, it did not have an exclusive right to the descriptive terms "micro color" included in the design-mark under the fair use defense of the Lanham Act. KP claimed that a plain reading of the Lanham Act should be made when viewing use of the mark under a classic fair use analysis. Under then-current Ninth Circuit jurisprudence, such a fair use defense was only applicable if KP couldn't make a valid showing that there was no likelihood of confusion as to the source of the mark. Thus, the Ninth Circuit followed the rule that the absence of a likelihood of confusion must be established for a fair use defense to apply. While the Lanham Act does not explicitly call for such a requirement, the Ninth Circuit had chosen to follow such a standard. Prior to the Court's decision, most other courts had ignored likelihood of confusion as an element of any fair use defense.

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15 *Id.* at 1066. The Lanham Act states that an incontestable registered trademark is "conclusive evidence of validity" of the mark. Unless the use falls within certain exceptions, including where the registered mark is being used for purposes other than as a mark, or describes the holder's name or business, and is used in good faith, the second user may be susceptible to an infringement claim. 15 U.S.C. § 1115(b) (2000).

16 *KP Permanent Make-Up*, 328 F.3d at 1066.

17 469 U.S. 189, 205 (1985) (holding that regardless of descriptiveness, the holder of an incontestable mark may seek to enjoin infringement of its trademark and that the mere defense that the mark is descriptive is not enough to preclude a finding of infringement).

18 *KP Permanent Make-Up*, 328 F.3d at 1066.

19 "Classic fair use precludes infringement when "only to describe his own product, and not at all to describe the [trademark holder's] product." Cairns v. Franklin Mint Co., 292 F.3d 1139, 1151 (9th Cir. 2002) (emphasis omitted).

20 "Likelihood of confusion exists when "an appreciable number of ordinarily prudent purchasers are likely to be misled, or indeed simply confused, as to the source of the goods in question." Mushroom Makers, Inc. v. R.G. Barry Corp., 580 F.2d 44, 47 (2d Cir. 1978).

21 *KP Permanent Make-Up*, 328 F.3d at 1072.

22 *Id.*

23 See cases cited *infra* note 26 and accompanying text.
III. ANALYSIS

A. The Two Clearest but Opposite Approaches

In granting certiorari, the U.S. Supreme Court acknowledged the apparent conflicting rulings and interpretations of the Lanham Act being followed across the circuits as to how one establishes fair use. While each circuit followed its own general precedent, a significant divide existed between the Second Circuit's per se right of fair use defense, regardless of likelihood of confusion, and the Ninth Circuit's requirement that a customer confusion analysis be performed, in which the defendant must show that there is an absence of likelihood of confusion before a fair use defense could be raised. The remaining circuits and the Restatement all followed in varying degrees between these two opposing positions.

1. The Second Circuit

The Second Circuit's decisions all fall strongly within the ideas of free market competition and allowing multiple uses of similar trademarks. The courts' decisions often preclude owners of descriptive trademarks from monopolizing terminology and taking common phrases out of circulation by acquiring an incontestable USPTO Registration. The consistent rationale followed was more of a common sense approach and actually placed part of the blame for the confusion on the allegedly infringed owner for choosing such descriptive trademarks.

For example, in Cosmetically Sealed Industries, Inc. v. Chesebrough-Pond's USA Co., the Second Circuit faced an infringement

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24KP, 125 S. Ct. at 547.
25See supra note 21 and infra note 33 and accompanying text.
26First Circuit—fair use defense allowed where terms not used as a trade or service mark were used to describe product and adopted in good faith, although likelihood of confusion is first considered. Leathersmith of London, LTD. v. Alleyn, 695 F.2d 27, 30-31 (1st Cir. 1982). Fourth Circuit—"fair-use defense comes into play only when infringement—including a likelihood of confusion—has been established." Shakespeare Co. v. Silstar Corp. of Am., Inc., 110 F.3d 234, 243 (4th Cir. 1997). Fifth Circuit—"even if there were a likelihood of confusion, the defendant would still be entitled to its fair-use defense." Soweco, Inc. v. Shell Oil Co., 617 F.2d 1178, 1189 n.30 (5th Cir. 1980); see also Sugar Busters LLC v. Brennan, 177 F.3d 258, 270 (5th Cir. 1999) (requiring good faith description of goods/services, only when term used in descriptive sense, not as trademark). Seventh Circuit—likelihood of confusion test to be applied and fair use rejected, only if allegedly infringing mark is being used as a trademark. Sunmark, Inc. v. Ocean Spray Cranberries, Inc., 64 F.3d 1055, 1059 (7th Cir. 1995).
27See Warner Bros. Inc. v. Gay Toys, Inc. 724 F.2d 327, 331-32 (2nd Cir. 1983) (following similar functionality defense, which protects functional symbols from registration to encourage competition).
challenge by the owner, Cosmetically Sealed Industries, Inc. (CSI), of its federally registered trademark ("SEALED WITH A KISS"). CSI had acquired a USPTO Registration for the design-mark containing the phrase "SEALED WITH A KISS," which included a picture of a "pair of bright red lips" for cosmetic products. In 1993, defendant Chesebrough began an advertising campaign for its new "Cutex Color Splash" brand of lipstick. As part of its marketing campaign, Cutex set up displays featuring its products and postcards for which customers were to apply the lipstick, imprint their lips on the card, and "send it the one you love!!" The postcard and display each included the phrase "seal it with a kiss!!"

