

Likelihood of Confusion:  
Understanding Trademark Law's Key Principle

by

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Likelihood of confusion is the key term of art in trademark law. All trademark infringement cases turn on this issue. Yet the words alone hold little content. The purpose of this paper is to examine the content of phrase as provided by statute and case law, to consider how that content has changed over time, and to anticipate the issues that will be important to the concept of confusion in the future.

Background

In 1944, the concept entered federal statutory law. Section 32 of the Lanham Act<sup>1</sup> provides a cause of action against any person who shall:

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 mistake, or to deceive.

Similar protection arose under Section 43(a) of the Lanham Act<sup>2</sup> which stated:

Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce . . . shall be liable to a civil action . . . by any

person who believes that he is or is likely to be damaged by the use of such false description or representation.

Although originally not clearly encompassing the use of mark that is likely to cause confusion, Section 43(a) developed into a provision that covered infringement of unregistered marks and trade dress in effectively the same manner as Section 32 covered registered marks. With the Trademark Law Revision Act of 1987, Section 43(a)(1)(A),<sup>3</sup> was revised to provide explicit protection for the likelihood of confusion consistent with the then developed case law, and now states:

Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or an combination thereof . . . 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 such person who believes that he or she is or is likely to be damaged by such act.

With that amendment, the protection recognized by the courts for unregistered marks and trade dress became explicit. The current version of Section 43(a) provides a comprehensive standard for interpreting likelihood of confusion.

### Types of Confusion

Generally, the cases recognize three basic types of confusion. First, are those cases that involve actual mistake between the products. At one extreme, these are the counterfeiting cases where even

experts may have a hard time distinguishing the genuine from the imitation. These cases also involve similar packaging or names that are likely to cause a person to mistake one product or service for that of another. Persons familiar with PINE-SOL cleaner who encountered PINE-SOLL cleaner in a similar package are likely to mistake it for the national brand.

The second type of confusion involves situations where the person does not mistake one product for another. In fact, it is quite clear that they are not the same products. Other similarities, however, lead persons to believe that both come from the same source. That is, both are put out by the same company. Persons familiar with the BERGHOFF restaurant in CHICAGO would not mistake BERGHOFF frozen dinners for the popular restaurant, but they are likely to believe that the frozen dinners are put out by the restaurant.

In the final type of confusion, the person does not mistake one product for another or believe they are put out by the same company. It is quite clear that neither is the case. Nevertheless, the person is likely to believe that the second product is authorized, sponsored or approved by the original company. When I see a CUBS logo on a baseball hat, I do not mistake the hat for a baseball team, nor do I think that the baseball team has gone into the hat business. I do, however, think that the hat is in some way authorized or sponsored by the baseball team.

Each of these three types of confusion is actionable. In each case, the basis for protection is consistent with the fundamental premise that trademark protection arises from the need and desire to prevent deception of the public. It has long been recognized that trademark rights are not rights in gross. Rather, they primarily involve the right to prevent public deception. The public's interest is primary. The trademark owner's interest comes second and is defined by the primary interest. Put another way, we

protect the trademark owner's rights so that the public is not deceived, and the scope of the trademark owner's rights are (or should be) exactly equal to the scope of rights necessary to prevent deception of the public.

#### The Subjects and Objects of Confusion

Since trademark infringement arose as a species of unfair competition, it was initially thought that the confusion could only be created by a competitor. The early cases now seem quaint, but at the time it was not so obvious to all that principles of unfair competition could be extended to situations where there was no competition between the parties. In 1917, for example, the Second Circuit asserted in *Aunt Jemima Mills Co. v. Rigney & Co.*,<sup>4</sup> where the district court had decided that use of the mark AUNT JEMIMA'S for pancake syrup did not infringe the plaintiff's rights in the same mark for flour:

It is said that even a technical trade-mark may be appropriated by any one in any market for goods not in competition with those of the prior user. This was the view of the court below in saying that no one wanting syrup could possibly be made to take flour. But we think that goods, though different, may be so related as to fall within the mischief which equity should prevent. Syrup and flour are both food products, and food products commonly used together. Obviously the public, or a large part of it, seeing this trade-mark on a syrup, would conclude that it was made by the complainant. Perhaps they might not do so, if it were used for flatirons. In this way the complainant's reputation is put in the hands of the defendants. It will enable them to get the benefit of the complainant's

reputation and advertisement. These we think are property rights which should be protected in equity.

