

**SUPREME COURT DECISION IN *K.P. PERMANENT V. LASTING IMPRESSION*
LIMITS TRADEMARK PROTECTION FOR DESCRIPTIVE TERMS**

On December 8, 2004, the Supreme Court issued its opinion in *K.P. Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, on review from the U.S. Court of Appeals for the Ninth Circuit.¹ The Court reversed the Ninth Circuit and held that a party asserting a “fair use” defense to a claim of trademark infringement is not required to demonstrate an absence of likely confusion. The Court’s decision could affect any commercial enterprise doing business under a descriptive trademark or seeking to use the trademark of another in its normal dictionary sense.

Trademark Protection

To serve as a trademark or service mark, a word or phrase must be distinctive, which is to say it must be capable of identifying the source of particular goods or services. Marks that are fanciful words or are arbitrarily applied to products are inherently distinctive, and they effectively serve to identify only the source of the products and not the products themselves. In contrast, a mark that directly describes a characteristic or quality of the underlying product is not inherently distinctive and must acquire “secondary meaning,” or consumer recognition, in order to merit legal protection. A descriptive mark attains secondary meaning when the consuming public associates that mark primarily with a particular producer, rather than with the underlying product. (For example, “American Standard” describes a characteristic or grade of numerous products or services, but the term has acquired secondary meaning because the consuming public has come to associate the term with the plumbing fixtures company headquartered in Piscataway, New Jersey.) Assuming a mark may qualify for protection, one can acquire rights to the mark by being the first either to use the mark in commerce or to apply to register the mark with the U.S. Patent and Trademark Office (“PTO”). After five years of registration and substantially unchallenged and exclusive use of the mark, the owner may seek designation of the mark as “incontestable,” which certifies the owner’s ownership of exclusive right to use the mark for the listed goods and services.

Fair Use Defense

Once rights to a mark have been established, the owner can sue for trademark infringement a subsequent user of the same or a similar mark that uses the mark in a way likely to cause consumer confusion as to the source or sponsorship of the parties’ goods or services. However, the Lanham Act contains a statutory “fair use” provision, which specifically allows a subsequent user to use a word or phrase in its descriptive sense in order to describe its goods or services accurately. The provision allows, for example, a plumber to describe his services as up to “the

¹ 125 S. Ct. 542 (2004).

highest American standards” without infringing upon the rights in the mark “AMERICAN STANDARD” because legislators deemed the public benefit of allowing such common use of the language to surpass any detriment to the trademark owner. In this way the statutory fair use defense is intended to prevent a trademark owner from monopolizing or appropriating a descriptive word or phrase.

District Courts Split over the Effect of Likely Confusion on Fair Use Defense

Fair use has often been treated as an absolute defense to a claim of trademark infringement. However, some courts have held that, when a likelihood of confusion exists, there can be no fair use defense. The U.S. district courts have been divided over whether a fair use defense places a burden on the defendant to negate any likelihood of confusion. Some courts have held that a determination of likely confusion does not preclude considering the fairness of use,² while others have held that a likelihood of confusion bars the fair use defense.³ The Supreme Court granted *certiorari* to address this disagreement.

Supreme Court Case

K.P. Permanent Make-Up, Inc. (“KP”) and Lasting Impression I, Inc. (“Lasting”) are competing manufacturers of permanent makeup pigments. In 1993, Lasting registered with the PTO the term “MICRO COLORS” in a logo design as a trademark for permanent makeup “color pigment,” and in 1999 this registration became incontestable. Also in 1999, KP produced a ten-page advertising brochure for permanent makeup using “microcolor” in large, stylized typeface.⁴ When Lasting demanded that KP cease using the term, KP filed for a declaratory judgment that its use of “microcolor” was protected as a statutory fair use because the term was used descriptively, fairly and in good faith. Lasting counterclaimed, asserting that KP’s use of “microcolor” infringed Lasting’s registered and incontestable trademark. The district court granted summary judgment in favor of KP, finding KP’s use of “microcolor” protected by the fair use doctrine and, because it found the use to be fair, the court declined to discuss the likelihood of confusion. The Ninth Circuit reversed, holding that it was an error for the district court to have addressed the fair use defense without delving into the issue of consumer confusion. The Ninth Circuit took the view that no use could be deemed “fair” where any consumer confusion was “probable,” and the court thus appeared to place the burden of proof on the defendant to show an absence of consumer confusion.