The Second Circuit, following precedent in Car-Freshner Corp. v. S.C. Johnson & Son, Inc., found defendant's use of the mark to be a descriptive use of the phrase, rather than a trademark use, thus falling under the fair use exception. The court explained that any confusion that may result "is a risk the plaintiff accepted when it decided to identify its product with a mark that uses a well known descriptive phrase." The Second Circuit ultimately held that the likelihood of confusion is simply irrelevant where the defendants' use was (1) in good faith, (2) in a descriptive sense, and (3) "prominently identifying the product with defendants' [own] marks." Thus, phrases and trademarks as descriptive as CSI's cannot be employed to enjoin other descriptive uses of a trademark so long as they are not being used in place of the originally registered trademark.

It is important to note that while the Second Circuit's rationale may promote or allow multiple uses of relatively similar terminology, this rationale also works against trademark owners by diluting and weakening descriptive registered trademarks and well known brand names by preventing monopolies of these descriptive terms by the owner first to use a term in a particular industry.

28125 F.3d 28 (2d Cir. 1997).
29Id. at 29.
30Id.
31Id.
32Cosmetically Sealed Indus., 125 F.3d at 29.
3370 F.3d 267, 270 (2d Cir. 1995). The court held that S.C. Johnson, in marketing its Christmas season pine-tree-shaped air fresheners bearing the mark "Glade Plug-Ins" did not infringe upon Car-Freshner's trademarked rear view mirror pine-tree-shaped air fresheners, as S.C. Johnson's use of the pine tree was used in the descriptive sense to represent both the scent and the Christmas season. The court further relied on § 1115(b)(4), in allowing the fair use so long as S.C. Johnson used the "protected mark to describe aspects of their own goods, provided the use is in good faith and not as a mark." Id.
34Cosmetically Sealed Indus., 125 F.3d at 30.
35Id. at 31.
The Ninth Circuit, by contrast, followed a more stringent two-part fair use and likelihood of confusion analysis.36 In the Ninth Circuit, the fair use defense did not exist where "there [was] a likelihood of customer confusion as to the origin of the product."37 The most recent cases standing for this principal are the Ninth Circuit's decisions in KP38 and Cairns.39 In Cairns, although the Ninth Circuit followed a separate test in determining that nominative fair use40 was applicable where executors of the Estate of Princess Diana sought to enjoin the Franklin Mint's production of unauthorized memorabilia bearing the protected trademark,41 the court also examined the defense against such claims under a classic fair use analysis. In establishing the classic fair use defense, the junior mark-holder was required to prove: "1. Defendant's use of the term is not as a trademark or service mark; 2. Defendant uses the term 'fairly and in good faith'; and 3. [Defendant uses the term] '[o]nly to describe' its goods or services."42 This analysis, however, was not applicable where there was a likelihood of confusion as to the source and it "only complement[ed] the likelihood of confusion analysis."43 Thus, raising a successful fair use defense in the Ninth Circuit required passing the above test and also establishing an absence of likelihood of confusion.