Thus, we see the early seeds of case law recognizing that a broad range of goods or services can result in a likelihood of confusion, so that today we may not be surprised when a tribunal finds confusion between the use of the same mark on shoes and hair care products.<sup>5</sup>

For similar reasons, it was also argued in early unfair competition cases that the victim of the confusion must be engaged in business, thereby excluding protection to charitable institutions. As late as 1975, this notion was still noted favorably by the First Circuit in *DeCosta v. Columbia Broadcasting System, Inc.*,<sup>6</sup> (denying protection on other grounds to the creator of the Paladin persona as a charitable entertainment for children):

We hesitate to take the step of offering common law unfair competition protection to eleemosynary individuals. Whether legislatures are better equipped than courts to deal with this problem, we cannot clearly say, but in our posture of doubt would prefer to see expansion of protection come from that source.

The trademark laws are not designed to prevent all persons from being confused. Likelihood of confusion is determined on the basis of a “reasonably prudent consumer” and depends on the circumstances.<sup>7</sup> When expert buyers are involved, the standard becomes the “reasonably prudent expert buyer.” When children buy the product, we should consider the “reasonably prudent child.” Although my own children would disagree, the courts generally rule that children are less discerning than adults and more likely to be confused. But what happens when there are mixed buyer classes? The Third Circuit has held that “the standard of care to be exercised by the reasonably prudent purchaser will be equal to that of the

least sophisticated consumer.”<sup>8</sup>

#### When Does Confusion Occur?

Initially, the only relevant confusion was that involving the purchase the parties’ goods. Section 32(1) of the Lanham Act<sup>9</sup> only proscribed likelihood of confusion, mistake or deception of “purchasers as to the source of origin of such goods and services.” In 1962, however, Congress amended the Act to delete the quoted portion from the section.<sup>10</sup> Now it is clear that relevant confusion can involve any person, consumer, prospective consumer, end user or even an uninvolved onlooker. The result is a much expanded confusion test encompassing non-purchasers.

The concept of confusion has been expanded encompass confusion that occurs after the initial purchase. This usually is referred to as “post-sale confusion.” The injury derives in part from the fact that post-sale non-purchasers may be prospective purchasers, with the confusion potentially affecting their future purchasing decisions. As stated in *Lois Sportswear, U.S.A., Inc., v. Levi Strauss & Co.*,<sup>11</sup> “The confusion the Act seeks to prevent in this context is that a consumer seeing [appellant’s] familiar stitching pattern will associate the jeans with appellee and that association will influence his buying decisions.” Thus, even if the street corner retailer next to the three card monty dealer explains to a purchaser that the cheap ROLEX watch is actually a counterfeit, she will still be liable because those who observe the purchaser wearing the counterfeit, or who receive the watch as a give, are likely to be confused into believing it is the real thing.<sup>12</sup> The direct purchaser, furthermore, might sell it to an unknowing third party without explaining it is counterfeit.<sup>13</sup>

The recognition of pre-purchase confusion was slower to develop. Perhaps the earliest case was *Grotrian, Hefferich, Schulz, Th. Steinweg Nachf. v. Steinway & Sons*,<sup>14</sup> where the Second Circuit

declined in 1975 to hold “that actual or potential confusion at the time of purchase necessarily must be demonstrated to establish trademark infringement.” The court explained that the harm at issue was not that someone would be confused when she bought the piano. Rather, that harm arose because the “Grotrian-Steinweg” name would attract potential customers based on the Steinway reputation. Later, in *Mobil Oil Corp. v. Pegasus Petroleum Corp.*,<sup>15</sup> the Second Circuit found the defendant’s use of its name would infringe Mobil’s use of a flying horse logo because “potential purchasers would be misled into an initial interest” in the defendant’s products, even if they learned the truth before the sale was consummated. The court therefore held that “such initial confusion works a sufficient trademark injury.”