² See *Cosmetically Sealed Industries, Inc. v. Chesebrough-Pond’s USA Co.*, 125 F.3d 28, 30-31 (2nd Cir. 1997); *Shakespeare Co. v. Silstar Corp. of Am.*, 110 F.3d 234, 243 (4th Cir. 1997); and *Sunmark, Inc. v. Ocean Spray Cranberries, Inc.*, 64 F.3d 1055, 1059 (7th Cir. 1995).

³ See *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).

⁴ The Court accepted for purposes of its opinion KP’s allegation that it had used “microcolor” on advertising flyers and pigment bottles since at least 1991.

The Supreme Court granted *certiorari* to address the disagreement among the circuits as to “whether a party raising the statutory affirmative defense of fair use to a claim of trademark infringement has a burden to negate any likelihood that the practice complained of will confuse consumers about the origin of the goods or services affected.” The Court reversed and remanded, holding that a party raising a fair use defense need not show a lack of consumer confusion.

Justice David H. Souter, writing for the unanimous Court, began by noting that the owner of a registered mark (incontestable or not) bears the burden in a trademark infringement action of showing that the defendant has caused consumer confusion. In contrast, a defendant seeking to assert the fair use defense need show only that it used the accused term in a descriptive sense, fairly and in good faith to describe its goods or services. Justice Souter wrote that it therefore “takes a long stretch to claim that a defense of fair use entails any burden to negate confusion.”⁵ Moreover, proving a likelihood of confusion is an element of the plaintiff’s case; thus, the defendant need only undercut the plaintiff’s proof on this element in order to prevail, without any need to show its own good faith. Justice Souter explained: “it is only when a plaintiff has shown likely confusion by a preponderance of the evidence that a defendant could have any need for an affirmative defense.”⁶

Justice Souter stated that “some possibility of consumer confusion must be compatible with fair use” and thus a “mere risk of confusion will not rule out fair use.” Justice Souter stated that the Court’s “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.”⁷ However, Justice Souter noted that the common law’s tolerance of a certain degree of consumer confusion “followed from the very fact that in cases like this one an originally descriptive term was selected to be used as a mark, not to mention the undesirability of allowing anyone to obtain a complete monopoly on use of a descriptive term simply by grabbing it first.”⁸ Justice Souter concluded: “[I]f any confusion results, that is a risk plaintiff accepted when it decided to identify its product with a mark that uses a well known descriptive phrase.”⁹

Because the Court read the Ninth Circuit decision as requiring KP to shoulder the burden on the issue of confusion, it vacated the judgment below and remanded for further proceedings consistent with the Court’s opinion.

⁵ 125 S. Ct. at 548.

⁶ Id. at 549.

⁷ Id. at 550.

⁸ Id.

⁹ Id. (quoting *Cosmetically Sealed Industries, Inc. v. Chesebrough-Pond’s USA Co.*, 125 F.3d at 30).

Implications of the Case

The Supreme Court's opinion is consistent with recent opinions restricting broadly asserted trademark rights and protecting competitors' rights accurately and fairly to describe their own products. The Court stated that the Lanham Act was not meant "to deprive commercial speakers of the ordinary utility of descriptive words" and its opinion operates to limit trademark protection in favor of protecting commercial speakers.¹⁰

This case is instructive as to the risk involved in selecting a descriptive term as a trademark and serves as a reminder to commercial entities of the value of building brand awareness upon the solid foundation of a mark that is not descriptive. While the Supreme Court's opinion indicates that, given a high degree of confusion, a claim of infringement could still succeed, as Justice Scalia stated during the oral arguments: "if you choose to use a descriptive term as your logo, you take your chances."

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¹⁰ Id. However, the restrictive implications of this decision on trademark rights are limited because the fair use defense is only available in actions involving descriptive terms and only when those terms are used in their descriptive rather than their trademark sense. See *Zatarains, Inc. v. Oak Grove Smokehouse, Inc.*, 698 F.2d 786, 791 (5th Cir. 1983) (distinguishing the protections afforded to generic marks, descriptive marks and marks that have acquired secondary meaning).