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36 See supra text accompanying note 25.
37 Cairns v. Franklin Mint Co., 292 F.3d 1139, 1151 (9th Cir. 2002). See also Transgo, Inc. v. AJAC Transmission Parts Corp., 911 F.2d 363, 365 (9th Cir. 1990) (maintaining injunction against infringing party challenging restrictions based on fair use defense). In denying the request, the court explained that § 1115(b)(4) defense applies only where the descriptive "term is used fairly and in good faith," 15 U.S.C. §1115(b)(4) (2002), and was not applicable since the party had unfairly and "in a manner that confused consumers as to the source of automatic transmission parts at issue." Transgo, 911 F.2d at 366 n.2.
38 See KP Permanent Make-Up, 328 F.3d at 1061.
39 Cairns, 292 F.3d at 1151.
40 Id. at 1150 (defining "nominative fair use" as where the defendant uses the plaintiff's trademark to describe the plaintiff's product rather than the defendant's own product); see also New Kids on the Block v. News Am. Publ'g, Inc., 971 F.2d 302, 308 (9th Cir. 1992) (allowing nominative fair use defense where defendant is commercial user who "uses a trademark to describe the plaintiff's product, rather than its own" and where: (1) product in question can only be identified by using trademark; (2) minimal, reasonably necessary use of the mark to identify product occurs; and (3) user does not indicate any sponsorship/endorsement by trademark owner). Nominative fair use is basically use of a trademark by comparison to identify your own mark, absent any of the exceptions above.
41 Cairns, 292 F.3d at 1150.
42 Id. at 1151.
43 Id.
This rationale allowed for brand strengthening and an increased protection of descriptive terms by registered owners. It was advantageous for trademark owners to claim infringement in the Ninth Circuit, because the alleged infringer was forced to prove that there was an absence of likelihood of confusion prior to raising any fair use defense.44

3. The Restatement

The Restatement,45 however, tends to seek a middle ground by requiring a likelihood of confusion analysis only in select circumstances. According to the Restatement, a fair use defense may be made if "prospective purchasers are likely to understand the defendant's use of the term as a mere description of the defendant's goods . . . rather than as an indication of source."46 It acknowledges that there is always the possibility that some purchasers may "perceive the term as an indication of source,"47 should defendant's use of the term, however, be reasonable and in good faith,48 this may be sufficient to establish a presumption of fair use.

As a practical matter, the Restatement suggests that fair use of the descriptive term along with defendant's own trademark could be achieved by including the descriptive term in much smaller font or in a non-centralized location. This would suffice to show that the original trademark is merely being used descriptively and not infringing under the fair use defense.49 This approach falls closer to the Second Circuit's strict reading of the Lanham Act, but the Restatement merely provides for examples and factors to consider when applying and analyzing a fair use claim.

B. Prior Decisions of the U.S. Supreme Court

The issue of fair use was often ignored in recent trademark and trade dress cases decided by the U.S. Supreme Court. The fair use defense and its implications for trademark rights and infringement has only been touched on briefly by recent decisions.50 Below is a non-exclusive list of

44 Id.
46 Id. § 28 cmt. b.
47 Id.
48 Good faith may be negated by knowledge of a prior mark in addition to intent "to trade on the good will of the trademark owner by creating confusion." Id. § 28 cmt. d.
49 RESTATEMENT § 78 cmt. c.
recent Lanham Act cases, which show how the Court examines infringement and provides some guidance as to how the KP case was ultimately decided.


The 2003 Moseley decision is the most recent case, prior to KP, relating to trademarks with significant likelihood of confusion implications. The unanimous opinion by Justice Stevens spoke to the issue of trademark dilution and whether under the Federal Trademark Dilution Act (FTDA) proof of actual dilution or likelihood of dilution is required. The case involved the alleged improper use by the defendant of the name "VICTOR'S SECRET" and "VICTOR'S LITTLE SECRETS" for a Kentucky store featuring items such as intimate lingerie, adult novelties, and gifts. The plaintiff sought relief under the FTDA, believing this use to be a misappropriation of plaintiff's common law and federally registered "VICTORIA'S SECRET" trademarks for "lingerie, women's undergarments and nightwear," and other items.

In denying Moseley's request, the Supreme Court held that it was relevant that plaintiff was unable to show "evidence of any lessening of the capacity of the VICTORIA'S SECRET trademark to identify and distinguish goods or services sold in Victoria's Secret stores." In explaining the purpose of the anti-dilution statute, the Court indicated that unlike common-law trademark infringement, trademark dilution is "not motivated by an interest in protecting consumers." Thus, following the definition of dilution under § 1127, a "likelihood of confusion, mistake or deception" inquiry is not required.

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51Moseley, 537 U.S. at 419-22.


53Dilution is defined as the "lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of (1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake, or deception." 15 U.S.C. § 1127 (1996).

54Moseley, 537 U.S. at 423.

55See VICTORIA'S SECRET USPTO Trademark Registration No. 1146199, Registered Jan. 20, 1981 in International Class 25 by Victoria's Secret Partnership for "women's lingerie."

56Moseley, 537 U.S. at 424 n.3.

57Id. at 434.

58Id. at 429 (emphasis added).