Recent decisions have embraced the notion of pre-purchase confusion by calling it “initial interest” confusion. In *Dr. Seuss Enters. v. Penguin Books USA, Inc.*,<sup>16</sup> the Ninth Circuit recognized in 1997 that the use of another’s trademark in a manner calculated “to capture initial consumer attention, even though no actual sale is finally completed as a result of the confusion, may be still an infringement.”

The question becomes, what interest is served by the notion of pre-purchase or initial interest confusion? It does not further the interest of protecting the public from deception. By definition, we are dealing with cases where the deception is corrected by the time the public makes a purchasing decision. Instead, initial interest confusion seems to protect only the trademark owner’s interest in the goodwill of the mark or to prevent others from benefitting from the commercial magnetism of the mark. A recent decision, *Brookfield Communications, Inc. v. West Coast Entertainment*,<sup>17</sup> suggests that the wrong caused by initial interest confusion is the misappropriation of goodwill. That concern, however, is not directly related to preventing public deception. Therefore, the recognition of pre-purchase or initial interest confusion as a basis for relief rests on a fundamentally different foundation than traditional trademark law and may prove

unsound.

### Where Does Confusion Occur?

U.S. trademark law is unique. While U.S. law recognizes that trademark rights are territorial, it appears that confusion occurring outside the United States may be actionable under U.S. law.<sup>18</sup> This is a departure from the norm. The Anti-Trust laws also have extraterritorial application.<sup>19</sup> but most U.S. laws only apply to action within the United States. The U.S. Copyright Laws, for example, generally have no extraterritorial application.<sup>20</sup>

The test for extraterritorial application of the federal trademark laws involves three issues: (1) there must be some effect on American foreign commerce; (2) the effect must be sufficiently great to present at cognizable injury to plaintiffs under the federal statute; and (3) the interests of American foreign commerce must be sufficiently strong in relation to those of other nations to justify an assertion of extraterritorial authority.<sup>21</sup>

In *Steele v. Bulova Watch Co.*<sup>22</sup> the Supreme Court held in 1952 that the U.S. trademark laws applied when a U.S. citizen used the BULOVA mark in Mexico. In *Bulova*, there was some evidence of confusion within the U.S. because some of the watches came back into Texas. Not all extraterritorial application cases require confusion within the U.S., however. In *Reebok International, Ltd. v. Marnatech Enterprises, Inc.*,<sup>23</sup> the Ninth Circuit found that the U.S. trademark laws applied in a case where the actual consumer sales of the infringing products may have occurred only in Mexico. The Second Circuit held in *Vanity Fair Mills v. T. Eaton Co.*<sup>24</sup> that the Lanham Act “should not be given extraterritorial application against foreign citizens acting under presumably valid trademarks in a foreign country.”<sup>25</sup> A similar result was reached in *Totalplan Corporation of America v. Colborne*,<sup>26</sup> where

the Second Circuit refused to apply the Lanham Act to the distribution of cameras in Japan.

### How Much Confusion Is Enough?

The United States Supreme Court has recognized that the junior user does not have an obligation to avoid all possibility of confusion. Instead, the junior user has the obligation “to use every reasonable means to prevent confusion.”<sup>27</sup> In recent years, the Third Circuit went beyond the boundaries of that rule and held that the standard for infringement when the defendant enters a new field occupied by an established business should be the “possibility of confusion,” rather than the traditional standard of likelihood of confusion.<sup>28</sup> It has since retreated from that position, confirming that the standard for determining trademark infringement under the Lanham Act is likelihood of confusion and cannot be lowered to a “possibility of confusion.”<sup>29</sup> Likelihood of confusion is thus firmly established as the controlling principle for trademark infringement.

Surveys are often used to show that prospective purchasers are likely to be confused, but what percentage of survey respondent confusion should be sufficient to demonstrate a likelihood of confusion? In *James Burroughs, Ltd. v. Sign of the Beefeater, Inc.*,<sup>30</sup> the Court of Appeals for the Seventh Circuit rejected the district court’s characterization of 15% confusion as “small,” stating:

We cannot agree that 15% is “small.” Though the percentage of likely confusion required may

vary from case  
to case, we  
cannot consider  
15%, in the  
context of this  
case, involving  
the entire  
restaurant-going  
community, to  
be de minimus.

Thus, the court concluded that 15% confusion “evidences a likelihood of confusion, deception or mistake regarding the sponsorship of [defendant’s] services sufficient on this record to establish Distiller’s right to relief.” In contrast, in *Henri’s Food Products Co., Inc. v. Kraft, Inc.*<sup>31</sup> the Seventh Circuit held that the district court was correct in holding that a 7.6% confusion weighs against a finding of infringement. Typically, we find that survey researchers and courts recognize that survey results include a “noise” level (or level of meaningless responses) of about 5%. Accordingly, a level of confusion below 10% is at risk of being dismissed as de minimus, while 12% to 20% or more is usually deemed to be solid evidence in support of a finding of likelihood of confusion.

#### What Factors Are Considered?

All of the federal courts now apply multifactor tests as guidelines in assessing the likelihood of confusion occurring. One of the first to set forth such a test was the Second Circuit in *Polaroid Corp. v.*

*Polarad Electronics Corp.*, in 1961:<sup>32</sup>

...Where the products are different, the prior owner's chance of success is a function of many variables: the strength of his mark, the degree of similarity between the two marks, the proximity of the products, the likelihood that the prior owner will bridge the gap, actual confusion, and the reciprocal of defendant's good faith in adopting its own mark, the quality of defendant's product, and the sophistication of the buyers. Even this extensive catalogue does not exhaust the possibilities – the court may have to take still other variables into account.

The Second Circuit now applies that test in competing goods cases as well.<sup>33</sup>

The other circuits utilize similar factor tests: for example, the First Circuit, *Boston Athletic Ass'n. v. Sullivan*,<sup>34</sup> the Third Circuit, *Ford Motor Co. v Summit Motor Products, Inc.*,<sup>35</sup> (listing ten relevant factors); the Seventh Circuit, *Schwinn Bicycle Co. v. Ross Bicycles, Inc.*<sup>36</sup> (referring to the factors as “digits” of confusion); and the Eleventh Circuit, *Conagra, Inc. v. Singleton*<sup>37</sup> Some courts use the factors listed in Section 729 of the Restatement of Torts (1938), for example, the Tenth Circuit, *Beer Nuts, Inc. v. Clover Club Foods Co.*<sup>38</sup> Perhaps the most comprehensive list of factors appears in the 1973 case, *In re E. I. Du Pont de Nemours & Co.*<sup>39</sup>

- (1) The similarity or dissimilarity of the marks in their entireties as to appearance, sound, connotation and commercial impression.
- (2) The similarity or dissimilarity and nature of the goods or services as described in an application or registration or in connection with which a prior mark is in use.

- (3) The similarity or dissimilarity of established, likely-to-continue trade channels.
- (4) The conditions under which and buyers to whom sales are made, i.e. "impulse" vs careful, sophisticated purchasing.
- (5) The fame of the prior mark (sales, advertising, length of use).
- (6) The number and nature of similar marks in use on similar goods.
- (7) The nature and extent of any actual confusion.
- (8) The length of time during and conditions under which there has been concurrent use without evidence of actual confusion.
- (9) The variety of goods on which a mark is or is not used (house mark, "family" mark, product mark).
- (10) The market interface between applicant and the owner of a prior mark:
  - (a) a mere "consent" to register or use.
  - (b) agreement provisions designed to preclude confusion, i.e. limitations on continued use of the marks by each party.
  - (c) assignment of mark, application, registration and good will of the related business.
  - (d) laches and estoppel attributable to owner of prior mark and indicative of lack of confusion.
- (11) The extent to which applicant has a right to exclude others from use of its mark on its goods.
- (12) The extent of potential confusion, i.e., whether de minimis or substantial.

(13) Any other established fact probative of the effect of use.

The Du Pont factors continue to provide a useful and comprehensive checklist for proof of likelihood of confusion.