In further discussing the history of the anti-dilution statute, the Court mentioned the fear expressed by the legislature that an anti-dilution provision may offend First Amendment rights. As a result, a fair use exception allowing comparative advertising and promotion, and excluding non-commercial uses, was implemented with the Act's 1995 passage. Additional hearings prior to the FTDA adoption also included comments that the "purpose . . . is to protect famous trademarks . . . even in the absence of a likelihood of confusion." By statute, likelihood of confusion is not required for a dilution analysis. A showing of actual dilution, however, is required. Although the FTDA deals with marks acquiring fame as opposed to descriptive terms acquiring secondary meaning, Justice Stevens' opinion in Moseley seems to adopt a reading of the FTDA favoring free competition over monopolization of marks by following a more plain reading of the statute. The actual language, prohibiting use of trademarks that "[cause] dilution of the distinctive quality" of famous trademarks, ignores any additional non-statutory requirements that a mere likelihood of dilution may be sufficient to support a claim for dilution of the trademark.

Justice Kennedy's concurrence recognized a possible "catch-22" situation presented by the ruling. Under a strict reading of the FTDA, the owner of a registered famous mark is forced to suffer erosion to distinctiveness of its mark in order to show actual dilution has occurred. By failing to read any additional requirements into the FTDA, such as a showing of a perceived loss in reputation, the Court forces trademark owners to allow the distinction qualities of their mark to be diluted before a claim for dilution can be made.

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60 Moseley, 537 U.S. at 431; see also H.R. REP. NO. 100-1028 (1988) (hearing including First Amendment concerns resulting in removal of antidilution clause from 1988 amendments).

61 Id.

62 Id. (quoting H.R. REP. NO. 104-374, at 2 (1995)).

63 Id. at 433 (arguing that "mental association will not necessarily reduce the capacity of the famous mark to identify the goods of its owner, the statutory requirement for dilution under the FTDA").


65 Moseley, 537 U.S. at 433 (quoting 15 U.S.C. § 1125(c)(1)).

66 Id. at 436.

67 Id. at 434.

In Park 'N Fly, a 1985 case, the Court dealt with the closer issue of incontestability of a trademark. The majority opinion, written by Justice O'Connor, also included a strict interpretation of the Lanham Act, holding that the registered owner of the incontestable design or logo mark bearing the phrase "Park 'N Fly" for airport parking services could enjoin others from use of the mark even though the registration was for a merely descriptive term not readily registerable as an individual word-mark.

The Court explained that "[s]tatutory construction must begin with the language employed by Congress and the assumption that the ordinary meaning of that language accurately expresses the legislative purpose." After reviewing the specific incontestability language of § 1115(b) of the Lanham Act, the Court disregarded the defendants' claim that the owner of an incontestable mark may not enjoin infringement by others, stating that such a determination "renders meaningless the 'exclusive right' recognized by the statute." Adding strength to its decision, the Court acknowledged that in drafting the statute, "Congress could easily have denied incontestability to merely descriptive marks . . . had that been its intention."

Thus, in view of the implications of the decision on business and competition, it would appear the Court was taking a tough stance against competition by preventing the dissemination of descriptive marks. The majority wrote that there are sufficient protections under § 1115(b) to prevent the monopolization of marks, including specific provisions against the use of the mark in violation of federal antitrust laws.

In his dissent, Justice Stevens spoke to the danger that this strict construction of the Lanham Act would have by creating "commercial monopolization of phrases" and removing "part of our common vocabulary" from the public domain. He wrote that there is a greater public interest in preventing businesses' claims of exclusive rights to these terms, absent a clear showing of secondary meaning. As later seen in
Moseley, the majority followed the plain language of the statute, while the dissent (or concurrence in Moseley) spoke of the dangers or problematic outcomes of following, rather than interpreting under practical business principles, the plain language of the Lanham Act.

3. Dastar Corp. v. Twentieth Century Fox Film Corp.

The Supreme Court's 2003 decision in Dastar, like Park 'N Fly and Moseley, strictly construed the Lanham Act. Dastar involved the creation of a new video series based on a creative work already in the public domain. The dispute related to film footage originally owned by Twentieth Century Fox Film Corporation (Fox); however, the copyright was never renewed and thus the material entered the public domain. Dastar then edited the films and resold same under its own title. Fox alleged a violation of the Lanham Act under § 43(a), claiming that Dastar had falsely designated the origin of its goods, or provided a false or misleading description of facts which were likely to cause confusion as to the origin of the goods.

Justice Scalia, writing for the unanimous Court, was not persuaded by this argument and cautioned of the dangers of trying to graft the protections of trademark law to copyright matters. The Court refused to apply the "origin" analysis from trademark law to reverse the passing off of intellectual content, because copyright law specifically addressed the issue. Instead, the Court defined "origin" as the "producer of the tangible product sold in the marketplace." The videotapes originated from Dastar, so this was not a violation of § 43 of the Lanham Act.

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77 Moseley, 537 U.S. at 433-36.
78 Dastar Corp., 539 U.S. at 31-33.
79 Park 'N Fly, 469 U.S. at 205.
80 Moseley, 537 U.S. at 433-34.
81 Dastar Corp., 539 U.S. at 26.
82 Id.
83 Id. at 26-27.
84 Id. at 27. Section 43(a) provides relief for unauthorized use of a "false designation of origin," or any other false or misleading description of the product, including words or other symbols. Section 43(a) of the Lanham Act, 60 Stat. 441, as amended 15 U.S.C. § 1125(a) (2000).
85 Dastar Corp., 539 U.S. at 31.
86 Id. at 29 (citing Alfred Dunhill, Ltd. v. Interstate Cigar Co., 499 F.2d 232, 237 (2d Cir. 1974), § 43(a) "does not have boundless application as a remedy for unfair trade practices").
87 Id. at 33.
88 Id. at 31.
89 Dastar Corp., 539 U.S. at 32.
The Court decided this case on the premise that attempts to employ the false designation of origin statute, under the guise that consumers will be misled as to origin, does not create additional causes of action for infringement or unfair competition. Trademark owners cannot manipulate the language of the Lanham Act "to cover matters that are typically of no consequence to purchasers." The Court further acknowledged that consumers do "not automatically assume that the brand-name company is the same entity that came up with the idea for the product." This same theme follows in many subsequent Supreme Court cases. The Court has consistently recognized that in order for trademark owners to seek infringement and enjoin the use of their marks by others, there must be a statutory violation. The many attempts to create new causes of action and exceptions-to-exceptions causing violations simply do not exist under the Lanham Act and the harms allegedly caused are not actionable. Complementing this strict interpretation of the plain language of the statute, the Court often bases its decisions on the knowledgeable consumer who is not nearly as na"ive and ignorant of the marketplace and business practices as trademark owners want courts to believe.

4. The Trade Dress Cases

Three additional cases all dealing with the concept of trade dress infringement have recently appeared before the Court and have all been met with similar interpretations following plain language and placing limitations on trademark/trade dress protections under the Lanham Act. In the first of the cases, Two Pesos, Inc. v. Taco Cabana, Inc., the Court held that there is no additional implied requirement under § 43 of the Lanham Act that both distinctiveness and additional secondary meaning be established prior to a cause of action for trade dress infringement. In

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90 Id.
91 Id. at 33.
92 Id. at 32.
93 Dastar Corp., 539 U.S. at 29. See supra text accompanying note 86 (limiting use of § 43(a) to preclude unfair trade practices); see also Traffix Devices, Inc. v. Mktg. Displays, Inc., 532 U.S. 23, 34-35 (2001) (denying application of patent law principles to trademark claims).
95 Two Pesos, 505 U.S. at 776.
assessing plaintiff's trade dress, the Court found inherent distinctiveness, which under classic trademark principles requires no further showing of secondary meaning. In reading the plain language of § 43(a), the statute "does not mention trademarks or trade dress, whether they be called generic, descriptive, suggestive, arbitrary, fanciful or functional. Nor does the concept of secondary meaning appear in the text." Thus, the Court limited the additional rules and interpretations often read into the statute and continued along the line of a narrow, plain view reading of the Lanham Act.

The Wal-Mart Stores decision that followed in 2000 attempted to stop the spread of trade dress infringement claims by owners of inherently distinctive marks that had not acquired a secondary meaning, as allowed under Two Pesos. In Wal-Mart Stores, a clothing manufacturer had produced knock-offs of respondent's clothing designs and had been enjoined under § 43(a) for trade dress infringement. The Court ultimately held that "product design" for this unregistered trademark and trade dress differed from the Two Pesos' "product packaging" trade dress and required additional secondary meaning before infringement was actionable. The Court distinguished the Two Pesos ruling on the issue of "product design" trade dress because Two Pesos dealt with "product packaging" or some "tertium quid [a third thing that has qualities distinct from the prior two components]."