It must be remembered, that the factor tests are only aids in determining the ultimate issue of likelihood of confusion. The analysis of confusion is a question of fact, not a mechanical process or calculation.<sup>40</sup> There is no precise mathematical formula.<sup>41</sup> The factor tests are helpful guidelines, not “hoops a district court need jump through.”<sup>42</sup> It is erroneous to engage in a “pedantic” application of the factors without consideration of the totality of circumstances.<sup>43</sup> Ultimately, we are concerned only about whether in fact the public will be deceived by the defendant’s conduct.

What's Next?

A principal characteristic of the past century of law involving likelihood of confusion has been the ever expanding scope of protection afforded to trademark owners at the expense of competitors and other persons who use names or symbols that remind the court of another’s mark. The scope of protection has expanded in terms of what is recognized as a mark, the relationship of the goods and services, the uses involved and the circumstances when the junior user’s mark is encountered. Other indications of this trend have been the incorporation of dilution law into the federal statute,<sup>44</sup> and the protection of trademarks against the registration of similar domain names<sup>45</sup> where protection can be granted without consideration of a likelihood of confusion between the use of the parties marks. Overall, this protection has benefitted the public by reducing consumer deception and has helped in the efficient exchange of information in the market place.

It must be recalled, however, that trademark rights are not rights in gross. As stated by Judge

Posner in *Illinois High School Association v. GTE Vantage, Inc.*,<sup>46</sup> “What matters is that a trademark is not nearly so secure an entitlement as a property right. It is mainly just a designation of source.” The United States Supreme Court has long acknowledged the limits to the scope protection that should be afforded trademark rights, recognizing a right to share in another’s goodwill when there is no evidence of passing off or deception. In 1938, while denying claims of exclusive rights in the name and in the pillow-shaped biscuit configuration of SHREDDED WHEAT, the Supreme Court stated in *Kellogg Co. v. National Biscuit Co.*:<sup>47</sup>

[The defendant] Kellogg Company is undoubtedly sharing in the goodwill of the article known as “Shredded Wheat”; and thus is sharing in a market which was created by the skill and judgment of plaintiff’s predecessor and has been widely extended by vast expenditures in advertising persistently made. But that is not unfair. Sharing in the goodwill of an article unprotected by patent or trade-mark is the exercise of a rights possessed by all and in the free exercise of which the consuming public is deeply interested.

As the law involving likelihood of confusion moves forward in the next century, we can anticipate a tension between the right to protect trademark rights and the conflicting right to share in another’s goodwill when there is no deception. We should not hope for an expansion of trademark rights into a right in gross, for that limits the choices available in the market while failing to further the interests of the public in avoiding confusion. We can hope that the courts will establish rational and consistent limits on trademark rights that fully protect the legitimate interests of owners, competitors and the public. The touchstone for achieving that goal is the sound application of the likelihood of confusion principle.

1. 15 U.S.C. 1114(1)
2. 15 U.S.C. 1125(a)
3. 15 U.S.C. 1125(a)(1)(A)
4. 247 F. 407 (1917)
5. *Helene Curtis Industries, Inc. v. Sauve Shoe Corp.*, 13 U.S.P.Q.2d 1618 (T.T.A.B. 1989).
6. 520 F.2d. 499
7. *Brookfield Communications, Inc. v. West Coast Entertainment Corporation*, 174 F.3d 1036 (9<sup>th</sup> Cir. 1999)
8. *Ford Motor Co. v. Summit Motor Products, Inc.* 930 F.2d 277, 283 (3<sup>rd</sup>. Cir. 1991); see also *Omega Importing Corp. v. Petri-Kine Camera Co.*, 451 F.2d 1190, 1195 (2d Cir. 1971)
9. 15 U.S.C. 1114(1)
10. 15 U.S.C. §1114(1), amended 1962. 76 Stat. 769
11. 799 F.2d 867, 872-873 (2d Cir. 1986)
12. *United States v. Gantos*, 817 F.2d 41, 43 (8<sup>th</sup> Cir.) *cert. denied*, 484 U. S. 860 (1987)
13. *See e.g. U.S. v. Hon.* 904 F.2d 803 (2d Cir. 1990). *cert. denied*, 498 U.S. 1069 (1991)(jury could consider likelihood of confusion of general public, not just purchasing public): *U.S. v. Yamin*, 868 F.2d 130, 133 (5<sup>th</sup> Cir.). *cert. denied*, 492 U.S. 924 (1989) (no error where jury was instructed to find liability if general public, not just potential purchasers, likely to be confused): *U.S. v. Torkington*, 812 F.2d 1347, 1352-1353 (11<sup>th</sup> Cir. 1987)(likelihood of confusion encompasses post-sale confusion).
14. 523 F.2d 1331, 1341-42 (2d Cir. 1975)
15. 818 F.2d 254, 257-58 (2d Cir. 1987)
16. 109 F.3d 1394, 1405 (9<sup>th</sup> Cir. 1997)
17. 174 F.3d 1036 (9<sup>th</sup> Cir. 1999)
18. *See Steele v. Bulova Watch Co.* 344 U.S. 280 (1952)
19. *See Timberland Lumber Co. v. Bank of America National Trust & Savings Assn*, 549 F.2d 597 (9<sup>th</sup> Cir. 1976)