Wal-Mart Stores continues the Court's recent phenomenon of limiting trademark/trade dress owners' protections of their marks/dress and follows the growing sentiment of crediting the consumer with having at least a basic knowledge and understanding of the market and brand awareness. In denying relief, the Court credited consumers as being "aware of the reality that, almost invariably, even the most unusual product designs . . . [are] intended not to identify the source, but to render the product itself more useful." Thus, unlike product packaging, a form of trade dress which provides an indication of the source or origin to

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96Trade dress includes "the shape and general appearance of the exterior of the restaurant . . . the decor, the menu, . . . and other features reflecting on the total image of the restaurant." Id. at 765 n.1.
97Id. at 774.
98Id.
100Id. at 207-08.
101Id. at 214-15.
102Id. at 215.
103Dastar Corp., 539 U.S. at 32.
104Wal-Mart Stores, 529 U.S. at 213.
consumers, functional product design does not lead to a "consumer predisposition to equate the feature with the source."\textsuperscript{105}

The final case in the series is TrafFix Devices, in which the owner of an expired patent unsuccessfully attempted to raise a trade dress infringement claim based on its dual-spring traffic sign design.\textsuperscript{106} In precluding the cause of action based on the functionality of the alleged trade dress, the Court made yet another strong argument for strict adherence to the statute and the plain meaning of its wording.\textsuperscript{107} Trade dress may be protected under the Lanham Act, though the party seeking protection under the statute must prove that the trade dress is not functional.\textsuperscript{108} The Court, in comparing the decision to Wal-Mart Stores, yet again "caution[ed] against misuse or overextension of trade dress."\textsuperscript{109} Thus, in denying petitioner's claim, the Court informed the parties that the language of the Lanham Act does not exist to protect "manufacturers [in] their innovation in creating a particular device; that is the purpose of the patent law."\textsuperscript{110}

The trade dress cases all go to the Court's recent attempts to rein in the ever broadening source of empowerment given to trademark owners though excessively broad readings of the Lanham Act. Two Pesos attempts to facilitate easier application of trade dress protection. Along with TrafFix Devices, Two Pesos stresses the importance of reading the language of the statute for what is specifically required to find or preclude infringement. Wal-MartStores, following Two Pesos, is an attempt by the Court to limit the additional parties seeking protection of trade dress by specifically limiting the previous holding to "product packaging" and not "product design."\textsuperscript{111} Product design is an element of functionality which does not immediately evidence source or origin and thus does not fall under the purpose of a trademark or trademark protection.\textsuperscript{112}

\textsuperscript{105}Id.
\textsuperscript{106}TrafFix Devices, 532 U.S. at 25-26.
\textsuperscript{107}Id. at 34.
\textsuperscript{108}Section 1125(a)(3) reads: "In a civil action for trade dress infringement under this chapter for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional." 15 U.S.C. § 1125(a)(3) (1996) (emphasis added); see also TrafFix Devices, Inc., 532 U.S. at 29.
\textsuperscript{109}TrafFix Devices, 532 U.S. at 29.
\textsuperscript{110}Id. at 34.
\textsuperscript{111}Wal-Mart Stores, 529 U.S. at 215.
\textsuperscript{112}Id.
V. EVALUATION

A. Lessons of the Supreme Court

There are some clear lessons of the trademark and trade dress infringement cases heard over the past twenty years by the Court, which have become clear indicators of how the Court would ultimately rule in *KP*. As a whole, the prior decisions tend to err on the side of caution and follow a rather strict construction of the Lanham Act in lieu of the type of creative alternatives employed by the Ninth Circuit in adding additional elements to a fair use defense. Further, the language of the recent opinions often credit the knowledge of the educated consumer rather than making presumptions that a prospective purchaser will ultimately be confused. Finally, the Court has regularly avoided further empowering trademark owners, and contrary to the popular argument that strong brand protection will improve competition, the Court has limited these added protections and promoted competition by precluding claims for infringement.

1. Plain Language—Strict Construction

The Court, at times to its own detriment, follows the Lanham Act by its direct words. Under the principles of statutory construction, the place to begin in interpreting statutes are the words themselves. The Court, however, made dangerous decisions in both *Park 'N Fly* and *Moseley* by following the exact language of the Lanham Act. In *Park 'N Fly*, the Court allowed incontestability of descriptive marks without concern for the near absolute protection granted to merely descriptive terms. Further, in *Moseley*, the Court decided a showing of actual dilution rather than a likelihood of dilution is necessary. This backwards reasoning allows famous trademark owners protection against dilution, only if actual dilution has occurred, thus defeating the purpose of trademark protection.

In other cases, such as *Two Pesos*, where the Court failed to add "secondary meaning" requirements to the Lanham Act's provisions regarding trade dress infringement, and *Dastar*, where the Court simply

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113 Cairns, 292 F.3d at 1151.
114 Dastar Corp., 539 U.S. at 32; Wal-Mart Stores, 529 U.S. at 213.
115 See generally Traffic Devices, 532 U.S. at 34 (refusing to allow sign manufacturer to protect spring design by as trade dress).
116 Park 'N Fly, 469 U.S. at 194 (citing Am. Tobacco Co. v. Patterson, 456 U.S. 63 (1982)).
117 Id. at 205.
118 Moseley, 537 U.S. at 434.
rejected plaintiffs attempts to use copyright principles to allow infringement claims based on false designation of origin, the Court has applied a consistent plain reading of the Lanham Act. Further, in what appears to be a basic statutory construction case, the Court in TrafFix Devices followed the Lanham Act's specific prohibition of infringement claims based on functional use of trademarks. The Court continually refuses to read any additional requirements or interpretations into the Act. Where the plain language is sufficient to reach a reasonable conclusion, the Court has followed strict construction.

2. The Educated Consumer

In recent cases with Lanham Act implications, the Court has increasingly relied on the general knowledge base of the average consumer and potential purchaser. The concept of consumer confusion is often manipulated by parties via use of expensive surveys, claims of brand name diminishment, and dilution of fame and notoriety. The Court, however, has begun to credit the average consumer as being an educated customer, not easily duped by nefarious trademark infringement practices, nor so ill informed as to believe a trademark owner will be harmed by the continued use of similar trademarks.

In Dastar, the Court credited consumers with understanding that there may be differences between those responsible for filming the work and those who actually package and market the videos. In Moseley, while the Court did not decide the case on consumer confusion, the Court found it significant that plaintiff was unable to show dilution of Victoria's Secret brand strength or actual confusion by potential customers. Thus, the court found decisive the fact that consumers had no reasonable belief that the allegedly infringing store bore any relation or affiliation with Victoria's Secret. Finally, in Wal-Mart Stores and TrafFix Devices, the Court acknowledged that concepts such as product design and functionality do not serve the basic purpose of trademarks, which consumers would perceive as sources or origin of goods.

The Court has begun to view these potential purchasers as independent educated third parties, not as easily swayed or confused as trademark owners would like to have the Court believe. These recent decisions have all sided with the knowledgeable consumer and have failed

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119TrafFix Devices, 532 U.S. at 34.

120Id. at 34-35.

121Dastar Corp., 539 U.S. at 32.
to find infringement where the Court believed the average consumer would have no difficulty distinguishing between brands.

3. Limiting Protection Expands Competition

Another common characteristic of many of the recent Lanham Act cases is that trademark owners are limited from further brand protection. The majority of the cases, excluding Two Pesos, which is later restricted by the Wal-Mart Stores decision, fail to grant additional rights to trademark owners by precluding infringement claims. Cases such as Moseley and Dastar preclude infringement and limit additional protections based on a lack of consumer confusion, while TrafFix Devices and Wal-Mart Stores each deny further protections on technical arguments found within specific provisions of the Lanham Act.

Thus, by rejecting new and creative claims of infringement by trademark owners, the Court promotes competition and denies further brand strengthening. So long as the use is fair and not specifically for the purpose of replicating owners' marks and notoriety, free competition and anti-monopolistic control of descriptive phrases will likely continue to be encouraged.

B. The Anticipated Outcome

As anticipated, in KP, a unanimous Court held that the defendant in a trademark infringement case has "no independent burden to negate the likelihood of any confusion in raising the affirmative defense that a term is used descriptively." Justice Souter's opinion, following recent decisions, looked to the plain meaning of the language of the Lanham Act in lieu of Ninth Circuit creative interpretation. He looked to the text of the § 1115 fair use defense and noted that "Congress said nothing about likelihood of confusion in setting out the elements of the fair use defense" and that it is a "long stretch" to require negating confusion as an element of the fair use defense. More simply, if Congress had wished to include this type of requirement in the defense, it would have drafted it as such.

The Court further acknowledged that when fairly using a trademarked term of another, a certain amount of confusion is acceptable

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122KP, 125 S. Ct. at 551.
123Id. at 548.
124Id.
and anticipated.\textsuperscript{125} Thus, while likelihood of confusion may have a place in a fair use analysis, it is not the defendant's burden to disprove this non-element. The Court's decision was easily anticipated, after viewing its recent decisions promoting competition and anti-monopolistic use of terms, as well as acknowledging the consumer's capacity to not be so confused as trademark owners hope. The Court reached a decision where it believed potential purchasers would understand that use of a registered trademark descriptively and in good faith to describe your own mark is acceptable. Thus, while minimal confusion may occur, this is insufficient to reach a finding of infringement.

Further, and more importantly, the Court again refused to add additional implied requirements to the fair use analysis. As often relied upon in previous trademark cases, the Court again chose to read the Lanham Act for its plain meaning. Where there exists no additional requirements to prove the absence of likelihood of confusion in the text of the Act's affirmative fair use defense, no additional requirements should be implied.