20. *See Nintendo of America, Inc. v. Aeropower Company, Ltd.*, 34 F.3d 246 (4<sup>th</sup> Cir. 1994)
21. *See Reebok International, Ltd. v. Marnatech Enterprises, Inc.*, 970 F.2d 552 (9<sup>th</sup> Cir. 1992)
22. 344 U.S. 280 (1952)
23. 970 F.2d 552 (9<sup>th</sup> Cir. 1992)
24. 234 F.2d 633 (2<sup>nd</sup> Cir. 1956)
25. *Id.* at 643
26. 14 F.3d 824 (2<sup>nd</sup> Cir. 1994)
27. *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111 (1938)
28. *Merchant & Evans, Inc. v. Roosevelt Building Products Co.*, 963 F.2d 628, 637-38 (3<sup>rd</sup> Cir. 1992); *Country Floors, Inc. v. Gepner*, 930 F.2d 1056 (3<sup>rd</sup> Cir. 1991)
29. *A&H Sportswear Inc. v. Victoria's Secret Stores, Inc.*, 166 F.3d 197 (3<sup>rd</sup> Cir. 1999)(en banc)
30. 540 F.2d 266, 279 (7<sup>th</sup> Cir. 1976)
31. 220 U.S.P.Q. 386 (7<sup>th</sup> Cir. 1983)
32. 287 F.2d 492, 495 (2d Cir. 1961)
33. *Thompson Medical Company, Inc. v. Pfizer, Inc.*, 753 F.2d 208, 214 (2d Cir. 1985)
34. 867 F.2d 22, 29, (1<sup>st</sup> Cir. 1989)
35. 930 F.2d 277, 293 (3d Cir. 1991)
36. 870 F.2d 1176, 1185 (7<sup>th</sup> Cir. 1989)
37. 743 F.2d 1508, 1514 (11<sup>th</sup> Cir. 1984)
38. 805 F.2d 920, 925 (10<sup>th</sup> Cir. 1986)
39. 476 F.2d 1357, 1361 (C.C.P.A. 1973)
40. *Estee Lauder, Inc. v. Gap, Inc.*, 108 F.3d 1503, 1510 (2d Cir. 1997)
41. *Duluth News-Tribune v. Mesabi Publishing Co.*, 84 F.3d. 1093, 1096 (8<sup>th</sup> Cir. 1996)

42. *Eclipse Associates Ltd. v. Data General Corp.*, 894 F.2d 1114, 1118 (9<sup>th</sup> Cir. 1990)
43. *Schwinn Bicycle Co. v. Ross Bicycles, Inc.*, 870 F.2d 1176, 1187 (7<sup>th</sup> Cir. 1989)
44. 15 U.S.C. 1125(c)
45. 15 U.S.C. 1125(d)
46. 99 F.3d 244 (7<sup>th</sup> Cir. 1996)
47. 305 U.S. 111 (1938)

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