\textbf{C. The Future—Advice for Business Owners}

As a result of the \textit{KP} decision, like many before it, the Court has established certain principles and recent tendencies in deciding trademark cases. While there is no telling whether the Court will continue to move in this same direction, there are some basic concepts that companies should follow in order to avoid causing infringement in adopting new trademarks and to fairly use marks of others.

1. Avoid Descriptive Marks

If the current or potential trademark is arbitrary, fanciful, or suggestive and inherently distinctive, it is likely that limited occasions exist in which the fair use defense may be raised. This is because the fair use defense is only applicable for marks used in a descriptive sense and applies primarily to descriptive trademarks. Because the Court's rulings are consistent with the plain language of the statute and eliminate any requirement that defendant show an absence of a likelihood of confusion, the owner of a descriptive trademark must be prepared to acknowledge that fair use of its trademark can and will be allowed, provided it is used within

\textsuperscript{125} \textit{id.} at 548-49 (citing Canal Co. v. Clark, 80 U.S. 311 (1872), "use of a similar name by another to truthfully describe his own product does not constitute a legal or moral wrong, even if its effect be to cause the public to mistake the origin or ownership of the product").
the requirements of the fair use defense. As the Second Circuit has stated in *Cosmetically Sealed*, this is a "risk the plaintiff accepted when it decided to identify its product with a mark that uses a well known descriptive phrase."\(^{126}\) While using descriptive terms as trademarks may be advantageous in establishing your brand with the consumer, since the public likely understands that the name of the product bears some relation to what the product does, an inherent danger exists that your mark is not very original or unique. This same descriptive language that you have registered as a trademark may just as easily be "fairly used" by other owners to describe their goods. Thus, descriptive trademark owners should beware: fair use of your mark by others is likely.

2. Adopt Design or Logo Marks

The future trademark owner is faced with a similar problem of adopting descriptive terms that may be (1) rejected by the Trademark Office during the registration process and (2) subjected to fair use by other parties due to lack of a truly distinctive quality. Trademark law provides limited protection against others using the same mark, provided it is not used as a mark for similar goods and services. A potential solution lies in the ability to adopt design or logo trademarks, which incorporate this descriptive language into a design, picture or image in order to create a more distinctive and stronger trademark. While the trademark owner must often disclaim exclusive use of the descriptive terms, provided the examiner recognizes them as descriptive, added protection may exist in the logo/design itself. As in *Park 'N Fly*, by wrapping descriptive terms in a logo or design, the added protection is for the logo and design, and not the specific words.\(^ {127}\) Upon incontestability of the mark, courts following *Park 'N Fly* may side with the design mark owner over the alleged fair use by other parties of merely the words contained in the mark.

3. Gain Notoriety Through Continued Fair Use

Since the Supreme Court has shown a marked interest in acknowledging that the consumer is much more educated and aware of branding strategies imposed by trademark owners, it may be advantageous to solicit the uneducated consumer to begin building your brand base. Provided companies entering into the market clearly depict their own trademark as the predominate feature in advertising, new trademark owners

\(^{126}\) *Cosmetically Sealed Indus.*, 125 F.3d at 30.
\(^{127}\) *Park 'N Fly*, 469 U.S. at 200-01.
may regularly include the original trademark owner's fairly used descriptive terms in describing its own goods. If done in good faith and without the intent to deliberately confuse the public, the owner of this new mark can develop its brand by continued fair use association and comparison to already existing descriptive trademarks.

V. CONCLUSION

KP is not expected to cause a significant impact on lower courts or trademark owners because most circuits already followed standards similar to the Second Circuit. The decision, however, does provide a sweeping change for trademark owners in the Ninth Circuit, as well as to those who regularly circuit-shop in order to find the most favorable district. Trademark owners' former reliance on the Ninth Circuit's favorable rule, which provided an added layer of protection to plaintiffs and additional burdens on defendants, has now ended. KP provides consistency across the circuits and a level playing field for those fairly using descriptive terms to describe their own trademark, and the decision will promote competition by preventing existing trademark owners from dominating and removing terminology from common usage.

The Supreme Court's recent rulings make it likely that future decisions by the Court will continue to follow in the direction of plain meaning and tightening interpretations of the Lanham Act. The Court is attempting to return trademark law to what actually appears in the Act and every opinion rendered seems to be a further step towards regaining control over the many creative interpretations of the Act by lower courts. This decision certainly will not stand out as a significant change in trademark law, but will definitely add to the growing collection of decisions, each returning trademark law to the language of the Lanham Act.

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